Why the Chinese Communist Party may last longer than you think: A closer look into the *China Threat* and *China Collapse* theories

Against the background of an anaemic United States and a struggling Western Europe, both economically and politically, a Rising China is causing as much anxiety as unspoken awe, if not paranoia, about the impact on the West-lead world order and value-system. Examples are works by such popular distinguished writers as Gideon Rachman’s ‘Zero-Sum World’ (Atlantic Books, 2010) and Niall Ferguson’s ‘Civilization: The West and the Rest’ (Penguin Press, November 2011).

There are two favorite themes of this rising Western anxiety – ‘China Threat’ and ‘China Collapse’, apparently diametrical to each other, but still interlinked.

In the ‘China Threat’ scenario, China is seen to be dominating world trade with predatory pricing, supported by Government subsidies hidden or otherwise, and a deliberately under-valued RMB. She is accused of robbing Western countries of jobs and depressing blue-collar wages, flooding markets with unsafe products, polluting the world’s environment, locking up resources everywhere, and undermining Western efforts in promoting good governance and democracy in rogue states such as Zimbabwe and North Korea. Additionally, China is seen to be ridden with corruption. She is perceived to flout human rights regularly, and her perceived opaque military build-up is thought to pose a threat to regional security.

Just for perspective, the production of cheap products is the inevitable initial stage of industrial development. China has to generate at least 10 million extra jobs a year for a population the size of a fifth of mankind, half of them still peasants. She has to do this with only 7% of the world’s arable land and a fraction of the world’s per capita average of fresh water, much of which is grossly unevenly distributed and increasingly polluted. As for the RMB, it appreciated by 21% from 2005-2008 but remained undervalued during the heat of the financial crisis. Subsequently, it was dragged down vis-à-vis other currencies by the dollar, to which it was largely pegged, as a result of the Fed’s massive ‘quantitative easing’ or money printing. Now the RMB has resumed a process of measured appreciation, if only to combat inflation and to help domestic consumption. But there is no way that China will allow the RMB to appreciate so rapidly as to cause across-the-board job losses and social instability. The fallacy is that even if all of China’s products are driven out of Western markets, they will be substituted by similarly competitively-priced products from other developing countries, with little lasting impact on Western jobs and wages.
Following major mishaps, China is redoubling her efforts to improve food safety. Overall, product quality is approaching the highest international standards, a process similar to Japan’s earlier industrialization. Even when wages in China are rising rapidly along with state-tolerated if not encouraged collective bargaining, any exodus to other low-cost production hubs like Bangladesh and Vietnam is unlikely to dislodge China as the Factory of the World, partly because wages in those alternative destinations are similarly rising and partly because the Chinese mainland has honed its fully-integrated skills and infrastructure in meeting international specifications.

China is embarking on the most extensive and fastest urbanization drive in human history, building 221 new cities each with a population over one million (compared with only 35 such cities now in Europe). This is designed to add 350 million urbanites by 2025, creating a more consumer-oriented economy less dependent on exports (Preparing for China’s Urban Billion, McKinsey Global Institute, March 2009). The consequential demand for resources is therefore colossal.

Internationally, China is beginning to play a more responsible role, fielding the largest peace-keeping force amongst Permanent Security Council Members. Her continuing efforts in brokering the Six-Party Talks on North Korea’s nuclear ambitions have won praise from the West. She is also trying to improve her military transparency to avoid the risks of misunderstanding and miscalculation through enhanced dialogue with the US military, in the wake the recent US-China Strategic and Economic Dialogue.

Much of the negative perception in the West of China not willing to play a more responsible role in international affairs is due to China’s disbelief that coercion and confrontation can solve problems. Moreover, according to China, human survival should take priority over democracy, which requires a solid economic foundation and in any case cannot be imposed from without.

In any case, in recent years, China’s engagement with Sub-Saharan Africa has on the whole proved to have done much better than decades of Western aid with conditionality. In addition to acquiring essential resources, China has succeeded in rapidly creating the necessary physical infrastructure such as roads, railways, hospitals and schools that are so essential for economic revival, something that over $1 trillion of aid has failed to achieve over 60 years. (The Dragon’s Gift: The Real Story of China in Africa, Deborah Brautigam, Oxford University Press, 2009).
As for the environment, China is now going green and is amongst the world’s leaders in the use of renewable energies especially wind, solar and hydro. She is on track to achieve the target of 15% of total primary energy consumption through renewables by 2020, according to the International Energy Agency. China still has to rely heavily on coal as there is simply not enough renewable power to feed her breakneck industrialization and urbanization. So making coal cleaner is a feasible option, along with improved energy efficiency. For example, China has partnered with SASOL of South Africa on Coal-to-Liquid (CTL) technology and is starting to develop ‘clean coal’ jointly with the US. She was on target of reducing energy input per unit GDP by 20% during the last Five Year Plan (2006-10).

