

**modern**diplomacy  
GEOPOLITICAL HANDBOOKS



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GIANCARLO ELIA VALORI

# THE GEOSTRATEGY OF KING XI

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# GEOPOLITICAL HANDBOOKS

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## THE GEOSTRATEGY OF KING XI

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Advisory Board Co-chair Honoris Causa

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# The Geostrategy Of King Xi

**PROF. MATTHEW CROSSTON**

This current geopolitical handbook is dedicated to giving readers, specialist and non-specialist alike, a comprehensive look into Xi's geostrategic plans and challenges. The recent change in legislation in China that gave Xi the de facto title of President for life (finally aligning with his other two roles – head of the Chinese Communist Party and Commander-in-Chief of the Chinese military – which had always been life term appointments) demands ever more study and analysis on just what Xi himself thinks and what strategies he considers crucial?

This excellent, relatively brief, volume touches upon these critical issues in a compelling, thorough, and yet still accessible way. Within these pages you will find analytical elaborations on Xi's coming military doctrine, the 19th Communist Party Congress and its new prospects, the geopolitics and future strategies of the Uyghur movement, the Belt and Road Initiative, and finally the impact of President Trump and his interaction with Xi.

Taken in sum, any reader will be hard-pressed to find so many essential aspects of Chinese geostrategy (and its critics and challengers) tied so efficiently together into one volume.

Additionally, the author of this work, despite his own impressive achievements and eminent stature in the field of global affairs, has striven to write and argue so as to intensify understanding and deeper knowledge, whether that be culturally, strategically, or diplomatically.

Most importantly, as we always strive to do at Modern Diplomacy, this geopolitical handbook is compiled in a manner that is free from any specific political agenda and not beholden to any one country's national interests. We do not look to push propaganda nor do we demand our readers think in only one way. What knowledge-production like this strives to do is fill the information gap in ways that global citizens will find interesting, informative, and influential. You, MD readers, are meant to be the contributors to the bodies of knowledge. Ultimately, you will need to decide for yourself exactly how you feel about the issues addressed within and exactly what role will President Xi play on the global stage long into the future. How you decide will be up to you. But hopefully the process of developing and finally adopting those conclusions will be greatly enabled and facilitated by this volume. Given the tensions and dilemmas currently revolving around China, internationally and internally, this handbook could not be better timed nor its approach better crafted.

# China's military doctrine with President Xi Jinping

**WHICH IS PRESIDENT XI JINPING'S** military doctrine and his "warfare rationale"? With a view to well understanding the evolution of Chinese warfare studies to date, however, we need to study the tradition of the People's Liberation Army (PLA) and the vision that the Communist Party of China (CPC) had in the history of warfare doctrine. Firstly, for China, the different terminologies used within NATO and, more generally, in Western military doctrines such as "global strategy", "national security strategy" or "national defense strategy" are not separate concepts or ways of thinking, but are all subsumed in the Chinese general notion of "military strategy".

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Again in Chinese terminology, in simpler terms, the strategy “guidelines” are the political-military policy lines developed by the CPC leadership. In these policy lines we can perceive the geopolitical threat that the CPC thinks to be closer and hence the likeliest type of future war that China must absolutely be ready to wage and fight.

The initial evaluations of the Chinese handbooks are the equivalent of the Western strategic assessment, while the analytical ones refer to the Chinese Armed Forces’ capabilities in relation to “present and future wars”.

According to China’s current strategic thinking, the science of military strategy is the study of warfare laws and of the laws on the conduct of war, as well as the analysis of war predictions and the study of the most probable type of war in the future – all analyzed on the basis of past, present and future scenarios. Our analysis, however, needs to begin at least with the military philosophy of Deng Xiaoping, who was the first Chinese leader to break with the philosophy of Maoist “people’s war”, in which the missing technology was replaced by the large dimension of masses in arms.

It is worth noting that, in Mao’s mind, all this was the policy line for being prepared to resist a nuclear attack with a subsequent invasion – a nuclear attack carried out, in all likelihood, by the USSR or the United States. Indeed, the Two Worlds of Mao’s doctrine on foreign policy – the Third World was the world of Poor Countries, which were bound to be globally directed and led by Communist China.

Conversely, in Deng’s opinion, there was a shift from the primary perception of a global threat to the theory of local and “limited war” around China’s borders.

Deng Xiaoping’s “policy line” on war and defense envisaged above all land conflicts on the Northern and Eastern borders (the “Northern enemy”, namely the Soviet Russia, as Deng called it), but also sea clashes and surprise air attacks, with the subsequent necessary countermoves of the People’s Liberation Army.

What was missing in Deng’s military thinking – and that was Mao’s legacy – was a specific doctrine of the nuclear weapon that – as Soviet Marshal Shaposhnikov also taught us – was “a weapon like the others”.

Jiang Zemin – after Deng – when the Four Modernizations (the last of which was exactly the military and technological one) redeveloped Deng Xiaoping’s model by envisaging “limited warfare under high-technology conditions”.

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In that new context – the first real theoretical departure from “Mao’s policy line” on war – Jiang Zemin envisaged two primary intervention areas, the one near Taiwan and the one against all US networks in the Pacific, while the fall of the USSR made the traditional Chinese defense against the “Northern enemy” basically useless. This was the first real maritime dimension of the Chinese doctrine, after Mao Zedong had thought about an almost entirely terrestrial defense, on the basis of his Long March.

As early as the 1950s, however, the internal documents of the Central Committee identified the Philippines, Southeast Asia, the Pacific Islands and obviously Taiwan and even Japan, as future areas of Chinese invasion or hegemony. Hence, in technological terms, Jiang Zemin’s new war meant a clash based on intercontinental missiles, fine electronics, multi-dimensional battlefields, sensors and intelligence.

The Central Military Commission, namely the highest Party’s body for defense matters, officially accepted Jiang Zemin’s policy line in 1992. It is easy to imagine what the Chinese military decision-makers were observing and studying at the time: the war in the Balkans; the first Gulf War of 1990-1991; the war in Rwanda; the “ten-day war” between Slovenia and the Republic of Yugoslavia; the beginning of the Algerian jihadist insurgency; the outbreak of war in Somalia; the clashes in Georgia; the conflict on the border between Armenia and Azerbaijan and some other minor conflicts.

The Chinese study of military doctrine always refers to concrete cases. In China’s traditional philosophy there is nothing resembling the Aristotle’s or Kant’s “categories”. Hence, according to China and “Jiang’s policy line”, the war was bound to be won always by means of elite troops and preventive operations, although China has always refused to be the first to start a military clash- even a solely nuclear one.

The new local wars theorized and studied by Deng Xiaoping and Jiang Zemin were supposed to be “quick battles to force quick resolutions”.

Instead of making the enemy enter deep into the Chinese territory – as Mao Zedong thought – and later holding and gripping it as in a vice of masses in arms, Deng’s and Jiang’s new doctrine envisaged operations deep into the enemy’s territory.

Therefore emphasis was laid on very advanced technological preparation and on the elite troops’ abilities, as against the great masses of Mao’s time, as well as on undercover operations, the tactical and strategic element of surprise and deep combined actions.

Beyond the myth of all-out nuclear war -in which also Mao believed and which, however, was a paper tiger – Jiang Zemin’s new military policy line focused on the maximum lethality of weapons, on tactical precision and on the encirclement and tacit overcoming of the enemy, as well as penetration beyond the lines.



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Later the CPC's military and strategic thinking focused on the Revolution in Military Affairs, which the United States had developed in the early 1990s. It should be recalled, however, that the first theory of Revolution in Military Affairs had been developed by Marshal Ogarkov in the Soviet Union, by laying emphasis on the robotization of the battlefield and the increasingly important role played by space technology and satellites as weapons in themselves and for tactical and strategic intelligence.

Jiang Zemin revised those Western and Soviet concepts and added a series of considerations on the political and social dimension of the conflict, but always in a framework of "regional war under conditions of high-technology and computerization". After China had studied the war in Kosovo, the specific doctrinal concept was developed in 2004.

China had also well studied the theories of "non-violent warfare" developed by Gene Sharp in the United States and later implemented them thoroughly in the "color revolutions" of Georgia and Ukraine, as well as in the case of Otpor! in Serbia. Specific emphasis laid – although not explicitly – on psychological warfare in the current Chinese military doctrines.

As clearly stated in the 2004 White Paper, China's IT and cyber warfare consists mainly in "inflicting a heavy toll on the enemy, even the conventionally superior one, through a variety of tools ranging from the destruction of its satellites and missile

systems to the use of electromagnetic pulse weapons to hit enemy ships or aircraft and even its civilian IT networks". At the time, the idea of Chinese political and military decision-makers was the shift from "mechanization to ICTs and computerization" leading to multiple asymmetric, non-contiguous and non-linear wars in the strategic clash region. If we consider the provincialism characterising many "White Books" of the European Armed Forces at the time, what stands out is the vitality of the Chinese strategic thinking, certainly devoid of semantic ambiguities or pacifist concerns.

Conversely mechanization was the specific aim of the 2008 White Paper, when the CPC's central power still supported the idea of training the best military elites on the field and also acquiring the Command, Control and Intelligence (CCI) IT networks, in addition to acquiring the weapon systems most suitable for the 2008 new doctrine, which followed the doctrine of the official documents of 2004 and subsequent years.

According to the Chinese decision-makers, ICTs and computerization were the Achilles' heel of the weapon and command systems of Westerners or anyway of China's possible enemies. The "web" was supposed to be the PLA's first attack front in a situation of limited warfare or global confrontation. Therefore, the Chinese decision-makers did not only seek an efficient network for the Chinese CCI, but also a specific doctrine for the "electronic war-

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fare” and the signs that it would be greatly developed in the following years. Many of you may remember that, in those years, the Western interest in the Military Operations Other Than War (MOOTW) emerged. In the Chinese official doctrines from 2007 to 2010, we could note that specific attention was paid to the role that the Chinese Armed Forces could play in assisting the Chinese economy and society and in supporting the population during natural disasters.

In this regard, we cannot certainly forget the role played by the PLA against sabotage, internal subversion and factionalism with respect to the Party and the Chinese nation. Hence we can envisage an internal military role of the Armed Forces which is far subtler and more careful than the usual one prevailing in Western countries – a role which is also predictive and proactive, not just ex post.

As you may have realized, all these considerations show that there is very clear submission of the PLA to the Party, but also the creation of a specific political role for the Chinese Armed Forces. A role that is played through the Central Military Commission which, since 1990, has increased its importance within the CPC hierarchy. It is in this political and strategic context that the global threats to the Chinese status quo really change: the USSR collapsed in 1991 – hence there is no longer the danger of a great invasion from the North, as the CPC’s leadership had feared during the clashes on the Ussuri River in 1968.

The Ussuri River war broke out when, a year before, the “Red Guards” had besieged the USSR Embassy in Beijing and hence the USSR attacked the Chinese border guards right on the Ussuri River. The USSR threatened the use of nuclear weapons against China, but the United States threatened heavy repercussions against the Soviet Union if this happened. This currently well-known data coming from the US archives make us imagine how natural was for China at the time to accept the US proposal for a new opening towards the United States to clearly oppose the Soviet Union.

It should also be noted that Mao’s famous theory “on the correct handling of contradictions among the people” was, in fact, an appeal to compromise with the Soviets, who supported the “Parliamentary way” – as also the Parties depending on the USSR did – while China wanted a greater “anti-imperialist” and anti-colonialist struggle.

Other military results were also achieved between China and the Soviet Union in that political and ideological juncture: Khrushchev refused to actively respond to the US Marines’ operations in the Lebanon, besides refusing to support China when it began bombing the island of Quemoy still occupied by Chiang Kai Shek’s Kuomintang, and later making it clear to everyone that the Soviet Union would never grant a nuclear bomb prototype to China.

