The Chinese Sickness

Arthur Waldron

The strange synergy between Chinese misrepresentations of reality and the Western desire to believe those misrepresentations takes many forms, but for the latest example one need look no farther than the still-uncontrolled epidemic in China of the viral illness abbreviated as SARS. The misrepresentations began last November, or possibly before, when Chinese officials became aware of this hitherto unknown disease and the death toll it was exacting. For fully six months—the crucial period during which an epidemic may be contained, or may spread out of control—Beijing responded with secrecy, denial, and cover-up. And for exactly that long, the denial worked.

Then, on April 20, the government put on a show of coming clean. Some officials were reassigned, the World Health Organization (WHO) was allowed in, and new statistics about the number of cases were published, larger by a factor of ten than their predecessors. But soon it became clear that the new candor was partial at best. WHO officials complained about a continuing lack of information concerning numbers and locations of patients, especially within the huge Chinese military, even as an estimated two million people fled from infected areas to the countryside and as Beijing Central Television showed soldiers parading by, rank after rank, assault rifles across their chests, singing "We shall certainly defeat SARS"—as if military action had some role in disease control. On May 23, Beijing finally stated that the total so far was 5,285 cases confirmed in China, 1,714 suspected, and 303 deaths. Meanwhile, SARS was demonstrating its tenacity by spreading in Taiwan and reappearing in Singapore and Canada—three countries possessing incomparably better public-health services than China.

In the case of any other country than China, surely, Western commentators would early on have recognized a crisis of potentially mammoth proportions, and raised an appropriate alarm. But in this case, the response was largely muted, and, when the scare became real, even Pollyannish. Indeed, both the *New York Times* and the *Washington Post* published news stories seeking in some way to portray the epidemic in China as, if not in fact a positive good, at least the source of potential benefit, an occasion for genuine reform. Not only had the crisis set "a new standard of public disclosure," went a typical mid-May dispatch in the *Times*, but, thanks to it, "some party thinkers" were seeing an opportunity to put into place a number of "long-discussed proposals to allow a modest increase in press freedom, improve public oversight of officials, and promote more democracy inside the ruling party."

By late May, it was clear that such hopes were

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themselves misplaced. The party was controlling information about the virus more closely than ever, and as for political change, SARS was not bringing it. "Mary Poppins journalism," was the memorable phrase used by the Washington-based newsletter *China Weekly Fax Bulletin* to dismiss the reports in Western papers. It was an apt characterization. When it comes to dealing with China, many people both in the media and in the policy-making circles of government, not to mention in business, seem to have convinced themselves that a spoonful of sugar is all you need to help the medicine go down.

The syndrome is not new; nor is it specific to China. But it is particularly dangerous today. China is an immense country, containing hundreds of thousands of potential refugees and enough guns, ambitious politicians, and frustrated citizens to feed a gigantic domestic conflict. Happy stories about economic growth and liberalization notwithstanding, China has problems—serious problems—with its people, its economy, its environment, and its neighbors. These would be difficult to resolve under any regime; the current regime not only fails to resolve them, it exacerbates them.

Much the same could have been said about the Soviet Union in its final two decades. Indeed, it *was* said, although mostly by Soviet dissident writers whose works were ignored by the Western academic and government establishment. It took the Chernobyl disaster to shake some experts from their complacency, and it may be that the SARS crisis will yet do the same for some China experts today. But the precedents are not encouraging.

With the USSR, the Western establishment snoozed while the local dissidents predicted crisis and collapse. When collapse came, governments everywhere were stunned into paralysis; then, when they finally did begin to act, it was not to facilitate change but—as in the famous "Chicken Kiev" speech of the first President Bush—to plead for it to stop. Today, as a similar crisis of governance brews in China, Western political establishments are if anything even less aware and less prepared than they were in the Soviet case. Nor can we necessarily count on the Chinese leadership suddenly to produce a constellation of Gorbachevs and Yakovlevs and Yeltsins.

