

Can We Speak of an Emerging Chinese Power?

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Events in China regularly give rise to commonplaces that are readily taken to be self-evident. In the early 20th century, China seemed to be finally subjugated. In the 1960s, it was relaunching the world revolution. Today, it appears as a power on a path of rapid emergence. What is really the case? A critical examination first reveals that this last commonplace is less mistaken than the preceding ones, although China's current progress is largely the result of its prior stagnation.

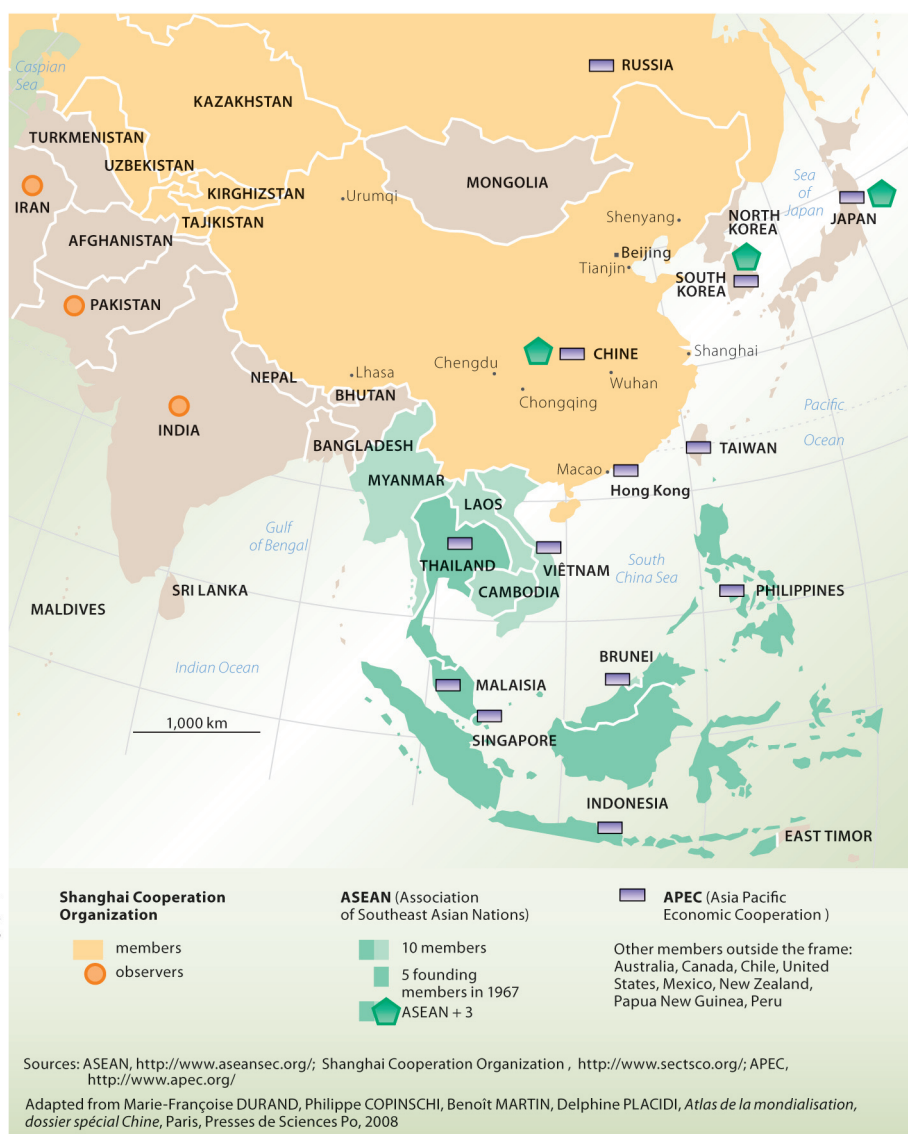
Catching up and economic progress

Even if the broad-scale revolutionary movement that pervaded in China throughout the 20th century imposed the idea that economic progress was necessary and possible, as of 1949 its communist incarnation was incapable of achieving anything but a predatory and brutal caricature. The exhausted and impoverished population, which had accumulated terrible destitution over three decades, was aware that capitalist countries were progressing in their own right. So when a credible alternative was offered by an equally credible man, Deng Xiaoping, immense hope sprung forth. This alternative was officially summarized in a programme known as the "four modernizations" (industry, agriculture, science and defence). It was actually a policy that gave priority to economic progress, whose methods gradually became clear: relaxation of collective constraints, reinstatement of profit and opening up to foreign countries.

