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Strategic Challenges of Declining International Power for Democracies in a Hostile Cyber World: The Case of China¹

Nigel Inkster²

Introduction

China's emergence as a global superpower has been the result of a unique conjunction of circumstances. China, a country with a strong sense of national and cultural identity, ruthlessly prioritised economic development after coming out of the chaos of the Cultural Revolution. It was able to ride the wave of globalisation that followed the collapse of the Soviet Union and leverage the benefits of a large, disciplined, aspirational and relatively well-educated labour force to establish China as the world's workshop. This arrangement initially seemed to operate to the West's advantage. Western producers were able substantially to reduce their costs by relocating manufacturing to China. Western consumers benefitted from cheap and accessible consumer goods which contributed to the period from 1998 to 2008 described by former Bank of England Governor Mervyn King as the NICE – non- inflationary, consistently expansionary- decade.³ China invested much of its new-found export wealth in US treasury bonds thereby giving the US government access to a seemingly inexhaustible supply of cheap money – which inter alia enabled it to finance foreign wars without having to increase taxation. Little attention was initially paid to the downside: a hollowing out of US manufacturing industry and the social dislocation to which it gave rise. Or the risk that, as China sought to move up the value chain to break free of a middle-income trap, it would increasingly challenge the West's domination of hi-tech and hi-value sectors.

A key factor in China's economic development had been accession to the World Trade Organisation in 2001. The presumption underpinning US support for this was that China would move away from state corporatism towards an economy dominated by the private sector. But

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³ King: "Nice" decade is behind us, Sam Fleming, *This Is MONEY.co.uk*, 15 May 2008.

<http://thisismoney.co.uk/money/news/article-1631321/King-Nice-decade-is-behind-us.html>

the Chinese government has made clear that the SOEs will remain a mainstay of the Chinese economy with all that implies in terms of state subsidies and other non-competitive practices including non-tariff barriers to foreign competition and Party oversight of private sector corporations. China's leadership remains committed to a fundamentally different economic model from that of the western liberal democracies.

At the same time an assumption that as China prospered and a middle class grew, so the pressures for political liberalisation would increase, has at least for now proven illusory. Marxism-Leninism, a system which had seemed comprehensively discredited following the collapse of the Soviet Union, has reasserted itself and has ironically been cemented by the very ICT systems western thinkers had initially believed would be lethal for such an ideology. China's leadership, which has more than once flirted with political liberalisation, has now determined that only the Chinese Communist Party can deliver the China Dream of becoming a rich and powerful nation, a due date for the achievement of which has now been set for 2049. As Xi Jinping stated in his work report to the 19th Party Congress "North, south, east, west, the Party controls everything."⁴ China's model of socialism with Chinese characteristics for the new era (sic) is now being presented as a superior alternative to the western post-war economic, political and social model. This message has resonance in the developing world.

Implications

Psychologists define the five stages of bereavement as denial, anger, bargaining, depression and acceptance while emphasising that those responses do not necessarily manifest in that order. At present the West seems to be somewhere between denial and anger about China's emergence as a peer competitor though with the emphasis tending increasingly towards anger. In some policy quarters there is a perception that the West has been "played" by a China that, while appearing to be a status quo actor in order to secure access to western markets and technology, has always had its own secret agenda. The extreme manifestation of this analysis is perhaps represented by Michael Pillsbury's book *The Hundred-Year Marathon* which argues that China is working through a long-established strategy to replace the USA as global hegemon by 2049 and has sought to allay western concerns by constantly dissembling.

⁴ Full text of Xi Jinping's report at 19th CPC National Congress, [xinhuanet.com](http://www.xinhuanet.com), 30/11/2017, http://www.xinhuanet.com/english/special/2017/11/03/c_136725942.htm

Pillsbury's contention can never be proven one way or the other, though he makes a powerful case based on a deep knowledge of the country. If one examines China's often stuttering progress towards modernisation, and the number of near misses entailed – something Xi Jinping has emphasised in his discourse on China's need to seize the initiative now⁵– this suggests at least some degree of improvisation along the way but does not take away from the overall objective. For some years China's leadership has talked of the country being in a period of strategic opportunity.

