

**Post-rapprochement** China has opened up over recent decades but has also continued to upset Western expectations. China has been accused of either violating human rights domestically or ignoring laws internationally. In addition to China's growing economic power, the country's rapidly developing military strength has caused concern in the West. How should Europe position itself towards China?  
*By Thorsten Jelinek*



Until recently, the West had assumed that China would eventually adopt a liberal democracy and a full market economy. This conviction was grounded in the West's own experience and history of capitalism and its belief that liberal democracy was needed for capitalism to flourish and function effectively. The collapse of the Eastern bloc in 1989 confirmed this conviction. Liberal democratic capitalism was an efficient system; it provided the highest level of collective wealth and dignity in the 20th century. This deeply rooted liberalisation premise coupled with concrete economic, cultural and geopolitical strategies determined the West's foreign policies towards China for decades.

In the 1970s, the United States began pursuing policies of normalisation and intended to open up to China after years of isolation.

Initiated by Richard Nixon and Henry Kissinger, this policy was broadly followed by subsequent U.S. administrations. Over the years, America continued to grant China access to international organisations, nurtured economic trade, people-to-people exchanges, and even offered joint military activities. The intent and hope was always to liberalise and draw China closer to the West. Europe followed a similar policy of détente by focusing on economic trade. Great Britain, France, and Germany engaged in deeper diplomatic relations and accounted for most of Europe's trade with China in the 1970s and 1980s. However, the U.S. continued to determine the course of diplomatic relations. Its goal was to weaken the Soviet Union and contain communism, especially after the USA lost three wars in Asia during the Cold War period.

China subsequently opened up and, since the 1978 reforms, started benefiting tremendously from its gradual introduction of liberal market forces. After Chairman Mao Zedong's death in 1976, China also adapted its political system from a totalitarian to a modern authoritarian collective leadership system. In 2001, slightly more than a decade after the collapse of the Eastern bloc, the U.S. granted China access to the World Trade Organisation (WTO), a move that highlighted the West's optimism regarding China's reforms and path towards liberalisation. For China,

WTO membership provided a new stimulus for economic growth and internally justified further economic reforms. At that time, the WTO was still a young organisation but it symbolised how globalisation was expanding faster than ever before. China was on the path towards becoming the U.S.'s largest foreign creditor and export market. BRICS (Brazil, Russia, India, China and South Africa) became an increasingly known acronym, not only in terms of potentially large markets for Western products and outsourced supply chains but also for the rise of a parallel world order and the start of the West's relative decline.

China did open up but also continued to upset Western expectations. China was accused of either violating human rights domestically or ignoring laws internationally. In addition to China's rising economic power, China's rapidly developing military strength triggered concerns in the West due to China's market protectionism and lack of political liberalisation. Retrospectively, according to Kurt Campbell and Ely Ratner, the relationship between China and the West, especially the U.S., unfolded as a regression from presumptuous optimism and rapprochement to scepticism and attempted containment.

For some time, America continued to remind China of the 'universality' of Western liberal values. In the 1980s, George H.W. Bush asserted that China could not

just import Western products 'while stopping foreign ideas at the border'. In the 1990s, Bill Clinton declared that without freedom and democracy, 'China will be at a distinct disadvantage, competing with fully open societies'. George W. Bush, who was occupied with America's fight against terrorism and deregulating an economy leading to the biggest recession in history, said that 'the people of China deserve the fundamental liberty that is the natural right of all human beings'. In the meantime, China's president Hu Jintao emphasised the country's 'peaceful rise' to reassure the West. From 2009, however, the diplomatic relationship between the U.S. and China reached a low point. Barack Obama sought to contain China by rebalancing military forces and excluding China from the Trans-Pacific Partnership (TPP). He reminded China that it should 'uphold the very rules that have made [China] successful'.

Only a few scholars questioned whether China needed a Western-type democracy to lift millions out of poverty and manage the downsides of rapid and uneven GDP growth, which had characterised the first three decades of China's development. In 2004, Cambridge professor Peter Nolan argued that China was embarking on its own 'Third Way'. It was a gradual reform path, which did not mean a gradual withdrawal of the state to give way to a liberal order. On the contrary, it was the continuation of the one-party system and a strong state to ensure China's stability and to help 'marry the "hedgehog" of market dynamisms with the "snake" of social cohesion'. This 'symbiotic interrelationship between state and market' was, to Nolan, not simply a position between socialism and capitalism but also something that China had already practised for centuries and that was deeply ingrained in China's culture. China could draw upon its millennia-old history of

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an 'agrarian empire' and Confucian culture to propagate 'state benevolence' and ensure long periods of stability and prosperity. For Nolan, Hu Jintao's focus on building a 'harmonious society' and 'balancing between GDP growth and people's welfare' was a clear expression of that culture and history.