Popular confidence was primarily what drove the economic development that followed: an average annual GDP growth of 9% since 1979. The population

settled down to work. But this development was for a long time merely catching up: modernization of agriculture and industry, urban development, overhaul of the educational system and social infrastructures. In this first phase, China essentially settled for coming into the world, increasing its number of friends and developing its trade and scientific exchanges. The influences unleashed by this opening-up, however, contributed to the divisions between reformists and conservatives that were to bring about the democratic explosion of the spring of 1989.

figure 16: **China's participation in the main Asian regional organizations, 2008**





Post-Maoist China then entered a new phase. Furious at the boycott capitalist countries declared against the country in the aftermath of the Tiananmen massacre, Chinese leaders gradually devised a new policy. It involved intensifying the shift towards state-supervised capitalism and an economic strategy based on foreign trade, but in order to make China emerge as both an economic and a political power. It is noteworthy that in 2003 China officially endorsed the concept of “peaceful emergence” and discarded this notion the following year, partly owing to displeasure among nationalists who did not want their hands tied with respect to Taiwan. In fact, today, Beijing no longer hesitates to emphasize the weight of its economy, which has become the third largest in the world, and to wield its influence in major world issues—for instance by denying India and Japan permanent membership of the UN Security Council.

An exaggerated ‘yearning for China’

However real China’s achievements may be, they prompt undue praise that is much more emphatic than what greeted Japan’s emergence in the 1960s. In fact, it is as if there was a sort of “yearning for China” in world society. Exaggeration and ignorance have always made fine bedfellows, and the imperial practices of the Chinese leadership make an impression on the world: these two explanations are confirmed by the behaviour of many heads of state visiting Beijing. Chinese foreign policy has also proved capable of fostering economic growth and then giving it political weight by striking a remarkable balance between the evolution of its tactical machinery and its diplomatic discourse. Its action has also been facilitated by the very widely shared view that only an ancient empire like China, which indeed now appears as a new power, might one day legitimately compete with an over-powerful America whose reputation George Bush has compromised.

Clearly, world opinion exaggerates the emergence of China. In the first place, its economic growth, based on foreign trade and chronic overinvestment, is both risky and costly in terms of raw materials as well as natural resources. Admirers of Chinese growth often forget that it depends massively on the huge trade surplus produced by exports to the American market. They also forget that China’s development is based on an unprecedented environmental catastrophe: desertification and salinization of its soil, devastating floods and droughts, pollution and water shortages, acid rain, lung diseases—nothing has been left out of this catastrophic tableau. China should orient itself towards a less rapid growth path that is less dependent on cheap exports and more qualitative, based on productivity gains and a domestic market. It is a long way off.

