

A Five-Year Plan for Managed Confrontation

By Matthew Johnson



Present at the creation: the 19th Central Committee Politburo Standing Committee codified Xi's long-term doctrine of fusing national security with development at the 2020 Fifth Plenum, laying the strategic and institutional groundwork for the 15th Five-Year Plan's deployment for managed confrontation. (Source: [Xinhua](#))

Executive Summary:

- **Economic planning for systemic rivalry:** The Fourth Plenum ratified the culmination of a decade-long project to fuse national planning, security strategy, and technological control under Xi Jinping's direct command. The 15th Five-Year Plan (2026–2030) formalizes this system as a doctrine of strategic endurance—a framework for sustaining confrontation with the United States through centralized control of capital, industry, and information.
- **Dual circulation reinterpreted:** What appeared in 2020 as a rebalancing toward domestic demand was in fact the source code for managed confrontation, building an economy that can circulate internally under pressure while tightening global dependence on the People's Republic of China (PRC). "Self-reliance" thus also meant redundancy, coercive leverage, and supply-chain weaponization.
- **Systemic hardening, 2020–2025:** Over the following half-decade, Beijing implemented this blueprint, tightening Party command over finance and platforms, deploying "reverse constraint" through trade sanctions, and rolling out export controls on rare earths, batteries, and chipmaking equipment. These measures tested the conversion of economic scale into strategic deterrence.
- **Mobilization for strategic innovation:** By spring 2025, Xi made security the organizing principle of development. The April Politburo meeting defined an "international economy and trade struggle," the collective study session elevated artificial intelligence as "a decisive technology for national power," and the Shanghai symposium linked both to a "new security pattern" designed to fortify the "new development pattern."
- **Architecture of confrontation to 2030:** The 15th Five-Year Plan strengthens and expands architecture for sustained confrontation, pursuing technological sovereignty through the new national system, financial insulation via RMB internationalization and state-directed capital, coercive and counter-coercive tools embedded in export-control and anti-sanctions law, resource and supply-chain security through redundancy and stockpiling, and integrated defense-economic planning.

The Fourth Plenum of the Twentieth Central Committee, held in October 2025, marked more than a routine leadership meeting: it ratified the culmination of a ten-year project to fuse national planning, security strategy, and technological control under Xi Jinping's direct authority. The new 15th Five-Year Plan (2026–2030) formalizes an architecture that has been taking shape since 2013, as Xi consolidated command over the Party, military, and financial system and began redesigning the economy around “self-reliance” and long-term systemic confrontation. The result is a model of strategic endurance—a self-contained system able to sustain rivalry with the United States through control of capital allocation, industrial organization, and information flows. Three bedrock features define this strategy:

- **Centralized control of strategic resources and flows.** The state maintains direct command over the levers of production—finance, energy, data, and critical minerals—enabling it to calibrate access, pricing, and supply as tools of deterrence and coercion. The aim is not autarky but strategic interdependence: a system flexible enough to weaponize trade while preserving internal stability through external market access and resource absorption.
- **Directed innovation through the “new national system.”** Xi's new national system (新型举国体制) transforms the Party-state into a permanent strategic mobilization machine, fusing industry, research, and security planning. By integrating AI, infrastructure, and state finance into a single command framework, Beijing can coordinate technological catch-up and retaliation as routine functions of governance.
- **Security as the organizing principle of development.** Economic growth, once an end in itself, is now subordinated to the preservation of political control and survival under pressure. The guiding formula, “using a new security pattern to guarantee a new development pattern” (以新安全格局保障新发展格局), recasts every policy domain, from technology to the One Belt One Road initiative, as a component of long-term confrontation management. [1]

The plan is therefore less a policy blueprint than a reconstituted Cold War playbook for both enduring and exerting external pressure without succumbing to internal fracture. It is, in effect, the operational expression of “comprehensive national power” (综合国力), the Party's systems-engineered framework for converting the country's material, technological, and institutional resources into strategic capability and geopolitical advantage ([China Brief](#), September 5).

Most analysis still treats the economic turn in the People's Republic of China (PRC) as a technocratic puzzle; a question of how quickly Beijing can rebalance toward consumption, reduce debt, or close its semiconductor gap, rather than a deliberate strategy to accumulate power. In Xi's framework, supply-chain “weaponization” is not a reaction to Western pressure but a governing principle: the disciplined use of interdependence as leverage ([Foreign Affairs](#), November 30, 2022; [China Brief](#), October 17). Xi has recast trade, finance, and data as dual-use instruments—sources of both insulation and coercion—within an economy designed to endure external shocks while generating its own ([Hoover Institution](#), April 2023; [China Brief](#), June 30). The larger system taking shape is global in scope. It channels critical resources through PRC-controlled networks, hedges against sanctions, and extends the Party's command capabilities across technology, capital, and information. The Fifteenth Five-Year Plan codifies this transformation, formalizing a doctrine of managed confrontation in

which sustained rivalry with the United States is no longer a risk to be mitigated, but the structural condition of the PRC's rise.

