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An assertive China challenges the west

Beijing is gaining confidence that it can mix political control with growth and innovation

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The Communist party congress in Beijing is a milestone. As the Xi Jinping era enters its second term, China's challenge to the west is becoming more overt. There is a growing official confidence in Beijing — verging on arrogance — that China is on the rise, while the west is in decline. The Chinese challenge to the west is taking place on three fronts: ideological, economic and geopolitical.

In the realm of ideas, the Communist party leadership is increasingly strident in repudiating western liberalism. President Xi and his colleagues argue that one-party rule works well for China — and should extend long into the future.

There is more discussion of the idea that a “China model” can be pushed in the rest of the world — as an alternative to America's promotion of democracy. Just as the financial crisis of 2008 damaged the credibility of western economic ideas in China, so the election of Donald Trump and the fracturing of the EU have made it easier for China's leaders to scorn western political practices.

Many Chinese intellectuals still look to the west as a model of political freedom. But as one liberal academic put it to me last week: “It's a real problem for us, inside China, that the west is looking so weak.”

Rather than moving towards democracy, China is increasingly restricting political freedom — with crackdowns on dissidents and human-rights lawyers, tighter controls on the media, and official campaigns against western influence and ideas. The American internet groups — Google, Facebook and Twitter — remain excluded from China, blocked by the “great firewall”.

It used to be conventional wisdom in the west that China would pay a heavy economic price for restricting freedom of expression, and that this price would only rise as China attempted to move away from low-cost manufacturing towards a knowledge economy.

But China is increasingly confident that it can combine tight political control with continued rapid economic growth and technological innovation. The economy is growing at 6.9 per cent a year — impressive for a middle-income economy that is now (depending on the unit of measurement) either the largest or the second-largest in the world.

More significant than the raw growth figures is China's success in the new economy and in cutting-edge technologies. The Chinese point, with justifiable pride, to the fact that the country is well ahead of the US and Europe in mobile-payment technology. China has made faster progress towards a "cashless society" than most developed economies of the west. It is routine for Chinese consumers to pay for small items, such as food at a street stall, using their mobile phones. Alipay and WeChat Pay, the most common mobile payments systems, have become symbols of Chinese innovation; both the government and the private sector are confident of many more breakthroughs in the coming decade in a range of fields including robotics, drones, green technology and artificial intelligence.

The growing sophistication of the Chinese economy will challenge western assumption (increasingly, just a hope) that US and European companies can continue to dominate the high-tech economy, leaving China to concentrate on the lower end of the value chain. China's emergence as a major exporter of capital also means that its companies will inevitably increase their presence as owners of physical and intellectual assets in the west.

China's global investment also has strategic implications that will challenge the west's dominance of the international political system. Successive US governments have deployed the US Navy to contain Beijing's ambitions in the oceans to the east of China — but increasingly China is focusing on the lands to its west. The heavily promoted One Belt, One Road initiative is, in part, an attempt to develop new markets for China across Eurasia — with infrastructure links across central and south Asia towards Europe and Africa. Twenty Chinese cities are now connected to Europe by direct rail links and the amount of freight sent this way has quintupled since 2013, as routes such as Chengdu to Prague and Wuhan to Lyon establish themselves.

China's developing interest in Eurasia has significant strategic consequences. The Indian government is concerned that China is encircling it with infrastructure projects that have clear military implications, such as the ports that China has developed in Pakistan and Sri Lanka. The country's rail and maritime links will also help the country to secure energy supplies from the Middle East.

The ultimate ambition of the Belt and Road initiative is to turn the Eurasian landmass into an economic and strategic region that will rival — and finally surpass — the Euro-Atlantic region. Outside observers who are tempted to dismiss this ambition might reflect that China is already Germany's largest trading partner.

For all the pomp surrounding President Xi's speech last week, the Chinese leader's public rhetoric is still relatively modest and cautious. But while President Trump is still unmatched when it comes to bombastic rhetoric, the US leader's underlying vision for his country now looks small and backward-looking compared with the grandiose ambitions that President Xi has laid out for China.