

# WHAT IF CHINA FAILS?

## The Case for Selective Failure

BY ROSS TERRILL

SEVEN DECADES AGO PRESIDENT CHIANG KAI-SHEK wrote in a preface to his wife's book *China Shall Rise Again*, "For the rebirth of a people certain factors are necessary. Of these one is that the people should go through a period of trials and tribulations." China had already endured a century of turmoil when Chiang wrote those words in 1941, but more was to come. In contemplating China's future, we should remember that its modern past includes numerous failures. The Chinese themselves certainly don't forget. For decades before the collapse of the Qing dynasty in 1911, China was beset by foreign encroachment and farmers' uprisings, and, after the establishment of the Chinese republic, it experienced the depredations of regional warlords, an invasion by Japan, civil war, the collapse of Chiang's regime in the late 1940s, and Mao Zedong's quarter-century of uneven rule (1949–76).

Initially, Mao cast his lot with the Soviet bloc, but the "everlasting" Sino-Soviet friendship evaporated within two decades. This was a failure. Emerging from Moscow's embrace in the mid-1960s, Mao announced a "rebirth." A Cultural Revolution denounced both imperialists (the United States) and back-sliding socialists (the Soviet Union) and promised the coming of Chinese-style revolution worldwide. But the global "countryside" (the Third World) did not "surround" the

global "cities" (the developed countries) as Mao had expected, and the Cultural Revolution flopped. Another failure. And another great relief for the West, as China sobered up after Maoism.

Beginning in 1978, Deng Xiaoping used the failure of Maoism as a springboard for replacing class struggle with economic development as China's top priority. Some in the West exaggerated the degree to which China was becoming capitalist, "just like us," and amenable to international arrangements made in its absence. We received a warning at Tiananmen Square in 1989 that Deng's politics were still Leninist, like Mao's. But soon the American hope in China kicked back into gear. It always does.

It may be that China will again face disappointment. Its economic resurgence could be just one link in a "growth chain that began with Japan," as Jonathan Anderson, the head of Asia Pacific Economics at the Swiss bank UBS, wrote a few years ago. That chain then lifted the Asian tigers, and now embraces China—but tomorrow may pass to the Indian subcontinent. Yet China's latest rebirth looks to be the most solidly grounded in its modern history. The question is where the new course steered by Deng, Jiang Zemin, and now Hu Jintao leads: Is China moving only to rescue itself from Maoism, or is it aiming also to wrench world leadership from the United States? Since Deng's death in 1997, its direction has been ambiguous.

Some observers, believing that Beijing's new course has already triumphed, urge American accommoda-

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What will tomorrow bring? Passersby appear to like what they see in a Shanghai architect's rendering of the city's future.

tion to China's coming dominance. Journalist Martin Jacques titled his recent book *When China Rules the World: The End of the Western World and the Birth of a New Global Order*. Columnist Fareed Zakaria detects a "post-American world." President Barack Obama himself favors a change from the United States as sole superpower to one among equals.

"If China can succeed in the next few years," former Clinton administration national security adviser Sandy Berger wrote in 2007, attacking President George W. Bush's "tough posturing" toward Beijing, "it will transform that country, Asia, and the world in ways that serve our long-term interests." Along the same lines, respected China specialists such as Kenneth Lieberthal and David M. Lampton, who are sanguine about President Hu's authoritarian China as the new centerpiece of Asia, make two assertions: that China's present course will continue, and that it is bet-

ter for the West if China flourishes. But China could stumble. And why not be relieved if, in certain endeavors, it does?

China's success or failure over the next 20 to 30 years will be revealed in four areas:

(1) The drive to achieve an ever higher standard of living for a populace still mostly poor, ranked 124th among nations in gross domestic product per capita by the World Bank.

(2) The preservation of the unity of the enormous, multinational territory of the People's Republic (almost double the size of the territory ruled by the Ming dynasty of 1368–1644 and far bigger than the China of the earlier Han and Tang dynasties).

(3) The ability of the Communist Party of China (CCP) to maintain its monopoly on political power.

(4) The effort to eclipse the United States in Asia and beyond.

In the first two of these areas, success is quite likely; in the last two, less likely.

