

“Unalienable Rights and Unbridled Entrepreneurship: Turning What Authoritarians View as Weaknesses into the Free World’s Competitive Advantages”

The defining competition of the twenty-first century has been and will continue to be one between closed, authoritarian systems and free, open societies. Free and open societies appear at a position of disadvantage because the United States, European countries, Japan, Australia, and others were, for much of the past two decades, absent from critical arenas of competition. That absence was due to what we might call strategic narcissism: the tendency since the end of the Cold War to define problems as we might like them to be and indulge in the conceit that others have no aspirations or agency of their own.

Strategic narcissism led some to believe that the arc of history had guaranteed the primacy of free and open societies over authoritarian and closed systems. Some also assumed that old features of geopolitics and international relations had become passé; global governance and a great power condominium had displaced great power competition. A corollary to those assumptions was that China, having been welcomed into the international order, would play by the rules and, as it prospered, would liberalize its economy and its form of governance.

Overcoming our self-referential view of the world requires an emphasis on what historian and Hoover visiting fellow Zachary Shore calls strategic empathy. Strategic empathy attends to the ideology, aspirations, and emotions that drive and constrain competitors. Empathy fosters a higher degree of competence because understanding the other exposes the unrealistic, often implicit assumptions that underpin policies and reveals dangerous cognitive traps such as optimism bias and confirmation bias.

Assumptions about the post-Cold War world turned out to be false. In this century, a new great power competition has emerged. The actions of the Chinese Communist Party, actions driven by the Party leaders’ fears and ambitions, have revealed to the world that its Leninist system will prevent the Chinese People from realizing Milton Friedman’s and John Taylor’s vision of a free market that empowers individuals and drives prosperity by allowing people to make their own choices. As Friedman observed, "Underlying most arguments against the free market is a lack of belief in freedom itself."

The Party is intensifying efforts to extend and tighten its exclusive grip on power internally and gain preponderant power in pursuit of “national rejuvenation” externally through a campaign of cooption, coercion and concealment. China coopts countries, international corporations, and elites through false promises of impending liberalization, insincere pledges to work on global issues, and especially the lure of short-term profits, access to the Chinese market, investments and loans. Cooption includes debt traps set for corrupt or weak governments. Cooption makes countries and corporations dependent and vulnerable to coercion. The Party coerces others to ignore its efforts to extinguish human freedom internally, as it did in the case of the National Basketball Association and many U.S. and international companies. And it applies coercive power to reshape the international order to favor its authoritarian, mercantilist model.

Examples include the CCP's subversion of the World Health Organization, the Human Rights Council, UNESCO, and the International Civil Aviation Organization just to name a few.

While there are still a few who advocate for accommodation of the CCP, it has become painfully clear that the free world must return to arenas of competition..

To compete effectively, we must correct fundamental misunderstandings concerning the nature of the threat from the CCP and then discuss how the free world might prevail in competition and secure a better future for generations to come. **A common understanding of the nature of the threat could then generate the resolve to turn what authoritarian regimes regard as free societies' and free market economies' weaknesses into our greatest competitive advantages.**

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The CCP uses two fundamental misunderstandings to get away with various forms of aggression *internally* as it perfects its Orwellian surveillance state and *externally* as it pursues primacy through programs such as Military-civil Fusion, Made in China 2025 and One Belt One Road. As our colleague Liz Economy has made clear, the CCP is pursuing a multi-pronged strategy composed of several high-profile initiatives that together aim to reshape global norms in accordance with China's state-led model. These include the Global Development Initiative, the Global Security Initiative (GSI), and the most ambitious of all, the Global Civilization Initiative to extend CCP influence over economic, security, and cultural governance worldwide.

