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China's Future

David Shambaugh (Polity Press, Cambridge, UK, 2015)

(Pages 203 + xvi, price not indicated)

Predicting China's future has become a cottage industry among international affairs specialists; readers, lay and specialist, have become avid consumers of the offerings. China-watchers are today joined by all manner of observer-authors, with a rising output curve. Some works stand out by virtue of the scholar's reputation and past body of work. David Shambaugh new book is one such.

The author poses a question in the preface: '...whether political democratization must accompany economic modernization'. Anyone interested in China's future evolution in the international system must consider this. In an elegant, concise book of barely 170 pages Shambaugh, offers us trenchant thoughts; we might disagree, but we cannot ignore a thesis that is marked by 'simplicity on the other side of complexity', in the memorable words of Oliver Wendell Holmes.

Shambaugh's central argument is that China faces four possible futures, which he calls 'pathways' in the development of what he calls is its current hard authoritarianism policy. *Neo-Totalitarianism*, rather like what emerged in 1989-92, is a conceptual possibility; if the current path does not deliver result, and the system retreats into greater rigidity; an to that outcome might be revolt. *Hard Authoritarianism*, continuation of the current path, is the easiest option; that would place China in a 'trapped transition' (a term coined by Minxin Pei, cited frequently in the book). *Soft Authoritarianism* would represent a return to the period 1998-2008, with loose societal controls, also opening the door to political reform; the author considers this an unlikely outcome. *Semi-Democracy* would bear a strong resemblance to what is for him the Singapore model; it is 'not inconceivable' that China might move in that direction, if it reaches reform limits and the country remains in a 'trapped transition' (pp. 2-6).

The subsequent chapters consider how the future may play out in terms of the economy, society, polity and foreign affairs, judged against these four alternative futures. In each he provides a summary survey of the current dominant elements and then poses the likely prospects against his four scenarios. The section on the economy (Chapter 2) considers three GDP growth projections: 'optimistic' calculation sets the annual growth at 7% for the years 2020-30; a 'realistic' prediction is 6%, while a 'low-end' projection sets likely growth at only 1% (p. 33); the last one seems an extreme view. The financial system is an Achilles heel, and Shambaugh concludes: 'Economic success is not attainable absent significant political loosening and...across-the-board loosening of controls by the state on society...The Party leadership is too insecure to take the necessary decisions...the

regime and system will be in a progressive state of atrophy, decay and decline over time.’ (pp. 53-4).

The author’s comprehensive examination of China’s society (Chapter 3) notes the huge transformation that has taken place, including the changing class composition, rising inequality as measured through the Gini coefficient, besides the challenges facing the education system, and environment issues. Shambaugh concludes: ‘Thus on balance, without political liberalization (Soft Authoritarianism or Semi-democracy) Chinese society is only going to become more and more unstable and unpredictable... given the deep-seated frustrations existing across society, it will trigger horizontal ripple effects across the country’ (p. 97).

Chinese polity is analyzed in synopsis form (Chapter 4), with the period 1985 to 2015 viewed against the author’s four governance categories; the different phases end with Hard Authoritarianism as has been implemented in 2009-15. The CCP has viewed events in other authoritarian countries, under their particular regimes, through the prism of the ‘color revolutions’ they have undergone. ‘Since 1989 they have lived under the paranoia and fear of being overthrown from within and subverted from without’ (pp. 107-8). After examining the sequence of events of the past 25 years, Shambaugh once again goes through his four pathways, concluding: ‘I would estimate that Hard Authoritarianism will prevail until the Party Congress in 2017.’ After that, chances of a return to Soft Authoritarianism will rise, but it may not prevail, in which case secular stagnation will prevail, (p.136).

In the final Chapter 5 Shambaugh asks if China, sharing land frontiers with 14 countries and maritime borders with many more, is going to be a benign neighbor, or insular and self-occupied, or a threatening big power? He examines the full circle of China’s neighborhood, commencing with the Korean peninsula and ending with Russia, not leaving out two further constituencies, Europe and the developing world. In South Asia, India maintains ‘a modicum of normalcy’ in ties with China, but there reside ‘deep anxieties and fears’, militarily and geopolitically (p. 140). ‘Thus, all around the periphery, China’s relationships are a combination of the sweet and sour, but are increasingly souring...a secular trend that will continue over the next decade and beyond’ (p. 144). The author observes that money is the most important tool in its diplomacy kit; we may ask if that might change at a time of economic slowdown? Huge figures are announced, but not everything materializes; Shambaugh reports that out of almost \$30 billion promised to Indonesia in the past decade, only 7% has been delivered.

China’s relationship with the Global South comes in for close attention. Shambaugh estimates China’s foreign aid at a mere \$3 billion per year, but the definition of aid is increasingly problematic, since all manner of credits, conditional loans and training facilities also have to be factored in. More important is the estimate that OBOR project to rebuild neighborhood, plus Eurasian and maritime connections, (which the author rightly labels as part of ‘an

alternative and parallel global institutional architecture to the post-War Western order’), and other actions, involve Big Money. China has committed investments of \$250 billion in Latin America and \$1.25 trillion in the Asia-Pacific. Yet, expansion in its commercial presence has led to a drop-off in favorable ratings in those countries. He observes that being a global power means not everyone is going to love you (pp.161-6).

For Shambaugh, China shows hubris and an excess of nationalism. US-China discord and competition have increased, becoming a new normal, which the author views as ‘natural and predictable’. Yet he justifies his assessment of China as a ‘partial power’, presented in an earlier book *China Goes Global* (2013); even while it lags greatly behind the US, it is perceived as a great power. Nixon’s 1972 opening was predicated on the premise that a more prosperous China would be more liberal, act within the West-determined international system, and be a ‘status quo’ power, which simply has not happened; contestation between the two has sharpened.

Shambaugh concludes at the very end: ‘The possibility of war involving China is the Black Swan event waiting to happen. I assess the possibility to be a lot higher than many would estimate, especially if triggered by a small-scale military encounter between China and one of its neighbors and/or the United States... strategic stations are already high and rising in East Asia, and they *all* relate to China’ (p.172). The author’s two hard pathways can make China’s foreign relations worse; it is only Soft Authoritarianism or Semi-democracy that could make them better.

Analyzing China one can cherry-pick one’s facts to argue a case to suit a preference. We can present the same facts to a group of scholars and they will produce varying scenarios. The complexity of weaving a path through what appears to be contradictory data and one-sided information, in a maze of opacity, adds to the difficulty. What counts is the rigor with which a line of argument can be sustained. On such a test, Shambaugh does fairly well. But some will ask, is he too pessimistic?

In a succinct introduction Shambaugh touches on the professional pitfalls in prognostication, adding that scholars should be vigilant against ‘self-censorship or intimidation from the Chinese government, or the blind acceptance of fashionable propaganda narratives and slogans used by the Chinese authorities to describe their policies.’ (p. xv). This is not a new challenge. One can imagine an office in Beijing in the CCP Secretariat, or possibly in the State Council, where the writings, and lectures given in China by foreign scholars are tracked. Beijing has always been adept, even manipulative, in dealing with foreign scholars. This is one of the real challenges in studying China, and as Shambaugh suggests, colors some of the analysis. Caveat emptor.

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