What are the possible triggers of a setback that would affect China's performance in one or more of these areas? Most likely is a lengthy economic slowdown resulting from exhaustion of the Deng-Jiang-Hu model of development (cheap labor, high exports,

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piggy-backing on Western technology). Not only would China's confidence in its role on the world stage deflate, but the position of the CCP could be threatened. An economic slowdown of some sort is close to certain for China. It would not necessarily harm U.S. interests. Why welcome a China that leaves our ally Japan in the dust, a China rich enough to buy and sell its small neighbors, a China quarreling endlessly with the United States and the European Union over trade issues? Important political constituencies within the United States—labor on the left, business on the right—might be relieved to see China's annual growth rate cut in half, to four or five percent.

A second trigger could be social protest from below. Labor turmoil in Guangdong and other coastal provinces will probably grow as migrant workers seek wages more in line with their actual productivity. In the countryside, where 600 million Chinese still toil on farms, many people are angered by rigged village elections, arbitrary taxes and fees, and land grabs by local authorities seeking to make a quick yuan through development projects. Protests already erupt in both the cities and rural areas, but they are spontaneous and uncoordinated. If widespread city-village networking occurred, facilitated by the Internet and cell phones, China would be

in trouble, the more so should the economy stall and the party be split over what course of action to follow. National social protest interacting with one of these other threats is quite possible, but it could be forestalled by clever Beijing policies.

The third trigger for a setback could be the eruption of major trouble in the large western half of the People's Republic, which was historically not Chinese but inhabited by Uyghurs, Kazakhs, Mongols, Tibetans, and others. Especially problematic would be anti-government turmoil in the far western "autonomous" region of Xinjiang simul-

taneously with a pro-democracy surge in Hong Kong or, worse, a renewed independence push in Taiwan. Historically, China has feared facing Inner Asian and maritime challenges at the same time. The words of exiled Xinjiang leader Abdulhekim of the East Turkestan Center in Istanbul a few years ago must have sent a chill down Beijing spines: "If China attacks Taiwan at four o'clock in the morning," he said, "we will have an uprising at three."

But while Xinjiang is a tense place, resentful of Han (Chinese) rule, fracture of the semiempire is unlikely. Beijing has the capacity and the experience—if the CCP doesn't split over how to respond—to limit its damage to a few years and a bloody nose. In the process, however, Beijing would lose momentum in its current activist foreign policy—to the benefit of the United States.

A few countries might privately welcome China's social disruption or partial fragmentation. Historically, major neighbors Japan and Russia have taken advantage of turmoil or disunity in China; the United States is less well-placed to do so even if it wished. Chinese weakness has at different times enhanced the influence of Japan (from the 1890s to 1940s) and the Soviet Union (1920s to 1960s), on both occasions at high cost to the United States. Chaos would bring both loss and gain to America's friends in Asia. A trade slump and an influx of refugees from China would be a loss to much of Southeast Asia. But Chinese arro-



President Hu Jintao reviews an army unit in 2009. Assertive rumblings sometimes issue from Beijing, but its military lacks crucial capabilities.

gance toward smaller immediate neighbors—Vietnam, Cambodia, and Laos, among others—would be punctured. In the event of severe disruption, Washington would worry about the Chinese nuclear arsenal, of whose nature and whereabouts U.S. intelligence has incomplete knowledge.

A final trigger could be military conflict on one of the five flanks that China has to reckon with, more than any other great power: Southeast Asia, Northeast Asia, Central Asia, South Asia, and, to the north and west, Russia and Kazakhstan. But a major conflict seems very unlikely in the 30-year span that I take as manageable for looking ahead. Russia and Japan have every reason to avoid war with China. And Beijing has good reason to avoid war with the United States over Taiwan. With President Ma Ying-jeou in office in Taipei and President Obama in Washington, the Chinese

seem well placed to prepare the goose of Taiwan for the oven of unification simply by continuing their recent successful steps toward economic integration and freer travel across the Taiwan Strait.

But conflict abroad arising from tensions at home—economic slowdown, coordinated social protest, or party struggle—is another question. In Taipei, leaders have long been aware of the danger of some faction on the mainland stirring up the Taiwan issue to exploit, or divert attention from, domestic woes. Not out of the question is armed conflict arising from any one of a number of sources of tension, such as territorial disputes among several nations over the tiny, oil-rich Spratly and Paracel island groups in the South China Sea (on which President Obama is taking a belated stand by rejecting China's attempts to avoid multilateral negotiations). Grievances expressed in the Chinese

province of Inner Mongolia that prompt the adjoining independent Republic of Mongolia to make criticisms of China—rejected by Beijing as “interference”—are another danger. It is also possible that an uprising in Xinjiang would entangle one or more of the nearby Central Asian states toward which Moscow feels a paternal interest, or that turmoil in restive Tibet would push India to the boiling point over border issues.