This is the real military plot of a now very famous discussion – apparently scholastic and obscure – between the two Marxist powers of the world. Therefore in 1991, the “Northern enemy”, namely the USSR, no longer existed and the fear of the great invasion had waned.

However, as the Chinese decision-makers rightly thought, the no longer bipolar world increased – and certainly not diminished – the likelihood of regional conflicts.

Nothing to do with the pacifist dreams or delusions not only of the unaware public, but also of Western decision-makers.

The sanctions imposed on China by the United States after the Tiananmen Square events; the ongoing Anglo-American controversy on human rights in China; the US support to Taiwan during the 1996 crisis, when the United States sent two aircraft carriers to the Formosa Strait, and the Tibet issue – as well as the Xinjiang issue, which is currently mounting between the US and European media influencers – and finally the commercial tensions between the United States and China, are all factors which made us think – in those years, but also at a later stage – that China’s “far enemy”, namely the United States, would remain – in fact – the only real enemy.

It was the US technology show in the two Gulf Wars of 1991 and 2003 which definitely convinced the Chinese decision-makers of the new IT turn and direction the CPC’s National Armed Forces had to take.

Nevertheless the moment of truth came for China when the United States created the casus belli in Kosovo. For the Party’s and PLA’s decision-makers that proved how the United States was capable of creating difficult situations by manipulating both diplomacy and the military equilibria of a whole region.

But what is President Xi Jinping’s current political-military vision?

In the official documents, Xi Jinping’s “policy line” regards not so much the analysis of new threats or the most abstract doctrinal issues, but rather the list of things that the PLA must absolutely accomplish in a short lapse of time:

**a)** to improve the ability of simultaneously coping with a wide range of internal emergencies and tactical or non-tactical military threats, which could endanger China’s sovereignty at terrestrial, sea and air levels;

**b)** to support the harsh and specific protection of the unification of the Motherland – an essential factor for achieving the great Belt and Road Initiative;

**c)** to ensure China’s security “in new contexts” – and here reference is obviously made to the protection of the financial and industrial system, besides the political one;

**d)** to ensure the protection of China’s interest overseas – the truly new strategic asset of China as global economic power;

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**e)** to improve the efficiency of strategic nuclear and cyber deterrence, as well as the PLA's possibility of successfully launching a quick and highly dissuasive nuclear counterattack;

**f)** to increase the PLA's participation in international peace-keeping operations – a full recognition of China's role also at military level;

**g)** to strengthen the protection of the Chinese homeland against separatism and terrorism;

**h)** to improve the PLA's ability to fully carry out its tasks during environmental and health crises – as was the case with the bird flu crisis in 2003 and in the following years.

Hence, with a view to winning a cyber regional war – the PLA's first political and strategic goal – the utmost protection of strategic surprise is needed, also on the part of the CPC itself – in addition to the protection of China's interest overseas, another primary goal of the Chinese leadership. Moreover, the defense of interests "in other fields" refers to China's expansion at the maritime, space and cyber levels.

An expansion going well beyond the territorial limits of China and of the areas such as Hong Kong and Macao. In fact, China is currently looking for new military bases abroad, namely Chongjin in North Korea; Port Moresby in Papua New Guinea; Sihanoukville in Cambodia; Koh Lanta in Thai-

land; Sittwe in Myanmar; Dhaka in Bangladesh; Gwadar in Pakistan; Hambantota port in Sri Lanka; the Maldives and the Seychelles islands; Djibouti; Lagos in Nigeria; Mombasa in Kenya; Dar es Salaam in Tanzania; Luanda in Angola and Walvis Bay in Namibia.

Certainly this program of military expansion and strategic repositioning under President Xi Jinping implies a series of anti-corruption actions that have also heavily affected the PLA, especially its highest ranks.

Therefore President Xi Jinping thinks that highly technically and operationally advanced Chinese Armed Forces are needed. They must above all be strongly and exclusively subjected to the Party, which has also been undergoing an anti-corruption probe for many years.

Mao Zedong's Chinese dilemma "Reds versus Experts" is back again, but this time in the new global horizon imposed by Xi Jinping's Presidency.

# Xi Jinping's political and strategic line

**BASED ON THE LONG** and careful speech delivered by Chinese President Xi Jinping on New Year's Eve, it is currently useful to identify his policy line and of the conceptual framework of his activity as statesman. From what we can currently read on the most widespread Western media, Xi Jinping's policy line comes down to a simple and mechanistic "concentration of power" in the President's hands or, worse, to the discovery of a "new Chinese authoritarianism", characterized by the usual and banal request for some "opening" by the Chinese Party and State structures.

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The banality of good, we could say, by ironically paraphrasing the title of a very famous book by Hannah Arendt, namely *The Banality of Evil*.

It is really strange that the Western theory of political representation can never go beyond a naive, rough and phenomenological pluralism or the childish fear of power in the hands of a Leader.

Yet another example of a conceptual and philosophical crisis of the modern State in the West foreshadowing more severe and material destabilization. Certainly, the best political theory of liberal pluralism – from Dahl to Lipset until Giovanni Sartori – has never been so sloppy and superficial.

Therefore it is good to understand the context in which Xi Jinping's philosophy and his new approach to the issue of China's renewal and economic, political and cultural development must be placed. In fact, on April 2, 2017, in the West we received news that the Constitution of the People's Republic of China had incorporated the "Xi Jinping's Thought".

A line adding to President Xi Jinping's specific "foreign affairs thought"- concepts mentioned in an article of the Party's bi-monthly political theory magazine *Seeking Truth* on July 16, 2017.

Therefore the President's Thought will be officially associated with the Party's "guiding ideology", without forgetting that the current Chinese leader is the first, after Mao Zedong, to mark the history, texts and official policy line of the Communist Party of China with his own explicit ideological and political dictates.

This applies both to the phase of his rising to power and to the height of his and his closest aides' hegemony.

However, the previous revisions of the Chinese Constitution have always taken place before a Congress of the Party since its foundation in Shanghai in 1922.

In fact, in the 7th Congress held in 1945, mention was made of a fact which is still very important to understand the current situation: "the Communist Party of China takes the Thought that supplements Marxism-Leninism with the practice of the Chinese Revolution-Mao Zedong's Thought – as the principle guiding all its activities" (emphasis added).

This reflected Mao's victory over his internal opponents obtained in 1943.

At the 8th CPC Congress in 1956 – the key year in the history of Communist regimes – "Marxism-Leninism" became "a guide to action" with no reference to Mao Zedong's Thought.

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That was either an uncritical acceptance of the de-Stalinization proclaimed by the 20th CPSU Congress of 1956 or it was more probably the sign of a hidden break in the Party's leadership.

As is well-known, the failed "Great Leap Forward" was the breaking point between Mao and his Party, the moment when the Great Helmsman decided to "shoot on the Headquarters". In fact, only the most incompetent people (and there are still many) believe that the Communist regimes were or are still totally monolithic.

Those who think so – also with regard to contemporary China – should read the small masterpiece entitled "The pressure groups in the Soviet Union", published by Laterza in 1977 – a book written in the USSR by the extraordinary Italian Ambassador, Silvio Fagiolo. Moreover, in the CPC Congress held in April 1969, the Constitution read as follows: "the Party takes Marxism, Leninism and Mao Zedong's Thought as the (only) theoretical foundation of its guiding ideology" (in that version Marxism-Leninism was disaggregated into separate elements).

Hence Mao was elevated to a stature of Father of the Communist theory comparable to the two traditional German founders'. The specificity of the construction of Socialism in China is no longer a case on the margins of Karl Marx' sacred texts, but their autonomous evolution and with equal dignity compared to the Third International and its tenets.

Conversely, in the 12th Congress held in 1982, it was stated: "the Communist Party of China takes Marxism-Leninism and Mao Zedong's Thought as its guide to action" (emphasis added).

It was a matter of clearly writing in the Constitution that "Mao Zedong's Thought was the only possible adaptation of the Communist revolution principles to the specific situation of China", as applied by the whole Party leadership and not only by Mao. Mao Zedong who rescued China from the dangerous embrace of the Soviets and implemented his own autonomous foreign policy, in which there was no room for the "paper tiger" that the Cold War was. In the 15th CPC Congress held in 1997, an observation was added that quoted the Thought of the late Leader Deng Xiaoping in applying the Marxist-Leninist tenets to the Chinese reality defined as "undergoing a process of change".

Therefore, at the time, the CPC line was determined by "Marxism-Leninism, Mao Zedong's Thought and also Deng Xiaoping's Theory" (in that version Marxism-Leninism was no longer disaggregated into separate elements).

It is worth noting that, according to Chinese formulas, Deng Xiaoping's Theory was "the product resulting from the integration of the basic laws of Marxism-Leninism with China's current practice and with the underlying features and forms of our Times, i.e. the heritage and development of Mao Zedong's Thought under the new

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historical conditions – a new stage in the development of Marxism in China, namely the Marxism of contemporary China and a crystallization of the CPC collective wisdom” (yet another concession to the pluralism hidden within the Party). Therefore Deng was elevated to the same stature as Mao and, indeed, he became the only interpreter of the Marxist-Leninist-Maoist Tradition within the new China which was firmly emerging after the “Four Modernizations”.

Hence defining the Modernizations as irreversible and making them fit into Mao’s Marxism, as well as placing them as a basis for future developments was the goal of these apparently sibylline wordings, but very clear if only we read them as concrete projects of Chinese autonomy in economy and in foreign policy.

Therefore in 2002, at the beginning of the 16th CPC Congress, the new Chinese central formula was outlined, incorporating the changes occurred after Deng’s death and the crystallization of the Four Modernizations. The Party’s ideological principles were “Marxism-Leninism, Mao Zedong’s Thought, Deng Xiaoping’s Theory and the important thinking of the Three Represents”. Jiang Zemin was not mentioned directly, but reference was made to his Thinking, by emphasizing its importance for the Three Represents.

The Party fully represented the development of Productive Forces, as well as the orientations of an advanced culture, and finally the fundamental interests of the overwhelming majority of China’s people.

Jiang Zemin’s Thought, expressed in 2000, basically meant three things: a) the productive forces – or, Marxistically, the people’s working ability – the knowledge used in production, as well as the machines and tools used in production, and finally infrastructure did not diminish during the construction of Chinese Socialism; b) the Party had always a mass role it had to preserve also at the cost of losing abstract ideological purity; c) finally, Marxism-Leninism had to be always integrated with “contemporary culture”.

In other words, Jiang Zemin’s official speech on the “Three Represents” delivered on July 1, 2001, meant something very simple: important representatives of the various social strata emerged during the Modernizations, and even private entrepreneurs, could be admitted into the CPC.

It should also be noted that the Chinese Communists wanted to integrate the most dynamic forces of society into their power apparatus. The aim was exactly to avoid suffering the same sad fate as the CPSU and the Eastern European Communist Parties, which China studied with great care.

Nevertheless, the CPC’s official circular letter interpreting the Three Represents, specified that Jiang Zemin was the only most authoritative representative of the Party, while the text published by the Chinese press mainly focused on Hu Jintao’s theoretical approach by stating, in particular, that – as he said – “a Party must be established which is devoted to the public



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interest and governs for the people”, making “the health and safety of the common people a top priority”(a theme we can currently find in Xi Jinping’s policy) by “achieving and maintaining the development of people’s fundamental interests” (a typical Deng’s topic, as already seen). Hu Jintao repeated that last part ten times in his speech.

Hu Jintao wanted to use those abstract criteria which, however, have a precise meaning in the CPC semantics, particularly to stem corruption, improve control over its officials, enhance the Party’s prestige and good reputation among the masses. Three themes we will find explicitly developed in the current context of Xi Jinping’s Thought.

In 2012, after the end of Hu Jintao’s leadership, the 18th CPC Congress officially referred “to Mao Zedong’s Marxism-Leninism-Thought (and it was the first time those elements were put together), to Deng Xiaoping’s Theory, to the important thinking of the Three Represents and to the scientific outlook on development”. It was the first time that said terminology appeared in the CPC official texts – and it was certainly not by mere coincidence.