‘Dual Circulation’: The Source Code for Managed Confrontation

When the phrase “domestic and international dual circulation” (国内国际双循环) appeared in mid-2020, most observers interpreted it as a tactical macroeconomic turn toward consumption-led growth. Some analysts described it as “new oil in old lamps,” a rebranding of long-promised rebalancing toward domestic demand and higher household incomes ([SOAS China Institute](#), September 14, 2020). Others portrayed it as a decisive inward turn, a “fortress China” model that would rely on the domestic cycle as the main body of growth while limiting capital outflow ([Financial Times](#), October 19, 2021). Both readings appear to have missed the deeper logic taking shape inside Zhongnanhai. Dual circulation was not a Keynesian adjustment or a retreat from globalization. It was the political economy of systemic confrontation.

The year 2020 provided two rare windows into this underlying design. The first came in April, when Xi addressed the Central Financial and Economic Affairs Commission and laid out what became the doctrinal foundation for the 14th Five-Year Plan. The speech, later published in *Qiushi* as “Several Major Issues Concerning the National Medium- and Long-Term Economic and Social Development Strategy” (国家中长期经济社会发展战略若干重大问题), described the pandemic not as an exogenous crisis but as a “stress test” (压力测试) of a “great power” (大国) industrialized economic system already under construction ([Qiushi](#), October 31, 2020). Xi defined a great power economy’s advantage as the capacity to circulate internally while drawing the world into its orbit. In his words, to build redundant, “autonomous, controllable, secure, and reliable” (自主可控、安全可靠) supply chains, ensure that each critical input had a domestic backup, and “tighten the dependence of international industrial chains on China, forming a strong countermeasure and deterrent capability against deliberate supply disruptions from foreign countries” (拉紧国际产业链对我国的依存关系, 形成对外方人为断供的强有力反制和威慑能力). In practice, this translated into an offensive form of resilience: import substitution to guard against coercion and economic leverage to inflict it. The same speech directed officials to “forge killer technologies” (杀手锏技术) and strengthen the PRC’s “complete industrial chain advantages” (持续增强 ... 全产业链优势) in critical industries such as new energy and telecommunications. This phrasing signaled the emergence of industrial policy as a security instrument. Xi outlined the rapid accumulation of competitive capabilities through weaponized economic survivability, a pressure-tested and “self-sustaining” system of economic operation in which resilience and retaliation became two sides of the same structure. This was the strategic closure of a process begun years earlier, turning the “new development pattern” into a national security economy capable of functioning even under “extreme conditions” (极端情况).

The second window opened that autumn at the Moganshan Conference, when Kong Dan (孔丹), former chairman of state-owned investment firm CITIC Group and a close Xi confidant from the state-capital nexus, gave an unprecedented keynote. Kong, whose shared revolutionary lineage gave him unusual proximity to Xi

during the 2012–13 transition, claimed to have first advanced the notion of reconstituting the Mao-era “national mobilization system” (举国体制) of accelerated technology development for purposes of sustained competition with the United States in 2017. Echoing Xi, Kong called the U.S.–PRC rivalry “a fight over industry and technology” (是产业之争，科技之争) at the core of which is a “fight over a path” (道路之争). He urged the PRC to deploy its three strategic advantages (institutional strength, market scale, and a comprehensive industrial base) to overcome its two strategic disadvantages (natural resources and science and technology). [2] Kong made clear that “dual circulation,” the superimposition of a strategic techno-industrial economy on top of the existing template of “reform and opening,” “certainly does not mean repeating the self-sustaining domestic cycle of the past” (肯定不是重复以往所谓国内自我循环的模式). Because resource dependence made closure impossible, the task was instead to repurpose both trade and “openness.” Repurposing the first meant hardening the domestic core; while the second referred to manipulating external circulation to ultimately catch up to, and supersede, the United States. According to Kong, by 2020 the Party had adopted this proposal as the “new national system” ([Moganshan Research Institute](#), November 6, 2020).