War always has unintended consequences, but, to be hard-nosed about the matter, U.S. interests are unlikely to suffer if China gets into a conflict with Russia or even Japan. War in the Taiwan Strait, however, though increasingly unlikely, would be appalling for the United States and Japan, hardly less than for China. Similarly, military conflict in the South China Sea would be unwelcome.

**IT MAY BE GOOD for the West that China continue its economic progress, but not if it remains authoritarian.**

The United States should be neutral toward China’s economic and territorial evolution. It is probably good for the West that Beijing continue its economic progress, though not if it remains authoritarian decade after decade. To a degree, it is also in the West’s interest for China to avoid a return to its past disunity. That said, China is as likely to lose territory as it is to become larger by adding Taiwan and other “lost territories,” and the West should prefer the former to the latter. “One Mongolia,” for example, uniting China’s Inner Mongolia region with independent Mongolia, while unlikely, would not be against U.S. interests, nor would Xinjiang becoming a separate country or part of an existing Turkic country to its west.

**I**f the prospects for continuing Chinese economic growth and unity are reasonably bright, China’s prospects with respect to the two other gauges of success or failure are not. The CCP will be hard

pressed to retain its monopoly on political power for another 30 years, and Beijing is certain to fail in edging aside the United States. Moreover, in these two areas U.S. interests favor Chinese failure.

A few years ago, the Party School of the Central Committee in Beijing asked me to compare the country’s recent reforms with those of the late Qing dynasty in the 1880s. The issue on my hosts’ minds was intriguing: When does reform steady a system, and when does it undermine it? The Qing failed to change, belatedly tried to reform, and quickly crumbled. Meiji Japan reformed itself at roughly the same time, and to this day Japan retains its monarchy. My young Party School interlocutors were quite aware that contradictions between the nature of China’s political system and the post-Mao reforms could

resemble the late Qing contradictions. They candidly compared the loss of faith in the Confucian worldview in the late 19th century with the loss of faith in Marxism in China after Mao died.

At Harvard and the Council on Foreign Relations, and in prominent U.S. and European newspaper columns, awe at China sweeps aside doubts that are vivid to the young CCP elite. Historian Niall Ferguson walked “along the Bund in Shanghai” and suddenly realized “that we are living through the end of 500 years of Western ascendancy.” Journalist Orville Schell felt “an unmistakable sense of energy and optimism in the air” while in China, “bittersweet for an American pondering why the regenerative powers of his own country have gone missing.”

Such premature declarations of China’s success seem to have influenced public opinion. A recent *Wall Street Journal*/NBC poll found that more Americans expect China to be the world’s leading nation 20 years from now than expect the United States to be. Columnist Nicholas Kristof, a fan of the Chinese education system, told his *New York Times* readers, “One reason China is likely to overtake the United States as the world’s most important country in this century is that China puts more effort into

building human capital than we do.” He may be right about the larger contest—a century’s a long time—but, while waiting, one marvels at why millions of Chinese and other young people around the world are foolish enough to seek student visas to study on American campuses.

“Chinese people are educated to be the same,” complained a savvy Shanghai fashion designer to *The Washington Post*, adding “that’s a problem.” It is, and as long as that trait persists, and the oxygen of intellectual freedom lacks, Chinese higher education will not match ours. Maybe it’s no accident that no Chinese has won a Nobel Prize without first leaving China.

The theoretical problem for China’s authoritarian state is that the rationale for paternalistic communist rule is disappearing. One rationale for Leninist rule

was to allocate resources; the market increasingly does this in China. A second was to be the guardian of truth; yet official doctrine can be disregarded by most Chinese much of the time. Young Chinese yawn when a party congress rolls around. The practical problem is that the muscle power of China’s economy and civil society grows by the month, seemingly at the expense of the party. A showdown could give China a more just and sustainable political system. Or it could lead to chaos.

The CCP’s monopoly on power might end in various ways. The CCP could drop “Communist” from its name and become the China Party or the China National Party. Such a result would fulfill the hope of Hu Jintao for a “harmonious society,” just as Nikita Khrushchev hoped for “a state of the whole people,” signaling an end to class struggle in the Soviet Union.





