

Will China overtake the West or has it started to decline?

The CCP rules with a reckless mix of overconfidence and anxiety

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TOKYO -- MI6, the U.K.'s foreign intelligence service that cinema audiences know best as the employer of James Bond, is in reality shrouded in secrecy. In a rare public speech on Nov. 30, Richard Moore, the head of MI6, broke cover to issue a dire warning about the security threats posed by China in a talk entitled "Human intelligence in the digital age."

"The Chinese Intelligence Services are highly capable and continue to conduct large scale espionage operations against the U.K. and our allies," said Moore.

The Central Intelligence Agency (CIA), MI6's U.S. counterpart, has set up the China Mission Center, a unit that focuses solely on security threats posed by China.

One U.S. intelligence expert told Nikkei Asia that the CIA suffered a devastating setback in its China operations between 2010 and 2012 when many of its agents and operatives inside the country were killed.

"This time, the CIA will harness digital technologies and hi-tech to rebuild operations targeting China," the source said.

China's influence and its intelligence capabilities now stretch the capacity of both the CIA and MI6. At home, however, China's vulnerabilities are also growing. These include widening economic disparities and a shrinking population.

Can China continue building itself up to achieve its official goal of becoming the world's most powerful nation by 2050? The question is being asked by observers and policymakers in both Asia and the West.

Foreign Policy, a U.S. magazine on international issues, recently published two opinion pieces that expressed conflicting outlooks on China.

The first, published on Sept. 24, was titled "China is a declining power -- and that's the problem." The authors argued that China has entered an era of decline as it confronts a range of problems -- including a shrinking working population, increasing dependence on energy and food imports, and pollution. These are slowing the country's once vigorous growth. The article warns that Beijing will be "sorely tempted to use force to resolve the Taiwan question on its terms in the next decade before Washington and Taipei can finish retooling their militaries to offer a stronger defense."

The second article published on Nov. 21 was titled: "The Chinese Communist Party still thinks it owns the future."

It argued that rising China has yet to peak, and that leaders remain convinced that the world's most populous country will outstrip the U.S. strategically. The authors note that China continues to grow faster than the U.S. and has been beefing up on various fronts. The U.S. is

meanwhile plagued by social divisions, while the CCP retains popular control through iron-fisted authoritarian rule.

Which reflects reality better? For now, it does seem that China will continue to increase its economic power, despite slowing down. China's gross domestic product grew by about 6% in 2019 before the COVID-19 pandemic. China's nominal GDP could surpass that of the U.S. as early as 2028, according to the Japan Center for Economic Research.

China outpaced the U.S. in international patent filings in both 2019 and 2020, becoming the world's number one. It has also begun to eclipse the U.S. in some technologies, including personal computing, surveillance equipment and mobile communications infrastructure.

Although population decline and serious income disparity are not problems to be taken lightly, the CCP is confident it can maintain social stability using the unrivalled digital surveillance network it has developed.

Wu Junhua, research director at the Japan Research Institute, specializes in observing China's domestic situation, and said China's rulers have no doubt about their ability to prevail.

"Tens of millions of people were believed to have died in China between the late 1950s and 1976 during the Great Leap Forward and the Cultural Revolution, among other events, but the Chinese Communist Party survived," she told Nikkei. "Now, the party has a powerful tool -- digital surveillance. The party leadership might have some concerns about how to rule, but remains full of confidence."

Another scenario could play out in the longer term, however, in which China goes into gradual decline. That is because it has a number of problems any leader would be unable to resolve.

Demographic decline is a major concern. The number of elderly people in China had increased by 60% in a decade, according to a national census in 2020. In 2000, one elderly Chinese was supported by 6.5 working-age citizens aged 15 to 65, but that had fallen to just 3.5 by 2020. According to some forecasts, the population may actually begin declining in 2022.

Another problem is that the country's digital surveillance system has gradually created a vulnerability related to China's expanding cyberspace.

Peng Shuai, one of China's most popular tennis players, published a post on social-media site Weibo in early November alleging she had been forced into sexual relations with Zhang Gaoli, a former Chinese vice-premier. Chinese leaders were rudely reminded that total control of the tremendous flow of digital information is not possible.

Superficially, societal divisions that can fuel unrest appear to be more serious in the U.S. than in China. But in democracies, governments can be unseated peacefully once they lose public support. In China, there is the risk of collapse if the communist government fails. And if China goes into decline, its anxious leaders might feel driven to reckless measures.

Some observers believe China is already entering that stage. Among them is Edward Luttwak, an American strategist.

"In recent years, as Xi Jinping evolved to become a lifetime ruler like Mao, China's external behavior has become increasingly irrational," Luttwak told Nikkei.

"Until 2009 or so, China maintained "a peaceful rise" policy. But since then, it gradually became more assertive in a foolish way that intimidates nobody but instead drives them into an anti-China coalition which now includes the U.S., India, Japan, Australia, Vietnam and so on.

"As China faces more serious internal problems, including the demography, the Chinese leadership is losing [its] ability to act rationally," said Luttwak.

China's long history proves that no dynasty lasts forever. The Ming dynasty, which ruled for about 300 years, ended in 1644. The subsequent Qing dynasty ruled by easing the excessive Ming controls, but failed in the early 20th century because of foreign incursions into its territory.

Bilahari Kausikan, a former permanent secretary in Singapore's foreign ministry, believes the Chinese leadership struggles with conflicting emotions. "Chinese Communist Party leaders are simultaneously very confident and very insecure," he told Nikkei. "Based on the long historical experience of China's dynasties, they know that if things get out of hand, it will quickly lead to the fall of dynasties. Hence the combination of confidence and insecurity is a unique feature of China's dynasties and it makes their behavior more complex."

How should the rest of the world deal with the complexities and challenges posed by China?

One thing is clear: rising or declining, China will maintain its hardline stance toward the rest of the world.

A rising China fueled by overconfidence can become reckless, while a declining China suffering frustration and anxiety may also be prey to risky acts.

The second state is harder to identify and trickier to handle. The world needs to be prepared either way, with contingencies and constructive dialogues prepared.