

The Chinese century



China's recent emergence as a world power will undoubtedly be seen by future generations as one of the transformative events of our time. The country's recent and remarkable re-emergence onto the world stage has startled everyone, not in the least China itself, whose leaders seem to be almost as surprised as the rest of us by its all-encompassing swiftness. The twentieth century was dominated by the West, particularly America. After World War II it even began to be known as the 'American Century', with the War representing the height of American values, not to mention their power and military might. The Cold War that ensued led to a somewhat tense stalemate that ended in 1989 with the fall of the Berlin Wall and the domino effect of democratization in Eastern Europe, prompting Francis Fukuyama to go so far as to claim we had come to the 'end of history'.

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Above:
Shanghai skyline
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AS IT SPREAD EVER EASTWARDS, the Western model of liberal democratic capitalism seemed poised to conquer the rest of the planet, but then the unexpected happened: the Chinese embraced Western capitalism, *without* dismantling their one-party Communist political system, which would have been unthinkable back in the 1980s when capitalism seemed premised on the notion of democratic freedom. 'Capitalism with Chinese characteristics' has shown us that financial systems can and do operate independently of any of the idealism driving the political ones.

Niall Ferguson thinks that Fukuyama was somewhat premature in proclaiming the end of history, pointing out that 'this seems fundamentally to misread the trajectory of the past hundred years, which has seen something more like a reorientation of the world towards the East' (2006, p.lxvii). East Asia is one of the world's fastest-growing regions, and has been for some time. Economically and politically the region's increasing importance has led some to see the twenty-first century as the Asian century. We are certainly likely to see an increasing shift from an Atlantic-centred view of geopolitics to a Pacific-centred one, with all the ramifications that will bring. One of the major factors fuelling Asia's remarkable growth is urbanization, particularly China's recent and remarkable economic expansion. Shanghai's trajectory in this is peculiar because, as Jeffrey N. Wasserstrom points out, the city is in fact wrestling with a process of *reglobalization* (2009, p.18).

Deng Xiaoping's economic reforms in 1978 sparked off a 'second revolution' in China, turning it into the world's workshop and enabling the country to move into the footlights of the world stage. The carefully controlled capitalist enterprise known as capitalism with Chinese characteristics has enabled China to overtake Japan as the world's second-largest economy (in August 2010). Some commentators even suggest that the country might be in a position to overtake the United States by about 2030 – America's economy is still three times that of China, but if China manages to sustain its annual economic growth rates this could well be a possibility.

China's economic miracle has had its downsides, however, something that is particularly obvious in the country's cities. With a population five times that of the United States, its per capita income is only on a par with countries like Algeria, El Salvador and Albania (i.e. approximately \$3,600 per annum, while the United States enjoys approximately \$46,000). Despite this, China has become the world's largest market for cars, reflecting an interesting new stage in the country's economic development, in that it no longer relies on the export of the cheap toys and clothes that first earned it its nickname 'workshop of the world', and has instead begun to turn to domestic demand in an effort to boost production and encourage Chinese people to buy products that are made in the country.

While this may seem a step in the right direction it is having some unfortunate side-effects, such as the environmental impact of increases in steel and cement production, as well as an increase in the demand for power, which is still primarily fuelled by coal (China surpassed the United States as the world's largest emitter of greenhouse gasses as far back as 2006). However, China has recognised its problems and has begun to take steps to address them. Li Daokui (an economics professor at Beijing's Tsinghua University) was quoted by Alan Wheatley in an article in the *International Herald Tribune* (17 August 2010) as saying that investment in a low-carbon economy, as well as urbanization and the development of the interior, will be the main factors in sustaining China's projected annual growth rate of 9 percent over the coming decade. Professor Li sees the country about to enjoy a 'golden period' where there will not only be a new focus on energy efficiency, but also a shift to growth in the domestic sector. Red China, it seems, would like to be seen as Green China from now on.