The 14th Five-Year Plan and Unveiling of the New National System

These two interventions, Xi’s April blueprint and Kong Dan’s Moganshan exegesis, reveal dual circulation as the culmination of a decade-long campaign to fuse security and development into a single system of strategic advantage. The *14th Five-Year Plan for National Economic and Social Development and Long-Range Objectives for 2035* became its institutional embodiment. It was the first plan to enshrine self-reliance as the overarching goal of economic planning, to formalize the new national system as the mechanism for coordinating finance, technology, and industry under Party command, and to treat other countries’ supply chain dependencies as a strategic resource to be accumulated and, when necessary, weaponized.

The plan was endorsed at the Fifth Plenum in October 2020, marking the explicit operationalization of Xi’s strategic competition-focused “new development pattern.” Its Communiqué and Recommendations proclaimed technological “self-strengthening” (自立自强) and “self-renovation” (自力更生) as the “core of modernization” (我国现代化 ... 的核心) and national development (Xinhua, [October 29, 2020](#), [November 3, 2020](#)). The text of the Recommendations marked a structural break with Hu-era technocracy. Instead of promoting integration and efficiency, it elevated security, stability, and military modernization as primary plan objectives. The Communiqué’s keyword profile—a four-fold rise in references to “military” (军) and increased mention of “stability” (稳定) and “security” (安全)—captures the emerging fusion of development and defense logic (Xinhua, [October 29, 2015](#), [October 29, 2020](#); [China Brief](#), May 23). Xi’s Explanation to the Plenum framed the new stage as one where “security is the prerequisite for development, and development is the guarantee of security” ([Xinhua](#), November 3, 2020).

Jiang Jinqian (江金权), director of the Central Policy Research Office, later provided the theoretical link between dual circulation and the new national system. Writing in *Study Times* after the Fifth Plenum, Jiang described the new development pattern, “with the domestic cycle as the mainstay and the domestic and international cycles mutually reinforcing” (以国内大循环为主体、国内国际双循环相互促进), as a

major strategic decision requiring the Party's organizational capacity and “top-level design” (顶层设计). Currently, he wrote, the United States is imposing a “technological blockade” (科技封锁) on the PRC, severely hindering its international scientific and technological exchanges and cooperation. Implementing a strategy of technological self-reliance and self-strengthening “has become an inevitable choice” (成为必然选择). The vehicle for that strategy, Jiang explained, was the new national system: a centralized framework for tackling “bottleneck” (卡脖子) core technologies through coordinated action uniting research, private innovation, and subsidies through state purchasing ([Study Times](#), January 25, 2021).

Coercive Trade and the New National System Deployed

Between 2020 and 2025, Beijing followed through on the economic and political logic embedded in the 14th Five-Year Plan. It tightened Party control over the economy, fused security with development, and tested the utility of trade as a weapon. While global analysts focused on COVID-19's economic fallout, stalled consumption reform, and U.S. export controls, the PRC was executing the blueprint Xi Jinping had outlined in his April 2020 speech, fortifying domestic resilience while converting external dependencies into deterrent leverage.

The ensuing half-decade saw the centralization of economic command through “red finance” and the subordination of private enterprise to Party rule ([Hoover Institution](#), September 2023). The regulatory blitz on Alibaba, Ant, Didi, and Meituan, mistakenly read as anti-market populism, was in fact the opening of a new Leninist stage in the Party-state's taming of capital, one that Xi and antitrust authorities justified as rectifying its “disorderly expansion” (无序扩张) ([Xinhua](#), December 18, 2020). By 2023–25, this internal consolidation fused with an external campaign of reverse constraint. Initial systematic trials of supply-chain weaponization began with coercive embargoes on Australia's commodities and targeted boycotts of Korean and European firms, then escalated to the Ministry of Commerce's rollout of critical mineral and battery technology export controls ([China Brief](#), October 17).

By April 2025, Xi Jinping had made clear that its long experiment of managed confrontation had entered an explicitly confrontational phase.

- At the April Politburo meeting on economic work, Xi framed external conditions as defined by an “international economy and trade struggle” (国际经贸斗争), signaling that Beijing now viewed competition with the United States as structural and open-ended ([China Brief](#), May 21). The session reaffirmed a preference for policy continuity and “incremental” macro support but embedded these within a broader posture of preparing for confrontation.
- Immediately afterward, at the Politburo's 20th collective study session, Xi placed artificial intelligence (AI) at the center of the country's strategic contest with the United States. He described it as a “strategic technology” (战略性技术) and urged cadres to seize the initiative in the global industrial and technological race. Echoing the morning's “struggle” framing, Xi called for the full use of the new national system to

achieve AI self-reliance through the integration of science, industry, and finance (China Brief, [May 21, June 16](#)).

