CHINA'S FUTURE: WHICH WAY FORWARD?

"Of all the major uncertainties about China's future, the country's demographic outlook is the least certain. Most of the people who will be living in China in, say 2040 are already alive there today. Population projections are far from error-free, but if we are trying to peer ahead a couple decades, they are more reliable than estimates for economic change, much less political or technological change. And what the population projections show is that the situation for China is dire."

Nicholas Eberstadt[1]

A couple missives ago, I attempted to update and apply—to our present-day world—Plato's famous philosophical "allegory of the cave," whereby unnamed elites are manipulating our views of truth and reality through the medium of new screen-based technologies.[2] As you may recall, I envisioned walking through a cinema of illusions and down a long corridor dedicated to "coming attractions." One theater marque I forgot to mention was the one heralding "China's Unimpeded Rise to Global Dominance."

Whether this is true, or an illusion manipulated by the elites, is the topic of this missive.

In my mind's eye, the audience in this larger-than-normal theater of China's future consists of academics, political strategists, intelligence community prognosticators, military planners, economists, futurists and a sprinkling of high-tech investors. For several years now, they have been subjected to a steady stream of images on an enormous screen at the front of the theater drumming out one message: China will be the world's leading power by 2050. This message has been repeated so often—inside and outside the theater in the corridors—that it has become accepted as conventional wisdom.

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[1] Eberstadt, "The China challenge: A demographic predicament that will plague the mainland for decades," *AEI,* Jun 15, 2021.

[2] Jeemes Akers, "Chained Inside Plato's Cave: Welcome To The Cinema Of Grand Illusions," *AFIR,* Apr 2022.

Of course, again in my mind's eye, theater vendors and ushers—like so many worker bees—flittered up and down the theater's aisleways passing out (free of charge) fear-tainted popcorn, candy and drinks; the effects reinforced by subliminal messages laced in the screen narrative.

But as I step out of the theater—and away from its screen—I started asking myself, is China's rise to power a geopolitical given?

For many years I sipped out of the Kool-Aid cup suggesting this was the inevitable future for us all. My passion for China and its future traces back to my Air Force service days where I served as a Chinese linguist—following language training at the Defense Language Institute in Monterey, California—and flew as a crew member aboard RC-135 aircraft in combat missions in the Tonkin Gulf during the closing months of the Vietnam War. Several years later, following a career in the intelligence community and several trips to Asia, I even convinced the Dean at The College of the Ozarks that China was the future and we needed to teach the topic, especially to our upper division history students. Out of that conversation, a Modern History of China and Japan course was born and became my favorite course offering at the college. At every opportunity, I stressed to my students that on the bullet train to the world's geopolitical future all tracks ran through China. I believed in this so much that we sent our youngest daughter to Singapore to study Chinese Mandarin. Moreover, the first book in my futuristic Christian trilogy is primarily set in Hong Kong, the new Chinese techno-commercial metropolis of Shenzhen and Singapore.

If ever there was a true believer in China's steady future upward trajectory to global political, economic, technological and military dominance it was me. As such, I presented to my students a steady diet of China's incredible ascendancy after World War II—particularly emphasizing the roles played by Mao Zedong (1893-1976), Deng Xiaoping (1904-1997) and his "Four Modernizations," and more recently today's leader Xi Jinping (b. 1953). I assigned readings like *When China Rules the World: The End of the Western World and the*

Birth of a New Global Order by Martin Jacques.[3] China's economic and political growth was so incredible and breathtaking that I assumed it was a foregone conclusion that China—and its system—would soon dominate its Asian neighbors, overtake the U.S. economically and technologically, and dominate the world by 2050.

That's what the elites—the screens—were telling us, right?

But I'm not so sure anymore.