A multi-polar world

A number of countries in the early stages of economic reform have experienced rapid growth, but nothing has ever come close to what has been achieved by China in recent years. According to Ted C. Fishman, the country's economy has doubled nearly three times over in the last thirty years (2006, p.12). This impressive rate is all the more remarkable for having been achieved not by right-wing capitalists, but by whom Niall Ferguson calls 'card-carrying Communists'. Indeed, Ferguson points out that 'the man responsible for China's economic miracle was the same man who ordered tanks into Tiananmen Square' (2006, p.635).

What has been happening in China is in stark contrast to Eastern Europe, where the Soviet leadership tried to introduce economic reform and ended up with a revolution followed by economic collapse. The Chinese wanted, and got, economic reconstruction without political reform. How were they able to do this? Ferguson maintains the answer is simple: when a potentially revolutionary situation developed in 1989, the regime did what Communist regimes have routinely done when confronted with internal dissent, they sent in the tanks; on 4 June 1989 the Democracy Wall movement was ruthlessly suppressed. But perhaps this answer is too simple. The Chinese authorities may have suppressed dissent, even brutally so, but they also managed to lift more people out of poverty in the last thirty years than any other regime in history, communist or capitalist. Hundreds of millions of people have seen their lives vastly improved thanks to China's agricultural and economic reforms.

The IIEC and CSIS¹ consider China's rise as a global economic and political power to be 'one of the transformative events of our time' (Bergsten et al. 2006, p.ix). Yet what do the other world powers make of this transformation? According to the

IIEC and CSIS, 'Some devotees of *realpolitik* [sic] will fear that China's size and growing military capabilities will produce a new strategic threat to the United States and its allies while other observers see a strong and more self-confident China as a likely force for stability in the region and the world' (ibid., p.x).

Beijing is now calling for the creation of a 'multi-polar world', something that is widely seen as a thinly veiled challenge to the United States (ibid., p.18). It is a fact that China, not only by virtue of its size, but because of what will happen to the world economy if the country's economic expansion continues unabated, does indeed pose unprecedented challenges. And not just for economies; there are environmental challenges as well. China is poorly endowed with natural resources (apart from coal), and its increasing use of coal and other fossil fuels is exacerbating global pollution. China's thirst for fuel is also causing other concerns around the world, particularly because of its relationships with less-developed countries, which are beginning to look alarmingly colonial. And China will unlikely allow itself to be dominated by the United States in the way Japan was in the past. The country will not only have the willingness to take on a territorial leadership role within the Asia region, it will have the capacity to do so as well.

China's development

China is a new world power; it is the world's third largest country, and the world's most populous. It dominates the Pacific coastline of continental Asia, and shares over 14,000 kilometres of land frontier with over a dozen countries, including fellow giants Russia and India. In 1950, approximately 30 percent of the world's population lived in cities (a mere six percentage points under China's current figure). In fact, for most of the second half of the twentieth century China's pace of urbanization lagged behind the rest of the world; so is it any wonder that it is trying to catch up? However, according to the IIEC and CSIS, China's current pace of urbanization is unparalleled in history; the estimate is that China's urban population has ballooned by 200 million within the space of a decade (ibid., p.31).

One of the most important challenges facing China's government in the future will be lessening the income gap between urban and rural areas. One other area of inequality that has long existed in China is that of the developed coastal regions and inland areas, a gap that has continued to increase in recent years. The infrastructure that is being created in order for the country to compete globally is also causing populations to become displaced. According to a 2005 report by the Chinese Academy of Social Sciences it is estimated that up to 40 million peasants have been forced off their land to make way for these new infrastructure projects, such as roads, railways, airports, dams, and factories, with an additional two million being displaced every year (ibid., p.41). These millions become China's 'floating population' and are flocking into urban areas in search of new means of livelihood. Vast migrant-worker 'towns' are springing up on the edges of major cities, storing up potential environmental, health and safety issues, as well as poverty and rising levels of dissatisfaction with the way the country is being run.

What China has been experiencing in recent decades is nothing less than the largest mass migration in human history. According to the IIEC and CSIS, China's National Population and Family Planning Commission estimated the number of internal migrants to be 53.5 million in 1995 and well over 140 million by 2004 (ibid., p.46). Alan Wheatley estimates that the number of migrants in China reached 211 million in 2009.² Migrant workers are said to account for approximately 20 percent of China's working-age population (15-64 years old) (ibid.).