Luckily, for anyone wishing to be informed, there is no dearth of useful and illuminating work being done. China now faces two distinct, but linked, sets of problems. One set begins at home, where the economy is doing far less well than most people recognize while political, social, and even comprehensive economic reforms remain absent. The second set, converging from abroad, comprises the ever-mounting reactions of China's neighbors to its relentless military buildup and its bullying behavior. For the domestic situation, a new book by Ross Terrill, *The New Chinese Empire*, is a particularly insightful guide.* For the international context, Robyn Lim's *The Geopolitics of East Asia* is no less helpful.†

Since his first visit to China in 1964, Terrill, who divides his time between Harvard and the University of Texas, has proved himself a conscientious scholar as well as a prolific writer, his talents ranging from travel reportage (initially highly favorable to China), to biography (of both Mao and his wife), to political analysis. *The New Chinese Empire* may be his most interesting book yet.

Terrill begins with reflections on what he calls the "power and peculiarity" of the Chinese state. These two words, power and peculiarity, pretty well capture the features that render China today both an exception to nearly every international pattern and, at the same time, vulnerable to seemingly hairline fissures that may (in Terrill's well-considered judgment) bring the entire edifice crashing down.

The state whose capital is Beijing is one of the last "party-states" in the world, in the sense that it is run not by the visible government but by a secret, self-perpetuating, and ideologically defined party. (Even the People's Liberation Army reports to the party, not the government.) Furthermore, the People's Republic of China is, as Terrill writes, "the last remaining major multicultural empire." With the ethnic Chinese in charge, Beijing holds Tibet in thrall just as, before it, Moscow held Estonia, Latvia, and Lithuania. In the West, Beijing rules the Uighurs, "a Turkic people alien to Chinese culture who preceded the [Chinese] in what is now the 'autonomous area' of Xinjiang."

Can it last? Communism is now thoroughly discredited in China, but the party will not let go of the state. The empire is growing ever more difficult to hold; fully a million Chinese troops occupy Xinjiang, writes Terrill, yet resistance continues. No one in the West wants China to explode or collapse—"stability" is the word on most lips—but most scenarios for change are unrealistic in the extreme. Terrill quotes former President Bill Clinton in 1988:

> "What I would like to see is the present government, headed by this president and this pre-

* *The New Chinese Empire: And What It Means for the United States.* Basic, 384 pp., $30.00.

† *The Geopolitics of East Asia: The Search for Equilibrium.* RoutledgeCurzon, 198 pp., $80.00.

mier [Jiang Zemin and Zhu Rongji, respectively], who are clearly committed to reform, ride the wave of change and take China fully into the 21st century."

The trouble, as Terrill richly documents, is that China's leaders have not been and are not now true reformers, in the sense that even Mikhail Gorbachev, for example, was a reformer (albeit still a believing Communist). Jiang Zemin, with his seemingly endless tenure in office, his vanity, and his proclivity for vacuous sloganeering as the storm clouds gather, is (Terrill points out) much more like Leonid Brezhnev. Can one, then, count on China's alleged economic miracle to pull it through?

Until SARS came along, most people thought so, and most people also thought that the miracle was real. Even today, if you throw a brick on Wall Street you will probably hit someone in a banker's suit who genuinely believes that China has been growing at a record pace and will continue to do so—indeed, that it is likely to become the motor for Asian and even world development. Over the past twenty years, such people, and their counterparts in Hong Kong and Taiwan, have poured roughly $450 billion in direct investment into China.

What return they will get on this investment remains to be seen, however. Money is made in China by shipping components there to be processed for re-export. With its immense pool of skilled labor, no nonsense about workers' rights or unions, and a police force willing to crack heads, coastal China is an ideal "platform" for foreign business. Nevertheless, China's world trade, which today stands at a little over $250 billion per year, is only a little greater as a percentage of world trade than what it was in the 1920's (though of course much bigger in absolute terms than it was in 1960). Fully half of that figure, moreover, is accounted for by businesses in which foreigners have ownership. While, for Chinese workers, jobs in such processing industries are undoubtedly better than urban unemployment or rural poverty, the sector lacks what economists call backward and forward linkages. The rising tide lifts only the coast.

With the foreign-run sector removed from the picture, the rest of China's economy looks distinctly unhealthy. As Terrill observes, private enterprise is everywhere discouraged, and the state sector, which operates largely at a loss and is shrinking in its share of the economy, continues to grow in absolute size in a way that threatens everything else.