*The first misunderstanding* is that Chinese aggression is the result of U.S.-China tensions or is a reaction to the Trump Administration's description of China as a rival or imposition of very high tariffs. This misunderstanding derives from the narcissistic assumption that the Party has no aspirations of its own and has no volition except in reaction to the United States. However, consider the Party's deliberate suppression of the Covid-19 outbreak, the persecution of doctors, journalists and others who tried to warn the world, and the subversion of the World Health Organization. Adding insult to injury, the Party's 'Wolf Warriors' obscured China's responsibility for foisting the pandemic on the world and portrayed its response and its authoritarian system as superior. . Consider the massive global cyberattacks on medical research facilities in the midst of the pandemic and the punitive cyberattacks on and economic coercion of Australia for having the temerity to suggest an inquiry into the virus' origins. In 2024, the U.S. Department of Justice revealed that China-linked cyber group Volt Typhoon had stealthily infiltrated U.S. critical infrastructure networks for the purpose of future espionage. Consider physical aggression on India's Himalayan frontier, in the South China Sea, in the Senkakus, and especially toward Taiwan. Consider Xi Jinping's boasts of his intention to expand concentration camps in Xinjiang as he races to perfect an Orwellian surveillance state..

It should be clear to all that it was *not* the United States or even Donald Trump's constant refusal to be respectful of others that caused this behavior. So let all of us

acknowledge that CCP aggression is not a U.S. problem; it is a whole world and especially a free world problem.

It is important that we correct this misunderstanding because its corollary among nations in Europe and across the Indo-Pacific region is that the United States is asking them to choose between Washington and Beijing. And it is not a choice between Washington and Beijing; it is a choice between sovereignty and servitude.

*The second misunderstanding is that competition* with China is dangerous or even irresponsible because of a Thucydides trap that presents us with a binary choice between passivity and a destructive war. That is a false dilemma, and I would argue that passivity in connection with CCP aggression in the South China Sea and elsewhere had put us on a path to conflict. Had we remained complacent under the strategy of engagement and cooperation, China would likely have become even more aggressive. But the Party *promotes the false dilemma* associated with the Thucydides Trap to portray efforts to defend against its aggression as simply the status quo power, the United States, trying to keep the rising power, China, and its people down.

It is important to reject the Thucydides Trap because it provides cover for the party's aggression and a rationalization for those who are eager to shrink from competition in pursuit of short term profits. International cooperation to defend against the Party's aggression and cooperation is growing, but there is much more to be done. For example, the Quad format of India, Japan, Australia, and the United States is invigorated – consider the recent ministerial meeting in Tokyo, President Biden's virtual meeting with Quad leaders and PM Suga's upcoming visit to the United States.

But the Trump Administration's tariffs on allies and occasional gratuitous insults is undermining cooperation. As I often said to President Trump in 2017-2018, "if we shoot our allies to get to China, China wins."

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Correcting these misunderstandings and improved cooperation with allies is important if we are to compete and turn what the CCP views as our weaknesses into our greatest competitive advantages. We have competitive advantage in what we regard as unalienable, universal rights.

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**The CCP views freedom of expression** as a weakness to be suppressed at home and exploited abroad. The free exchange of information and ideas, however, may be the greatest competitive advantage of our societies. People who direct academic exchanges or are responsible for Chinese student experiences should ensure that those students enjoy the same freedom of thought and expression as other students. That means adopting a zero-tolerance

attitude for CCP agents who monitor and intimidate students. When universities and other hosting bodies protect the freedoms that these students should enjoy, it serves to counter the propaganda and censorship to which the students are subjected in their home country.

**Freedom of expression and freedom of the press** also play a key role in promoting good governance to inoculate countries from bad deals under One Belt One Road (OBOR). Exposing the CCP's co-option of corporate and governmental elites and its coercive practices that force companies and governments to act against the long-term interests of their shareholders and their citizens prevents the CCP from portraying its egregious acts as normal. Free and open societies must condemn the punishment of courageous Chinese journalists who expose the party's repression and persecution of its own people. And companies should stop the practice of helping the party obscure its heinous repression of human freedom in Xinjiang, Hong Kong and across the country.

