

CHINA'S LEADERSHIP TRANSITION

“China has stood up!” proclaimed Mao Tse-tung from the ramparts of Tiananmen Square on 1 October 1949, at the conclusion of the Chinese Revolution. Today, observers confidently predict that within this decade, China will have the largest share of the global economy and outstrip the United States. The speed of China’s economic transformation has been unmatched in global history. At the end of this year, a leadership change is expected, as Xi Jinping and Li Keqiang replace Hu Jintao and Wen Jiabao in a generational change. The world naturally awaits its impact, given the recent history of tempestuous political change within China.

After the Cultural Revolution convulsed China, the steady hand of Chou En-lai and the subsequent reforms of Deng Xiaoping not only restored stability but also by 1978, placed China on the road to being a ‘socialist country with a market economy.’ This resulted in a dramatic surge, with China’s economy developing at double-digit growth rates over three decades to raise over 300 million people above the poverty line and become the world’s second-largest economy. The global financial meltdown of 2008/09 triggered by the secondary-mortgage crisis in the US did imperil China’s considerable US Dollar investments and slowed its growth to less than the annual average of 10 per cent.

Nevertheless, with some signs of the global economy recovering, it seems likely that China’s economic prosperity and growth will continue, perhaps at a less dramatic rate than before. There seems little doubt that the next generation of China’s leaders will want to continue the economic policies of the recent past, if at all fine-tuning them



to respond to periodic changes in global trends while firmly resisting US pressure for a revaluation of the yuan. The pressures will come more from those who feel excluded from the economic boom in the rural underdeveloped areas in the west of the country. China’s leaders are aware of this soft underbelly and are moving towards developing these regions.

A crucial factor is the degree to which China deals with internal political pressures for the self-determination of Tibet and other predominantly non-Han areas like Xinjiang. Additionally, pressures for democracy and human rights will determine its future political stability. Will there be, for instance, another Tiananmen Square incident? Another Cultural Revolution with violent repercussions in China’s foreign policy can be ruled out because it began as a clash between two perceptions of the future course of the Chinese revolution with a power struggle between Mao and Liu Shaoqi and Deng Xiaoping. There is no evidence of the same ideological polarisation within the Chinese Communist Party or outside it. The purge of the

Bo Xilai and the prosecution of his wife are an indication of the firm control exercised by the Communist Party Central Committee.

Moreover, the spread of material benefits from China’s economic growth has created too many vested interests. At the same time, the desire for more political power by the economically empowered will demand changes faster than China’s leaders and its Communist Party would like to concede. That may cause strains and some upheavals, but the strong autocratic nature of the Chinese state will prevent any major upheavals. Strong national pride in the united and rising China after the humiliation of the 19th and early 20th century remains a glue that bonds the Chinese people against perceived national threats. Thus, nationalist demonstrations are quickly assembled, whether against alleged Japanese militarism or US ‘aggression.’

Autonomous regions like Tibet and the Muslim-dominated Xinjiang pose threats of secession. China’s policies here too are sufficiently managed so as to prevent a major change. The eventual passing away of the Dalai Lama may reduce the

vigour of the Tibetan independence movement. An implosion such as that which occurred in the former USSR is unlikely in China. This is of course closely connected to the Taiwan issue and China’s jealous safeguarding of its territorial integrity. The one possible cause for China to be provoked is if there is a deliberate attempt to create an independent Taiwan supported by the West or US exploitation of disputes over the ownership of islands and waters in the South China Sea.

Natural disasters are another scenario that must be considered, especially in a vast country like China where earthquakes have caused great damage throughout history. Here too, the careful attention paid to the prediction of earthquakes and advances in disaster preparedness and disaster recovery will ensure that total chaos will not result following a natural disaster in China. Past experience has led to greater controls on standards regarding buildings, while flood-control measures have made rivers no longer the ‘sorrow of China.’ The possible outbreak of pandemics and the ability of the Chinese authorities to control them, safeguarding the health of

Jayantha Dhanapala predicts the emergence of a multi-polar world in which Asia's largest economy will play a pivotal role



its population and preventing panic must also be considered. If past experience is a guide, China has learnt from recent outbreaks of avian flu and SARS – and it is better equipped to cope, especially with the help of the WHO and the international community.

The Geneva-based World Economic Forum (WEF) – in its *China and the World: Scenarios to 2025*, published in 2006 – identified two critical questions: Can China implement internal reforms to further its development? How will China's relationship with the rest of the world affect its development and shape the global context?

The first question is relevant. The WEF response is that this depends on the following factors: the intent and ability of China's leaders to sustain the implementation of decisions



made; the economic-policy choices made, including the degree of liberalisation and openness; the extent to which social stability can be maintained and popular expectations managed; the reaction of other global actors to China's rise; and the broader geopolitical situation. On this basis, the assessment is that three scenarios will emerge, as follows.

STRONG REGIONAL TIES

Where China's export-led growth is hampered by protectionism in the West, forcing it to turn to the Asian region to provide the motor for its trade and investment, and to support it on a path of reform and economic development. While economic growth will not be dramatic, this Asian orientation will help overcome historical enmities and the eventual creation of an Asian Economic Region. Sri Lanka will obviously stand to benefit from this. Domestically, it will lead to strong one-party leadership, and the maintenance of social stability and cohesion.

UNFULFILLED PROMISES

Where promises made to the Chinese people in terms of inclusive economic develop-

ment are not met and reforms are not pushed forward because of corruption, vested interests and for fear of social unrest. This will undermine economic growth, widen disparities, heighten security concerns, curtail innovation and lead to tighter controls. This is the worst scenario of the three; but even under these conditions, there can be no deterioration of Sino-Sri Lankan relations, except that China's propensity to trade and provide aid to Sri Lanka will decline.

THE NEW SILK ROAD This is the best scenario, with China flourishing economically and culturally, and a peaceful integration of the country geopolitically. Exports expand, foreign-investment flows help create jobs and a confident Government presses ahead with reforms, addressing problems with state-owned enterprises such as corruption, the environment and the rule of law.

Engagement with the world is closer, with participation in peacekeeping and conflict resolution. The middle class grows, and democracy and civil liberties begin to improve.

Finally, there is the global



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scenario where today's sole surviving superpower (the US) will have to yield its position to a more multi-polar world with the EU, Russia, China, India, Brazil, Japan and South Africa emerging as great powers economically and politically. This could be consistent with China's 'peaceful rise,' as it is integrated into the global system. On the other hand, if the US' support for Taiwan's independence or Tibetan secession becomes assertive, China's hostile reaction will almost certainly result in conflict, which will be long-drawn-out and could escalate into nuclear war.

This latter scenario is probably a wild card, unless an extreme right-wing president assumes power in the US or a fierce nationalist leadership is in charge of a China that is contracting economically under protectionist pressures from the West.

The wise words of Henry Kissinger, a seasoned observer of China in modern times, are a more significant pointer to the future – "American exceptionalism is missionary. It holds that the United States has an obligation to spread its values to every part of the world. China's exceptionalism is cultural. China does not proselytise; it does not claim that its contemporary institutions are relevant outside China."

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