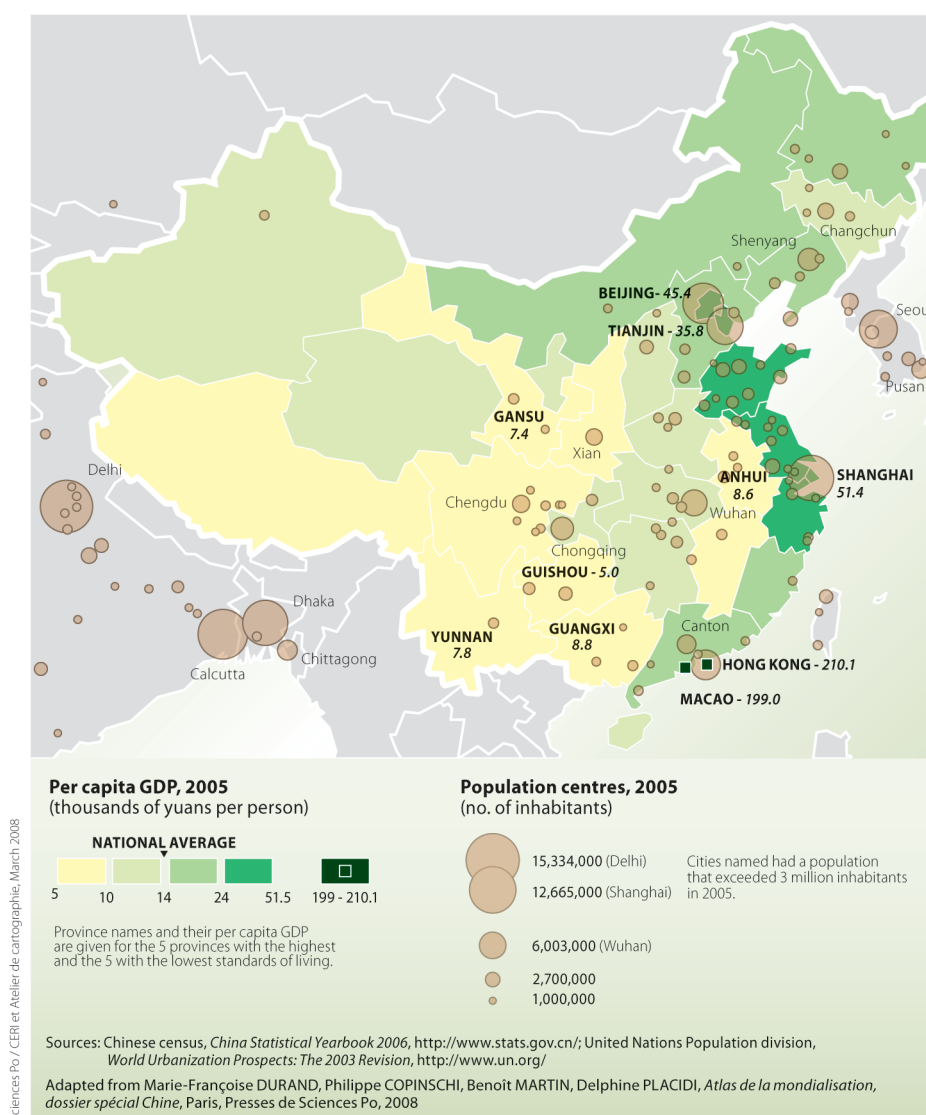
All told, China has made enormous progress, but it has not yet recovered the share in the world economy that it had in the 18th century or one proportionate to its population, about 20% of the world’s total. Although it is true that its coastal



areas boast an increasingly internationalized and competitive avant-garde, three-quarters of the country remains more or less underdeveloped, and the per capita GDP (in purchasing power parity) does not exceed \$7,500 per year. China has certainly developed, but it remains far from being a modern economic and social power.

Moreover, it will be difficult to “upscale” its economy because, first of all, the country does not have a business culture and must fashion one from scratch. Its companies today largely live off the orders made, protection provided and exemptions granted by the Chinese party-state. Many of them have trouble distinguishing

figure 17: **Per capita GDP and main Chinese population centres, 2005**





between predation and production, exploitation and profit, schemes and opportunity assessment. Their international culture is weak, which exposes them to frequent mishaps. In addition, despite real progress, Beijing does not have the intellectual and scientific elite of a country like India even if the number of post-graduate students has been increasing since 2000. To achieve that, it would need to invest financially and politically in research over the long term. The Chinese leadership is reluctant to do this because it remains communist—refusing to give intelligence an entirely free rein—and because it has also become capitalist and is therefore primarily interested in rapid gains that counterfeiting and industrial espionage seem surer ways to achieve. Furthermore, contrary to the leaders' claims, they are unable to recover more than a slim proportion of their US-trained researchers, and not the best ones either.

The Chinese army reflects another aspect of the situation. China has nuclear weapons and certain missiles capable of reaching North America or destroying a satellite. Moreover, it has downsized its army and modernized its navy, aviation corps and certain elite corps, including electronic defence and attack—but it still remains very scarred by its political, peasant and bureaucratic past. No one knows how it would behave in combat.

In short, to understand where the country really stands, it is essential to gain a grasp on three things: that China has the wherewithal to reach the level of Western powers, that it has still not achieved this, and, lastly, that it is exhausting itself today in a still insufficient attempt to catch up.

