Trying to Read the New ‘Assertive’ China Right

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SUMMARY

- In a pragmatic attempt to maintain their hold on power, China’s leaders have replaced a tightly controlled ideological system with one based on an amalgam of ideas ranging from nationalism to Confucianism.

- The confusion caused by this is exacerbated by the factional jostling in the Chinese Communist Party. The resulting lack of clarity about ‘what China is’ leads outsiders to interpret the country’s actions either as signs of increasing assertiveness and aggression or of internal weakness.

- China’s unclear narrative leads it into apparently contradictory actions and positions. It claims to champion developing countries but expects to be treated as one of the major powers. It joins multilateral organizations but is unyielding on its national interests. It speaks of its harmonious rise but flexes its military muscle. It wants to be seen as a strong country but plays on its history of victimization.

- As a result, China is widely viewed as incomprehensible and is distrusted. This causes it to react defensively, setting in motion a vicious circle of mistrust. To overcome this, external actors should look beyond the political rhetoric of the Chinese elite and focus on China’s actions.
INTRODUCTION

For all the analysis and research that has emerged on China, the country remains an enigma. Beyond the opaque political system, this can be largely attributed to the fact that China is in many ways highly contradictory. There are a number of reasons for this:

- It is still a developing country by many measures, and yet owing to the size of its GDP and phenomenal rate of economic growth it plays in the league of developed countries.

- It continues to advocate socialism in name but arguably has strong capitalistic characteristics in form.

- It is an important member of all major international organizations (including the World Trade Organization, International Monetary Fund (IMF), World Bank, G20, Nuclear Suppliers Group), yet is a strong ally to what are perceived in mainstream international politics as peripheral rogue states (e.g. Burma, North Korea and Iran).

- Despite predictions at the end of the Cold War that China would go the same way as the Soviet Union, the Chinese Communist Party (CCP) has proved it is highly adaptable and has done an admirable job of survival so far. China has defied expectations and achieved unprecedented economic growth under a one-party regime, putting forth what some argue is an alternative model of development.

- For all this, China is still wounded by history and has politically manipulated that history to emphasize its role as a victim. But at the same time, it has demonstrated its confidence to use its newfound clout and power.

The world is now confronted by a China that is outwardly assertive, confident and powerful, but an inwardly confusing country that emphasizes its internal problems and how they need to be prioritized above anything else. The unconventional development path that China has taken has resulted in conflicting characteristics. Consequently, there is no preceding example that exactly matches its characteristics to help predict its future development. All scenarios as to how it might evolve are conceivable.
This paper examines how China’s projection of itself interplays with the way it is viewed by other countries. We argue that the leadership of the CCP, in view of the complex issues it faces, does not have a coherent vision of what the country is going to be beyond its rhetoric about China being a strong and prosperous nation. Rather, whatever vision it seems to articulate is a chain of action and reaction to the populace, and to evolving changes domestically and in the international arena. In the short term, engaging with China is not going to get any easier while this soul-searching continues. The guiding paradigm for external actors should be to focus less on China’s political rhetoric and inconsistent narrative, and to concentrate on what can be objectively assessed about China’s pattern of behaviour in recent decades. At the same time, there is an added level of complexity because of the fundamental lack of elite consensus within China on how it needs to proceed and what its identity is. External actors need to explore ways of feeding into that debate to achieve a stable, modernizing and cooperative China. Dealing with an unstable, weak and even more confused country would, in many ways, be much harder.
A DISCORDANT NARRATIVE

In the three decades since Deng Xiaoping uttered the famous words ‘To get rich is glorious’, China has not looked back. While Marxism is still widely advocated in political rhetoric and a compulsory subject in schools, the CCP has attempted to skirt the incongruity in ideology and sea-change in strategy by labelling the economy ‘Socialism with Chinese characteristics’ and enshrining it in the constitution. China frequently looks like a wholly capitalist society, rather than a socialist one. According to the latest United Nations Human Development Report, between 2000 and 2007, only 1.9% of public spending was on health and another 1.9% on education.¹ There is no national pension scheme, and indeed no pension benefits are given to the 750 million farmers in the country. China’s current ideology could just as easily be named ‘Capitalism with Chinese characteristics’. There has been a noteworthy revival in Confucianism in recent years and some analysts have argued that this serves primarily to fill the void left by what is perceived as the exit of Communism.² While it is constantly emphasized domestically, and used as a symbol of Chinese cultural outreach (witness the proliferation of Confucius Institutes worldwide), there is no meaningful exploration of what constitutes Confucianism beyond the nebulous theme of ‘harmony’. Ironically, the CCP, in the early decades of its existence, clamped down hard on Confucianism, viewing it as feudal. There were vigorous anti-Confucian campaigns in the Cultural Revolution from 1966 to 1976. Yet now the party is seemingly embracing it. This implies that the CCP’s current strategy is arguably driven more by necessity than by ideology.