In the early 1980s Deng Xiaoping dismissed any potential problems regarding future inequality with the memorable phrase 'some people have to get rich first'. Recently though, Chinese leaders have begun to take cognisance of the fact that such inequalities, if they are allowed to continue unabated, could lead to political instability, with the result that they have now begun to implement policies designed to accelerate both the pace of farm-income growth and the economic development of interior provinces that have been left behind in the rush to the market.

Manuel Castells sees major problems remaining to be solved in China, and he is not at all certain that the country will be able to continue to be 'a little bit global' and 'a little bit capitalist' (1998, p.323). Observers of the new China often seem to make an implicit assumption between development and democracy, thereby seeing either a gradual erosion of Communist power or even a sudden toppling of it as somehow inevitable. Castells does not think that the available information supports this view. He sees the power of the Communist Party as relying on 'a delicate balance of power-sharing and wealth distribution between national, provincial, and local elites. This central/provincial/local arrangement of the Chinese state in the

process of primitive accumulation may well be the key mechanism in ensuring an orderly transition from statism to capitalism' (1997, p.337). He identifies the most immediate problem as being the massive rural exodus provoked by the modernization and privatization of agriculture, which has affected an estimated 300 million peasants. He sees this mass of uprooted migrants as unable to assimilate into the notion of a civil society and correctly identifies these inhabitants, who are unorganized and lacking in cultural and political resources, as being 'an extraordinarily volatile element whose potential rage could destabilize the whole process of transition to a market economy, should they come into contact with messianic leaders or with splintering factions of the Communist party', similar to what happened in the mid-nineteenth century during the Taiping Rebellion (1998, p.326).

A rising tide raises all boats

Kishore Mahbubani maintains that the Chinese people are among the most industrious in the world. He cites as examples the successes that overseas Chinese have had in almost every society they migrated to. In fact, he reminds us that it was the apparent success of the overseas Chinese, when seen against the low productivity of mainland China, that confirmed Deng Xiaoping's suspicion that China had adopted a wrong economic system when it embraced the Marxist-Leninist model (Mahbubani 2008, p.53).

For all the downsides that rapid economic development may have it is still overall a good thing. A rising tide should indeed raise all boats. Kishore Mahbubani likens what is happening in China to the Renaissance in the West. A sustained period of improved economic performance and the accumulation of wealth is leading the country to reconnect with its rich past, as well as develop new cultural perspectives as a result (ibid., p.147). Arts are thriving in China, museums and galleries are opening at astonishing rates, there is even what almost amounts to a craze for antique collecting. This is a China reverting to its old ways. As Mahbubani says, 'Six decades of communist rule has not changed the Chinese soul, which has developed over thousands of years of history' (ibid., p.149). He cites the Tang dynasty (618-907 CE) as one of China's 'golden eras'. Tang rulers welcomed foreign ideas and made Chang'an, their capital, one of the most diverse and dynamic cities in the world. Under the Pax Sinica the Silk Route, the most important trading route in the world at the time, reached its apogee, with traders benefitting from exchanges between East and West (ibid.).

This ancient Silk Road, which the Chinese call *si chou zi lu*, has begun to re-establish itself in recent decades as China re-engages with its neighbours and the wider world. This reflects what Ben Simpfendorfer calls '...a larger global rebalancing that represents the rise of the East after centuries of Western dominance' (2009, p.2). We must not forget that the rise of China is not an isolated event, it is being seen as part of a powerful historical tide sweeping across Asia and the Middle East. Simpfendorfer tells us that former economic powers are beginning to resurface after centuries of slumber; in many ways it is simply a rebalancing of world power. He tells us that China in the seventeenth century was estimated to have accounted for 29 percent of the global economy (which had fallen to a paltry three percent by the 1980s). In fact it was the decline of China that contributed to the collapse of trade along the Silk Road, with the Ming dynasty's decision to forcibly assimilate Arab traders leading to the break up of these trade links. Simpfendorfer also notes that the Arab world was itself also in decline in this period. This, coupled with the burgeoning power of the Western European sea powers, which moved Asian trade along the new African route, also delivered a decisive blow to Arab economies (ibid., p.79).