A symptom of the underlying malaise is that those Chinese whose incomes are rising prefer to put their money in state banks (the only kind there is) rather than to buy things. There are two reasons for this: prices in certain areas are falling, which leads people to wait for a better buy, and many of the goods being produced are not anything anyone wants to buy. (Visit any of the vast state-run Chinese Product emporiums and you will see many idle employees, heaps of carpets and well-stocked shelves, and an almost complete lack of customers.) Failure to sell means that state enterprises lose money; to avoid bankruptcy, the state forces its banks to make irrecoverable loans to its enterprises, which are thus enabled to produce even more things that no one wants to buy. The result, long noted by some specialists, is that China's banks are in fact insolvent while the state sector continues to waste the precious capital the banks pour into it.

Terrill's analysis is usefully complemented here by other findings. According to Thomas Rawski of the University of Pittsburgh, at least since 1998 the Chinese government has been both falsifying statistics and taking heroic stimulative measures in order to maintain an illusion of growth, crucial for both domestic and foreign confidence. In addition to instructing state banks to lend money to state enterprises, the government itself has begun borrowing in order to finance "development" projects that, as long as they are being worked on, count as positive contributions to the national product. Few of these projects make sense economically: as in Japan (whose problems are similar to China's but less pressing because the Japanese have so much more money to waste), they tend to be things like government buildings, tunnels, and unneeded airports and rail lines. In China, unlike in Japan, the results are usually shoddy, and are aptly dubbed *dofu char*: building with the dregs from the manufacture of soybean cakes. Cracks in the Three Gorges ("Great China") dam, a flagship state project, have so far defied all efforts at repair.

Of course it is true that private commerce and entrepreneurship are developing in China, particularly in the south, and even in the teeth of state policies intended to maintain control of the economy. And everyone also knows that real private enterprise, free capital markets, genuine banks, and so forth are the only institutions capable of lifting China's economy and providing work for its people. But for political reasons the government is intent on preventing these institutions from achieving full reality. Terrill quotes the Chinese-born economist Huang Yasheng, now at Harvard: "It matters greatly whether the Chinese government believes in capitalism, or whether it just wants to play around on the fringes." Terrill himself has no doubt on this score—Beijing, he writes, "merely seeks to use capitalism for authoritarian purpose"—and I think he is correct.

On the subject of the economy, Terrill adds still more worrisome details. One concerns the poverty and stagnation of the countryside. Farmers today are effectively outside the world of the party-state: the government provides few services, leaving them to eke out wretched livings on their own or migrate to the wealthier coast, there to provide cheap labor and a growing reservoir of discontent. Then there is the ecological crisis: polluted and increasingly scarce water, air increasingly unfit to breathe. And corruption: pervasive from top to bottom, the worst by far in China's long history. In one carefully staged arrest, the mayor of Shenyang (Mukden), the capital of Liaoning province and a center of heavy industry, was found to be in possession of gold bars worth $6 million. (His salary amounted to $3,500 a year.) This is hardly evidence of a government "clearly committed," in the words of the hapless Clinton, "to reform."

No less off-target was the former President's call for the indefinite continuation of rule by Jiang and Zhu. In this connection, Terrill rightly lays stress on a basic and enduring irony: while an American President is free to express his opinion on the matter of who should rule China, no one has ever asked the Chinese *their* opinion. Not only are there no elections; there is not even a systematized autocracy. In the entire history of the People's Republic, no political succession has ever been carried out according to the mechanisms prescribed by party rules. All such turnovers—to install Deng Xiaoping, to oust Zhao Ziyang, to impose Jiang Zemin—have depended ultimately on military intervention; only in the recent partial shift from Jiang to Hu Jintao have we so far failed to see actual violence.

Can *this* continue forever? And if not, can China, as Clinton and many others suggest, somehow just muddle its way from dictatorship to democracy? Terrill puts the choices much more precisely: can China *evolve* from its autocratic state, or must the polity *crash*, as the imperial system crashed in 1911-1912 (when the Qing was forced, by the army, to abdicate) and as the Soviet Union crashed? And what would such a crash look like? His response:

> A common view among Western Sinologists is that if Beijing drives off the cliff gradually, no one will notice. I believe the Chinese populace and the rest of the world really will notice when the CCP [Chinese Communist party] loses its monopoly of political power. No regime in Chinese history has ever given up power without bloodshed. I do not believe the CCP party-state will be the first.

