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A political crisis will not stop China



By Gideon Rachman



My book-shelves in London groan with titles such as *Eclipse: Living In the Shadow of China's Economic Dominance* and *When China Rules the World*. But travel to China itself, and you will find plenty of people who are sceptical about the notion that the country is a rising superpower.

The sceptics are not just jaundiced western expats or frustrated Chinese liberals. Wen Jiabao, the country's prime minister, does a pretty good job of talking down the Chinese miracle. He has called the country's economic growth "unbalanced and unsustainable". Last week, he warned that if China does not push ahead with political reform, it is [vulnerable to another "cultural revolution"](#) that could sweep away its economic gains .

Mr Wen's comments were swiftly followed by the [fall from grace of Bo Xilai](#), the controversial Communist party boss in Chongqing. This outbreak of high-level political infighting has been seized upon by China-sceptics as further evidence that the country's much-vaunted stability is a myth.

So who is right? The people who think China is a rising superpower, or those who insist that it is a deeply unstable country? Oddly enough, they are both

correct. It is clearly true that China has enormous political and economic challenges ahead. Yet future instability is highly unlikely to derail the rise of China. Whatever the wishful thinking of some in the west, we are not suddenly going to wake up and discover that the Chinese miracle was, in fact, a mirage.

My own scepticism about China is tempered by the knowledge that analysts in the west have been predicting the end of the Chinese boom almost since it began. In the mid-1990s, as the Asia editor of *The Economist*, I was perpetually running stories about the inherent instability of China – whether it was dire predictions about the fragility of the banking system, or reports of savage infighting at the top of the Communist party. In 2003, I purchased a much-acclaimed book, Gordon Chang's, *The Coming Collapse of China* – which predicted that the Chinese miracle had five years to run, at most. So now, when I read that China's banks are near collapse, that the countryside is in a ferment of unrest, that the cities are on the brink of environmental disaster and that the middle-classes are in revolt, I am tempted to yawn and turn the page. I really have heard it all before.

Yet, it is equally hard to believe that either the Chinese economic or political systems can continue along the same lines indefinitely. Rapid, export-driven growth of 8-9 per cent a year is not sustainable forever. And China's political system looks increasingly anachronistic, as demands for democracy spread around the world. Mr Wen was probably implying as much last week, when he said that the [Arab people's demand for democracy](#) "must be respected and cannot be held back by any force".

It is clearly true that China has very difficult political and economic transitions ahead. There are, however, encouraging precedents from the rest of Asia. South Korea and Taiwan have both moved from fairly brutal one-party states to functioning democracies – and from low-cost manufacturing to high-tech consumerism.

The sheer scale of China – and its uniquely traumatic history – will make the country's political and economic transformation that much harder. In particular, if China were to move towards free elections, it would almost certainly see the rise of separatist movements in Tibet and Xinjiang. Given the depth of Chinese nationalism, it is unlikely that these would be treated with subtlety or sensitivity. As well as struggling to preserve the country's territorial integrity, a more democratic China would find itself coping with all sorts of barely-suppressed social tensions – particularly if it scraps restrictions on movement between the countryside and cities.

Yet even if one envisages the very-worst case scenario – the outbreak of a civil war – that need not mean that China will fail to make it to superpower status. If you doubt it, consider the rise of the last emerging superpower to shake the world. The US fought a civil war in the 1860s – and yet was the world’s largest economy by the 1880s. Or take Germany and Japan: countries that were defeated and devastated in a world war – yet which swiftly resumed their positions among the world’s leading economies.

What the US, Germany and Japan had in common is that they had discovered the formula for a successful industrial economy – something that seems to be able to survive any amount of turmoil. After more than 30 years of rapid economic growth, it is clear that China too has mastered the formula.

Some China sceptics prefer to compare the country’s rapid growth to that of the Soviet Union or to Japan in the 1980s. But the USSR’s inefficiency was disguised because it never competed on world markets: China, by contrast, is already the world’s largest exporter. As for the Japanese bubble, that burst when the country was already far richer on a per-capita basis than China is now. The Chinese economy, because it is relatively poor, still has huge scope for modernisation.

In politics, as in economics, China’s weaknesses also hint at untapped potential. As last week’s infighting illustrated, the country is still burdened with an immature political system. If and when China achieves the “fifth modernisation”, as the dissident Wei Jingsheng once called democracy, it will have surmounted the biggest remaining obstacle to superpower status .