A few weeks ago, a friend from my Alice Lloyd College years sent me a podcast by Peter Zeihan with the title "How China is going to Vanish." Zeihan, 49-years-old, is an American geopolitical author and speaker, who relies on geography and demographic data in his presentations to groups seeking contrarian views on topics such as China's inevitable rise.[4] His bottom line—that China was the chief benefactor of a now ending globalist order and is teetering on the precipice of decline—gave me pause for thought.

I am aware that this area is fraught with pitfalls: one influential book by Gordon G. Chang, for example, *The Coming Collapse of China*[5] predicted China's collapse by 2011 (he later revised the date to 2012). Chang's thesis, in short: "Peer beneath the surface, and there is a weak China, one that is in long-term decline and even on the verge of collapse. The symptoms of decay are to be seen everywhere."[6]

China not only survived Chang's deadline, it has thrived for at least a decade afterward.

So, I sought confirmation of Zeihan's thesis by consulting one of today's leading experts on demographics, Nicholas Eberstadt. I had used Eberstadt's statistics in other history classes. One of Eberstadt's articles "The China challenge: A Demographic predicament will plague the

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[3] Martin Jacques, *When China Rules the World: The End of the Western World and the Birth of a New Global Order* (2009, expanded edition 2014).

[4] Zeihan is a former analyst for Austin-based geopolitical intelligence firm *Stratfor*, a graduate of the Patterson School of Diplomacy and International Commerce in 1999 (University of Kentucky), author of *The End of the World Is Just the Beginning: Mapping the Collapse of Globalization* (2022).

[5] Gordon G. Chang, *The Coming Collapse of China,* (Random House, 2001).

[6] *Ibid.*

mainland for months,"[7] I found particularly interesting. Eberstadt asserts that China's rapidly aging population, shrinking workforce and a falling fertility rate will bring an abrupt end to China's economic boom that began in the late 1970's. Both Eberstadt and Zeihan frame a convincing case for China's future decline, primarily using demographic arguments.

First, and most important, according to these demographic thinkers, China's coercive 35-year "one child policy" (officially ended in 2016 and adjusted in May 2021 to allow three children per couple) planted the seeds of a future demographic nightmare. Projections show that China's current population of 1.4 billion will be roughly the same in 20 years. By 2040, the over-65 contingent will vastly outnumber the key cohort of younger workers (today's children).[8] In short, China is looking at history's largest social sex imbalance and fastest graying population.

In addition, there is China's falling fertility rate. By 2020, China's fertility rate fell to 1.3 babies born to each woman over their lifetimes (the replacement level needed is 2.1), and by 2040 it will have been below replacement level for almost half a century. Two generations of very low fertility will raise China's median age to at least 48 (where famously aging but far richer Japan is today).[9]

As a father of two daughters, I am particularly intrigued by the future social implications of China's imbalance of males to females. By 2040, there will be 30 million more men (ages 30 to 50) than women (ages 25 to 45) resulting in a major shortage of brides and a coming "marriage squeeze" for men. In Chinese terms, this is a "bare branch" (*guanggun)* problem—men lacking wives and not adding descendants to the family tree. Only children begetting only children has led to a new type of family in China: girls and boys with no siblings, cousins, uncles or aunts, only ancestors and (maybe) descendants.[10]

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[7] Nicholas Eberstadt, "The China challenge: A demographic predicament will plague the mainline for decades," *American Enterprise Institute,* Jun 15, 2021.

[8] Nicholas Eberstadt, "The Demographic Future: What Population Growth—And Decline—Means for the Global Economy," *Foreign Affairs,* Vol. 89, No. 6, Nov/Dec 2020, p. 57. "By far the most massive falloff in young manpower is set to take place in China: over the next 20 years, this working-age group will fall in China by about 100 million people, or about 30 percent."

[9] Eberstadt, "The China Challenge."