This is the sort of change that will shake the world, though we cannot predict just how. Among the factors complicating our vision is China's second set of problems—the external ones. And that is where Robyn Lim comes in. In *The Geopolitics of East Asia*, Lim, formerly a member of Australia's intelligence services and now a professor in Japan, provides some much needed background and a compelling interpretive framework. Like Terrill's, her approach is somewhat unconventional but exactly right. Where he begins with the state, she focuses on strategic geography, force structures, and military and diplomatic choices, using these to construct a portrait of the Asian situation as it has developed over the past century and more.

In particular, Lim zeroes in on the interactions of four players: China, Japan, Russia, and the United States. These she labels the "East Asian quadrilateral," a term reminiscent of the celebrated quadrilateral of fortified cities in northern Italy that long served as a stable foundation for Hapsburg power. But stability is not the quality to be associated with Lim's quadrilateral. At least since Japan and China first clashed in 1894-95, there has been conflict after conflict among the four members, making for a long, patternless succession of crises that have never arrived at balance or resolution—except when one has been imposed from across the Pacific by the United States.

Lim's purpose is less to narrate or describe than to locate the fundamental strategic issues, an intellectual challenge that she makes look easy. She begins with the clash between the two core areas of China and Japan, deceptively quiescent today but still the main event just as it was in traditional times, and one that has cost millions of lives. Russia entered the picture as long ago as the 18th century, pushing through territories claimed by the Qing dynasty and by 1740 controlling the Kamchatka peninsula, which nicely flanks both Manchuria and Japan.

The fourth member of the quadrilateral and the last to appear on the scene is the United States, which, though not part of Asia, depends for its security on the peace of Asia—a peace that, as Lim demonstrates, it must also provide. Yet even today the American presence in Asia is thin and diffuse: compare our handful of bilateral alliances in that part of the world with the dense inter-operative structure of NATO, or the relatively few military bases available to us in the area from Japan to the equator with all those to which we have access in Europe. The pressing question of "how East Asia's strategic geography bears on the interests of the United States as the dominant maritime power," in Lim's formulation, is one that has been around for more than a century, but it has yet to be definitively analyzed in Washington or made the basis of far-reaching policy.

As Lim well understands, American involvement in Asia has always been reactive, not proactive. Indeed, she traces the history of this essential posture from our seizure of the Philippines in 1898 ("carried out largely in order to prevent Germany or Japan from taking possession of these islands"), through the Washington Conference of 1921-22 (to this day the most concerted international attempt to create a security regime for Asia), through Pearl Harbor, World War II, and the cold war as it unfolded in Asia. What emerges from Lim's often masterful pages is a vivid sense of, above all, American strategic unpreparedness and the consequent need to scramble, often without success, for partial and after-the-fact solutions.

In addition to sketching the strategic relations among members of the quadrilateral over the past century, Lim devotes some trenchant passages to China's own current condition, and specifically to the series of belligerent actions in recent years that have so alarmed its neighbors and rivals and, she believes, helped turned the tide against China. This topic marks the spot where the arguments of Terrill's and Lim's books come together. It also raises the most disquieting of prospects. For if it is the case, as both of these authors suggest in their separate ways, that a combination of external belligerence and internal weakness is making the People's Republic look more and more like the once-mighty Qing at the point of entering its period of terminal decline, it is surely no less clear that, as far as the U.S. is concerned, we have only fitfully begun to prepare ourselves for the challenge ahead.

The evidence for China's external belligerence, much of it rehearsed by both Lim and Terrill, is abundant enough. That evidence includes Beijing's continuing challenges to South Korean and Japanese territorial waters; its seizures of the Paracel Islands from Vietnam and of Mischief Reef from the Philippines; its unrelenting attempt to intimidate Taiwan by the buildup—and firing—of ballistic missiles directly across from the island. Each of these risky and totally unprovoked Chinese moves has been met, until recently, not by resistance but by acquiescence.

