

The Chimerica Dream Two Nations, Two Dreams, One Pacific

Posted by Joan Russow
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By [Pepe Escobar](#) h <http://www.tomdispatch.com/blog/175715/>

Sun Tzu, the ancient author of *The Art of War*, must be throwing a rice wine party in his heavenly tomb in the wake of the shirtsleeves California love-in between President Obama and President Xi Jinping. "Know your enemy" was, it seems, the theme of the meeting. Beijing was very much aware of -- and had furiously protested -- Washington's deep plunge into China's computer networks over the past 15 years via a [secretive NSA](#) unit, the Office of Tailored Access Operations (with the apt acronym TAO). Yet Xi merrily allowed Obama to pontificate on hacking and cyber-theft as if China were alone on such a stage.

Enter -- with perfect timing -- Edward Snowden, [the spy](#) who came in from Hawaii and who has been holed up in Hong Kong since May 20th. And cut to the wickedly straight-faced, no-commentary-needed [take](#) on Obama's hacker army by Xinhua, the Chinese Communist Party's official press service. With America's dark-side-of-the-moon surveillance programs like Prism suddenly in the global spotlight, the Chinese, long blistered by Washington's charges about hacking American corporate and military websites, were polite enough. They didn't even bother to mention that Prism was [just another node](#) in the Pentagon's Joint Vision 2020 dream of "full spectrum dominance."

By revealing the existence of Prism (and other related surveillance programs), Snowden handed Beijing a roast duck banquet of a motive for sticking with cyber-surveillance. Especially after Snowden, a few days later, doubled down by unveiling what Xi, of course, already knew -- that the National Security Agency had for years been [relentlessly hacking](#) both Hong Kong and mainland Chinese computer networks.

But the ultimate shark fin's soup on China's recent banquet card was [an editorial](#) in the

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Communist Party-controlled
Global Times

. “Snowden,” it acknowledged, “is a ‘card’ that China never expected,” adding that “China is neither adept at nor used to playing it.” Its recommendation: use the recent leaks “as evidence to negotiate with the U.S.” It also offered a warning that “public opinion will turn against China’s central government and the Hong Kong SAR [Special Administrative Region] government if they choose to send [Snowden] back.”

With a set of cyber-campaigns -- from cyber-enabled economic theft and espionage to the possibility of future state-sanctioned cyber-attacks -- evolving in the shadows, it’s hard to spin the sunny “new type of great power relationship” President Xi suggested for the U.S. and China at the recent summit.

It’s the (State) Economy, Stupid

The unfolding Snowden cyber-saga effectively drowned out the Obama administration’s interest in learning more about Xi’s immensely ambitious plans for [reconfiguring](#) the Chinese economy -- and how to capture a piece of that future economic pie for American business. Essential to those plans is an astonishing investment of [\\$6.4 trillion](#) by China’s leadership in a [drive](#) to “urbanize” the economy yet further by 2020.

That will be the dragon’s share of a reconfigured development model [emphasizing](#) heightened productivity, moving the country up the international manufacturing quality ladder and digital pecking order, and encouraging ever more domestic consumption by an ever-expanding middle class. This will be joined to a massive ongoing investment in scientific and technological research. China has adopted the U.S. model of public-private sector academic integration with the aim of producing dual-use technologies and so boosting not only the military but also the civilian economy.

Beijing may, in the end, spend up to 30% of its budget on defense-related research and development. This has certainly been a key vector in the country’s recent breakneck expansion of information technology, microelectronics, telecommunications, nuclear energy, biotechnology, and the aerospace industry. Crucially, none of this has happened thanks to the

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good graces of the Goddess of the Market.

The pace in China remains frantic -- from the [building](#) of supercomputers and an [explosion of innovation](#) to massive urban development. This would include, for example, the development of the southwestern hinterland city of Chongqin into arguably the biggest urban conglomeration in the world, with an estimated population of more than 33 million and still growing. A typical savory side story in the China boom of recent years would be the way that energy-gobbling country “won” the war in Iraq. The *New York Times* recently reported that it is [now buying](#) nearly 50% of all the oil Iraq produces. (If that doesn't hit Dick Cheney right in the heart, what will?)

Dreaming of What?

As soon as he was confirmed as general secretary at the Chinese Communist Party's 18th Party Congress in November 2012, Xi Jinping started to weave a “[China dream](#)” (*zhongguo meng*) for public consumption. Think of his new game plan as a [Roy Orbison](#) song with Chinese characteristics. It boils down to what Xi has termed “fulfilling the great renaissance of the Chinese race.” And the dreaming isn't supposed to stop until the 20th Party Congress convenes in 2022, if then.

