

# **WILL CHINA DOMINATE THE 21st CENTURY?**

**JONATHAN FENBY**

**SECOND EDITION**

# GLOBAL FUTURES

'Fenby's new edition penetratingly punctures the myth that China is on the verge of becoming a major world power – to the contrary, the author identifies a plethora of factors that hold China back in its quest for greatness. His sobering analysis is not pessimistic, it is realistic. All analysts – from scholars to investment fund managers to government officials – would do well to carefully read this book.'

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'A concise, eloquent and hard-hitting corrective to claims about China's coming world dominance by one of the country's most astute observers.'

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China's spectacular growth and expanding global role have led to visions of the 21st century being dominated by the last major state on earth ruled by a Communist Party. In this new edition of his widely acclaimed book, renowned China expert Jonathan Fenby shows why such assumptions are wrong. He presents an analysis of China under Xi Jinping which explores the highly significant political, economic, social and international challenges it faces, each involving structural difficulties that will put the system under strain.

Based on the author's extensive knowledge of contemporary China and his close analysis of Xi's leadership, this incisive book offers a pragmatic view of where the country is heading at a time when its future is too important an issue for wishful theorizing.

**JONATHAN FENBY** is a former editor of the *Observer* and the *South China Morning Post* and a founding partner and Managing Director of Trusted Sources research service. He is the author of several popular books on China, including *Tiger Head*, *Snake Tails* and *The Penguin History of Modern China*.

Cover design by Lyn Davies Design

Series design by Darren Haggar

Printed in Great Britain

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Jonathan Fenby

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WILL CHINA  
DOMINATE  
THE 21<sup>st</sup>  
CENTURY?

*Second edition*

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First edition published in 2014 by Polity Press

This edition published in 2017 by Polity Press

Polity Press  
65 Bridge Street  
Cambridge CB2 1UR, UK

Polity Press  
350 Main Street  
Malden, MA 02148, USA

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ISBN-13: 978-1-5095-1096-2

ISBN-13: 978-1-5095-1097-9 (pb)

A catalogue record for this book is available from the British Library.

Library of Congress Cataloging-in-Publication Data

Names: Fenby, Jonathan, author.

Title: Will China dominate the 21st century? / Jonathan Fenby.

Description: Second edition. | Cambridge, UK ; Malden, MA : Polity Press, 2017. | Series: Global futures series | Includes bibliographical references.

Identifiers: LCCN 2016033699 (print) | LCCN 2016035279 (ebook) | ISBN 9781509510962 (hardback) | ISBN 9781509510979 (pbk.) | ISBN 9781509510986 (Epdf) | ISBN 9781509510993 (Mobi) | ISBN 9781509511006 ( Epub)

Subjects: LCSH: China--History--21st century. | China--Economic conditions--2000- | China--Politics and government--21st century.

Classification: LCC DS779.4 .F47 2017 (print) | LCC DS779.4 (ebook) | DDC 303.4951--dc23

LC record available at <https://lcn.loc.gov/2016033699>

Typeset in 11 on 15 pt Sabon by  
Servis Filmsetting Ltd, Stockport, Cheshire  
Printed and bound in Great Britain by CPI Group (UK) Ltd, Croydon

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## *Praise for the first edition*

‘This is a smart, wise, well-written essay which answers with much common sense and learning one of the biggest questions of our time.’

**Chris Patten, Chancellor of the University of Oxford and  
former Governor of Hong Kong**

‘An excellent, current guide to the challenges and dangers ahead for modern China. It describes, with verve and insight, why the “China Dream” may lead to a chilly awakening. Fenby, a delightful writer, explains why China will not dominate the 21st century with compelling critiques – and a sharp, clear summary of its economic and political challenges.’

**Robert B. Zoellick, Former President of the World Bank  
Group, US Trade Representative and US Deputy Secretary of  
State**

‘Jonathan Fenby offers a well-informed and balanced assessment of China’s past and prospects, recognising its remarkable economic achievements but also noting the huge economic, social and political challenges it confronts. China will not, he concludes, dominate the world in the 21st century. He is almost certainly right.’

**Martin Wolf, Chief Economics Commentator, *The Financial  
Times***

‘An excellent summary of the broad spectrum of very serious issues China faces in the immediate future.’

**Fraser Howie, author of *Red Capitalism: The Fragile  
Financial Foundation of China’s Extraordinary Rise***

‘Jonathan Fenby has managed a highly impressive feat: within a short and elegant text, he has pinpointed the real challenges facing China today if it is truly to become a global actor that will play a serious role in the coming century. The insights give us a road-map for what we might expect from this superpower in the making. A compelling and essential read from a premier China analyst.’

Rana Mitter, author of *China’s War with Japan, 1937–1945: The Struggle for Survival*

‘China is a bubble in multiple ways – not least in the way its supposed never-ending rise is interpreted and understood in the West. Jonathan Fenby shows courage and insight in pricking the bubble in this important book.’

Will Hutton, *Observer* columnist and author of *The Writing on the Wall*

‘Fenby’s thoughtful, balanced analysis of what China has achieved, how it has done so, and the challenges ahead is an excellent corrective to the surfeit of overly laudatory and excessively dire assessments of China’s future and its implications for the world.’