In addition to ideological confusion, China has consistently juxtaposed a victim mentality with the image of a strong country. It portrays itself in official discourse as a victim of history, defined by a century of humiliation starting from the Opium Wars of 1839–41 and 1859–61. It also tries to play the role of a developing country marginalized by Western developed countries, needing concessions because its domestic interests outweigh its global responsibilities. Yet for a country that purports to be weak and constantly emphasizes its harmonious rise, China put on an ostentatious display of military prowess during its 2009 National Day. It has also been increasingly assertive on its territorial rights and rejected multilateral approaches to resolving these problems.

There are several reasons for China’s vague narrative. First, it can be largely attributed to the curious phenomenon in which the people fear the party but the party also fears the people. Censorship remains strong and dissidents are routinely questioned and held without trial. There is an underlying awareness among the people of where the out-of-bounds markers lie. Control stems from fear and more tellingly a lack of confidence. Since the Tiananmen student protests in 1989, the CCP has been very careful not to allow any sparks that might start a full-scale revolt. However, with a large and complex population, this proves a formidable challenge. According to China’s Public Security Ministry, there were 87,000 protests (or what the government labels ‘mass incidents’) in 2005, up from just 10,000 in 1995. It is believed that there are now more than 100,000 ‘mass incidents’ annually. These protests usually stem from disgruntlement with corruption, environmental degradation and associated health hazards, and land resettlement. The CCP has tried to deal with the mounting discontent partly by directing the angst toward ‘external enemies’, but this has sometimes backfired. For instance, the October 2010 protests against Japan’s detention of the captain of a Chinese vessel morphed from being anti-Japanese to being anti-government in reaction to what the protesters felt was an insufficiently strong response by China. To placate the populace, the government had to escalate the conflict into a full-scale diplomatic incident.

Second, China’s political rhetoric needs to pander to both domestic and foreign audiences. The CCP needs to reassure its domestic audience that it is the best institution to ensure sustained economic growth, territorial integrity and domestic stability. It also needs to convince the West that China is still a developing country not ready to shoulder or equal global responsibilities, and that revaluing the yuan will be disastrous for both China and the world. China also needs to reassure its increasingly wary neighbours of its benign rise to ward off containment. These multiple requirements are not always compatible with each other and feed the discordant narrative.

Third, there is bickering among the ruling elites owing to increasingly disparate agendas within it, and the lack of a common ideology to bind it together. Recent leaders have fallen short of Deng Xiaoping who had a reformist vision and mapped China’s way to achieve it, winning out against his opponents in the party. There are now competing factions, which analysts have divided into populists and elitists, without sufficiently strong leadership to manage the differences. While the populists are in support of addressing the

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widening income-inequality gap though channelling development to poorer regions and putting in place social safety nets, the elitists (mostly ‘princelings’ of political pedigree) are in favour of pushing for accelerated economic growth and stronger links to the global economy, and are more concerned with the welfare of the middle class. These strong divides on social and economic views have given China an inconsistent identity.

Fourth, there are inherent challenges in leading a population of 1.3 billion that is extremely diverse. The guiding socio-political-economic ideology needs to be defined enough to guide the people and make them feel affiliated to the party and country, and yet also sufficiently vague and malleable for them to appropriate and interpret it to suit their individual needs. This is largely why the CCP has chosen to continue with the legacy of leaders such as Mao and Deng with their successful succinct ideologies. However, Jiang Zemin’s ‘Three Represents’ and Hu Jintao’s ‘Scientific Development Concept’, introduced in 2002 and 2007 respectively, are equivocal and ambiguous at best, and do not resonate strongly with the Chinese population.
CHINA’S BEHAVIOUR IN THE LAST DECADE

The facts that are known about China are that:

- It is well on its way to being a middle-income country;
- It is in the transitional phase to a new leadership;
- It has an increasingly restive population;
- Corruption is a major problem, and
- Monopolizing its hold on power is a top priority for the CCP, which is unwilling to cede any political space to potential opponents.

External policy-makers in their engagement with China need to factor these issues into their thinking.