What makes this story so powerful is that the rise of the Arab world is now taking place simultaneously with that of China. The changes witnessed by the events beginning in Tunisia and rapidly spreading to neighbouring countries such as Egypt and thence throughout the whole of the North-African and Middle-Eastern world to produce the Arab Spring. These events are a testament to how fast the Arab world is changing (or would like to, if it could manage to throw off the shackles of ossified regimes). The resurgence of these two regions isn't a coincidence. They were once great trading partners along the Silk Road and today China's rise is acting as an accelerant for the rise that is occurring in the Arab world, with demand for oil fuelling growth, and China's factories churning out goods for the shopping malls of Riyadh and Dubai. China sees West Asia as an alternative strategic partner too, which may also offer the Arab world a way to hedge its bets in its increasingly troubled relationship with the West. Simpfendorfer is right to point out that 'The resurrection of the Silk Road is a timely reminder that the world's centre of gravity may not always lie in the West' (ibid., p.1).

Freedom to think

One thing that alarms many in the West is the perception of China as being undemocratic. It certainly does not operate a political system that could be characterised as democratic, but its one-party state does operate as a meritocracy, one where talent, hard work, and drive will be rewarded. Meanwhile, democracy has not remained static in the West in the millennia since it first emerged in the Greek city states. Western democratic systems also all vary greatly from country to country, with everything from the presidential system of America and France to the parliamentary democracies of most of the rest of Europe, (some of whom still have hereditary heads of state, and even, as in the United Kingdom's House of Lords, a still influential body of hereditary legislators).

What therefore really frightens most Westerners in their perceptions of China is the lack of freedom of speech, which is after all one of the cornerstones of the West's liberal identity. Here Kishore Mahbubani draws an important distinction between freedom of speech and freedom to think. He admits that Chinese society does appear to be at a disadvantage, remaining as it does a politically closed system. But it is what Mahbubani calls 'one of the typical paradoxes of our modern times, [that] China is in social and intellectual terms an increasingly open society'. He cites 'The dictates of modern economics demand that Chinese traders, entrepreneurs, and bankers must have the same access to global information flows that their economic competitors in other modern societies have. At the same time, modern technology, especially the proliferation of access to the Internet, has made it difficult to cut off the flow of information' (2008, p.139).

Mahbubani is right to suppose that most Westerners cannot 'see a distinction between freedom to think and freedom of expression' (ibid.), yet he also points out that the Chinese people have never been freer. 'Relative to their ancestors, they are the freest people China has ever had'; and as they look to the future, Mahbubani sees the Chinese as being increasingly confident that things will continue to improve (ibid., p.144).

The Chinese leadership takes a 'long view' in a way that few Western leaders can afford to do today (ibid., p.122), mired as they are in what Ben Simpfendorfer calls 'The vagaries of the electoral cycle' (2009, p.159). This has resulted in the petty fickleness of the Western democratic system where it's enough simply for a party to change its slogan to change the power structure (once, of course, the electorate has grown tired of those already in power). With change increasingly being embraced simply for the sake of it, how can anyone make plans for the long term in the West?

Is a newly resurgent China a threat to the West? I for one certainly do not think so, and Simpfendorfer would seem to agree. He sees the China model as being built on foundations similar to those of the West, in particular the pursuit of a market-based economy and the higher standards of living that come with it (ibid., p.161). In fact, because China has relied so heavily on advice from Western institutions in pursuit of these aims, the country can play an even more important role in the future by showing how, with judicious tweaking (which they must be allowed to do – like imbuing capitalism with 'Chinese characteristics'), this advice can be redistributed to the rest of the developing world, using China as an example of what can be achieved by thoughtfully blending different traditions.

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Notes

- 1 Institute for International Economics & Centre for Strategic and International Studies.
- 2 International Herald Tribune, 3 August 2010.