For the new CPC the “scientific outlook on development” was “a scientific theory having the same origin as Marxism-Leninism and the other theories already mentioned, but it also fully embodies the Marxist worldview on and methodology for development” – hence it was the last result of the sinicisation of Marxism (emphasis

added) and “the crystallization of the collective wisdom of the Communist Party of China”. Therefore, for the first time, the CPC thought went explicitly beyond the tradition of the Third International, by reaffirming – as was the case with the other Communist Parties derived from the Soviet one – the practice of autonomous sinicisation, having the same origins as Karl Marx’s theory.

Hence, the Party’s unity was reaffirmed once again, as well as its collective wisdom – a unitary wisdom seen as a factor counterbalancing the Soviet tendency to the cult of personality.

It should also be noted that the scientific outlook on development had already been incorporated into the Constitution in 2007, even though it was not part of the Party’s guiding ideology at the time.

For the first time the typical criterion of the 17th Congress appeared, according to which it was necessary “to put together all the CPC wisdom to develop a scientific outlook on development”.

Again a non-Marxist formula that – outside the classic Marxism-Leninism and the tradition of the Chinese State and Party leaders -reminded of an autonomous theory allowing precisely to develop Socialism with Chinese characteristics and, even, a Chinese way to something going even beyond Socialism itself- a road to the power, strategic autonomy and well-being of the Chinese people.

Many years later, in 2012, the 18th CPC Congress merged Hu Jintao's scientific outlook on development with the Party's "ideological guide". Hence, with reference to Xi Jinping, over the last five years the Chinese media have reported the emergence of "Xi Jinping's thought" and of "Xi Jinping's Party construction thought", in addition to "Xi Jinping's foreign affairs thought". There are also some quotations on "Xi Jinping's military thought", now published regularly in many Chinese newspapers.

Moreover, since 2013 the expression "the spirit of the important speeches of Comrade Xi Jinping" has emerged. These speeches are collected in the text entitled "The Governance of China", which was published for the first time in September 2014. Hence what are the theoretically and practically significant speeches delivered by President Xi Jinping? In February 2017, for example, the Chinese leader proposed "new lines, new concepts, new strategies regarding domestic policy but, above all, foreign policy, military issues and the armed forces".

While his predecessors spoke about economy and the development of productive forces in relation to the masses' needs, Xi Jinping mainly thinks about the economic expansion of his country in relation to foreign policy and military issues.

This is an extremely important change.

As already noted, while the tradition of his predecessors' Thoughts – apart from some Mao's considerations – regarded essentially economic development and the masses' wellbeing, with Xi Jinping the "Party line" is often focused on foreign policy and global strategy. Hence this becomes a way to fully achieve and develop the internal economic power of current China.

Moreover, the President's line increasingly regards "the comprehensive deepening of reforms", that is the union between domestic and foreign policy and the legacy of reforms from Deng to Xi Jinping – reforms currently brandished by the President against the interests of the Party and State bureaucracy.

Therefore the aspect currently linking Xi Jinping's line to Mao Zedong's is precisely the will to fight against some very strong interests of the Party hierarchy – in the past with the legacy of the Soviet model and the clash between the CPC and Mao after the failure of the "great leap forward" and currently with the struggle between Xi Jinping's group and the vast network of corruption.

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Again in President Xi Jinping's mind, a new era is currently opening up for China, as well as a new "strategic opportunity". After the 19th CPC Congress, China has become the leading nation of the countries already called "developing countries" and, at the same time, of the developed ones.

While Marxism-Leninism has always been a political theory needed to skip steps and forge ahead at economic and military levels, today Xi Jinping's China is reaffirming its hegemonic role and hence needs new theoretical models, well beyond the Marxism of the Third International and the inevitable closure of its strategic, military and geopolitical prospects.

Again in President Xi Jinping's mind, China's future transformation is hinged around some key sectors. The first one is the CPC deep reform. With a view to achieving it, first and foremost the Party's internal discipline must be strengthened, not only with regard to the fight against corruption, but also in proposing Xi Jinping's austere and simple lifestyle as a universal model. Hence the Party's reconstruction is essential to understand the President's Thought, which is based precisely on the CPC's internal reform.

Another factor not to be neglected is what Xi Jinping often defines as "the new contradiction".

In fact, according to the President, the traditional contradiction characterizing the Chinese society has currently evolved and changed.

It is the new contradiction between "unbalanced and inadequate development and the people's ever-growing needs for a better life". Hence not productive forces and production conditions, in an old Marxist model which always implies a capitalist overproduction crisis, as in the West, but a typically Chinese contradiction between the development of productive forces and production conditions with respect to the People's current needs.

This is at the core of Xi Jinping struggle – always very explicit in his essays, speeches and actions – for eradicating poverty in China and building much infrastructure, especially in rural areas, to definitively uproot poverty and allow the "Chinese" solution to an old contradiction which has always existed in the Marxist theory, namely the contradiction between urban and rural areas. It is from this viewpoint that Xi Jinping assesses the environmental issue, with an environmental cleaning campaign following the models adopted in his campaigns against corruption.

With reference to the issue of President's control over the Party, Xi Jinping wants to keep on controlling the State economy, which backs the single-party political structure, with structural investment in large transport networks and heavy industries. This is not the return of the Stalinist myths of basic industry, but Xi Jinping's problem is that the State economy is essentially more efficient than the private one, chaotically developed in a short lapse of time.

Hence Xi Jinping will largely enter the best business generated by individuals and private entities over the last ten years. It will be on these modern sectors, typical of the new economy, that the Party reformed by Xi Jinping will justify its new social and political hegemony. It will absorb them and it will make them tools for political and social cohesion.

From this viewpoint, Xi Jinping's China will be increasingly assertive, aggressive and sometimes cynical on world markets and in its relations with the other Powers. Currently Xi Jinping wants above all the Chinese supremacy in Asia and later in the Eurasian Heartland, up to being on an equal footing with the United States in the old strategic regions and playing an asymmetric role again with the United States in the new strategic regions of the future, namely the Arctic, Southeast Asia, South Pacific, Antarctica.

As Xi Jinping said at the 19th Congress, China is "ready to donate to the world its ancient wisdom and its recipes for the salvation of mankind". It will be once again the Middle Kingdom with its explicit "civilizing mission" at cultural, political and strategic levels. Xi Jinping currently thinks about China as the world, while his predecessors pondered on how to reach the development of the First World countries as early as possible.

Hence, according to President Xi Jinping, at the end of the current phase of development there will be the "revitalization and rejuvenation of the Chinese race" – at least until the centenary of the Party's foundation in 2022. From this viewpoint, we need to clarify the apparently simple concept of "Socialism with Chinese characteristics". As is well-known, according to Marx and Engels, Socialism could be achieved only with the maximum maturation of capitalism.

From the "Long March" onwards, China has inevitably developed the project of a Socialism created starting from a semi-feudal and backward society both in terms of productive forces and in terms of production conditions. Forget about structural overproduction crises! For centuries China had been experiencing only massive famines.

In this sense, in the Chinese case, the traditional CPC theorists spoke of a transition from the unqualified to the qualified, from the indistinct to the distinct – and Xi Jinping certainly does not deny this theory.

This means that Socialism in China must experience the transition from an indistinct backward and semi-feudal society to undeveloped capitalism. This implies the future transition to Socialism in the ways and conditions of the ancient Chinese society.

Therefore China had to develop industrialization, marketing, socialization and modernization, all together at the same time, by repeating the capitalist contradictions along with those typical of a backward society.

Hence the need for the Chinese Communists to use a full market economy, but always distinguishing between the State and the market, by combining the superiority of Socialism and public ownership with free market – hence a State competing with the private sector, which optimizes the costs of the State sector almost automatically.

But only if the Party rules the whole society.

In fact, while the Soviets calculated the costs of production and prices figuratively by using Lange's public accounting, for Communist China the market parallel to the State and to its planned economy optimally calculates exact and minimum prices.

Another trait of "Socialism with Chinese characteristics" is the link between strong strategic autonomy (i.e. an economy not dependent on foreign countries) and the maximum openness to the world market.

Without peace in the world there is no economic autonomy and optimal combination of State and Market in China.

Therefore for Socialism with Chinese characteristics it is necessary: 1) to speed up modernization through the use of foreign investment; 2) to attract advanced technologies from abroad for current China's dual economy system (State and private sector); 3) to promote the creation of special autonomous free zones for the industrial economy and international trade; 4) to make the best use of capitalism through the formula of "one country, two systems"; 5) to combine Socialism with the market in order to overcome the gap between China and the rest of the world.

Moreover, Xi Jinping's Thought initially incurred some unexpected difficulties in becoming – as theoretical model – the focus of the Chinese debate inside and outside the CPC.

Again in Xi Jinping's mind, the contradiction between the State and the market – brilliantly managed from Deng Xiaoping onwards in Communist China – in which both are essential for the single hegemony of the CPC and its leader, regards the simultaneous following of the "mass policy line" (which implied, with Mao, the slogan "to serve the people") and the "strengthening of the State's transformation".

Here Xi Jinping proposes again his theory of the “Four Greats”, already clear as early as 2007. According to the President, the Four Greats are the following: “great struggle, great project, great cause and great dream”.

This clearly reminds us of Mao Zedong’s old statement, “it is a great pleasure to fight against Heaven, to make war with the Earth, to clash with human beings”.

Furthermore, Xi Jinping recalls that it is necessary to “fight against subversive mistakes” in economics and politics.

President Xi Jinping will never accept the Party’s weakness or its transformation into a secondary factor for the creation of the Chinese State.

It is not easy, however, to imagine how all this will materialize in the concrete Chinese political and economic practice. Nevertheless, it is clear that Xi Jinping’s Thought is the formula with which, today, China thinks to overcome its traditional appearance, be it Marxist-Leninist or born of a whirling and often corrupt market economy.

The new synthesis between these two functions, which Xi Jinping no longer interprets as weaknesses or simple internal contradictions, will be the one shaping the shift from a China rising to the level of the other world powers to a China achieving a new global hegemony on its own.

# The 19th Congress of the Communist Party of China

**WHEN, IN 1972, NIXON** pointed out to Mao Zedong that “the Chinese President changed the world”, Mao just answered “no, only something on the outskirts of Beijing.” In the mind of the Chinese President, a Taoist poet, that was the sense of the natural centrality of the “Middle Empire” compared to the First World (the United States and the USSR, namely “the barbarians of the North”), to the Second World (namely the servants of either power) and to the Third World, the region that was bound to be represented and dominated by China.

## GEOPOLITICAL HANDBOOKS

Not falling into the Cold War trap that Mao Zedong considered a “paper tiger” – which, in fact, was at the origin of the USSR’s economic and military collapse – is the basis of this slow, but relentless economic and international status growth.

Currently, after the Long March of the “Four Modernizations” launched by Deng Xiaoping, China is the world’s first economy and is becoming one of the first powers – and, in the future, it will be the hegemonic military power at least in the Asian world.

In the 1950s, however, an old map of the CPC’s Central Committee considered Japan, the Philippines, all the South Pacific islands, South and North Korea and Vietnam as areas of Chinese hegemony.

This project will not be implemented – if ever – with weapons, but with the economy and with strategic and cultural dominance, which will be protected by weapons. Hide a knife behind a smile is one of the Thirty-Six Stratagems used in politics and war. In China’s traditional culture, war is not “the continuation of politics by other means”, but simply politics tout court.

The splendid isolation of Mao’s China was fully realistic: the country was poor but, in spite of the failures of the “Big Leap Forward” of the 1950s and of the “Great Cultural and Proletarian Revolution” between 1966 and 1976, the per capita GDP denominated in power purchasing parity (PPP) doubled.

But without the very strong traditional Chinese nationalism, combined with the Marxist-Leninist ideology, that Mao’s project – which is currently being achieved with Xi Jinping – could not be implemented.