The conclusion to which all this points is aptly summarized by Terrill: "China *itself wants to be the hegemon*." And there is more to come. Over the next year or two, China will begin deploying, probably in unexpectedly large numbers, a new generation of sophisticated nuclear-armed ballistic missiles (capable, among other things, of incinerating the continental United States). These will join an already impressive array of ultra-quiet submarines, state-of-the-art-fighter aircraft, destroyers, and missiles optimized to attack U.S. carrier forces, as well as greatly improved command-and-control systems using hardened fiber-optic networks. Russia has sold much of this new military equipment to China. But the U.S., both wittingly and unwittingly, has also done a lot to improve China's military communications, missiles, and nuclear warheads.

As both Newton and Clausewitz instruct us, however, actions elicit reactions, and the last few years have also seen a cascade of events that have begun to pull the ground out from under the Chinese attempt at hegemony. The most important of these was China's gratuitous mismanagement of relations with its most important southern neighbor, India; this ended in a series of Indian nuclear tests that literally and figuratively shook the ground between them. How China allowed this crucial relationship to unravel is hard to explain, but in any future conflict the Chinese now face a potential second front: a peer competitor, already a democracy and of growing military and economic potency. This is, arguably, the biggest single strategic disaster for China since its failure to establish relations with the United States in 1949.

At almost the same time, Beijing's military threats against Taiwan yielded unwelcome fruit in President Bush's statement that the United States would do "whatever it took" to defend the island from Chinese attack—a statement backed up, at long last, by a sustained U.S. initiative to help the people of Taiwan repair their much deteriorated military. Again, Beijing brought this setback on itself. Had it engaged Taiwan's elected government, some sort of modus vivendi could almost certainly have been worked out; instead, as with India, it chose to stonewall and threaten. Bush had to react, and he did—with a clarity that may have saved the world from war even as it put the seal on Taiwan's effective independence.

And now, in the emergence of a nuclear-armed North Korea, there has lately come what may turn out to be the most damaging of all the reactions to China's recent foreign policy. This development poses both direct and indirect threats to Chinese territory, and yet it too is a crisis Beijing helped to create. It was Mao Zedong, after all, who insisted on supporting Kim Il-Sung's invasion of the South way back when; ignoring the advice of most of his colleagues, the Chinese tyrant sent perhaps a million soldiers to their deaths in his effort to save the loathsome Pyongyang regime. This made it impossible for Beijing to establish relations with Washington, tied it to the Soviet bloc, and lost it Taiwan.

Today China provides the food and energy that keep the same loathsome North Korean regime alive. More critically, and more paradoxically, China has long been Pyongyang's major military ally, and has contributed materially to its nuclear program. Even now, the Chinese seem not to grasp that this program poses a far greater long-term peril to them than it does even to South Korea, not to mention Japan or the United States. Why China would do so much to build up a possible enemy on its own border is again difficult to explain; one can only invoke some sort of feral anti-Western reflex, carried over from the days when, as Mao imagined, the East wind was prevailing over the West wind.

Nor has China yet taken in the urgency of the situation. Rather than using its numerous levers of influence to stop Pyongyang's nuclear programs cold, it is instead pretending to be a bystander, offering to "host" meetings between the North Koreans and Washington. This is hardly likely to lead anywhere helpful. Quite the contrary. North Korea is producing nuclear weapons because it has evidently decided that its security situation requires them; this being the case, it will not be disposed to give them up as part of some grand bargain. And then what? Unless Pyongyang is disarmed, we may expect more Asian countries to go nuclear. South Korea will certainly match the North—only U.S. intervention has prevented it from doing so already; Japan will become a nuclear power; so, possibly, will Taiwan (where the U.S. has also intervened to halt a nuclear-weapons program) and Vietnam. We may still be able to avoid this catastrophic chain of events by preventing North Korea from keeping its nuclear weapons, but only if China takes the lead.

In all these cases, the complicating and deeply unfortunate fact, as Ross Terrill argues convincingly, is that Chinese foreign policy is driven not by external but by internal concerns. What Beijing seeks abroad, ultimately, is *domestic* stability. Toward that end, imaginary dangers and threats to Chinese preeminence are as useful as demonstrated glory and real power. It is no accident that China made its major turn toward stressing external threats, the need for a military buildup, and heightened domestic discipline only in the wake of the Tiananmen massacre of 1989. Its leaders wanted the spear tips pointed outward, as they say, rather than at themselves.