Policies toward its neighbours

China has 14 land neighbours and eight sea neighbours. China’s size and its rapid growth make a frightening combination for its neighbours. This is exacerbated by the historical baggage of wars, memories of the tributary system of China and unresolved territorial disputes (e.g. over the Spratly and Paracel islands). In 2003, as part of the political rhetoric on a ‘harmonious rise’, China mounted a charm offensive with its ‘prosperity, security, harmony’ policy to placate its wary Association of South East Asian Nation (ASEAN) neighbours. Then State Councillor Tang Jiaxuan emphasized that China could be an engine of growth for the region and would never lapse into activities that ‘bully’ or ‘worry’ its neighbours. But China’s actions have indicated otherwise. It is clear that it is not willing to compromise on being the most dominant country in the region and is unyielding on its territorial ‘rights’, insisting on bilateral negotiations and not multilateral ones to avoid encirclement. Foreign Minister Yang Jiechi’s defensive behaviour at the ASEAN Regional Forum in Hanoi in July 2010 during discussions of maritime issues in the South China Sea and his subsequent statement that it was a

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premeditated diplomatic ‘attack’ are indicative of such behaviour.\(^5\) Japan’s detention in September and October 2010 of a Chinese captain whose trawler collided with Japanese patrol vessels was escalated into the worst diplomatic incident between the two countries in years, with China cutting off ministerial-level contact between them. The fact that this happened one year after former Japanese Prime Minister Yukio Hatoyama had felt that relations had stabilized sufficiently to propose the idea of an East Asian Community highlights the underlying volatility that continues to characterize China’s relationships with its neighbours.

**Trade**

Trade is a bone of contention with many countries, owing to their large trade deficit with China. It spans complex and sensitive issues such as currency valuation, supply of precious earth metals, dumping and intellectual property rights. China is acutely aware that it needs to move away from an export-dependent mode of development, undergo structural diversification and stimulate domestic consumer demand, but it is having problems making the transition. When China first joined the World Trade Organization (WTO) in 2001, hopes were high that market access would improve for foreign companies but few inroads have been made into China’s domestic market. The government, at provincial and national level, has been surprisingly adept at protecting its key strategic industries. This reflects the country’s growing confidence as it has not made any significant concessions in trade despite strong outside pressure. China has steadfastly refused any drastic appreciation of its currency, presenting its interests as equal to those of the United States. It remains reluctant to liberalize trade and investment regimes, and it has continued to protect its domestic service industries from meaningful foreign competition. It has yet to accede to the WTO Agreement on Government Procurement and has successfully banded together with developing countries to offset pressure to do so.

China’s behaviour regarding rare earth metals is especially telling. It supplies 97% of global demand for these metals and has made good use of this trump card, gradually decreasing its supply of rare earth metals. In July 2010 it reduced its export of these metals by 40%, causing world prices to increase sharply. Control of the supply of rare earths means that China can also control their processing and use in finished goods, which would be consistent

with a broader effort to move up the supply chain and drive its manufacturers from low- to high-value goods. Although high prices have triggered the search for alternative suppliers, owing to the high costs and complexities of mining these metals, China would probably be able to manipulate the market for the next 10 years. More importantly, this shows China’s single-minded desire for economic progress even at the expense of international opinion – yet another sign of its growing confidence.

**International responsibility**

Since former US Deputy Secretary of State Robert Zoellick called for China to be a ‘responsible stakeholder’ in 2005, its international role has been under increasing scrutiny. It frequently undercuts Western sanctions against certain states by offering them condition-free economic deals. Its relations with the regimes in Iran, Burma and North Korea in particular, and its strategic use of these relations as leverage to bargain for side payments from the United States and Europe have often been criticized by Western governments. However, in general China is arguably more non-participative than disruptive in multilateral frameworks. From the inception of the United Nations Security Council until 2008, China exercised its veto only six times, whereas the United States, United Kingdom and France have exercised their vetoes 82, 32 and 18 times respectively. China has not vetoed any action against Iran so far, while the United States has blocked more than 30 UN resolutions against Israel. Iran has strategically framed the nuclear issue as bullying by the developed countries in the UN, and China is caught in an uncomfortable position as a champion of developing countries that requires their support to band against pressures from the West.

China’s huge investments in Latin America and Africa are frequently seen as tacit support for dictatorships in some countries in return for resources and economic gains. It should be noted that China’s relationships with countries in these regions are built on a history of loyalty and support. It established diplomatic relations with Sudan in 1959, for example. These developing countries successfully supported China’s membership of the UN in 1971 and have regularly blocked actions on its human right records. As a latecomer to the game, China is also venturing into these areas as they are not under the sphere of influence of the United States. While China’s insistence on non-interference in domestic affairs smacks of convenient rhetoric, it is likely that
its historical experience does give it a different understanding of sovereignty. It was a country that was forced to open its doors to trade by Great Britain in the 19th century and had a tumultuous history of defending its territorial boundaries. It is still party to territorial disputes (two outstanding border disputes with India, and a number of maritime boundary disputes) and pressures for secession (Tibet and Xinjiang remain two of the most sensitive and long-standing issues), and thus leans toward an absolute notion of sovereignty. It views international organizations with suspicion as it thinks they are Western-dominated and biased toward Western interests. However, the overhaul of the IMF voting and governance structure in late 2010 has made China among the top 10 shareholders. Therefore, for the future, China needs to understand that it cannot demand greater international influence without accepting the accompanying international responsibility.