The \$6.4 trillion question is whether any dream competition involving the Chinese and American ruling elites could yield a “win-win” relationship between the planet's “sole superpower” and the emerging power in Asia. What's certain is that to increase the dream's appeal to distinctly standoffish, if not hostile neighbors, China's diplomats would have to embark on a blockbuster soft-power charm offensive.

Xi's two predecessors could not come up with anything better than the vague concept of a “harmonious society” (Hu Jintao) or an abstruse “theory of the Three Represents” (Jiang Zemin), as corruption ran wild among the Chinese elite, the country's economy began to slow, and environmental conditions went over a cliff.

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Xi's dream comes with a roadmap for what a powerful future China would be like. In the shorthand language of the moment, it goes like this: strong China (economically, politically, diplomatically, scientifically, militarily), civilized China (equity and fairness, rich culture, high morals), harmonious China (among social classes), and finally beautiful China (healthy environment, low pollution).

The Holy Grail of the moment is the "Two 100s" -- the achievement of a "moderately prosperous society" by the Chinese Communist Party's 100th birthday in 2021, one year before Xi's retirement; and a "rich, strong, democratic, civilized, and harmonious socialist modern country" by 2049, the 100th birthday of the founding of the People's Republic.



Wang Yiming, senior economist at the National Development and Reform Commission, has asserted that China's gross domestic product (GDP) will reach 90 trillion yuan (\$14.6 trillion) by 2020, when annual per capita GDP will, theoretically at least, hit the psychologically groundbreaking level of \$10,000. By 2050, according to him, the country's GDP could reach 350 trillion yuan (\$56.6 trillion), and annual per capita GDP could pass the 260,000 yuan (\$42,000) mark.

Built into such projections is a powerful belief in the economic motor that a relentless urbanization drive will provide -- the goal being to put 70% of China's population, or a staggering one billion people, in its cities by 2030.

Chinese academics are already enthusing about Xi's dreamscape. For Xin Ming from the Central Party School (CPS) -- an establishment pillar -- what's being promised is "a sufficient level of democracy, well-developed rule of law, sacrosanct human rights, and the free and full development of every citizen."

Don't confuse "democracy," however, with the Western multiparty system or imagine this having anything to do with political "westernization." Renmin University political scientist Wang Yiwei typically describes it as "the Sinocization of Marxism... opening up the path of socialism

with Chinese characteristics."

Hail the Model Urban Citizen (aka Migrant Worker)

Of course, the real question isn't how sweet China's party supporters and rhapsodists can make Xi's dream sound, but how such plans will fare when facing an increasingly complex and anxiety-producing reality.

Just take a stroll through Hong Kong's mega-malls like the IFC or Harbour City and you don't need to be Li Chunling, from the Chinese Academy of Social Sciences, to observe that China's middle class is definitely dreaming about achieving one kind of westernization -- living the full consumer life of their (now embattled) American middle-class counterparts.

The real question remains: On a planet at the edge and in a country with plenty of looming problems, how can such a dream possibly be sustainable?

A number of Chinese academics are, in fact, worrying about what an emphasis on building up the country's urban environment at a breakneck pace might actually mean. Peking University economist Li Yining, a mentor of Premier Li Keqiang, has, for instance, pointed out that when "everyone swarmed like bees" to invest in urban projects, the result was a near bubble-bursting financial crisis. "The biggest risk for China is in the financial sector. If growth comes without efficiency, how can debt be repaid after a boom in credit supply?" he asks.

Chen Xiwen, director of the Party's Central Rural Work Leading Group, prefers to stress the obvious ills of hardcore urbanization: the possible depletion of energy, resources, and water supplies, the occupation of striking amounts of land that previously produced crops, massive environmental pollution, and overwhelming traffic congestion.

Among the most pressing questions raised by Xi's dream is what it will take to turn yet more millions of rural workers into urban citizens, which often [turns out to mean](#) migrant workers living in shanty towns at the edge of a monster city. In 2011 alone, a staggering 253 million workers left the countryside for the big city. Rural per capita income is three times less than

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urban

disposable

income, which is still only an annual 21,800 yuan, or a little over \$3,500 (a reminder that “middle class China” is still a somewhat limited reality).

A 2012 report by the National Population and Family Planning Commission revealed that 25.8% of the population is “self-employed,” which is a fancy way of describing the degraded state of migrant workers in a booming informal economy. Three-quarters of them are employed by private or family-owned businesses in an off-the-books fashion. Fewer than 40% of business owners sign labor contracts. In turn, only 51% of all migrant workers sign fixed-term labor contracts, and only 24% have medical insurance.