- Finally, at the April 30 Shanghai economic symposium, Xi tied these themes together in what amounted to a preview of the 15th Five-Year Plan. Xi's message was not about shifting course but about embedding national security into every facet of economic governance ([China Brief](#), May 20). He called for the accelerated rollout of a “new development pattern” (新发展格局) through industrial upgrading, dual-use technology, and modernization of the “real economy” (实体经济) while strengthening construction of a complementary “new security pattern” (新安全格局) to safeguard development against internal and external risks.

Embedding Strategic Endurance

The core themes emerging from the 15th Five-Year Plan are not new. They extend a trajectory visible since 2020, when dual circulation became shorthand for Xi's fusion of security and development. What most commentary still misses, however, is the strategic logic of self-reliance itself. It is not an end-state of economic independence but a quasi-wartime configuration of the PRC economy for a long-term systemic showdown with the United States. The 15th Five-Year Plan documents formalize that shift.

The Communiqué: Confrontation as an Organizing Principle

The *Fourth Plenum Communiqué* formally crowns strategic endurance as the organizing logic of the PRC's next development phase. It presents the 15th Five-Year-Plan as the decisive stage in building the material and institutional foundations for “basically achieving socialist modernization,” but defines modernization in explicitly political-security terms as the “coordination of development and security” (统筹发展和安全) ([Xinhua](#), October 23).

The Communiqué signals both confidence and a siege mentality. It warns that the PRC is entering a period in which “strategic opportunity and risks coexist and uncertain and unpredictable factors are increasing” (战略机遇和风险挑战并存、不确定难预料因素增多的时), and reminds the Party to “dare to struggle and be good at struggle” (敢于斗争、善于斗争).

The Communiqué goes further than its predecessors by explicitly introducing the phrase “prepare for war” (备战), signaling that military readiness is now a core pillar of national modernization. It instructs the PLA to “struggle, prepare for war, and build” (边斗争、边备战、边建设)—marking an escalation from the 14th Five-Year Plan Communiqué, which did not include such language (Xinhua, [October 29, 2020](#), [October 23](#)).

The Recommendations: converting “self-reliance” into a unified command architecture

The Recommendations consolidate the strategic logic first introduced in Xi's 2020 “dual-circulation” blueprint—self-reliance as a capability for confrontation. But they also mark a new stage in codifying that logic into enforceable mechanisms. The continuity lies in the structure. The same triad of control, resilience, and

retaliation that underpinned the 14th Five-Year Plan now defines the policy horizon through 2030. The new element is the degree of institutionalization.

In practice, the text's mechanisms show both continuity of intent and escalation of method ([Xinhua](#), October 28):

- **Technological Independence** (Section 11): The 15th Five-Year Plan will “improve” (完善) the new national system and take “extraordinary measures” (超常规措施) to advance “full-chain breakthroughs in key core technologies” (全链条推动 ... 重点领域关键核心技术攻关取得决定性突破). This will institutionalize the new national system as a permanent mobilization mechanism for semiconductors, software, advanced materials, and other technologies.
- **Financial Power and Currency Independence** (Section 21): The Plan will promote renminbi internationalization and build an “independent, controllable cross-border payment system” (自主可控的人民币跨境支付体系), establishing monetary sovereignty and insulation from dollar-based sanctions.
- **Economic Coercion and Counter-Coercion** (Section 22, Section 49): The Plan will “improve export-control and security-review mechanisms” (完善出口管制和安全审查机制), formalizing economic denial as a normal policy instrument. Simultaneously, it will “strengthen struggles against sanctions, interference, and long-arm jurisdiction” (加强反制裁、反干预、反“长臂管辖”斗争), embedding legal counter-measures into the country's national-security framework.
- **Resource and Supply-Chain Resilience** (Section 50): The Plan “strengthen exploration and reserves of strategic mineral resources ... and advance construction of the national strategic hinterland and industrial backup systems” (加强战略性矿产资源勘探开发和储备 ... 推进国家战略腹地建设和关键产业备份), creating built-in redundancy to withstand supply disruptions or external pressure.
- **Security as Economic Priority** (Section 5): The Recommendations reaffirm that the PRC must “consolidate security through development and pursue development through security, using a new security pattern to guarantee a new development pattern” (在发展中固安全，在安全中谋发展 ... 以新安全格局保障新发展格局). This effectively calls for merging economic policy with national defense logic.
- **Strategic Geoeconomics** (Section 10, Section 24, Section 49): The Recommendations recast “openness” as a controlled instrument of power, linking global engagement with security, infrastructure, and law. The Plan will promote “jointly building a high-quality One Belt One Road” (高质量共建“一带一路”) and “expand cooperation” (拓展 ... 合作) in AI, the digital economy, and other sectors. At the same time, it calls for embedding these initiatives in a fortified system of physical and digital connectivity, including new energy corridors, computing networks, and international transport routes designed for dual civilian and strategic use.
- **Extraterritorial Security Mechanisms and Lawfare** (Section 57): The Recommendations simultaneously commit to “improving the foreign-related national security mechanism” (完善涉外国家安全机) and building an “overseas security guarantee system” (构建海外安全保障体系) supported by new legal and arbitration frameworks that extend the PRC's regulatory reach abroad.