China's current behaviour is perhaps best characterised as 'strategic opportunism.' Some of the major inflection points in China's progress towards modernisation in the late 20th and early 21st centuries have been responses to developments in the West. Notable examples include the First Gulf War which revealed how technologically backward the PLA had become and catalysed a major military modernisation effort; the rapid and wholesale adoption of ICTs once their potential had become apparent; and the rejection of the Washington Consensus in the wake of the 2008 financial crisis. The latter perhaps did more than anything to convince China's leadership that Western theories of economy and governance were no longer fit for purpose. More recently the US decision not to participate in the Trans-Pacific Trade Partnership (TPP) and a reduction in US focus in Africa and Latin America have presented China with unexpected but welcome opportunities to expand their influence in these regions. At the same time China has sought to expand its influence in South and Central Asia and Eastern Europe through its One Belt One Road (OBOR) initiative, a blatantly self-serving attempt to extend its geo-political reach and to protect itself against economic sanctions and supply chain discontinuities.⁶

Little is served by engaging in counter-factual analysis. But if only in the hope of discouraging another "who lost China?" witch-hunt, it is perhaps worth asking whether the USA and its western allies could realistically have adopted any posture towards China other than that which they did. In the context of the Cold War, the Nixon-Kissinger rapprochement made perfect sense. China was simply not a strategic adversary in the same way that the Soviet Union clearly was and any move that had the effect of containing and isolating the latter had strategic value. Assisting China's economic development was a necessary concomitant of that strategic decision. In the absence of an overtly hostile Chinese posture it is questionable

⁵ Jinjin zhuazhu da you ke wei de lishi jiyu qi, Xuan Yan, People's Daily, 15 January 2018, <http://opinion.people.com.cn/n1/2018/0115/c1003-29763759.html>

⁶ For an analysis of the strategic implication of OBOR see Globalisation and Chinese Grand Strategy, Aaron L. Friedberg, Survival Vol.60 Number 1, February-March 2018 pp 7-40.

whether it would have been morally acceptable for the USA and its allies to deny one-fifth of humanity the opportunity for economic advancement once China's own leaders had abandoned the disastrous policies preventing this. Western leaders may have convinced themselves that political liberalisation would result from this process but there was never any explicit agreement on such a quid pro quo. And the western entrepreneurs seduced, as in 19th century Britain, by the mirage that "if every Chinaman (sic) bought one woollen vest, the mills of Lancashire would never stop turning" into making China their manufacturing base would be well advised to recall that, in the business world, the prevailing ethos is *caveat emptor*.

China Is Different: Get Over It

For the West managing a resurgent China was always going to be difficult because China's historical and cultural evolution is in many key ways so different. For most of the past two thousand years China has seen itself as a separate, unique and by definition superior civilisation that was to varying degrees emulated both by the states on its periphery and by the nomadic tribes which periodically invaded and set up their own dynasties. China experienced periods of cosmopolitanism, notably during the early Tang but in periods of political stress tended to turn in on itself and reject outside influences. With the exception of the 15th century naval expeditions of Zheng He, the Thrice-Precious eunuch admiral, China was studiously incurious about civilisations beyond its periphery. In the 18th century, Europe's mania for chinoiserie gave rise to a massive export market in ceramics and fabrics. It never occurred to China's rulers to find out anything about the people whose demand was contributing so much to the Chinese economy- and its foreign policy amounted to no more than a border-management policy.

The result of this is that, as the current Chinese regime acknowledges, China missed its opportunity to achieve an industrial revolution and was unprepared to deal with technologically superior western nations when they forced access to the Chinese market in the mid-19th century. This experience, now referred to as the Century of Humiliation has taught China some profound lessons about the need to establish and maintain technical and military superiority over potential competitors, and about the need, referred to in the Confucian Classic of Change – *Yijing*, always to be alert to the possibility of unpleasant surprise. This approach that sits well with the Leninist mindset of China's current leaders.