From the rejection of the bipolar international order to the construction of a new multipolar order, with China at the core – this is the geopolitical pathway from Mao’s slogan of 1949 “the Chinese people have stood up” to the 19th CPC Congress led by Xi Jinping. Furthermore, even under Deng Xiaoping and his successors, China has never accepted a role as “revisionist power”, thus maintaining the request for a new international order and even strengthening the polemic against the United States and Russia in favor of Third World’s rights.

Nor should we forget the long coldness vis-à-vis the old post-World War II economic alliances, such as the World Bank and the Monetary Fund, seen as “instruments of American imperialism” and relics of a bipolar era that ended just when China – still following Mao’s cry on Tien An Men Square in 1949 – “stood up”. In 2012, however, Xi Jinping did not inherit a “developing” China – just to use the compassionate jargon of international bankers.



## GEOPOLITICAL HANDBOOKS

In 2012 Communist China had recorded two decades of double-digit GDP growth and was already the second global economy. It was also the world's largest exporting country and finally recorded a stable commercial surplus of over 4-5 trillion US dollars.

Since the beginning of the Four Modernizations, China has been the largest trading partner for the whole Eastern Pacific region and has been pushing upwards – for years – the prices of raw material it badly needed. Also the Chinese Armed Forces are closely following economic development. Currently China has already declared its Air Defense Identification Zone (ADIZ) operational throughout the East China Sea, in view of full control of the Western part of that sea.

A change of the US strategic equation in the Pacific entailing a radical transformation of the US geopolitics: either still accepting China's investment and the much needed purchases of US Treasury bonds or the net decrease in financial trading and Communist China's greater military and economic presence in the Pacific – with the related loss of hegemony. With a view to masking and concealing – in a world still linked to the Cold War – the growing phase of China's economy and military strategy (which are always two sides of the same coin) and not to alarming its neighbouring countries, Deng Xiaoping coined the "tao wang yang hui" (韬光养晦) policy line, namely hide your light under a bushel or conceal your strengths and bide your time

– Taoist terminology relating to the tradition of Sun Tzu's "Art of War" and the Thirty-Six Stratagems.

The sense is easily understandable.

Deng's Taoist policy line implied some successive rules: 1) avoid leading or forming faction in any international conflict and stay neutral in all circumstances; 2) do not try to lead an opinion in international politics; do not try to represent any interest group and stay away from any sphere of influence; 3) avoid any trouble, controversy or antagonism in world politics; be humble, but try not be humiliated and even accept minor humiliation if you have to; 4) concentrate on economic development, 5) focus on establishing a friendly relationship with all countries in the world, irrespective of the ideology of the countries you deal with.

Indeed, Xi Jinping is fully heir to this policy line and, in the early years of his leadership, he focused on carefully hiding his light under a bushel and remaining in the "dark", namely what does not concern or is not immediately seen by the "Western devils", as Europeans were called during the Boxer Rebellion in 1900 – a fight that was later mythicized precisely by the Red Guards.

## GEOPOLITICAL HANDBOOKS

The rapid development of the economy, from Deng to Xi Jinping, has led to inevitable imbalances in Chinese society: 12 million migrants moving from rural to urban areas every year, with almost all rural migrants heading for the coast from Fujian up to Laoning. Other major unavoidable problems are the decrease of the population replacement rate, which leads to severe shortcomings in the search for new workforce; widespread corruption, another predictable phenomenon in a fast-growing command economy and finally the average age increase.

Currently the average Chinese aging rate is the highest in recent world history. In 2050 the cost of pensions could rise up to 44% of the current one. As some Western sources say, currently China's public debt is approximately 60% of GDP, while some other Western observers even maintain that the Chinese debt is equal to 110%.

China's official sources maintain it is equal to 46.5% and has been stable for two years. Probably the truth lies somewhere in between, although considering the Chinese scarce willingness to resort to the debt lever. Hence Xi Jinping wants to face all these new situations in the CPC tradition. A "strong and prosperous China", in the tradition of Sun Yat Sen, the father of nationalism and constant point of reference for Chinese Communists, as well as Xi's continuity with the reforms which – as maintained by the CPC Third Plenum of 2013 – view the "market as the decisive engine for economic development".

Xi Jinping also wants to create a strong and stable internal market to counterbalance the First World's financial and economic crises. Xi Jinping's main economic challenge lies in doing with the domestic market what has been done so far in China with exports, while maintaining a good level of exports.

Not to mention pollution, which can block both domestic production – especially in the agricultural sector, by stopping exports – and foreign investment.

Xi wants to upgrade the exporting companies in order to make them adapt to international quality standards and improve their price level. The Chinese leader also wants to build an effective and profitable internal market, albeit targeted to social and political stability. With specific reference to internal market reforms, one of the Thirty-Six Stratagems is particularly appropriate, namely "cross the sea without the emperor's knowledge".

The room for the market-world within future China's internal market will be little and well-defined.

The fight against corruption, which is the natural corollary of this strategy devised by Xi Jinping, was and is still massive and fast. It is also based on the old Plenum of 2013. It was in the 3rd Plenum of the 18th Central Committee of the CPC that the idea of shifting from a phase of fast capital accumulation to a phase of gradual internal redistribution emerged. Hence Xi Jinping is currently defending the Party from the slow erosion of the Chinese social system. Today the block of social and economic innovation lies in the hidden interests of Chinese State-owned enterprises and in their monopoly or monopsony markets.

Since he rose to power, Xi has entrusted approximately 800,000 State and Party officials only with the task of fighting against corruption. A dual structure, namely the CPC leadership and the local units, controls the inspectors' activity, and in the first half of 2017, over 210,000 State and Party officials have been investigated. Last year the total number of officials investigated was 415,000. As reported by Chinese internal sources, only in the first half of 2017, 38 national leaders and 1,200 prefecture officials have been judged corrupt by the central authorities.

In August 2013, in the framework of a careful analysis of the Chinese oil system, Jiang Jiemin, the CEO of China National Petroleum Corporation, was removed from his post, followed by Xu Caohu, the Vice-President of the Central Military Commission and later, in March 2014, by Liu Yuan, the son of Liu Shaoqi, while the illegal outflow of Chinese capital is approximately 60 billion US dollars a year.

Xi Jinping's hard line, namely "governing the nation according to law", follows the tradition of Shang Yang's legalist school of the 3rd century BC, as well as the ancient Taoist and State policy line followed by Shi Huangdi, the founder of the Qin dynasty and the first Emperor of a unified China and of the famous Terracotta Army.

Shi Huangdi was one of Mao's favorite quotes: "Remember I am a thousand times fiercer than Shi Huangdi," he used to say to his aides.

Furthermore, in keeping with a policy line set in a secret circular letter of the CPC Central Committee, Xi Jinping is promoting the struggle "against the seven problems":



the promotion of constitutional democracy; the propaganda of universal rights as Western-style “civil rights”; the promotion of citizens’ movements destroying the Party’s foundations; the dissemination of the neo-liberal ideology; the promotion of press freedom; the support for the traditional nihilism on New China and finally the ban on defining the current Chinese economic system as “State capitalism” or “new bureaucratic capitalism”.

At strategic security level, as leader not yet in power, Xi Jinping supported Putin for the launch of the Shanghai Cooperation Organization (SCO) and hence proposed a pan-Asian view of military security and economic development to the other Heartland countries.

A vision that is currently based on the fast implementation of the Belt and Road Initiative, which will reach the Mediterranean and the core of Europe.

Hence this is how Xi Jinping is approaching the 19th CPC Congress since its foundation in Shanghai in 1921 – a Congress that now gathers 2,338 delegates, while there were only fifty in Shanghai. The goals are now well-known.

To achieve the “Two Centennial Goal” successfully: firstly, the issue lies in completing the process of building a moderately well-off society and accelerating Socialist modernization so as to turn China into a “great modern Socialist nation”.

The two dates set are 2020, the centennial (one year before) of the CPC foundation, and 2049, namely the centennial of the People's Republic of China. The terminology often used by Xi, "a moderately well-off society" must not make us think of mediocre and modest goals. Conversely, it is a typically Confucian expression, where moderation implies wisdom and hence the balance between human passions and their reflecting on interpersonal relations.

In Xi Jinping's policy line, the practical measures envisaged by the leader to achieve these goals will be, first of all, improving the people's living conditions – but the masses' best living conditions assume and imply Socialist democracy – then complying with laws and finally ensuring security, safety and the protection of the environment. Besides modernizing domestic laws, Xi Jinping's China will avoid the sale or sell-off of State-owned enterprises, which will maintain and increase their value, while their reform is implemented.

Hence a market-based reform, but also controlled by the Party as to the mix of factors of production in the medium and long term. Again following the line of "hiding your light under a bushel", China will maintain its strategic profile which does not seek hegemony and – again in Xi's words – will carry out military actions outside its territory.

Hence, according to Xi Jinping, China will continue its policy of welcoming foreign capital and foreign companies – albeit more carefully. As meant by Xi between the lines, China will continue to pursue its project of becoming the global manufacturing hub.

Nevertheless, most of the capital generated by the Four Modernizations will lead to such an internal social stability in China, which is now unthinkable also in Western societies and to a rational rebalancing of China's productive forces, which will have a strong domestic market while the export market will shrink due to the Western structural crisis.

# The new prospects of the Communist Party of China

**THE COMMUNIST PARTY OF CHINA (CPC)** – in the phase in which it is governed by Xi Jinping and by Prime Minister Li Kekiang – is changing rapidly. This is a geopolitical and strategic factor of great importance also for Europe and the United States.

Just a few years before its centennial, the Party founded in Shanghai in 1921 is still a “hircocervus”, both for the Communist tradition resulting from the Third International and for the evolution and, sometimes, the disappearance of the Communist Parties in power in the Soviet Union, in its Eastern European satellite countries and in many Asian countries.

Indeed, the CPC is both a large mass Party and a political organization that, following the Third International's tradition, presides over the State and defines its political direction. Lenin thought of a small Party of militants and officials who developed the policy line and, through the State, imposed it on society. In fact, in the Soviet Union, the CPSU destroyed itself by entering civil society. Conversely, in China, the CPC grows stronger by acquiring and selecting the best elements of society and representing the great masses inside and above the State.

We can here recall the sarcastic smiles and the biting jokes that the CPC leaders – and, at the time, the Deng Xiaoping of the “Four Modernizations” was already in power – reserved for Gorbachev paying an official visit to China while the “Tien An Mien” rebellion of the students who wanted “democracy” was underway. As is well-known, the repression was very harsh. The CPC does not delegate to others the power to reform the Chinese society. Hence a Party like the CPC, which is fully traditional in its relationship with the State and the masses, appears to be completely new in turning itself into a mass organization, thus also remaining the source for legitimacy of the Chinese State.

The Chinese official sources tell us that, when it was founded in 1921, the Party counted only fifty members. Today – considering that the CPC has been able to understand the new phase of globalization – it counts 87.7 million members, one every sixteen Chinese citizens. More than the population of the whole Germany. 75% of the current members are male; 43% have at least a high school diploma; 30% are farmers, shepherds and fishermen; 25% are employed, 18% are retired, but only 8% are civil servants. On the contrary, the 50 or more probably 57 founding members of the CPC in Shanghai were all members of the ruling classes, with 27 students, 11 journalists and 9 professors.

In 1949, when the Chinese Communist Party was already controlled by Mao Zedong and took power by wiping out the nationalists, the members were almost four millions. From the outset the CPC has chosen the best of the Chinese society, by changing its targets year after year: sometimes intellectual elites or, in other years, rural masses and working classes. The traditional dilemma of “Red” versus “Expert” that the CPC would never solve, not even in the harshest moments of the “Great Cultural and Proletarian Revolution”.