Last year, anti-Chinese riots by Muslims in Xinjiang left a woman in anguish and scores dead. It was China's worst ethnic violence in decades.

In this clever transition—which eluded Khrushchev—some kind of one-party state might continue for some time, with freedom and democracy perhaps advancing a little. But Hu's “harmonious society,” like any consensus crafted from above, offers less long-term stability than a society in which interests clash openly in an atmosphere of free competition of ideas.

Alternatively, the CCP could split over a crisis, with non-Leninists winning out and forming a social-democratic party that takes power in Beijing. This would be a major victory for freedom and democracy. Other possibilities, such as a military takeover, are less likely.

A freer China is not guaranteed after the end of the CCP's monopoly on power, but such a China would undoubtedly be in the interest of the United States. There would come better access to China for U.S. products, genuine cultural exchanges, as well as reduced tensions over human rights, the Internet, and many other issues. Washington folk complain at times about the political ways of Japan, Germany,

and South Korea, but in these democracies elections function as a safety valve that makes for ultimate stability. China does not have such a safety valve, and as long as the CCP remains in power, it will not. The failure of the CCP, if it led to a freer China, should please Americans.

Finally, there is the question of China's geopolitical ambitions. Are the Chinese “catching up” or positioning themselves to be the “indispensable power” in Asia? Some Western observers see Beijing well on the way to joining the “international community.” Others see China seeking a return to its past imperial primacy in Asia, when Korea, Vietnam, and even Japan paid tribute to the Chinese court. We can see hints of Beijing's long-range strategy before our eyes.

China urges an “East Asian community” that would exclude the United States. It quickly befriends any country in Asia, Africa, or Latin America whose poor relations with Washington give Beijing an opportunity to aid and trade, especially countries whose oil fuels the U.S. economy. China has devel-

oped ballistic and cruise missile forces and diesel and nuclear submarines aimed at canceling the U.S. military presence in the East and South China seas, the Taiwan Strait area in particular. It denies Washington even observer status in the Shanghai Cooperation Organization, which links Beijing and Moscow to the Central Asian countries in a mutual security pact. The Chinese navy has announced a “far sea defense” strategy to justify activity in the Middle East and across the Pacific, a departure from China’s longstanding strategy of devoting itself to coastal defense. These are formidable steps.

Yet so far Beijing has often acted with prudence. It knows that China’s prospects of success or failure depend heavily on whether the United States is determined to stay number one; a provoked America would be as tough to challenge as a supreme America. Beijing will go beyond “catching up” if and when it is able to do so. Call it Hegemony by Available Opportunity.

For decades Beijing has been keenly focused on U.S. power, checking how far China is behind the United States, assessing what it would take to catch up, and recruiting other powers to help it resist the United States. The 1991 Persian Gulf War, for example, led the Chinese military to reappraise American power upward and postpone hegemonic hopes. The Chinese Communists are very conscious of this putative contest with the United States, though Americans (beyond the Pentagon) are not. Chinese look out their windows and see one great mountain, the United States, plus several big hills (Japan, the EU, Russia). Most Americans look out their windows and see multiple hills, one of which is China.

“Decline is a choice,” the columnist Charles Krauthammer wrote, and some hand-wringing American intellectuals have chosen it with regrettable haste. They are agitated at American assertiveness abroad, yet they nonchalantly report that China is taking over the world. They ignore the likelihood that by being a shrinking violet, the United States

would simply hand the future to China. Others on the left, happily not dominant in the Obama administration, embrace decline because they don’t believe the United States is morally fit to be the world’s sole superpower.

Some declinists nudge world leadership on a bemused China. Asked by *The New York Times* about China’s rise, a Chinese assistant foreign minister replied, “If you say we are a big power, then we are.” Declinists of all stripes are united in failing to grap-

## BY BEING A SHRINKING violet, the United States would simply hand the future to China.

ple with the simple fact that a Pax Sinica designed to replace Pax Americana would not work. America’s world leadership derives not only from its economic weight—which remains vastly greater than China’s—but from additional strengths that China lacks.