Thomas Fingar, Stanford University

‘In this spirited and insightful book, Jonathan Fenby takes on the China bulls by taking a clear-eyed look at China’s dysfunctional political system, which does not appear up to the task of tackling the social, legal, economic, environmental, demographic and security challenges facing the country. Highly recommended.’

Joseph Fewsmith, Boston University, author of *The Logic and Limits of Political Reform in China*

‘Fenby’s concise, yet comprehensive essay should be the first thing read by anyone with an interest – business, political, or intellectual – in the future of China.’

**Charles Horner, Senior Fellow, Hudson Institute**

‘Fenby understands to its deepest roots the nature of Chinese Communist Party rule and its effect throughout society. The Party will, therefore, hate his eloquent and merciless dissection of its entire record and performance. But readers new to China should start right here.’

**Jonathan Mirsky, *Times Higher Education***

‘Leading China commentator Jonathan Fenby’s latest book on China’s position in the world offers a nuanced picture of the country’s strengths and weaknesses.’

***China Daily***

‘In the flood of books on China, this is one of the most concise and clearly written.’

***The Age***

‘The development of any country is accompanied by twists and turns. This book is a reminder that it is still too early to position the world at the dawn of a Chinese century.’

***Global Times***

‘The beauty of Fenby’s book is that it is superbly concise; with over 30 years’ experience of covering China, Fenby is able to distil complex ideas down to their core elements and burnish them with accompanying illustrative anecdotes.’

***LSE Review of Books***





# **Will China Dominate the 21st Century?**

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# 1

## The China Dream

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With an economy set to be the biggest on earth in a few years, the world's largest population, an expanding global presence, a modernizing military and an assertively nationalistic one-party regime, China may well seem bound to dominate the present century. Stretching across 3.7 million square miles (99.6 million square kilometres) from the East China Sea to Central Asia, from the Siberian border to the semi-tropical south-west, it has become a major motor of international production and commerce, with an ever-increasingly international political presence as the main beneficiary of globalization.

Rich in people but poor in resources, its high level of demand is the main force in the global trade in commodities, ranging from iron ore to peanuts, determining the fortunes of countries in Africa,



## The China Dream

Australia, Brazil and elsewhere in Asia. The speed and scale of its material renaissance are unequalled. Annual real growth has been above 8 per cent in all but eight of the past 35 years; when it dropped below that level in 2015–16, it was still far greater than that of other major nations.

Four decades ago, the People's Republic of China (PRC) was heading for basket-case status at the end of the Mao Zedong era; now it breeds superlatives and world leaders beat a path to its door. Everything seems bigger in the one-time Middle Kingdom than anywhere else – from mega-cities and super computers to its space programmes and even the huge industry in counterfeit goods and the online trolls who post half-a-billion fake social media messages each year. Though 150 million people still lived on less than \$2 a day by the World Bank's measurement in 2010, another 600 million had lifted themselves out of poverty in the first three decades of growth. The most extensive infrastructure development ever seen, which was ratcheted up by the huge stimulus programme launched at the end of 2008, has included laying the longest high-speed rail network in record time, constructing the enormous Three Gorges Dam on the Yangtze River and threading the country with airports, multi-lane highways and soaring bridges.<sup>1</sup>

## The China Dream

After centuries of semi-seclusion and isolation from the main global currents under Mao, China now bestrides the world stage; its leader, Xi Jinping, made 14 state visits in 2015. The PRC disburses hundreds of billions of dollars in aid and investment around the globe and has taken initiatives designed to rival the (US) dollar-led post-1945 global order as it pursues what its President dubs the ‘China Dream’ of national rejuvenation and world respect.

While the United States frets about maintaining its world role, China exhibits no such doubts and sees itself moving into the vacuum as *Pax Sinica* succeeds *Pax Americana*. As a global superpower, the PRC holds a permanent seat on the United Nations (UN) Security Council and possesses nuclear arms. Its currency is widely used in global commerce; the International Monetary Fund (IMF) took the renminbi into its Special Drawing Rights (SDR) system in 2016. It is the economic leader among developing nations, the cornerstone of the BRICS grouping (Brazil, Russia, India, China and South Africa) and the moving force behind the new Asian Infrastructure Investment Bank (AIIB). It plans to breathe life into a new version of the Silk Road with assistance totalling tens of billions of dollars. It has the largest standing army on earth and is the biggest contributor of troops to UN peace-keeping

forces. An array of foreign nations, from Britain to Uzbekistan, are anxious for its favours, as they showed in 2015 by resisting US advice not to join the AIIB.

China's performance since Mao's successor, Deng Xiaoping, unleashed economic expansion and connected his country with the world has led to widespread forecasts that the PRC will, according to one book title, 'rule the world' as the influence of the last major Communist Leninist state takes over from the West and the globe 'becomes more Chinese'. What has been achieved since the late 1970s is taken to mean that the 21st century must belong to the People's Republic since, in the words of the historian Niall Ferguson in 2011, 'for the next 10 or 20 years it is going to be very hard to derail China's economic locomotive'. Its history and civilization are held to give it advantages which the West cannot match. It is said to be run by a uniquely capable meritocracy that provides wise, long-term rule which eludes messy democratic governments.<sup>2</sup>

This book posits, on the contrary, that, spectacular as its growth and emergence on to the world stage have been, the PRC is hidebound by a set of factors which will limit its progress, some new and some reaching back into the distant past. This is not