With Deng Xiaoping, who put an end to the phase of the “Red Guards”, by often sending them to terrible work camps, the CPC reached a 50% of technicians, specialists, teachers and “experts”. Currently the university students are 40% of the Party's new recruits.

## GEOPOLITICAL HANDBOOKS

A CPC that does not renounce at all to be a mass Party, but also organizes the elites: it is one of the most significant traits of what the Chinese leaders called “Socialism with Chinese characteristics”. Furthermore, Xi Jinping no longer wants a Party “taking everyone on board” or joining militants without qualifications, but he tends to gradually turn the CPC into a more selective organization than it currently is.

The selection is always conducted silently by the Party that listens to the candidates’ friends and colleagues and asks them whether they are “frugal”, “honest” and “correct”. For the sources of the CPC inspectors, silence and secrecy are a must. Otherwise, the Party will “not forget this.” All State companies and all foreign companies have a Party unit inside them and this allows better relations between companies and State power. Hence if we were to analyze the CPC according to Giovanni Sartori’s modern theory of political Parties, we should say that the Chinese Communist Party is both a “social brokerage body” and a “mechanism of representation”.

The Soviet Communist Party (CPSU) collapsed because it played only a social brokerage role, but was not representative, while the CPC is expanding because it plays both roles effectively. The goal set by Xi Jinping is to create a “moderately prosperous society”.

It is the evolution of Xi Jinping’s theory of the “Four Comprehensives” announced in early 2015.

The Four-pronged Comprehensive Strategy is based on the following Four Comprehensives: “comprehensively build a moderately prosperous society”; “comprehensively deepen reform”; “comprehensively govern the nation according to law” and “comprehensively strictly govern the Party”. It is worth recalling that moderate prosperity is a fully Confucian concept. Said moderation is that of the equilibrium of man’s faculties and of the relationship between mind and desire. It is not an anti-Epicurean “moderation” in the Western sense. Hence the primary factor is prosperity.

According to the usually reliable Chinese official statistics, over the past thirty years 700 million Chinese have come out of poverty.

Currently this happens mainly in rural areas, after Deng Xiaoping’s dismantling of rural communes – indeed, the First Modernization was the agricultural one.

Chinese farmers, however, account for 56-68% of the total population or for 12-14% of the world’s population.



## GEOPOLITICAL HANDBOOKS

Nevertheless Deng's modernization of rural areas did not fully work and, in the early 1990s, the Chinese rural society was still stratified, impoverished and characterized by low productivity, while the cities grew disproportionately and weighed ever more on rural resources. Cities and rural areas, the two terms of Mao Zedong's theory both within Communist China and in foreign policy – the two extreme of the Third International's eternal dilemma, from the 1932-33 rural crises in Ukraine until Stalin's famine of 1950.

Hence Xi Jinping, who knows that the crisis of the Chinese rural world has certainly not disappeared with the semi-privatization of land and prices, has sent 770,000 officials and Party leaders to Chinese rural areas to eradicate poverty and hence stabilize said areas even politically and socially. This avoids the excess of rural population reforming a kind of Lumpenproletariat in the urban suburbs. With terrible effects on China's political and social stability. A society with excessive income differences is never "harmonious" – just to use a Confucian concept that has now become typical of the CPC. And the operation has worked – at least for the time being.

In fact, from 2013 to 2016, other 56 million people living in rural areas came out of poverty – and the process to which Xi Jinping attaches particular importance is going on. With a view to having a CPC functioning as a backbone of the State and, at the same time, of civil society, corruption must be eradicated – as we have seen since Xi Jinping has been in power.

Approximately one million Party officials punished, in various ways, for corruption until 2016 and as many as 210,000 already punished in 2017 alone. Currently Xi Jinping is the ultimate arbiter of the Party and its members' careers – perhaps even Mao Zedong never had such power.

However, instead of destroying all his competitors, Xi Jinping is creating a new blood of young executives, all coming from the CPC, who will quickly replace the old satraps of bureaucracy. Besides repressing corruption however, the mechanism of political scrutiny needs to be renewed and strengthened, as the CPC is doing. Created when the CPC was founded, the Central Commission for Discipline Inspection (CCDI) has always had very strong power, but it was abolished in 1969 following the Party's well-known internal struggles.

It was revived in 1977 and – as happened since 1949 – it has been included in the Party Constitution. Even before Xi Jinping's rise to power, from 1982 to 1986 the Central Commission for Discipline Inspection expelled 25,000 Party members and imposed a series of disciplinary sanctions on other 67,000 CPC members. A structure that has never reduced its specific powers and is the arbiter of the main careers inside the Party and the State.

In Xi Jinping's mind the fight against corruption – which, with his leadership, has reached unimaginable levels and has hit high-ranking executives, such as Bo Xilai and Ling Jihua – the cleansing inside the

Party combines with the refoundation of the Party's working style and the strengthening of internal discipline. The Politburo's "Eight Guidelines" of December 2012 already pointed to a sober and modest lifestyle for all officials and leaders. Furthermore, Li Keqiang has imposed new standards for the transparency of public budgets and reduced the number of government approvals and authorization for spending, thus eliminating evident possibilities of generating bribes.

Currently the CPC inspectors are included – often secretly – in all government bodies and in all regional and local structures. The system is such that the inspectors are directly responsible for the mistakes or "oversights" of the various Party and government members' behaviours. Before Xi Jinping's rise to power (and before Wang Qishan, his anti-corruption Chief) the incentives to national or local officials and leaders were based on reaching specific economic targets. Nowadays the granting of cash prizes or of career advances is linked to the overall behaviour of officials and, above all, to their honesty – which overlaps with loyalty and obedience to the Party, the Central Committee and, obviously, Xi Jinping's line.

Moreover the inspections have the strictly political purpose of safeguarding the Central Committee's joint and centralized authority and leadership. Xi Jinping knows all too well that any corruption activity is a de facto form of secession from the "political centre" – as demonstrated by the studies on organized crime in the South of Italy.

Hence return to the Party's centralism, without the "federalist" nonsense that is destroying Europe; maintenance of the CPC leadership role on the whole Chinese society and of Xi Jinping's role as undisputed leader of the Communist Party of China. Three factors which are closely interwoven.

So far there have been 12 cycles of inspections within the Party – inspections regarding the CPC organizations at all levels, State companies, banks and financial companies, as well as universities.

The revision of part of the Constitution has started from this process of political and moral restructuring.

The next 19th National Congress will constitute the last and final Sinicization of Marxism.

## GEOPOLITICAL HANDBOOKS

A stronger and more authoritative CPC, but, above all more integrated in civil society – and here is the novelty compared to the Third International’s Western tradition. Hence development of Socialism “with Chinese characteristics”, which means Socialism in a society that has not been industrialized by the national bourgeoisie, but by foreigners – a society which is largely rural, while Marxism thinks above all of industrial workers (that is highly traditional), while Western socialism has inherited the most radical aspects of the bourgeois Enlightenment.

The aim of this CPC exercise – made authoritative by the struggle against corruption – is that of Xi Jinping’s “moderately prosperous” society, namely a balanced progress of the economy and of political organization, as well as of the cultural, social and environmental evolution. Hence self-control of the Party, and – for the first time in the CPC history – reaffirmation of a typical concept of the Western political tradition, namely the “rule of law”.

As recently stated by Xi Jinping at the Interpol General Assembly in Beijing on September 26 last, China’s inclusion in Interpol is a tool for building a world integrated collective security system both strategically and for the repression of personal crimes and offences.

The new security – and here Xi Jinping spoke of international policy between the lines – shall be common, global, cooperative and sustainable in the future.

Hence support for the security of developing countries and perception by all actors of the others’ interests. We could speak here of Confucian geopolitics.

Thinking also of the others is not a difficult process. The issue lies in changing the thinking style and putting ourselves in other people’s shoes, to avoid excessive reactions and, above all, dangerous for the best interest of nations, i.e. world stability.

Hence, stability and security at internal level, with the centralization and moralization of the CPC; security and stability in the international context, with Xi Jinping vigorously defending globalization in Davos, against the resurgence of economic nationalism in the United States; security and centralization of the Chinese interests in Central Asia, which will soon become the launching pad of China as great global power, far beyond its already significant economic potential.

# The new geopolitics of the Uyghur movement

**RECENTLY THE UYGHUR** organizations abroad are increasing pressures to convey the image of China as a “State of torture”. We do not certainly want to deny that the Muslim population in Xinjiang, which at the time of Mao’s Long March was simply called “the Western Region”, does not tolerate some restrictions, but it is anyway true that the Islamist and jihadist networks are largely present in the region and that, as always happens in these cases, they have visible structures covering the invisible ones.

## GEOPOLITICAL HANDBOOKS

And not necessarily the visible ones are bigger than the invisible ones. The amount of “invisible agents” in the case of a terrorist and jihadist organization is far greater than you can think of. Finally, while recently Greece vetoed the EU’s condemnation of China for its “repression of human rights”, it is equally true that the congerie of human rights is a cornucopia where you can put everything and the opposite of everything. Moreover, it is hard to establish a subjective and natural “law” without an equally universal and shared order placing it into a framework of binding rules. Unfortunately the strict nature of Roman Law – the perennial sphere of every sound legal reasoning – is not so widespread as it would be currently needed.

Instead of the Latin Ratio, there is a new “right of feelings” or even of “impulses and drives”, which now characterizes the EU position – a law heir to the one represented by the drunken leaders of the Germanic tribes under their oak.

A commercial, devised by the now endless private agencies safeguarding said “human rights”, has even created an artificial link between mass migration from Africa to the EU (but above all to Italy ruled by foolish leaders) and torture.

Not to mention the implementation of the human rights ideology to the LGBT minorities in the West, as well as the use of this theory of human rights for the now huge masses of immigrants from Africa to Europe, or even to minorities that although existing for centuries, are used against Asia’s development projects, such as the Baloch people in Pakistan against the “Sino-Pakistani Corridor” and the Sindh and Punjabi ethnic groups between Pakistan and India, as well as the Kachin people between China and Myanmar, a region where China is also investing massively.

In short, the non-State areas among the largest nations are used as clockwork mechanisms to destabilize or regionalize major economies in a phase of economic growth. And this is already a clue. Obviously this applies also to the Uyghur issue.

It is also worth recalling that, according to the Turkish police, the bomber of New Year’s Eve attack in Istanbul was an Uyghur – and Daesh-Isis mostly uses Uyghurs for its actions in Turkey. Central Asia, Afghanistan, Pakistan and Western China are all areas belonging to the region that has been identified as “Khorasan” by the Caliphate. In fact, the terrorist of the “Reina” nightclub attack in Istanbul was identified as an Uyghur, but with the significant name of Abu Mohammed Khorasani. An Uyghur who had been trained in Syria, then returned to Xinjiang and later moved to Kyrgyzstan with his family. From there he had arrived in Istanbul approximately one month before the attack.

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According to the Chinese and Turkish security forces, at least 300 Uyghurs have become members of the Syrian-Iraqi Caliphate. If we consider that, apart from training, every jihadist needs a protection and cover network of at least 40-50 people, we can calculate that there is a not negligible number of jihadists in Xinjiang. Moreover, criminal gangs also regularly sell fake Kyrgyz passports to the Uyghurs fleeing Xinjiang to join the jihad.

There is already collaboration between Taiwanese and Uyghurs for actions against China, including non-military ones, while Rabija Kader, the founder of the World Uyghur Congress, would already like to proclaim the "East Turkestan Republic" against which, last March, Xi Jinping called for the construction of a "big steel wall" to control and isolate Xinjiang. So far China's policy towards the Uyghurs has been designed to integrate Xinjiang into the phase of fast economic expansion that has taken place throughout the country, as well as establishing shared security and economic relations with the neighbouring countries of the Uyghur region.