Although the government in Beijing is clearly focused on economic development, and has based much of its legitimacy on this, there is an emerging broader agenda as a result of China’s international profile, increased confidence, better understanding of international organizations and strong economic growth that led to greater resources and influence at its disposal. For instance, China is increasingly involved in peacekeeping operations. Currently, it has more troops and police deployed on UN missions than the United States, Russia and Britain combined. However, it contributes only 3.94% of the UN peacekeeping budget, compared with 27.17% from the United States, 12.53% from Japan and 8.02% from Germany. China recently trained soldiers from Afghanistan and Iraq in mine-clearing at the People’s Liberation Army’s University of Science and Technology in Nanjing, and it has expressed interest in helping to train Afghan police. While it used to participate in peacekeeping operations only under the purview of the UN, China conducted its first independent operation in 2009 when it despatched one of its largest surface ships for anti-piracy patrols off Somalia. It should be encouraged to continue in this direction.

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**Environment**

China is now the largest producer of carbon emissions (though still lagging behind the United States in terms of per capita levels), the largest importer of thermal coal and the second largest importer of crude oil. It is also among the top producers of green technology, and is currently the largest maker of wind turbines and solar panels. The Copenhagen Summit in December 2009 was confirmation that the most important decision-makers on environmental policies are China and the United States. Without concessions from the two largest emitters, little progress on combating climate change is possible or likely. Post-summit, there was a lot of finger-pointing at China, especially from the United Kingdom and the Maldives, which accused China of sabotaging the negotiations. A Chinese government paper that was subsequently leaked revealed that the primary goal of China’s negotiators was not to ruin the summit, but to reject a deal from rich nations that would put too much of a burden on China and other developing countries.\(^9\)

The report also accused the United States of sowing discord among developing countries, undermining their unity. China’s primary concern was to resist a rich-nation ‘conspiracy’ to abandon the Kyoto Protocol and with it the legal distinction between rich nations, which must cut carbon emissions, and developing nations, for which action is not compulsory. The Copenhagen Summit was fully indicative of China’s continued penchant for conspiracy strategies, victim mentality, fears of being bullied by developed countries, and a general defensive stance in a world that it views as dangerous and unfriendly.

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ENGAGING CHINA

China surpassed Japan as the world's second largest economy in early 2010 and the size of its economy is four times larger than it was in 1978. It overtook the United States in 2009 as the biggest automobile market and Germany as the largest exporter. It is one of the five remaining countries where a Communist party has a monopoly on power, and is by far the strongest of these. Regardless of whether China succeeds or fails in its bid to become one of the major powers of the coming century, it will have a profound influence on the world in multiple ways. Currently, we are witnessing yet another sensitive transition moment in China’s history as it feels its way around while figuring out a way forward. External actors need to explore ways of feeding into the raging internal debates to achieve a stable, modernizing and cooperative China.

Contrary to earlier expectations, co-opting China into international organizations has not proved effective in inducting it into global norms. In fact it has offered a platform for China to project its own norms and standards and to band together with developing countries for a stronger front. While China’s growing wealth has not made it a more responsible global stakeholder, it has given it the confidence to stand its ground and go its own way. In emulation of other regional organizations, China has created the Shanghai Cooperation Organization to project its sphere of influence in the strategic and volatile region of Central Asia. China has gained greater voting rights in the International Monetary Fund. Its growing influence in international organizations should not be alarming as it is proportionate to its growing economic power. However, there needs to be greater focus on getting China to understand and commit to the fact that with greater power come particular burdens and responsibilities, risks and costs.

With growing wealth and power, China also has greater fears and insecurities resulting from mounting pressures and expectations, both domestically and in the international arena. Just as China needs to reassure other countries of its intentions, China needs to be reassured by other countries of their intentions. From China’s point of view, the West has never had positive sentiments towards it. When it was poor and weak, from the late Qing period after 1840 to the end of the Republican period in 1949, it was seen as inferior; now that it is growing strong, it is perceived as a threat. China’s defensive stance on many issues is partly a result of this strong historical memory. This stance in turn feeds the negative perceptions of China abroad, setting in motion a vicious circle. Negative perceptions and actions taken against China also help to feed the CCP’s political rhetoric on the ‘external enemies’ who are ‘out to
keep China down’. There is an urgent need for greater confidence-building measures, positive ways of influencing China and more platforms to foster mutual understanding.