Let’s now turn to the **China Collapse** theory. This hypothesis is not new. Indeed, throughout the first decade of the 21st century, Gordon Chang has consistently postulated *The Coming Collapse of China* (different editions with various publishers 2001-2010). His arguments are mainly that failing political reform, China’s lack of technological innovation, financial misallocation, and corrupt, repressive regime are leading the country to drift towards long-term decline and eventual collapse. Other proponents advance the argument that while China as a nation may not collapse, the Chinese Communist Party will eventually not be able to sustain itself. Indeed, mainstream Western media is picking up China’s recent rising unrest in Inner Mongolia and the Chinese Communist Party’s apparent swerve to the left as worrying signs of the return of the *Red Ghost Over China* (Opinion Page leader, Wall Street Journal, 1 June, 2011).

**First**, it is instructive to consider how popular is the Communist Party of China (CPC) in Mainland China itself. According to PEW surveys, public satisfaction levels with how the country is run has been dramatically improving over the past few decades, reaching 86% in 2008 (shortly before the Beijing Olympics) and 87% in 2010, the highest in the world, way above those in the West. Never before has there been such a buoyant mood of optimism amongst the vast majority of people in China, including an upwardly-mobile burgeoning middle class. Remembering their earlier days of cataclysmic hardship and upheaval before China first opened up, most people have never had it so good. The rising number of cases of unrest are all about local issues. Notwithstanding the so-called ‘Charter 08’ manifesto and interest in certain quarters in the Jasmine Revolution, there is no across-the-board demand for regime change. Nor is there a credible alternative Party or leadership that can command the same degree of popular confidence by continuing to improve people’s standards of living and restore their sense of pride in China’s rightful place in the world.
Second, as a safety valve, civil society is burgeoning in the largest internet population in the world with over 600 million netizens, 80 million blogs, and numerous bulletin board sites. The government obviously encourages the growth of the internet, and contrary to Western perception, only censors a handful of politically sensitive issues and pornography. In particular, it is extremely difficult to censor the Bulletin Board System (BBS). The vice minister responsible for the internet is reported as saying 'If you know how to censor BBS, you can have my job!' (How China Leaders Think - The Inside Story of China's Reform and What this Means for the Future, Robert Lawrence Kuhn, Wiley, 2009, p. 328). Part of the evolution of civil society is a sizable and growing Christian community, numbering some 80-100 million Christians. (Jesus in Beijing, David Aikman, Regnery Publishing, 2003). There is no better example of a vibrant civil society in China than the spontaneous outpouring of volunteer action across the country after the catastrophic Sichuan Earthquake in 2008. Much of the civic action was coordinated amongst many NGOs and individuals through the internet. Regular public concerns expressed through the internet about various problems and issues including corruption, land grabs, consumer rights and the environment are a healthy sign. Indeed, the leadership is increasingly relying on the internet as a source of public feedback, which is assuming growing importance in formulating or adjusting policies as well as in assessing the performance of officials and party secretaries.

Third, China is changing course dramatically, switching to a slower and more sustainable growth model in the latest Five Year Plan (2011-15), aimed at greater equality, social justice, greater innovation, and a greener and higher-value-added and more balanced, and less export-dependent economy. Grappling with numerous challenges on her hands as a poor country in per capita terms (ranking 100th in the world), China is understandably proceeding with great caution on her progress towards more freedom and democracy. The apparent swerve to the left is at least partly a reflex action in response to the growing discontent with sharpening inequality as evidenced by China’s sharply rising Gini Coefficient in recent years, reaching 0.48 in 2009, compared with 0.46 in the US (Kuhn, Ibid. page 468). When the whole Party machinery has coalesced into action as embodied into the formulation of these Five Year Plans sanction by the Politburo, the outcome of the new Plan remains to be seen but should not be pre-judged, if past Plans are any guide,

Fourth, notwithstanding its negative image in the West, it is a fact that the CPC united the nation after years of traumatic economic, social, and political dislocation
caused by warlords and the Japanese invasion. Despite earlier traumatic mistakes including the Great Leap Forward and the Cultural Revolution, causing their own fair share of social and economic turmoil, it is the CPC that, in a matter of three decades, lifted over 400 million of her people out of poverty in the first time in China's history. It has turned China's economy into the world's second largest, set to overtake the US economy by 2027 or thereabouts. After over a century and a half, the Chinese people finally feel a sense of restored national pride. Although the CPC has many faults, these facts are not part of them.