In the "New Silk Road" project, Xinjiang is seen as the primary corridor for energy and trade between mainland China, Central Asia and the Middle East. Furthermore, we must also consider that one of the reasons that led to the war in Syria was the proposal made in 2009 by Qatar – an Emirate which is currently de facto at war with Saudi Arabia and many of its allies – for a gas pipeline from its North Field, at the bor-

der with the Iranian field, crossing Saudi Arabia, Jordan and Syria up to Turkey, to finally supply the European market. The following year, however, Bashar al-Assad decided to support the Iran-Iraq-Syria line, the so-called "Islamic pipeline" which, however, would have been an alternative to Gazprom.

Therefore, while this happened in Syria, with a careful management of internal chaos, of destabilization and of Gene Sharp's technique of "nonviolent action", that would be nothing compared to what may occur in Xinjiang to slow down, block and destroy China's energy and economic project with the "New Silk Road".

This is the second clue.

China will shortly invest 25 billion US dollars in the streets of the region characterized by the old Turkmen ethnic group. The Sino-Pakistani Corridor, another key Chinese project, starts with a 900 billion US dollar infrastructure investment for the Tashkurgan-Gwadar line – and once again the starting basis for the line, as well as most of its immediate borders, are at risk of jihadist terrorist infiltration which, however, will always have its natural platform in Xinjiang.

Let us not consider the do-gooding rhetoric of the European Parliament, which on June 22 last, with its EU-China Human Rights Dialogue, called for greater attention by the Chinese government to "civil society" (a concept fully alien to China's old and mod-

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ern political culture), as well as to the protection of “activists”, who are often agents of the enemy soft power, with a view to drafting or revising useless treaties. Europe is a continent which cannot distinguish between friends and foes, neither its own nor its allies’. A continent that will not last.

Moreover, the Uyghur region also has as many as 122 minerals, often with the largest reserves throughout China. Even rare metal reserves, which are currently decisive for developing new information technologies. Not to mention precious stones, gold, jade and salty materials which are needed for the production of glass and paints. The same holds true for the 25 billion cubic meters of water, which are essential in the rest of China, with glaciers having a surface of 24,000 square kilometres, which could provide 2,580 million cubic meters of additional water.

It would be the solution to China’s huge water problem. The Xinjiang coal reserves account for 38% of Chinese total reserves.

Currently oil and natural gas in the Uyghur region account for 25% of the Chinese total reserves.

And it is hard to believe that this region, which serves as a base and primary land corridor for the great Chinese Road and Belt project, cannot become the starting point triggering off a new “chaos strategy” in the near future.

This is the third clue.

Initially, the Uyghur terrorists of the Bishkek bombing and of the Urumqi revolt were largely trained in Pakistan.

Moreover, Al Qaeda trained Uyghurs in Afghanistan so as to send them back to their areas of origin to carry out terrorist attacks. Furthermore, with a view to differentiating their energy sources from the increasingly dangerous Middle East, both China and Japan look to Central Asia’s oil and gas with great interest. China, in particular, needs a safe corridor for the Azeri, Kazakh, Uzbek and Kyrgyz oil and gas.

Blocking the Xinjiang line or making it unsafe is the best way to force China to the prices, political tensions and military crisis of the Middle East countries. Hence, incidentally, this is the reason underlying the farsighted Chinese policy towards Israel.

At geopolitical level, for the new Central Asia’s “big game”, the United States can rely on the only projection force of the Armed Forces, while the Russian Federation has the strategic advantage of its position and its long relations with many countries in the region. China has the chance of being the most capitalized country in Asia and also having Armed Forces

capable of controlling the territory and projecting its power onto the Pacific and the South China Sea, as well as onto the South. But it has a weak point, namely the great ethnic differences which, unfortunately, materialize above all on its borders. At this juncture, we could consider for China a Horatii and Curiatii-style policy.

Separating the ethnic groups, making some of them friendly, while hitting the target minority with the necessary harshness.

Certainly, the participation of ethnic minorities in current China's rapid economic development – as is currently already happening – is a further good strategy.

However, this creates a class of new wealthy people linked to the government, while the new impoverishment will inevitably create new insurgency areas.

Instead of believing in some "human rights" militants, paid by who knows who, it would be useful for Europe to tackle the geostrategic problem of supporting Central Asia's stabilization, by cooperating with the Sino-Russian axis to avoid the jihadist contagion and, above all, the contagion of the powers that support or use it.



# The future strategy of the World Uyghur Congress

**THE ASSESSMENT** of China's "One Belt, One Road Initiative" is at the core of the political debate in the World Uyghur Congress and in the other Islamist networks within Xinjiang. More specifically, the Islamist Uyghurs compare Xi Jinping's proposal with other previous initiatives, such as "Opening the Northwest" of 1992; "Western Development" of 2000; the forums on the development of Xinjiang held in 2010 and 2014, besides the establishment of the Shanghai Cooperation Organization (SCO) in 2001.

All initiatives that the Islamist Uyghurs interpret only as acts to repress the insurgency in East Turkestan and particularly as factors for further controlling the local Muslim radicalism. Besides slackening the Islamist tension in Xinjiang – often jointly with the Islamic countries – which would be controlled by both China and its new regional allies.

It is also worth noting that the internal or public documents of the World Uyghur Congress hint at a systematic and possibly violent reaction to the integration of the Chinese economy into the world market, which is notoriously the idea underlying the “One Belt, One Road Initiative”.

At geopolitical level, considering the geographical position of Xinjiang, the Uyghur Islamic insurgency could do much harm to the project of a new Silk Road – and we imagine that the platform of the Uyghur Islamism will be used by all the countries which see as a threat China’s competition and its new strategic presence in Central Asia, as well as the new global multipolar approach preached by Xi Jinping. According to the various Uyghur movements, development is used by the Chinese authorities to further marginalize and control Islam in Xinjiang. It is not true at all – indeed the opposite is true – but the strate-

gic fear of Uyghur Islam is to be encircled by China’s friends and, hence, by enemies of the violent and jihadist Islam. Therefore, we can foresee a forthcoming sequence of terrorist attacks, demonstrations and psy-war actions, targeted in this case to Westerners, who will accuse China of “repression”, but above all will create difficulties and slow down the practical activities associated with the One Belt, One Road Initiative.

If the Chinese project is completed in line with the envisaged time schedule, East Turkestan will become increasingly irrelevant, both economically and strategically. Conversely, if the One Belt, One Road Initiative is significantly slowed down by the Uyghur terrorists and their media policy towards the West, this will be the Uyghurs’ real great success. Hence the Uyghurs will become the key region for China’s economic development in the West, with a blackmail that is easy to imagine. The same holds true for the “China-Pakistan Economic Corridor” (CPEC), which envisages investment to the tune of 46 billion US dollars.

The Gwadar port – already bought by China – will be the starting point of the “Belt”, considering that the Pakistani port allows access to the Arabian Sea and above all avoids China’s having to pass through the Straits of Malacca.

China, in fact, is funding “wellbeing and welfare” – to use the Chinese terminology – in all the buffer zone between its State

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and the bordering countries – areas which have always recorded tensions with China's central authorities. The list includes also Xinjiang that, in the Chinese vision, must reach "moderate wellbeing" that would surely defuse the local Islam, both the permanent jihad and the "sword jihad" operations that, however, have already taken place in Xinjiang.

The traditional friendship between China and Pakistan has already great economic significance, considering that trade between the two countries currently amounts to 16 billion US dollars per year – not to mention the eight modern China-made submarines sold to Pakistan, praised for their technical features also by US experts.

If China creates a network of strong alliances with Islamic countries on its border, there are no longer guaranteed safeguards for the Uyghur militant Islam. In the near future Afghanistan will be stabilized by a joint action between China, India and Pakistan, while India is planning to become the true dominus of Afghanistan.

Even the Taliban will soon be silenced, as they were born of a rib of the Pakistani intelligence services and, without Pakistan, they would currently have neither weapons nor funds.

For the Uyghur radical Islamism, this, too, is a strategic closure of great importance. In fact, until now the Uyghur jihadists who fought in Afghanistan were approximately one hundred and some of them have already returned to Xinjiang.

In addition, China's venture capital is booming, and shortly – also as a result of a Chinese political decision – it will also be the turn of selected areas in Xinjiang. As the old Chinese Marxist-Leninists know all too well, if there are no longer poor people, there is no fuel for any religious or social insurgency. Meanwhile, the WUC-related web networks much publicizes a list of some people who should be freed from the Chinese "repression" thanks to the EU pressures.

It is the case of the Nobel Peace Prize winner, Liu Xiaboo; of the Uyghur economist, Ilham Toti and of Wang Quanzhang, a lawyer linked to the Falun Gong movement, a sect that was particularly active at the time of the events in Tiananmen Square, as well as of some feminists. Combining very different offences and behaviours is a classic psywar technique and Europeans always take the bait.

Furthermore, ever more often the Uyghur movement uses the radical-libertarian areas of European politics – which are traditionally more sensitive to Tibetan issues – to defame China and above all to impose a link between China's economic openings vis-à-vis the rest of the world and the traditional theme of "human rights", which place purely ideological demonstrations and violent political actions on an equal footing.

The new law on non-governmental organizations, enacted by the Chinese government in 2015, is mainly designed to avoid Western soft power, which historically incites minorities against the political leadership, but also underlines the great usefulness and the great appreciation enjoyed by some NGOs within the Chinese government.

Moreover, as early as its foundation, the “National Endowment for Democracy”, a CIA-linked NGO, has been backing the World Uyghur Congress financially, while the Soros Foundation maintains relations with the Uyghurs through its network in Kyrgyzstan.

It is also worth recalling that Dolkun Isa, the Secretary of the World Uyghur Congress, based in Munich, is registered in the Interpol files as the perpetrator of “assassination by means of explosives” and currently enjoys German citizenship.

The news comes from the request for inspection No. 4-07585, which has been pending in the Italian Senate since May 25, 2017 – a request made by a well-known former judge, namely Felice Casson.

The document clarifies that a request to INTERPOL is still pending in relation to Dolkun Isa, aimed at tracing and subsequently arrest him on charges of “murder perpetrated by using explosives”. By granting him citizenship, Germany clearly wanted to carry out an anti-Chinese political act, possibly to meet demands coming from overseas countries. It seems now obvious that the inevitable link between WUC and the Uyghur jihadist networks may be Dolkun Isa himself.

If, as it seems now certain, Turkey is eventually accepted in the Shanghai Cooperation Organization (SCO), which currently seems to be a primary strategic goal for Turkey, China will certainly ask the Turkish government to stop any support for the Uyghur movement – a request we anticipate will be quickly accepted by Turkey. Once again the scope for coverage, funding and international legitimacy for WUC and the Uyghur Islamic movements will shrink. Recently Western sources, extensively reported on the WUC-controlled websites, make reference to the arrest of 22 Uyghur religious at the beginning of Ramadan to protect – as reported by the Chinese government – students’ health and

avoid religious propaganda, to which Ramadan is equated. It should also be noted that on May 22 and in late June 2014 violent demonstrations were staged by the Uyghurs, with 43 victims in the former case and a harsh terrorist action in the latter. The Turkestan Islamic Party has its command centre in Pakistan – and once again the Chinese government will ask Pakistan for a favour that the Pakistani Islam cannot refuse, without risking breaking off the economic negotiations linked to the new Silk Road.

Even the US strategic analysts believe that, in the future, the Uyghur network is bound to be turned into an organization similar to Al Qaeda.

Moreover, it is in Berlin that, on May 29, 2017, Uyghur intellectuals and professionals gathered to reorganize the activities of WUC and of other ethnic or Islamic associations of East Turkestan, considering that the real item on the agenda is to oppose China's new geopolitical role and support the Western media who speak of "Chinese repression" in Xinjiang, as well as to counter the new Chinese Silk Road currently at information level and later at operational level.