[10] *Ibid.*

The social and cultural costs of Chinese (and broader Asian) preference for males—by some estimates there are upwards of 100 million women missing on the Asian continent (roughly half of which are due to prenatal sex selection)—is addressed in a fascinating recent article "Asia Struggles for a solution to Its 'Missing Women' Problem.[11] According to the article, the overwhelming imbalance of males to females—particularly in China and India—has led to vast numbers of unattached, alienated men which will lead to potentially devastating future economic and social consequences including, in part: spikes in rape, sex trafficking and violent crime.[12]

Another problem highlighted by these demographic statistics is a future shortage of workers. As one recent article on the topic observes: "Previous generations fretted about the world having too many people. Today's problem is too few."[13] In China, for example, by 2050 the working-age population will shrink 21%.[14] At the same time, there will be continuing shift from China's rural areas to large urban cities.[15]

If we are aware of these demographic obstacles ahead, so is President Xi and the Chinese Communist Party (CCP) leadership. The question is whether they can make the changes necessary to address the problems, even if the solution means giving up their privileged positions. Zeihan views this as extremely unlikely and so do I. This is the crux of their dilemma: it is becoming increasingly clear that the weaknesses of its centrally planned system will eventually catch up with the Party as these demographic pressures grow. Adding to their dilemma, in recent months two events have emerged to further exacerbate long-term demographic pressures:

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[11] Geeta Anand and Jaeyeon Woo, "Asia Struggles for a solution to Is 'Missing Women' Problem," *The Wall Street Journal,* Nov 26, 2015.

[12] *Ibid.* In China, for example, crime increased dramatically between 1992 and 2004, due, in large past, to increased males as a percentage of the population—unmarried men are more likely to commit crimes.

[13] Greg Ip, "How Demographics Rule the Global Economy," *The Wall Street Journal,* Nov 15, 2015.

[14] *Ibid.*

[15] *Ibid.* The growth of China's cities follows a global template: by 2050, as many as seven out of 10 people on earth will live in urban areas—a "global demographic shift so rapid that many consider it a threshold moment for mankind." Of the world's 50 most heavily populated cities in 2050, eight will be in China (pre-Covid statistics): Shanghai (#14), Beijing (#21), Guangzhou (#32), Shenzhen (#39), Wuhan (#46), Tianjin (#49). "City population 2050," *Ontario Tech University,* (2022).

First, a new wave of SARS-Covid-19 is testing China's "zero-Covid" strategy. During a meeting of the CCP's Standing Committee (the Politburo's seven-member supreme body) in early May 2022, it doubled down on President Xi's "zero-Covid" strategy, declaring "persistence is victory."[16] The meeting made it clear that Xi believes that losing control of the epidemic would cause major economic damage, but at the same time the CCP faces a "terrible dilemma": there are still far too many unvaccinated people and letting outbreaks run would likely result in the collapse of the medical system and mass deaths, yet they cannot loosen the lockdowns without undermining everything they have achieved over the last two years.[17] President Xi is still months away from the all-important once-every-five years 20th Party Congress conclave that is expected to rubber-stamp his bid for an unprecedented third five-year term in power. He sees, no doubt, potential political challenges in the popular angst (and perhaps rising discontent within the Standing Committee) in the wake of draconian lockdowns in Shanghai and other cities (about a quarter of China's population lives in cities that are now under some form of lockdown).[18] To make matters worse, cases of the Omicron Covid-19 variant now are showing up in the capital city of Beijing.

Certainly, because of the lockdowns, the economy is cratering. A lockdown since March of Shanghai—China's leading financial center, most populous city and home of the world's busiest container port—has resulted in a quadrupling of shipping delays between China and major US and European ports.[19] According to a new poll, a significant percentage of European firms are shifting current or planned investments out of China due to stringent Covid-19 measures: "a predictable, functioning market is better than one that, despite having high growth potential, is volatile and suffers from supply chain paralysis," says one

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[16] Bill Bishop, "Standing Committee doubles down on 'dynamic zero-Covid' and calls for struggle against doubters," *Sinocism,* May 5, 2022.