**Fifth,** turning to the contrived distinction in certain quarters between the Chinese nation from the Communist Party of China (CPC), obviously all the achievements I have outlined so far happened on the watch of the CPC. Moreover, it begs the question that if the Party should collapse in the absence of a solid alternative Party, why should it be taken for granted that China as a nation wouldn't collapse as well? Don't forget China has a diverse population of 1.3 billion people in 56 different ethnic groups, 22 provinces, 5 autonomous regions, four municipalities, and 2 special administrative regions. The PEW studies I quoted were on Chinese people's perceptions on how successfully their country was run by the CPC. Likewise, a more vibrant civil society and the growth of Christianity happened on the Party's watch.

**Sixth,** the paradox is that warts and all, including a litany of ills like corruption, pollution, inequality, injustice, human rights violations, and lack of democracy, the CPC has found a way to renew itself continually and to carry the support of a majority of the Chinese people along. Such renewal includes steering decades of remarkable economic success, the evolution of a system of power transition from one generation of leaders to the next without violence, a new policy of holding officials including very senior party secretaries accountable, directives on people-oriented governance paying a great deal more attention to public opinions, and strategic adjustments in keeping with the times such as the new Five Year Plan (2011-15).

**Seventh,** notwithstanding China's economic miracle, China is still amongst the world's poorest nations in per capita terms, ranking 100th, alongside some backward countries in Africa. She has to grapple with creating an extra 10 million jobs a year to absorb the huge pool of excess labour from the countryside, increasing resource and ecological constraints, and the looming challenge of an rapidly aging population. All these call for a strong state - more 'Beijing Consensus' rather than 'Washington Consensus' ("The Beijing Consensus" Joshua Cooper Ramo, Foreign Policy Centre, 2004).
Eighth, a strong state is very much part of China’s cultural heritage in the form of Confucianism, which the CPC has re-discovered and is trying to promote through the establishment of Confucius Institutes around the world. A key tenet of the Confucian 'Mandate of Heaven' is government for the people (though not of or by the people). This underlies President Hu Jintao’s new strategic directive of 'People-First' governance and 'Harmonious Society', though the final outcome is still too early to tell.

Nineth, a common tendency in the West is to consider Democracy as a kind of panacea for all peoples at all times, regardless of social, economic, political, and historic differences. A recent study by Randall Peerenboom (China Modernizes, Oxford University Press, 2007) suggests that China outperformed all other 'democratic' developing nations on virtually all UN Human Development Indices including food, shelter, life expectancy, education, standard of living etc (save of course human rights and democracy).

Last but not least, democracy is enshrined in China's constitution. Indeed, President Hu openly repeated the word ‘democracy’ 61 times in his address to the 11th CPC Congress in 2007. But Democracy is treated as work in progress, with elections implemented at the village level, now starting to roll out to towns. But there is no reason why China should follow the Western model of democracy with confrontational party politics. Though political connections and patronage may continue to play a part, China’s leaders are now competitively selected more on the basis of merit on proven track record. Decision-making has become more professionalized. In any case, as Dambisa Moyo points out in Dead Aid (Allen Lane, Penguin Books, 2009) 'democracy is not the prerequisite for economic growth.' 'On the contrary, it is economic growth that is a prerequisite for democracy.' In the final analysis, democracy, like marriage, happens when the conditions are ripe, and cannot be imposed or hastened arbitrarily. As the Chinese parable ‘ya miao zhu zhang’ goes, it would be foolish to make a plant grow faster but pulling it from its roots.

In conclusion, China is undergoing momentous changes. Likewise, contrary to some people's perceptions, the CPC is not frozen at the time of the person standing in front of the tank on Tiananmen Square, but has to change and is changing with the times, though not at a pace and scope according to a Western mindset. Policies, however, are changing much faster in response to circumstances, such as the environment and economic imbalance. Even the One-Child Policy, which is commonly regarded as an albatross around China's neck (e.g. Ferguson, Ibid.), has in fact long been modified to allow for more than one child if both husband and
wife were born as single-children. There is total exemption for ethnic minorities and in certain circumstances in the countryside. There is no reason why at some stage the Policy cannot be scrapped altogether.

There is, however, one more looming challenge. China is rapidly building a more consumer-oriented economy supported by massive urbanization and a rising middle-class. A more educated and affluent middle class is likely to demand more liberty and political representation sooner or later, especially in the age of internet connectivity, as the Jasmine Revolution has shown. Nevertheless, China's governance with broad-base support cannot be compared with the Middle East. For now, there is no sign of popular pressure on a national scale and any agitation or activism is being suppressed. But an evolving CPC may have to figure out how best to meet such rising aspirations in the future.

It seems that the CPC has so far broadly applied Jared Diamond's lessons of survival, adaptation and transformation beyond the realm of environment (*Collapse: How Societies Choose to Fail or Survive*, Penguin Books, 2006). More serious challenges are on the horizon to which the CPC may have to respond more wisely. As things stand, however, it is at least premature to assume that it can't, let alone to predict its eventual collapse.

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