# The Belt and Road Initiative: China's future geostrategy

**AS IS ALSO THE CASE** with Chinese traditional philosophy, present, future and past always tend to coincide in one single choice in the Chinese strategic vision. In Xi Jinping's initial proposals for the "Belt and Road Initiative" – or, to use the official terminology, the Silk Road Economic Belt and the 21st Century Maritime Silk Road, which were outlined by him on two occasions between September and October 2013 – he starts from two evaluations, namely a strategic evaluation and another one having an immediate interest.

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The Maritime Silk Road was actually outlined for the first time by the Chinese President in a speech to the Indonesian Parliament in October 2013, while the Terrestrial Silk Road was first quoted by Xi Jinping in his State visits to Central Asia in September 2013.

The first long-term strategic idea is based on the design of a Greater Eurasia, hinged around Russia, China and the great countries of the Heartland, namely the “world island” as Sir Halford Mackinder called it. The second most immediate evaluation is that the world has not yet emerged from the great economic crisis which began in 2008.

The Thunder and the River, namely the moment of immediate concreteness and the infinite flow of Time – just to use two concepts and images of Taoism. But where does the Terrestrial Silk Road pass and which seas are connected by the Maritime Silk Road?

Six corridors have been designed in great detail and paying specific attention to local characteristics: firstly, the New Eurasian Land Bridge, from Western China to Western Russia, which in the future will connect the city of Lyanyungang, in the Jangsu Province, with the Dutch city of Rotterdam.

It is mainly a railway line, with a link between Bulgaria and Turkey, crossing inevitably the Iranian territory. Secondly the China-Mongolia-Russia Corridor, from Northern China to Eastern Russia; thirdly the China-Central Asia-Western Asia Corridor, from the territory of the People’s Republic of China to Turkey. Fourthly the Corridor from Southern China to the Indochinese peninsula up to Singapore; fifthly the China-Pakistan Corridor where, in the Gwadar port recently purchased by China, there will be one of the links between the Terrestrial and the Maritime Silk Roads. Sixthly the Bangladesh-China-India-Myanmar Corridor and finally the very long Maritime Silk Road, from the Chinese coast to Singapore up to the Mediterranean.

At strategic and economic levels, the individual projects are manifold and significant. Russia, in particular, together with China, is focused on establishing economic and financial alliances allowing to reach a great geopolitical result, which is currently the same both for Russia and China: reduced EU and NATO pressure on its Western and Southern borders and the related expansion of the Eurasian area of influence, precisely the New Greater Eurasia, towards the Mediterranean and our own Eurasian Peninsula, namely Western Europe.

While the United States failed to reach the TTIP agreements with the EU, which negotiated that dossier jointly, with the two Silk Roads, Russia and China will make to the EU and the entire Mediterranean region a

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proposal they will not be able to refuse – otherwise the current economic recession will persist – a proposal also combined with North America's and European Central Bank's monetary expansion policies. With the two Silk Roads, the United States will be cut down to size drastically.

In fact, Xi Jinping policy lines on the "Belt and Road Initiative" point to the implementation of the old Maoist project of the "Three Worlds": the World of "global peripheries", which will have only China as beacon and geopolitical and military representation; the First World which is marginalized also militarily and finally the Second World, the world of the old Soviet universe, that the collapse of "revisionist imperialism" – as Mao Zedong would have called it – has made a stable ally of the new Chinese geopolitics.

Moreover, as early as 2001, the Russian Federation already established a Eurasian Economic Community with Belarus, Kazakhstan, Kyrgyzstan and Tajikistan. In 2010 Belarus and Kazakhstan created a customs union and finally, in 2011, those same countries signed a Declaration on Eurasian Economic Integration and a new Treaty establishing the Eurasian Economic Commission. Furthermore, in 2012, the decision was also taken to launch the Eurasian Economic Union.

The future integration process will be centred on the Shanghai Cooperation Organization (SCO), ASEAN and hence the two Chinese "Initiatives".

The aim is to limit the world recession damage but, above all, to mitigate the effects of Western sanctions on the Russian Federation. Putin wants to quickly merge all strategic-economic integration initiatives into one single process, which would also optimize the anti-cyclical effects of all these initiatives and would provide the opportunity for a "Eurasian phase" of Russian politics – a phase that Vladimir Putin has already announced.

It is worth noting, however, that, by proposing the two integrated Silk Roads, China does not intend to establish binding political mechanisms or to recreate a series of military and strategic buffer zones around China. Xi Jinping has been very clear about it. In fact, China clearly wants a horizontal, non-vertical integration and it always clarifies that there is no hegemonic plan inherent in the Two Silk Roads.

Nor a political one in the strict sense of the term. Quite the reverse. Indeed, the issue lies in putting an end to the US "hegemony", not in creating others. Moreover, macroeconomic data is already very interesting: considering the 2014 data, trade within the SCO region has increased by ten times.



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It is worth recalling that in the SCO region (Russia, China, Afghanistan, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, India, Iran, Mongolia and Pakistan) 3.92 billion people live (according to 2014-2015 data), namely 54,4% of world's population, that generates an aggregate GDP accounting for 32.2% of the global gross domestic product.

It is also worth noting that the Economic Silk Road begins in Xinjiang (hence the importance and the mortal danger represented by the Uighur jihad) and reaches the Caspian Sea, the Baltic Sea, the Black Sea, Ukraine and Romania up to Europe and the Mediterranean.

The meeting of the Beijing Forum held in May was attended by over thirty Heads of State and Government, as well as experts from 110 countries, including the United States. Sixty-five countries are already directly involved in the operations, while, in recent days, many Latin American countries have adhered to the project. South America no longer wants to have "open veins" – just to use the title of a famous book by Eduardo Galeano, *Open Veins of Latin America: Five centuries of the Pillage of a Continent*.

Xi Jinping has also promised additional 100 billion yuan (equivalent to 14.5 billion US dollars) of new investment in road infrastructure, while China will also provide 60 billion yuan (8.7 billion US dollars) to fund the countries and the international organizations which participate in the project by creating infrastructure.

Furthermore, with specific reference to the two Silk Roads, China has already pledged 250 billion yuan worth of loans by the China Development Bank, as well as additional 130 billion yuan of the Export-Import Bank of China, further two billion yuan in food aid and one billion US dollars for the South-South cooperation fund. Hence the total sum amounts to 480 billion yuan, while since 2015 the Russian Federation has replaced Saudi Arabia as the first oil exporter to China, by settling payments with the two national currencies, thus avoiding recourse to the US dollar.

Over the last seven years, Russian oil exports to China have more than doubled, with 550,000 barrels per day, while the area in which the US dollar is used gets increasingly narrower: currently only in the Third World does the US currency still reign, but it is a phenomenon that is bound to last for a short lapse of time.

In a situation in which the US public debt amounts to 20 trillion dollars, the Federal Reserve tends to raise interest rates in a world of zero or even negative interest rates and public spending is expected to rise under Trump's Presidency, the 1971 old wisecrack by John Connally, the former Head of the Federal Reserve, is still topical: "The dollar is our currency, but it is your problem". In recent times, the dollar value in world trade has increased by about 25%. It is currently 40% higher than in 2011. Goldman Sachs also claims that the dollar is largely overvalued as against the other major currencies.

And 60% of the global economy is still somehow linked to the US currency value. Hence we are no longer faced with the “Triffin dilemma”, namely the mechanism whereby as long as the US dollar remains the global reserve currency, trade and production create an additional demand for dollars.

If that happened, however, there should be a constant deficit in the US balance of payments, thus putting pressure on that currency and making it progressively unnecessary for trade. Now we are in a similar situation, even though Triffin made reference to a context still governed by the Bretton Woods Agreements.

Moreover, the entry of the Chinese currency into the World Bank’s Special Drawing Rights system in 2016 currently allows larger yuan fluctuations. Hence considering this yuan ability, in particular, a free yuan is an excellent way to further internationalize the Chinese economy.

The steps of this process have already been marked: in 2010, the World Bank President, Zoellnick, assumed a new global gold-based financial system – the one that Keynes called the “tribal residue” of the economy. In 2012, Iran accepted the yuan as means of payment for its oil.

In 2013 the Chinese Central Bank stated it no longer needed to accumulate reserves in foreign currencies. In 2014 gold could be bought on the Shanghai Stock Exchange with the yuan and in 2015 Russia accepted the yuan as means of payment for its oil supplies to China.

According to official statements, the Chinese Central Bank’s gold reserves have increased by almost 56% over the last three years.

Hence, if we consider all these data and statistics and we assess their strategic relevance, we can understand how and to what extent the Silk Road, as well as the Chinese and global Belt and Road Initiative will be the geopolitical, economic and financial paradigm of the near future.

# Xi Jinping's future China

**THE FIFTH SESSION** of the National People's Congress and the Fifth Session of the 12th National Committee of the Chinese People's Political Consultative Conference are two epochal moments in the evolution of "Xi Jinping's policy line" and China's great transformation from great economic locomotive of the world into a multi-faceted and global power.

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Those who win the Darwinian struggle between nations and strengthen their economies tend to spread their success and, hence, eliminate possible competitors. Conversely, those who lose always want the closure of their markets, as well as protectionism and control of world economic flows.

While, in the past, the People's Republic of China could be considered an "Asian tiger" which, unlike the other smaller ones, had recorded large and stable economic development, currently – under Xi Jinping's leadership – time has come to turn mere steady economic development into clear and firm international power living up to China's new strategic role, namely being a major and fully-fledged world power.

The "tigers" which had led to the Asian booming economies had been undermined by the manoeuvres they did on the dollar. China saved itself also because it did not dollarize itself, but rather bought US public debt securities, thus becoming a "silent partner" of its main competitor. Hence the support for globalization expressed by Xi Jinping at the recent Davos Conference.

Xi Jinping's China does not want to reduce the globalization rate, because only the world market, as a whole, can sustain its harmonious development, without producing internal inflationary imbalances or productive crises. In the traditional Marxist thinking, the overproduction crises that Xi Jinping fears are typical of real capitalistic crises.

It was also the idea of Adam Smith in his "The Wealth of Nations", the book which is at the core of modern political economy. Furthermore, in 1776 – namely the year of the American Revolution – Smith's England wanted free-trade and liberalism in distant markets, but it kept its market tightly closed. Those who win are liberal (for the others), while those who lose the world economy game only want to avoid greater damage, thus becoming even more protectionist. Therefore Xi Jinping's China will conquer a large share of world economy, thus becoming leader of the unavoidable future globalization and outsourcing some of its assets, as well as replacing the old Western powers, which are no longer able to guide and direct economic, financial and cultural globalization.

Efficiency and representation do not often go hand in hand: the West is in the grip of "vested interests" which – through Parliamentary legitimate representation – distort and block economic, productive, financial and cultural reforms.

Thanks to its political structure, China can avoid these Western constraints and reach Xi Jinping's goals quickly and effectively.

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Incidentally, the People's National Assembly (or Congress) is the highest State institution and the sole legislative body of the People's Republic of China. Unlike other Western representative institutions and structures, the current organization of Chinese representation is highly functional, considering that it provides for one single legislative House (namely the Assembly) which institutionally supervises the Presidency, the Council of State, the Supreme Court, the Army and the eight non-Communist smaller parties which, however, have pledged allegiance to the Republic founded by Mao Zedong.

In one single annual meeting, always held in March, the Congress ratifies the decisions often already taken by the Party bodies and basically discusses the "policy line" of legislation and, hence, of China's future policy.

The Political Consultative Conference, too, is a body of the Chinese State and represents the various political parties present in the People's Republic of China, which have accepted the direction and leadership of the Nation by the Communist Party.

It is an institution also made up of members from other non-directly political associations and includes members of political parties and many associations from Hong Kong, Macao and Taiwan.

The Conference also includes major personalities, independent from the various parties.

Later the Communist Party of China (CPC) will elect a new Party's leadership during its National Congress scheduled early next year. Therefore this is the phase in which Xi Jinping is definitely strengthening his power over the Party and hence his specific policy line. Five of the seven members of the Politburo Internal Committee shall leave office at the beginning of 2018, and only Xi Jinping and Prime Minister Li Kekiang will remain in office.