**As with freedom of expression, the CCP views tolerance of diversity as a threat.** Although some might see expanded immigration from an authoritarian state as a danger, the United States and other free and open societies should consider issuing *more* visas and providing paths to citizenship for *more* Chinese people, especially those who have been oppressed at home. Immigrants who have experienced an authoritarian system are often most committed to and appreciative of democratic principles, institutions, and processes. They also make tremendous contributions to our economies

**The CCP views its centralized, statist economic** system as bestowing advantages, especially the ability to successfully coordinate efforts across government, business, academia, and the military. And it views decentralized, free-market economic systems as unable to compete with China's centrally-directed strategies. That is why our free-market economies need to demonstrate the competitive advantages of decentralization and unconstrained entrepreneurialism.

Competition between the free world and authoritarian regimes will determine whether democracy and free market economies prevail over authoritarianism and statist economic models. China and Russia have expanded their self-described "partnership with no limits" into an axis of aggressors that includes the dictatorships in North Korea and Iran, while advancing initiatives to displace U.S influence and power.

Winning this competition and addressing other cross-border challenges and threats such as terrorism, climate change, and proliferation of weapons of mass destruction require a statecraft that draws on all sources of national power in an integrated manner. These sources of power include U.S. military strength, its global diplomatic reach, the gravitational attraction of American ideals such as liberty and opportunity, and the economy.

U.S. administrations consistently undervalue the degree to which strategic application of economic power is essential for advancing U.S. vital interests. President Trump has a historic opportunity to correct this chronic shortcoming in U.S. grand strategy with an integrated

strategy for economic statecraft oriented on securing the nation, reinforcing our technology innovation ecosystems, and shaping fair, reciprocal trade and commercial relationships.

Action is necessary to counter Chinese economic aggression—coercive or non-market actions by the CPP that bully allies or hurt American manufacturing. Action is also necessary to foster market conditions to ensure that the private sector meets critical national security needs in semiconductors, critical minerals, and other sectors.

The Trump administration must recognize, however, that these more interventionist economic statecraft policies will inevitably result in tradeoffs. An overarching framework of principles and objectives—a strategy—is therefore essential to help policymakers decide among competing tradeoffs.

The private sector plays a vital role in countering Chinese economic aggression. Companies and academic institutions at the forefront of developing and applying new technologies must recognize that China is breaking the rules to take advantage of our open societies and free-market economies. A first step toward preserving competitive advantage is to crack down on Chinese theft of our technologies. The Trump administration should require companies to report investment by China-related entities, technology transfer requests, and participation in the CCP's core technology development or PLA modernization programs.

There is much room for improvement in the effort to prevent China from using the open nature of our economies to promote not only its state capitalist model and undermine confidence in our democracies, but also to perfect its surveillance police state. Many universities, research labs, and companies in countries that value the rule of law and individual rights are witting or unwitting accomplices in the CCP's use of technology to repress its people and improve PLA capabilities.

Many companies are engaged in joint ventures or partnerships that help the CCP develop technologies suited for internal security, such as surveillance, artificial intelligence, and biogenetics. Others accede to Chinese investments that give the CCP access to such technology. Tougher screening for U.S., European, and Japanese capital markets is essential to restrict firms' complicity in helping the CCP's authoritarian agenda.

Finally, strengthening free market economies and democratic governance could be the best means of countering the CCP's campaign of co-option, coercion, and concealment. Deregulation and permitting reform are important to the competition with the PRC. Government and private-sector investment in technologies in the areas of artificial intelligence, robotics, augmented and virtual reality, and materials science will prove crucial for maintaining differential advantages over an increasingly capable and aggressive PLA.

Strengthening democratic institutions and processes in target nations may be the strongest remedy to China's aggression. After all, citizens want a say in how they are governed and want to protect their nation's sovereignty.

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That is why support for free markets and democratic institutions as well as the unalienable rights that should be afforded to all peoples is not just an exercise in altruism. Protection of those rights and promotion of democratic governance is a practical means of competing effectively with the CCP while building a better world for future generations.

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