Four decades after Deng Xiaoping initiated the reforms in 1978, China has still not turned into a liberal democracy or a free market economy, and it is even more unlikely that such changes will happen any time soon. On the contrary, since President Xi Jinping assumed office in November 2012, China's 'exceptionalism' has never been so clearly and actively promoted at home and abroad. At the 19th National Congress of the Communist Party in October 2017, President Xi heralded the beginning of a 'new era of socialism with Chinese characteristics'. This involves developing China into a 'moderately prosperous society' by 2035 and becoming a 'great modern socialist country' by 2049, which will mark the 100th anniversary of the founding of the People's Republic of China. The concrete policies for reaching those distant goals are the inwardly directed Made in China 2025 programme and the outwardly directed Belt and Road Initiative (BRI).

Made in China 2025 is a comprehensive industrial policy agenda to 'build one of the world's most advanced and competitive economies'. Similar to the West during its own rise, China wants to become self-sufficient and technologically independent by targeting 'all high-tech industries that strongly contribute to economic growth in advanced economies'. To accomplish this agenda, China seeks to collaborate with the West, but the West views the policy agenda with caution as China may well overtake them in key industries.

The BRI goes further than China's industrial policy agenda. For the first time, China

offers, as President Xi promoted during the 19th National Congress, 'a new option for other countries and nations who want to speed up their development while preserving their independence', which is based on 'Chinese wisdom and a Chinese approach to solving the problems facing mankind'. This new option refers to a multitrillion dollar development programme to boost growth through strategic and cross-border infrastructure projects and the establishment of new economic supply chains that connect China with Europe through the integration of Eurasia.

Domestically, BRI clearly breaks with Deng Xiaoping's old dictum to 'keep a low profile and bide your time', by which he meant that 'by no means should China take the lead'. For Xi Jinping, China has 'grown rich and become strong' and is now ready to take the lead as a 'constructor of global peace, a contributor to the development of global governance, and a protector of international order'. However, Xi Jinping is not offering to renew the existing U.S.-dominated global liberal order. Instead, with BRI he is proposing an alternative development model that has the potential to become the platform of a new multilateralism.

President Xi mentioned BRI for the first time during his visit to Kazakhstan in 2013, but Western governments only took more serious note of this unparalleled development programme at the inaugural Belt and Road Forum for International Cooperation (BARF) in Beijing in May 2017. While many non-Western high-level participants praised China's modern Silk Road as the 'project of the century', Europeans and Americans are only just beginning to realise its significance. Their scepticism towards China meant that they refused to sign BARF's joint trade statement.

These ambitious policy agendas have been defined at a crucial moment. When President

Xi assumed office, he saw the need to depart from the previous high-growth, GDP-focused development model and instead focus on rebalancing a debt-driven economy; shifting from rapid to high-quality and sustainable growth; alleviating poverty, especially in previously neglected rural Western regions; and countering high levels of environmental pollution. At the same time, as Professor Carl Minzner highlights, Xi Jinping faced spreading decay, lack of discipline inside the Communist Party, ideological polarisation, and a looming legitimacy crisis outside the Party. During his first five-year term, Xi Jinping was also fighting widespread corruption while increasingly centralising power for himself and a few trusted aides.

The tightening of the party-state apparatus and reinstalling of 'party discipline' also marks China's new era. For President Xi, a strong party and state are deemed necessary to ensure long-term stability and implement those ambitious policy plans. This has culminated in the abolition of the presidential term limit, allowing President Xi to stay in office beyond the usual two five-year terms.

The West has largely received these developments under Xi Jinping with scepticism, hostility, and a steady drumbeat of China-bashing. *The Economist* denounced Xi Jinping's strong leadership as a return from 'collective governance' to a 'single man rule' and stepping from 'autocracy into dictatorship'. For Carl Minzner, China's new era ulti-

mately means 'the end of reform and opening up'. Made in China 2025 is judged as 'putting industrial policy ahead of market forces', which will mainly promote the development of indigenous technologies while adding a new set of barriers to foreign competitors. The BRI is denounced as China's self-serving 'Marshall Plan' because it mainly helps to integrate its underdeveloped Western regions, offset industrial overcapacities, secure future international markets, and assert its geopolitical power in Eurasia and other emerging Belt and Road economies.

In the past, the EU and U.S. have urged China to further open its markets and ensure a level playing field. Now, in addition to those trade-related tensions, the West is heading for more confrontation. It has started to denounce China as a competing system that is not compatible with the West. According to Sigmar Gabriel, former vice-chancellor and foreign minister of Germany, 'China is developing a comprehensive alternative system to the Western world, which does not build on our model of freedom, democracy, and individual human rights'.