The increased pace of globalization and the information revolution has offered more channels for engaging China and greater opportunities for Track II diplomacy. These have taken the form of exchanges and joint research projects between academic institutions and think-tanks, and dialogues between businesses and chambers of commerce. Such engagement should be broadened and deepened. Although there are theoretically no Chinese non-governmental organizations, as every organization in China is legally required to have a parent ministry, there are definitely signs of an emerging civil society. This is evident in the sharp increase in the number of aid organizations spearheaded by civilians in the wake of natural disasters in recent years. The official reaction to the award of the Nobel Prize for Peace to imprisoned dissident Liu Xiaobo in October 2010 (which the CCP again tried to paint as victimization of China), and public support for the subsequent petition submitted by former officials of the Propaganda Department, are also indicative of the people’s demand for self-expression and personal freedom.

As a subtle recognition of these desires, the CCP has been paying greater lip service to possible reform. Wen Jiabao used the term in several speeches and surprised many with his ‘candid’ interview with Fareed Zakaria on CNN during the Asia-Europe Meeting in Brussels in October 2010. However, the 16th Plenary Session of the Fifth CPC Central Committee, held only a few days earlier, turned out to be anti-climactic, with no concrete changes and only the vaguest hints at the need for deeper political reform, a reminder yet again of the long road that lies ahead for reform in China.
CONCLUSIONS

China is undergoing a profound reorientation. It is beset by challenges in its structures of governance, in the rebalancing of its economy, and in the shift away from simply producing GDP growth and productivity to better-quality economic growth. It faces issues of how to build something that remotely corresponds to what the government has called a ‘harmonious society’.

A senior official in Beijing in August 2010 noted the importance of a new kind of social contract between elites in the party and other influential groups in society, from those engaged in business to those working in civil society and the media. With almost half a billion Internet users and burgeoning media, information control is becoming more challenging in the PRC. The two final great areas of real control for the CCP are its hold over the military and its control of information. These are likely to become more difficult as Chinese society transits towards true middle-income status in the years ahead. Governance will become more complex, with greater public expectations, and increasing possibility of public anger when things go wrong. High growth rates, while sustainable in the short to medium term, will necessarily start to fall by the end of the decade. People’s expectations will become more complex, as they do in any society, and the rhetoric of the party will be exposed to even deeper scrutiny. Assertions of ideological unity will not be enough. The communist party elites will have to engage more deeply with the complex, varied society around them. The narrative they are able to provide will be critical.

Part of this narrative will be the continued claim that the CCP alone can provide the necessary conditions for a strong, stable and increasingly prosperous country. This has been the party’s great trump card. When it came to power, China was fractured by internal conflict, had a population with an average life expectancy of only 35 years, had a destroyed economy and was recovering from one of the worst wars in history. The CCP can say that its main claim to legitimacy is to have unified the country and then placed it on the road to economic might. The key challenge now is to refine a message about the next stage of China’s development, as it grows into a full market economy and sees civil society, the rule of law and intellectual development change its population in profound ways that may be difficult to predict.

For those engaging with China, this means that there needs to be a clear understanding of what these internal challenges will mean to the country as it faces outwards. In this critical period, with a new elite leadership taking the
reins in 2012, its focus will be on internal developments. The CCP cannot let economic growth be compromised by its engagement with the outside world – and it will have to be seen to assert what it sees as its legitimate interests, in the face of a population that is increasingly keen for China to be recognized as a force in the world. The stance that has been taken until now – that China is a weak, poor developing country – is no longer tenable when, in so many areas, it stands in global pole position. But its diplomatic experience is relatively limited and it has yet to craft an external narrative, communicating its vision of world order to its key international partners.

The outside world needs to be engaged with this process of change as much as it can. The most sensitive part of this will be constructive engagement in China’s own reform process. Despite the history of distrust and misunderstanding, it is important to find ways that enable these challenges to be seen as spaces where outsiders can be helpful partners. The benign view of China’s continuing march towards global dominance needs to be replaced by a more nuanced and informed perception of its great, complex transition. China must be seen as it is, and as its people see it, rather than as others would like it to be. The history of over-optimistic or over-pessimistic evaluations of what China is and where it is going has to be replaced by a more balanced and realistic understanding of the country. That will raise the chances that China will become a stable force in the world – a status it has been moving towards for many decades and that it now has a good chance of reaching.

10 Interview, Beijing, August 2010.
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