In the short run, this stress on China's need for vigilance against foreign threats has paid off. The generation of young Chinese who began to come of age after 1989 is notably more xenophobic, antidemocratic, and confrontational than its immediate predecessors. But in the medium run, and longer, China's military buildup and belligerent actions are also increasing the possibility of a regime-threatening setback—possibly as the result of a preemptive Chinese attack gone awry.

When the USSR sought to capitalize on American weakness in the post-Vietnam era, the result, in another dozen years, was overextension, domestic crisis, military defeat—and regime change. Will the same sort of process appear in China? And how will we know when it starts?

Most likely the answer to the first question is yes. As foreign dangers loom, the fragile bargain that has kept the domestic scene relatively quiet since the massacre of 1989 is beginning to break down. The bargain between regime and people was essentially, "you let us rule and we will make you rich," and for 25 years China enjoyed a good economic run. But as we have seen, the rosy aggregate figures barely disguise the rot beneath: deflation, banking insolvency, increasing government debt, misallocation of resources, not to mention the lack of a legal system or a legitimate government, pervasive corruption of the rulers, and demoralization of the populace.

Faced with a crisis of analogous proportions, the Russian people submitted themselves to the surgery needed to keep them alive: they abolished Communism, freed the media, established a real parliament and genuine elections, closed money-losing state enterprises, and made the ruble convertible. All this was deeply painful; but the life of the Russian people has improved immeasurably as a result. And so has the life of the globe. The nuclear confrontation, with its tens of thousands of warheads, is over. Russian and American forces, nuclear and conventional, are shrinking. The new state of Russia, though smaller than the USSR, has embarked on correct or even warm relations with former satellite countries. Russian culture is stirring once again, and Moscow and St. Petersburg are being restored as gems among Europe's cities.

China has not yet begun to play in the same league. Beijing has carried out *none* of the difficult reforms Moscow managed more than a dozen years ago, even before the Communist system imploded once and for all. How likely can it be, then, that the People's Republic will expire quietly, with little bloodshed and with a reasonably smooth institutional transition? By contrast, how likely is it that its demise will be accompanied instead by a violent death-rattle, in the form of massacres and/or flailing-out abroad? That rival factions will descend into civil war? That the army and the security apparatus will attempt to restore order by means of a coup against the party and by installing a regime of repression at home and xenophobia abroad—that is, Chinese fascism?

Terrill provides a series of differing but well-founded scenarios that deserve close attention, and many more can be created. My own opinion is that change will begin rather quietly, then grow and spread in unpredictable ways. We will not notice it at first, just as we are not noticing its earliest harbingers today. We will learn about it because the Chinese will tell us, albeit only indirectly. They will send a signal that *major* change is afoot when members of both the central and the regional governments of the People's Republic start, in private, to lobby for our support against other members of their own government, instead of presenting something that passes as a united front.

What should we do then? For 30 years, we have taken our cue from Beijing, and adjusted our movements to suit. The bedrock assumption of our China policy, created in the 1970's but still practiced today, is that the party will always run Beijing and that Beijing will always be in command. Whom then shall we listen to among the conflicting voices? The likelihood is that we simply will not be able to decide, and will therefore respond as flatfootedly as we did when the peoples of the USSR began throwing off the Communist yoke. Foreign businesses will panic at the possible loss of investments; neighboring allies will panic at the prospect of refugees and violence; the State Department will be stumped when it comes to dealing with competing regional authorities, or with Tibetan or Uighur independence. Instinctively we will want to keep in power the devils we know and in whom we have invested so much, rather than take our chances with real change.

The test is coming soon, and the time to prepare grows short.

The Chinese Sickness. Commentary. Foreign and Defense Policy Asia.Â The two exceptions to this rule come from opposite ends of the country: Tokai from the north and a couple of Sicilian whites, which warrant a story. A couple of years ago I had a great lunch in Florence with my friend Matteo Renzi, a brilliant 32-year-old politician who had been elected and reelected as president of the Province of Florence. He asked me what sort of wine I preferred, and I said â€œred,â€ and he agreed, and we settled on a local chianti.