[17] *Ibid.*

[18] Tom Hancock and Allen Wan, "China's Campaign to Wipe Out Covid Is Crushing Its Economy," *Bloomberg Businessweek,* Apr 27, 2022; see also, Matthew Partridge, "Xi's zero-Covid dilemma," *MoneyWeek,* May 6, 2022.

[19] According to data provided by Project44, which tracks global supply chains. Cited in Laura He, "Shipping delays are back as China's lockdowns ripple around the world," *CNN Business,* May 6, 2022.

prominent trade official.[20] One article even suggests a worst-case scenario where there are "multiple Shanghais each month over the second and third quarters," which could raise the risk of recession—something China hasn't seen in the modern era.[21]

Today's lockdowns also undermine Beijing's claim that its system is superior to Western democracies in responding to the virus.[22] The success of the initial phase of Beijing's response to the pandemic—using a "zero-Covid" strategy to address the post-Wuhan virus, combining strict border controls, mass testing, and quarantine of anyone infected—made China the only major economy to avoid deep contraction. Xi's early success against the pandemic also gave him room for domestic maneuvering: he initiated a flurry of regulatory moves to reduce the power of China's largest internet companies (in recent days Xi has backtracked on this), encouraged media ultranationalists, took on video streaming sites and delivery platforms as well as pushing the party's vision of "common prosperity."[23] In short, Xi became a victim of his own success, pushing too far too fast (according to some economists),[24] and has now hitched his future political legitimacy to the zero-Covid policy.

Concurrently, the second recent issue exacerbating China's bleak long-term demographic future is the negative fallout stemming from Beijing's support for Russia in its ongoing "special operation" in Ukraine, launched over 70 days ago (has it really been that long already?) Zeihan's take on this is particularly interesting: he asserts that outside of physical damage to Ukraine, China is the biggest loser in the war; all of Xi's global expectations have been upset over the last six weeks; and Xi, having isolated himself from all outside information, believed Putin's lies at their face-to-face meeting during the Olympics.[25] (As an aside, Zeihan gives a near-term Taiwan invasion a one-in-three

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[20] "China's zero-Covid rules, Ukraine war creating 'severe challenges' for European businesses," *South China Morning Post,* May 5, 2022.

[21] Hancock and Wan, "China's Campaign."

[22] "Xi Jinping moves to silence Covid Zero critics in sign of brewing tumult," *Times Of India,* May 6, 2022.

[23] Hancock and Wan, "China's Campaign."

[24] *Ibid.*

[25] Peter Zeihan, "How China Will Die," *GEOPOP,* 2022.

chance of happening because China can create the time and place for the confrontation, as well as create the narrative. He asserts—tongue-in-cheek—that a price of 500 million Chinese is a ”fair price” for the Party to remain in control. Zeihan also notes Ukraine has had eight years to prepare for a Russian invasion while Taiwan has been preparing for 75 years).[26]

Much more certain, is that Chinese security officials remain alarmed at the speed and effectiveness of Western sanctions targeting Russia and have recently held meetings to discuss future strategic options if they are subjected to similar future pressure.[27] China's continuing reliance, however, on Western technology, trade, and oil shipments from the Persian Gulf will make it strategically vulnerable for the foreseeable future.

Perhaps the future reckoning will not be as drastic as Zeihan predicts. He asserts China will fragment in a "messy" process over the next couple decades—a "Han" rump state in and around Beijing will remain, with the seaboard stretching from Shanghai to Guangzhou yet another. Eberstadt, on the other hand, is much more cautious in predicting China's collapse, noting only that "dynasties in China always end."[28]

I guess I fall somewhere in-between.

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[26] *Ibid.*

[27] Citing *Financial Times* report, Philip Lenezycki, "Did China just signal it is going to war?" *Daily Caller, (WND),* May 4, 2022.

[28] Eberstadt, "The China challenge."