The rhetoric in the U.S. has been much fiercer and has clearly reached a turning point. For the first time since the rapprochement of the 1970s, an American president has referred to China as a 'rival', a 'revisionist power', and a 'primary threat to U.S. economic dominance'. President Donald Trump's election campaign was built on hostility towards China. He is threatening them with a trade war and blames China for the tremendous trade deficit between both countries. Yet, America's trade deficit is mainly due to its domestic macroeconomic policies. Hillary Clinton also called China, like Russia and Iran, an 'existential threat' that triggers 'anxiety' and 'worries'. Despite the easy temptation to think China will coerce the world

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with its economic, technological, and increasing military power and that President Xi will be able to control order at his will, one should not overlook the possibility that those representations reveal more about the West than about China. They also reveal how deeply rooted Western hegemony is and how it reduces the capacity to reflectively assess the consequences of the West's own relative decline and inability to adapt to an emerging multipolar world.

Professor Slavoj Žižek argues that not only did communism fail in the 20th century but so did liberal democracy in terms of coping with the disruptions of global capitalism. Neither the short-lived Fukuyamaist welfare state of the 1990s nor the push towards post-Keynesian policies in the early 21st century have helped to avoid the steady rise of income inequality. According to the French economist Thomas Piketty, the rate of return on capital has remained higher than the growth rate of an economy during this time. As a consequence, 'inherited wealth' has grown faster than 'earned wealth', which has caused a higher concentration of wealth and therefore wealth and income inequality. The economic crisis in 2008 was not an exception but an unavoidable outcome of this process of wealth concentration since the 1970s.

A disturbing outcome of those years of global capitalist development has been the rise of populism in the West. Income inequality and stagnation, unemployment, insecure employment, heightened risk of poverty, and social exclusion are the main reasons behind it. People have lost trust in established political parties and figures and blame them for not addressing their concerns about the perceived loss of security, culture, and identity. Globalisation, liberalisation, and digitalisation have

weakened the nation state and slowly undermined the capacity of governments to address those disruptions. Charismatic populist leaders have increasingly capitalised on people's rage throughout Europe and America.

Populism poses the greatest threat to liberal democracy. As highlighted by Professor David Runciman, who teaches politics and history at Cambridge University, populists address the right struggles and fears but provide false answers, promising a quick return to an allegedly intact and culturally homogenous past. Their rhetoric polarises society and drives fear, which fuels rather than helps to overcome the public's rage. The legitimacy crisis, which has led to the initial rise in populism, is aggravated by an intentional 'disintegration of public morality' and 'manufacturing consent' (see US philosopher Noam Chomsky). What makes populism so dangerous is that it does not question but slowly erodes the institutions of democracy, such as free elections, free press, and the rule of law. Equally dangerous is that liberals continue to believe in the functioning of democracy, even though they know it has ceased to do so. Populism is not its own cause but the result of a broken process of equal wealth creation and dignity, which populists perpetuate in the West.

Against this backdrop, it becomes clear that the prolonged impact of the West's own marriage between liberal democracy and capitalism has caused the slow and relative demise of the West. China is portrayed as a scapegoat in order to distract from the West's economic and legitimacy crisis and lack of vision on how to renew the liberal order and its promise of dignity and equal wealth creation. There is no new vision because the West has increasingly lost confidence in the liberal order, which has

made protectionism a populist solution. The U.S.'s volatile Trump administration and protectionism, and the prolonged debt crisis in the European Union with its deeply divided economy and refugee crisis, have only exacerbated the current lack of confidence and undermined Western liberalism as a desirable transformation path.

Peter Nolan was right. China did not need liberal democracy to maintain four decades of successful reforms and cope with the disruptions of capitalism. It is questionable, however, whether a conceptual link to an ancient past will help modern China manage its future challenges in a globalised and digitalised world for which history offers no reference. However, it might help to explain why, unlike other authoritarian governments, China's government continues to be morally obliged to serve its people and exercise benevolence. State benevolence is a form of governance still beyond the comprehension of the West, who needed to develop a 'modern bureaucracy', 'the rule of law', and 'democratic accountability' to overcome its despotism.

China has clearly manifested its otherness under President Xi, and the West no longer believes in China's self-Westernisation, but China has still become more Western than the West has become Chinese. China has instilled the force of liberalisation—the infinite right of subjectivity that defines modernity. In conjunction with the profit ideal, it incentivised China's rapid and prolonged growth, which has become a major source of the legit-

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imacy of the one-party-state apparatus. The liberalisation force can equally erode that legitimacy and demand the rule of law and accountability, which, to Francis Fukuyama, are the distinctive pillars of Western democracy that are lacking in China. China's modern bureaucracy, which existed long before the rise of the West, may not be sufficient to cope with an increasingly demanding civil society.

However, recent history has questioned whether Western liberal democracy will serve its function effectively in the future. Western governments have become much more technocratic and interventionist in order to try to prevent market failure or cushion its disruptive impact. A stronger state might well become the norm rather than the exception. On a gloomier note, according to Israeli historian Yuval Harari, the rise of liberalism could well cause its downfall. Technological advances, not political interventions, may bring the end of liberalism. A stronger state may become unavoidable or even desirable, in the long run. In the meantime, the ideological differences between China and the West are prone to complicated diplomatic and economic relations. It might well be an ideological battle between China's 'benevolence' and Western 'liberalism'.

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