Some outgoing members of the Politburo Standing Committee will be likely investigated on corruption charges. Also the Armed Forces will change radically when the Communist Party of China is fully in Xi Jinping's hands. The four general headquarters of China's Armed Forces have already been cut down to size and merged into the Central Military Commission.

The second military reform implemented by Xi Jinping – of which we will soon see the results – is designed to place the four Armed Forces on an equal footing, by putting an end to the primary role played by Ground Forces.

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Obviously, today China is no longer a regional power that must be defended mainly from ground invasions – which are the most geopolitically likely invasions – but a global and globalist power that must protect its new status with a large Air Force and a strong “blue-water Navy”, as experts call it.

Hence separate Commands also for the ground forces that previously led the whole Chinese military structure.

Basically, Xi Jinping wants to cut the Armed Forces down to size (300,000 soldiers and officers have been dismissed), but he wants them to be always “combat ready”, namely capable of combined operations and, above all, suitable for operating outside the traditional Chinese scenarios.

Furthermore, Xi Jinping knows the structural weaknesses still threatening China’s development: corruption, which has taken huge liquidity away from China’s productive economy, through one million officials investigated to date on severe corruption charges; technological innovation so as to avoid China remaining the old “world factory”, as the dollarized “tigers”, but excluded from the new production trends; finally agriculture and, above all, the stable growth of people’s wellbeing.

China runs the risk of experiencing the “middle income trap”, as economists call it, namely that development stops when everyone has reached a satisfactory income.

It happened to most Eastern developed economies. After the “middle income trap”, another trap inevitably comes, namely the “poverty trap”, as in current Latin American economies. In Xi Jinping’s mind, this project includes the State reform, streamlining and simplification, which go hand in hand with China’s full entry into the group of economies recording the highest rate of innovative technologies, which – in many respects – is the economic face of the State political reform that Xi Jinping has undertaken.

This project also includes a financial market with private equity and the other forms of cash and private debt management; the increase in competition between companies; a skilled workforce capable of moving between different technologies and factories; the readjustment of the hukou traditional agricultural welfare; finally, the entry of traditional rural overpopulation into the urban labour force.

As Mao Zedong accelerated China’s development, often with mixed results, Xi Jinping wants the “Fifth Modernization”, the modernization not written by Deng Xiaoping but the most important one – namely the State Modernization, which will inevitably drive the modernization of civil society and the economy.

The relationship between rural and urban areas is the issue which is at the core of Mao Zedong's thought and the best Marxism – the issue that General Marshall took into due account in his famous Harvard speech in which he outlined the “Marshall Plan” for Europe in the aftermath of the Second World War. If Xi Jinping succeeds in reducing corruption – and so far he has managed to do so – but particularly in reforming the State to eliminate the old protectionist privileges and near monopolies of the centralized economy, China will not fall into the “middle income trap” and will still have huge development opportunities that Xi Jinping will focus on the technological innovation of products and processes.

As often happened in the history of Socialism, if the State preserves large pockets of unproductive income, inefficiency and unnecessary costs – all problems that we Italians know all too well – Xi Jinping's fight, which is the only one currently possible in China, will take too long to be won.

Nevertheless the current rationale of the Chinese leadership – that will also deal with pollution (which is a serious obstacle to globalization, not its natural by-product), as well as with manageable and livable cities on a human scale, with the coordination, wanted by Xi Jinping, between Beijing,

Tianjin and Hebei for investment in infrastructure – is still the traditional, Confucian and Taoist one. Everything is based on the link between “Minyi”, namely public opinion, and “Minxin”, namely people's hearts and minds.

Xi Jinping is undoubtedly a global leader beloved by the Chinese people, but certainly the impact of the old apparatus, privileges and near monopolies will still be felt.

# Donald Trump's America and China

**ACCORDING TO OFFICIAL** news agencies, the recent phone call of February 8 last and the subsequent letter by President Trump to his Chinese counterpart, Xi Jinping, was “long” and “extremely cordial”.

In particular, official sources recall that, just upon the Chinese leader’s request, the US President reaffirmed he would honour the so-called “One China” policy in the US bilateral and multilateral relations, which means that the United States do not oppose – now or in the future – the Chinese ambitions over Taiwan that China still considers the “renegade province.”



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As reported by Chinese sources, President Trump also formulated to the Chinese people his wishes for the New Lunar Year – the year of the Rooster, running from January 28, 2017 to February 16, 2018 – and for the upcoming Lantern Festival, celebrated on the fifteenth day of the first month of the new year.

Those who really know how to make foreign policy are always very attentive to symbols and traditions. They are not befuddled by GDP percentages or daily talk, but set great store by the various peoples' symbols and old traditions, which are the fabric of each State community.

According to Xi Jinping who made his first phone call to President Trump, the two major countries, namely China and the United States, are bound to cooperate to manage the world's fate. The Chinese leader also defined the substantial and non-formal mainstay of China's foreign policy in recent years: the reaffirmation of the peaceful, but primary role played by China among all world countries. The concept of a "win-win" relationship, the cornerstone of Xi Jinping's foreign policy, was expressed – for the first time – by the Chinese President in his speech delivered at the Moscow Institute for International Relations in March 2013.

Later the concept was reiterated and applied in China's State visits to Serbia, Poland and Uzbekistan last June, as well as in the Shanghai Cooperation Organization's 12th Summit – and this is certainly not a coincidence, but a symbol.

In Xi Jinping's mind, the "win-win" relationship between States can be defined as an organism consisting of a skeleton of political mutual trust, blood vessels of economic cooperation and nerves of cultural exchanges, with concrete cooperation projects as its cellular tissue.

Within this intellectual and political horizon, when the countries develop a clear understanding of the international situation and unite to meet security and economic challenges, they form a community shouldering responsibility together, namely a "responsibility community". When they respect the various cultures and political systems, they form a group sharing a common fate, namely a "fate community". Finally, in Xi Jinping's mind, a "win-win" relationship enables the traditional multilateral and bilateral treaties to work better.

This will be exactly China's great offer to the European Union, which is based on three levels: the EU as the nerve centre of world economy, as well as a great Mediterranean region – and, in the future, China will focus on the Mare Nostrum – and finally as a strategic factor for rebalancing Asia, the United States and the emerging countries.

I wish there was – within the European Union – at least some strategic and geopolitical thinking about Europe living up to China's. The theory of "win-win" relations also means that China plans to extend its theory of "creative, coordinated and green" development to the rest of the world.

This is exactly the conceptual foundation of the Belt and Road Initiative that Xi Jinping launched by following up Li Keqiang's policy line during his state visits to Asia and Europe of September and October 2013.

It is worth noting, however, that while Trump only called the Heads of State and Government of allied and friendly States, in the case of Xi Jinping he even wrote a letter – which is clearly a sign of great respect for China and its government. The tension recently mounted between President Trump and the Australian Prime Minister, Turnbull, is the last thing that China wishes to see. In fact, China is very interested in a strategic – and hence economic, political and military – relationship with Australia. In particular, it wants a special link to be created with the United States through that country.

Hence, in Xi Jinping's mind, America is a factor of stability and multipolar balance, in a Pacific Ocean where China is expanding northwards and is establishing new "win-win" relations and bonds with all coastal countries and with Japan, in particular. Trump had also alarmed the Chinese government by calling the President of the

Republic of Taiwan, Tsai Ing-wen, last December. Furthermore, Donald Trump repeatedly stated – during the election campaign and after rising to power – he would impose additional tariffs on Chinese imports to the United States, by accusing China of artificially devaluing its currency so as to stimulate its exports and "stealing jobs from Americans" – just to recall the terminology used by the future President during the election campaign.

Furthermore, the Secretary of State, Rex Tillerson, stated in the Senate that China should not have free access to the artificial islands it built in the South China Sea. He also stated that the United States would anyway protect the free waterways between the Pacific Ocean and the China Sea.

However, is it true that China manipulates its currency?

Let us see whether this is true.

The (Chinese) capital is fleeing the country because international investors – and many of these are also Chinese – are not optimistic about the future of the Chinese economy.

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The pace of growth is slow, the lowest rate in 25 years. A reduced growth rate, which is recorded for many good and useful reasons. In fact, the government is reducing the interest rate of government bonds and is also cooling real estate prices, as well as implementing reforms that will reduce excess production capacity and increase the production efficiency of public companies.

Hence a vicious cycle has been triggered off, which shows that the market is not suitable for playing the role of supreme judge of economies. Therefore investors are selling yuan and buying US dollars or other hard currencies. This creates downward pressure on the yuan exchange rate, which further stimulates the sale of Chinese currency and the purchase of US dollars and other hard currencies. If there is capital fleeing the country, the yuan lowers its exchange rate, as always happens in these cases.

Since the time of double devaluation in August 2015, 1.2 trillion US dollars have left China. The Chinese currency reserves dropped by as many as 800 billion dollars in two years, just to defend the yuan parity – dollars obviously sold only to support the yuan.

Over time, the Chinese government has blocked the companies' yuan transfers until rebalancing revenue and expenditure. It has also restricted the purchase of foreign currency by Chinese traders and businessmen, stimulated State enterprises to sell foreign currency and blocked the use of credit cards up 5,000 US dollars of spending. These efforts now seem to be successful.

The latest data shows that capital is coming back to China and, therefore, the currency value should stabilize quickly. Hence it is true that the Chinese government is "manipulating" its currency – although rescuing its reforms, economic stability and domestic policy – but said manipulation takes place upwards and not downwards. Therefore there is no yuan devaluation which favours Chinese exports in the United States or in the rest of the world.

Furthermore, it is worth recalling that the accusations of currency manipulation were also typical of Barack Obama and Hillary Clinton. It is also worth recalling, however, that the Sino-US trade deficit is currently 232.25 billion dollars and that this is a problem that must be solved anyway.

In other words, the government keeps the yuan value "up", thus de facto subsidizing imports from China. Furthermore, China needs to provide jobs to a much greater mass of unemployed people than the US workforce and it does not want to encourage downward competition by Japan, India or Vietnam.

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Moreover, Donald Trump's economic positions, or what the Republican candidate maintained during the election campaign, are such as to strengthen the dollar, while the US economy is still the locomotive of global recovery. And we assume it will remain so for long time.

In Trump's mind, the maximum income tax rate will be 33% as against the current 39.6%; the real estate tax will be abolished altogether but, anyway, no company shall pay over 15% of their income in taxes. On the other hand, however, there will no longer be domestic tax havens or tax tricks and stratagems, which has greatly alarmed many traditional voters and especially funders of the Republican Party.

Moreover, President Trump has threatened China also with regard to intellectual property and subsidies to exports he deems illegal. Another theme in common with the previous Administration. In partial contradiction with these opinions, Trump has also supported the idea of transforming the United States into a more attractive country for foreign investment than China itself, by also trying to reduce the US public debt so as to avoid the hidden pressure of China, which is still the largest holder of US Treasury Bonds.

However, as international economic experts show, the United States record an aggregate trade surplus with 20 of the countries with which they have trade agreements, while 1 billion US dollars worth of exports supports approximately

6,000 US jobs, bearing in mind the fact that the jobs resulting from export activities are paid, on average, 18% more than the others. Hence, finally President Trump will greatly change the recent Trans-Pacific Partnership (TTP), i.e. the trade agreement between the United States, Brunei, Australia, Chile, Canada, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.

However, currently the export tariffs of North American products to Asia are too high and the cooling of the TTP would largely favour only China. No one in Trump's administration likes TTP and the President prefers bilateral trade agreements rather than multipolar economic alliances.

Hence the paradox of the bilateral situation between the United States and China is the following: if the yuan rises – as it is expected to happen soon – the US dollar will fall significantly and it will be easier for President Trump to stimulate US exports. And, for the law of unintended consequences, the freezing of TTP could become the primary stimulus to the recovery of the Chinese economy.

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