

## China in period of transition

By Bunn Nagara



*Hostesses jump as they pose for a picture during the opening of the National Peoples Congress in Beijing on March 5, 2017. Chinas rubber-stamp congress opened on March 5 in an annual pageant of Communist-controlled democracy. / AFP PHOTO / FRED DUFOUR*

THE study of modern China is fraught with pitfalls. Among these are confusion and misunderstanding, either of the subject itself or of other people's perception of a scholar's views of it.

Part of the problem is that there are more perspectives of China than there are people studying it. An analyst is not limited to one view, since that can change as the subject is seen to change over time.

Among the most prominent of these is Dr David Shambaugh, Professor of Political Science and International Affairs at George Washington University and Director of the China Policy Program at the university's Elliott School of International Affairs.

By any standard, Shambaugh is one of the world's leading China specialists. Within China itself he has been rated the second-most important China specialist in the US, after David Lampton at the Johns Hopkins School of Advanced International Studies.

At an international conference in Berlin on a rising China a decade ago, Shambaugh and Jonathan Pollack were the two American China specialists who had been invited. And both were happy to be branded "panda huggers" (cheerleaders of a rising China) by China bashers back in the US.

I saw no China critics at the conference, which had the support of Germany's Defence Ministry; perhaps no known critics of China had been invited. It was before Beijing's "Belt and Road Initiative," and already Germany was signalling that it was ready and happy to do business with a rising China.

That was around the time Shambaugh published his highly rated book, *China's Communist Party: Atrophy and Adaptation*. To him, that point in time was a watershed moment for China -- and for him.

There have long been doomsayers among the China bashers, including those predicting its imminent collapse, and Shambaugh has never been one of them. But his disappointment with China's direction in the last decade or so puts him perilously close to them in the eyes of China's Communist Party apologists.

That is a pity, because such misperceptions and distortions do not help. If Shambaugh is right, his conditional criticisms of China's current governance can instead – given a more enlightened Beijing – be taken as valuable friendly advice to help the country perform optimally again.

For now, Shambaugh seems caught in the no-man's-land of being misunderstood in China and thus having to explain his nuanced reservations of the new China everywhere.

It is a tricky situation easy to fall into but extremely difficult to get out of. But his years as a “panda hugger” offer good credit and he has not been blacklisted by the Chinese authorities.

Clearly things have changed since 2008. But is it China or Shambaugh himself?

In a private conversation after a lecture in Kuala Lumpur on Friday organised jointly by the Institute of Diplomacy and Foreign Relations, University of Malaya and Universiti Kebangsaan Malaysia, Shambaugh recapped and expanded on the main points he had covered earlier. Excerpts:

### **Is it really endgame for China or the ruling Communist Party?**

Economic problems such as capital flight and especially ballooning debt in the last four years have been very serious. These are not traditional challenges but have developed recently.

In the last two years more people for the first time entered retirement than joined the workforce. Ending the one-child policy won't help in the next 20 years.

Some of these problems have been experienced by others before, such as the Newly Industrialising Economies. But in China's case the scale is much bigger.

### **For a time China was studying Singapore's development model hoping to emulate its success. What happened?**

China spent many years studying Singapore until about 2008 but it is not doing that anymore. The choice is between soft authoritarianism (as in Singapore) and hard authoritarianism, which is what Beijing has now.

China by now should be going for what Singapore has: a clean civil service, multiple political parties and candidates, greater tolerance for the media and civil society organisations.

I am more comfortable with issues of greater openness and tolerance than “democracy”. All countries including China have to find their own way.

### **The Carter Center had been instrumental in introducing democratic elections at village and provincial levels. How is that going now?**

From around 2012 the Carter Center had been told to stop that and focus instead on improving US-China relations. I was with (former President) Jimmy Carter in China recently.

Xi himself told Carter to work on bilateral relations. The Carter Center is now doing things like organising conferences.

### **What would China be like in 2050?**

That's too far in the future for me to forecast.

### **In 2030?**

It would have a US\$25-30 trillion economy, and Asia would probably be entirely within its orbit.

Its aggregate economy will still be strong. But don't anticipate China democratising.

**What does China need to return to its path of reform?**

Confidence that the party and society will hold together with continued reform, that life will go on.

It needs to get out of the zero-sum mentality of its leadership. It's a leadership decision that can be made anytime.

**What would happen to the rest of us if China fails?**

It will be the worst thing to happen to Asia. It's not desirable in the least: economic collapse, refugees, etc.

A survey had previously shown that many among the US public thought that China's economy had already surpassed the US'. How would the US elite themselves take it when it happens?

It's not just the elite, but everyone. Most people would probably just ignore it; many won't be too aware of it.

It would be a psychological adjustment for the US elites. But most Americans are confident and don't go to bed worrying about it.

**Can China really do much more than it has to pressure North Korea?**

Yes. It can bring enormous economic pressure to bear.

China can cut off energy and food supplies to North Korea. It can also act to stop trade and investment, even seal the border.

**China's assertiveness in the South China Sea has come at considerable cost to goodwill and trust. How else should it have acted in its own interests?**

It could have handled the disputes multilaterally rather than bilaterally. It should have participated in the Permanent Court of Arbitration hearing brought by the Philippines and even respected its ruling last year.

China could also have offered to use the halfway points from the baselines and to share the common spaces on the disputed territories.

**How do you see the future of Asean-China relations?**

It depends on the other claimant countries in Asean. So far they have not stood up for themselves.

Asean is not a coherent or unified organisation, so it has had limited success.

**And what of US-China relations and the relationship between Presidents Trump and Xi?**

Both countries have a very troubled relationship, which is fraught with real reasons: strategic, economic, diplomatic.

I hope Trump and Xi can get along well. Leaders matter, and they have struck a positive tone in their first meeting.

A problem is that Trump has put all his eggs (in his relationship with China) in one basket, North Korea, but China doesn't see the relationship in only that way.

*Bunn Nagara is a Senior Fellow at the Institute of Strategic and International Studies (ISIS) Malaysia.*