Another key ingredient in China's cultural and political DNA has been the experience of the Warring States period before China became a unitary state under the first (and only) Qin

emperor. The search for effective governance that would provide the security and social stability so manifestly lacking in this era was the main preoccupation of the Chinese thinkers who thrived at about the same time as their Athenian counterparts. Two main schools emerged: Confucianism which took a benevolent view of humanity, emphasised the importance of morality, good personal conduct and self-improvement and believed in a natural hierarchy; and Legalism which took the view that the only way to impose order on society was through the fear induced by harsh punishment and rigid social control. Confucianism won out as the official state ideology but Legalist ideas continued to lurk, not always in the background. For Confucius the ideal end-state was the Great Unity – datong- in which mankind lived in harmony with itself and with nature. Confucianism gave rise to the concept of the Mandate of Heaven - tian ming- whereby an effective ruler was so only because he enjoyed Heaven’s blessing (heaven in this context meaning more the natural order of the universe than the dwelling of an anthropomorphic deity which Confucians didn’t really believe in). On the face of it, the Confucian ideal was benevolent. But it encouraged a culture of social conformity with severe penalties for those whose conduct was seen as violating social norms. And in contrast to Western Enlightenment thinking, there was never any concept of seeking to constrain the power of an absolute ruler or to assert the rights of individuals over those of the collective.

Culturally and intellectually China has been on a roller-coaster ride for the last 150 years. Responses to the incursions of a technologically superior foreign civilisation gave rise to a range of responses, from doubling down on traditional culture through to a wholesale rejection of Confucian values. The advent of Communism in 1949 appeared in many ways antithetical to Chinese cultural traditions, many of which were comprehensively trashed in the 1950 and 1960s. In recent years the Chinese Communist Party has begun quite skilfully to cherry-pick elements of traditional Chinese culture and to meld them with a very Chinese interpretation of Marxist theory⁷ under the direction of Xi Jinping’s intellectual amanuensis Wang Huning, recently elevated to the Politburo Standing Committee. During a visit to the USA in the 1990s, Wang was horrified by what he perceived as America’s unbridled individualism, which he described in a book entitled “America Against Itself – Meiguo fandui Meiguo” and determined that China should never go down that route.

His thinking has meshed with that of Xi Jinping who has unabashedly asserted China’s rejection of Western values in favour of a system more suited to “China’s historical experience

⁷ Chinese culture and soft power, Nigel Inkster, IISS Voices 27 March 2018.

and actual situation.” This approach may seem cynical but it is in some senses coherent with traditional Chinese attitudes to justice and morality and with an intellectual tradition in which theory amounts to a retrospective justification of practice. Such an approach is of course first and foremost designed to enable the retention of political power which for China’s Leninist leaders, steeped in a mindset of conspiracy and aware that they lack true political legitimacy, remains their overriding objective. To ensure that power, they recognise that they will have to meet the rising material expectations of China’s population and to complete the task of national reunification by recovering control of Taiwan.

Conclusion

We can expect to see an ever more assertive China determined to defend its core interests, demanding respect and recognition of its system as equal, if not superior, to western liberal democracy and willing to use a combination of economic and military muscle, combined with soft and “sharp” power to pursue its ends. A key element of this will be the use of ICTs to exercise domestic control but also increasingly to act extraterritorially to suppress criticism and “incorrect” ideas. As China races to achieve a globally dominant position in a variety of other advanced technologies including AI, quantum encryption and computing, bio-technology and space research, its ability to shape global systems and the global debate seems set to grow. This process will be uneven as China periodically overplays its hand and then has to undertake tactical retreats. The Chinese position that western liberal democracy and the economics of the Washington Consensus are past their ‘sell-by’ date will continue to appeal to many developing states. China will seek to occupy any ground it perceives the West is ceding; call into question the West’s reputation for competence and delivery; where possible build parallel institutions to undermine those established by the West; and advocate for a “community of common destiny.” The latter is code for a world order that reflects and privileges the Chinese Communist Party’s interests and values. As US sinologist Elizabeth Economy has put it, China aspires to be Singapore at home and the USA abroad.⁸

⁸ *The Third Revolution: Xi Jinping and the New Chinese State*, Elizabeth C. Economy, Oxford University Press 2018.