Hu Jintao's new strategy

The Chinese authorities are acutely aware of the situation. Since Hu Jintao's arrival in power in 2002, they have devised a clever strategy to salvage the situation, and this without glorifying themselves, which in itself is a new sign of lucidity. The strategy involves promoting both a technological shift in the Chinese economy and the building of a domestic market, partly through social policies. In the first place, the aim is to impose an economic slowdown to bring an end to overheating, and to terminate a strategy based exclusively on exports and the waste of natural resources.

But this attempt runs up against three huge obstacles. The first is the mute but resolute opposition of provincial and local authorities, often linked to veritable

figure 18: **Chinese graduate students, 1985-2005**





mafias, who believe wholeheartedly in pursuing the unbridled and costly growth rate of over 11% per year, from which they derive financial benefits. They have protectors at the highest level: members of the “Shanghai Group” who are allies of former President Jiang Zemin. During the 17th CCP Congress in October 2007, Hu Jintao’s political line was ratified and his power reinforced at the highest level. But we still do not know to what extent, because he was forced to compromise on his successor, Xi Jinping, who comes from Shanghai. And it remains to be seen if he will want or be able to make the provincial governments’ voices heard.

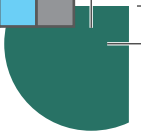
The second obstacle has to do with the price to pay for this new policy. For in order to ensure political stability and encourage the creation of a domestic market, the leaders have made considerable promises that boil down to producing the results of a democracy without democracy: strong public policies in social, cultural, transportation and environmental protection matters. But in depressed demographic conditions, a dwindling active population will have to pay more and more dearly for an elderly population increasing in size.

Furthermore, measures aimed at ensuring a technological shift will be extremely costly in political terms: it is clear for instance that the Chinese authorities will have to relinquish control over information, culture and their universities if they really want to revive scientific research. It is true that the human rights situation has somewhat improved—violations have become more rare and more targeted, and political prisoners probably number only a few thousand. Social rights are what pose the most substantial problems. Nevertheless, the regime remains authoritarian and its leaders will have difficulty resigning themselves to swifter detente.

That is because they fully understand the meaning of the dozens of thousands of incidents of social unrest that occur every year. These do not threaten the regime’s power as long as it remains unified and its means to police the population remain intact, but they remind them of its limits. The same leaders are despised for their past excesses and their present corruption, and the population only puts up with the severe social and geographic inequalities—greater even than those in US society—engendered by the economic strategy on condition that economic growth continues. China is a country in which peasants on the outermost desert fringes and consumers in Shanghai have almost nothing in common, any more than the migrant worker from the countryside and the university-educated engineer. Nothing, except the hope that things will be better tomorrow and that everyone will be able to enjoy, as the authorities promise, “a little bit of prosperity”.

Now, and this is the third obstacle, it is hard to see by what miracle the country will be able to maintain the very rapid growth rate demanded by the population. No serious observer rules out critical incidents, either in trade or finance. Inflation is looming and the Chinese stock exchanges have created a dangerous bubble. And all admit that the wage, social and environmental costs, added to the inevitable evolution towards a more qualitative growth, will force the growth rate to slow





to around 5% to 7%, perhaps even less. What will happen then? No one knows. What appears certain is that in any event, while China has only just pulled off a costly catching up, the true test lies ahead, and it will be more costly still.

Uneven deployment

Currently the somewhat lopsided economic situation largely explains the very uneven deployment of China's power throughout the world. China certainly carries more weight than before, essentially through a mass effect, but it is not of much consequence in any of the three areas where power is formed. Indeed it has no financial power, military advance or "normative" power—it submits to cultural trends rather than inspiring them. Chinese leaders are perfectly aware of this and therefore demonstrate considerable envy of American power, an envy which is reflected, depending on the case, either in a discreet follow-my-leader attitude or in nationalist tensions.

This explains the peculiar situation where China universally inspires fear and admiration throughout the world, but on the whole has rather little influence, except when it focuses all its means (for instance in relations with Taiwan and Japan) or when it is subject to the concentrated attention of its international partners (as in the Darfur question).