Most obviously, despite Beijing’s ambitious military buildup, the People’s Liberation Army doesn’t have the ability to project power far from home. China also lacks a magnetic message for the world that could replace the American brew of democracy, free markets, pop culture, a near universal language, and innovation. Beijing’s model of authoritarian-led prosperity may prove useful for minor Third World countries, but Chinese nationalism is empty of answers for most of the non-Chinese world. Similarly, Chinese culture remains impermeable, clumsy in give-and-take with other cultures. Extraordinary numbers of Chinese workers and engineers now work at sites in the Middle East, Latin America, and Africa, but they live largely in isolation from their host societies. Last year, on the 60th birthday of the People’s Republic of China, Hu Jintao said, “Today a socialist China is standing toweringly in the Eastern world.” Yet, especially in East Asia, Chinese domination would be a very hard sell.

A tacit East Asia security system exists, and only

its unusual character has prevented full recognition of its achievements. It consists of the United States as a hub with spokes out to Japan, South Korea, Australia, Taiwan, Thailand, the Philippines, and other countries. Its unstated function is to hold Japan and China in balance.

Since the 1970s, Washington has had businesslike or better dealings with both Tokyo and Beijing, and these two have had fruitful intercourse with each other. This is no mean achievement. It would be canceled by a China that “succeeded” in the sense of eclipsing the United States and keeping it out of security arrangements for East Asia. All benefits of the tacit balance in the region would be at risk. Japan-China tensions would sharpen overnight. Japan might spread its wings, to the dismay of some Asians. Voices in Australia would say that China must replace the United States as the regional gatekeeper. Small countries close to China would simply throw in the towel.

The desirable policy to keep the current balance in East Asia and peacefully stave off a Pax Sinica is twofold. First, burnish America’s East Asia alliances so that Beijing has no illusions about the strength and loyalties of Japan, South Korea, and Australia, nor about the sentiments of other U.S. friends, including India, Indonesia, Thailand, the Philippines, Singapore, and Vietnam. Since money and trade talk, too, the pending free-trade agreement with South Korea is urgent, and Obama should not shackle American multinationals in Asia with the new taxes he is seeking. Second, speak up for freedom and democracy and do not hesitate to assert them as American values. These two policies would keep pressure on Beijing not to reach for hegemony.

Unfortunately, President Obama has lapsed from this twofold policy. He declines to distinguish democracies from authoritarian governments; all have an equal chair at Obama’s table. Last November he welcomed “the rise of a strong, prosperous China” as a “source of strength for the community of nations.” Unlike his predecessor, George W. Bush, he did not say a “free” or “democratic” China. But there is a world of difference between China as an unfree superpower and China as a democratic superpower. Obama

ducked the issue. Ironically, so far he has won less cooperation from Beijing than did the “cowboy” Bush.

**H**istorically, Americans have been slow to meet a foreign challenge but relentless once uncoiled. Ask those Japanese who remember the 1940s. Ask the British (who thought us slow in 1940) or the Germans (who subsequently experienced American might). For many years—since Tiananmen Square, actually—Gallup polls have found most Americans to have a “very unfavorable” or “mostly unfavorable” view of China. The Chicago Council on Global Affairs has found Americans increasingly negative toward China with each survey since 2004.

There are wise heads in Beijing who understand the latent power of American nationalism and other dangers facing a Chinese rush to the top. They urge their leaders to stick with Deng’s maxim of “hide our strength and bide our time.” These cautious folk in well-connected think tanks and even government ministries do not believe the public mantra that the United States is “holding China back.” Rather, they see clearly that the United States is a force fueling China’s rebirth—by buying Chinese exports and supplying technology for Chinese industry, among many other ways.

The undulation of national success and failure in the 20th century was spectacular—Russia, Germany, and Japan all rose and fell—and is unlikely to be replicated soon. With globalization, failure for a major nation can hardly be total because many countries would see it in their interest to forestall that outcome. But, also because of globalization, a new world hegemon is hardly possible in the dramatic, “fill the vacuum” sense of the United States’ post-1945 ascendancy.

I hope for a measured rise of China that balances economic growth with political freedom; that takes pains to achieve give-and-take between China’s singular culture and other Asian and world cultures; that appreciates the 21st-century world as an interlocked whole with little virgin space for a new hegemon to plant the flag; that restrains its militant generals in the People’s Liberation Army and rejects hyper-nationalism; and that is cautious about its apparent looming triumph because the United States is more resilient than believed by eager Chinese nationalists and the United States’ own pessimists. ■