Viewed together, the Recommendations make clear that the 15th Five-Year Plan foregrounds structural hardening and projection of the PRC's system into new global environments. It preserves the logic of managed confrontation forged in 2020. But it now embeds this logic in a new institutional hardware, fashioning an economy permanently wired for rivalry with the United States, organized for resilience under pressure, and increasingly confident in using its own interdependence as leverage.

Xi's Explanation: Hardening the Logic of Strategic Endurance

Xi's Explanation presents the 15th Five-Year Plan as a continuation and consolidation of the strategic line established by the 14th. It follows "in the same vein" (一脉相承) as the previous plan but elevates its core concepts and approaches to a new stage, gaining the strategic initiative amid "fierce" (激烈) international competition ([Xinhua](#), October 28). The goal is to "seize a window of opportunity to consolidate and expand our advantages, break through bottlenecks and constraints, and address weaknesses and shortcomings" (要抓住这个时间窗口，巩固拓展优势、破除瓶颈制约、补强短板弱项).

At the heart of Xi's program is the pursuit of high-level scientific and technological self-reliance. The Explanation makes clear that the most important aspect of promoting high-quality development is "accelerating self-reliance in high-level science and technology" (加快高水平科技自立自强) and cultivating "new types of productive forces" (新质生产力). Xi envisions a modern industrial system that unites advanced manufacturing, energy transformation, and digital infrastructure into a self-reinforcing ecosystem.

This system, however, is designed for security as much as for growth. The Explanation warns that the coming five years will bring "a significant increase in various uncertain and unpredictable risk factors" (各种不确定难预料的风险因素将明显增多). This will require the Party to "advance the modernization of the national security system and capabilities" (推进国家安全体系和能力现代化). Economic management and national defense are thus fused. The plan calls for strengthening security capabilities in key areas, modernizing military governance, and "consolidating and improving the integrated national strategic system and capabilities" (巩固提高一体化国家战略体系和能力). Xi's formula that "security is the prerequisite for development, and development is the guarantee of security" reveals the end state toward which the 15th Plan is engineered: a national economy organized to endure, compete, and prevail under long-term pressure.

Conclusion

The 15th Five-Year Plan signals that the PRC has entered a phase of permanent mobilization, in which economic planning, technological competition, and national security are fully fused. Looking forward, four trajectories stand out.

- First, technological nationalism will deepen, with Beijing expanding the new national system to bind AI, semiconductors, and defense production into a single command economy capable.

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- Second, financial systems will partially decouple, as the renminbi's internationalization and cross-border payment systems evolve from sanctions defense into tools for geopolitical leverage, testing the viability of an RMB-centered trading sphere.
- Third, resource and legal warfare will normalize. Supply chains, critical minerals, and export controls will be managed as instruments of coercion while “anti-interference” laws become standing countermeasures to Western regulation.
- Finally, security-led governance will expand outward, with One Belt One Road infrastructure, AI cooperation, and data corridors reengineered to insulate the PRC's economic core from disruption.

The overarching strategic intent does not entail a retreat from globalization, but its reorganization around a PRC-led system designed for strategic endurance in a protracted contest with the United States.

Dr. Matthew Johnson is a Senior Fellow at the Jamestown Foundation.

Notes

[1] This phrase likely first appeared in June 2023, in an identically titled article published by the “Total National Security Concept Research Center” (总体国家安全观研究中心), an offshoot of the MSS-affiliated Chinese Institutes for Contemporary International Relations (CICIR) ([People's Daily](#), June 16, 2023).

[2] The phrase used is “三长两短.” Literally “three long [boards] and two short [ones].” This idiom originally referred to the design of coffins.