Two spectacular examples of this state of affairs can be seen in the relations China has with the United States and East Asia. The United States, once called "imperialist" and today only "unilateral", is the object of a policy that seems intelligent only on paper. For what are the billions of dollars of Chinese trade surplus worth when they are mostly reinvested in US treasury bonds? A pressure on the American economy, certainly, but at a time when another pressure is weighing much more heavily on China's future: the intellectual and moral attraction of a civilization that represents an absolute ideal for Chinese elites.

The same goes for East Asia. The focus of American policy on antiterrorism has accentuated a phenomenon that was germinating in the Chinese-American reconciliation of the 1970s: a curbing of American activities in zones neighbouring China. At certain times, the United States produces the impression that it is conceding China a certain hegemony in the region. Yet on closer inspection, the advantages for Beijing are negligible. The growth of the Chinese economy probably tends to cast Taiwan's economy in a provincial light, but with its turbulence and its oddities, the renegade island does not seem solidly anchored in a specific historical trajectory. Moreover, recent efforts to marginalize Japan have reached their limits: Beijing has thus resigned itself to renewing courtesies. Even if it is true that China played its hand cleverly in the Korean affair, it is to the United States' advantage that a settlement of the nuclear problem seems to be on the horizon. Finally, in this region Beijing makes progress only with respect to the





weak: Mongolia, which is having trouble moving on from the post-communism situation; Vietnam, not yet recovered from having been bled white in the 30 years that followed the Second World War; the ASEAN countries, which never really imagined banding together and are now flooded with Chinese trinkets; and the Central Asian members of the Shanghai Organization, which Moscow also has a close eye on, and which are influenced by perilous trends either towards Islamism or towards democracy. Also, certain small partners are giving China grief as well: North Korea, which suddenly seems to have emancipated itself to deal directly with the United States and its southern neighbour, and Burma, where the junta, grappling with social unrest, refuses to listen to its Chinese godfather's advice to use moderation and modernize. With regard to India, which knows much better what it wants, Chinese policy is infinitely more cautious, and less dazzling.

These reservations mean that the effects of the Chinese economic boom are less significant than what is often believed, but not that they are nonexistent. In certain spheres there is tangible, if not definitive progress. For instance, China, in its relations with Europe, has largely taken advantage of its leaders' naïveté and the rivalry they permit themselves. Despite Angela Merkel's and Nicolas Sarkozy's coming to power, which portend more difficult relations in the future, China has not yet exhausted all its advantages. In Africa, the offensive launched in 2004 created a sensation. In fact, it has enabled Beijing to secure new sources of oil supply and other raw materials through cooperation agreements that are at the same time political initiatives. This offensive undeniably ranks among the newest geopolitical developments in recent years, even if it has encountered a number of unexpected complications. For instance, support for the Sudanese regime, making China an accessory to atrocious abuse in Darfur, brings in oil, but also additional financial engagements and more threats to the hosting of the Olympic Games in Beijing in 2008.

To become a world power...

All told, a mixed assessment is in order. Although it is difficult to consider that China has become a real world superpower, it must be acknowledged that for the first time in its modern history it is in a position to hope to become one. Its leaders are currently pondering the transition and in their wake the Chinese media are solemnly meditating on the rise and fall of great powers. But this highly uncertain transition will depend on two major conditions, one external and the other internal.

The first requirement is that there should be no complete turnaround in the international economic outlook of which Beijing has taken advantage for over 30 years. Abundant investments, distractedly generous cooperation agreements, massive imports: these advantages could be dissipated at least in part if China ceases to be a hub for labour-intensive industries and instead becomes a competitor in high technology. Similarly, should it become less trade-oriented, more political





and tackle others' truly exclusive domains, the Chinese offensive in the world is likely to encounter more substantial difficulties and lead to greater costs. If China's leaders should prove tempted to force open the Taiwan question, they would risk alienating much of the capital of sympathy they have already accumulated.

But the most important condition is obviously domestic. The question of whether China deserves to become a world power has been resolved: its leaders indisputably have the calibre required to make it one. But other things are at stake here: first of all the aptitude of the CCP, including the mafiosi and bureaucrats, to line up in battle formation behind its central leaders; secondly, and especially, the capacity of the party, little liked and little respected by the people, to make them nevertheless accept the need to reduce the pace and change the nature of growth. And a final question is whether anyone can say exactly what role should China play in the world.

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