As working citizens, they should -- in theory -- have access to local health care. But plenty of local governments deny them because their *hukou* -- household registrations -- are from other cities. In this way, slums swell everywhere and urban “citizens” drown in debt and misery. In the meantime, top urban management in Beijing, Shanghai, Shenzhen, and Chongqin is working to eliminate such slums in order to clear the way for the wildest kinds of financial speculation and real estate madness. Something, of course, will have to give.

When former World Bank chief economist Justin Lin Yifu warned that China should avoid “over-urbanization,” he nailed it. On the ground, President Xi’s big dream looks suspiciously like a formula for meltdown. If too many migrants flood the big cities and the country fails to upgrade productivity, China will be stuck in the [dreaded middle-income trap](#) .

If, however, it succeeds in such a crash way, it can only do so by further devastating the national environment with long-term consequences that are hard to calculate but potentially devastating.

We Don’t Want No Historical Nihilism

Xi, the dreamer, may simply be a master modernist PR tactician hiding an old school outlook. Hong Kong-based political analyst Willy Lam, for instance, is [convinced](#) that “ideologically Xi is a Maoist” who wants to maintain “tight control over the party and the military.”

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Consider the political landscape. Xi must act as the ideological guide for 80 million Communist Party members. The first thing he did after becoming general secretary was to launch an “inspection tour” of the major southern city of Shenzhen, which in the early 1980s was made China’s initial “special economic zone.” In this, he was emulating China’s first “capitalist roader,” the Little Helmsman Deng Xiaoping’s landmark 1992 turbo-reform tour of the same area. It was undoubtedly his way of promising to lead the next capitalist surge in the country.

However, a fascinating academic and Internet debate in China now revolves around Xi’s push to restore the authority and legitimacy of the ur-Communist leader Mao Zedong. Otherwise, the president claims, there would be nothing left but “historical nihilism.” As his example of the road not to take, Xi points to the Soviet Union; that is, he is signaling that whatever he will be, it won’t be the Chinese equivalent of the USSR’s last leader, Mikhail Gorbachev, nor by implication will he lose control over China’s military.

Xi is indeed meticulous in his interactions with the People’s Liberation Army (PLA), always stressing “the dream of a strong China” and “the dream of a strong military.” At the same time, his attitude perfectly embodies the Communist Party’s grand narrative about its own grandness. Only the Party, they claim, is capable of ensuring that living standards continue to improve and the country’s ever-widening inequality gap is kept in check. Only it can ensure a stable, unified country and a “happy,” “harmonious” society. Only it can guarantee the continuing “rejuvenation of the Chinese nation,” defend “core interests” (especially what it refers to as “territorial sovereignty”), and ensure China, kicked around by other great powers in much of the nineteenth and twentieth centuries, global respect.

A Sinophile Western cynic would be excused for thinking that this is just a more elaborate way of stressing, as the Chinese do, that the might of the pen (*bi gan zi*) and the barrel of a gun (*qiang gan zi*) are the two pillars of the People’s Republic.

All of this was essentially sketched out by senior PLA colonel Liu Mingfu in his recently republished 2010 book, *China Dream: Great Power Thinking and Strategic Posture in the Post-American Era*. On one thing Liu and Xi (along with all China’s recent leaders and PLA commanders) agree: China is “back as the most powerful nation where it’s been for a thousand years before the ‘century of humiliation.’” The bottom line: when the problems start, Xi’s dream will feed on nationalism. And nationalism -- that ultimate social glue -- will be the essential precondition for any reforms to come.

In April, one month after the National People's Congress, Xi repeated that his dream would be fulfilled by 2050, while the Party's propaganda chief Liu Yunshan ordered that the dream be written into all school textbooks. But repeating something hardly makes it so.

Xi's father, former vice premier Xi Zhongxun, was a man who thought outside the box. In many ways, Xi is clearly trying to do the same, already promising to tackle everything from massive corruption ("fighting tigers and flies at the same time") to government rackets. (Forget lavish banquets; from now on, it's only supposed to be "four dishes and a soup.")

But one thing is certain: Xi won't even make a gesture towards changing the essential model. He'll basically only [tweak](#) it.

Fear and Loathing in the South China Sea

Everyone wants to know how Xi's dream will translate into foreign policy. Three months ago, talking to journalists from the emerging BRICS group (Brazil, Russia, India, China, and South Africa), the Chinese president emphasized that "the China Dream also will bring opportunities to the world."

Enter the charm offensive: in Xi's new world, "peaceful development" is always in and "the China threat" is always out. In Beijing's terms, it's [called](#) "all-dimensional diplomacy" and has been reflected in the incessant global travel schedule of Xi and Prime Minister Li Keqiang in their first months in office.

Still, as with the dream at home, so abroad. Facts on the ground -- or more specifically in the waters of the [South China Sea](#) -- once again threaten to turn Xi's dream into a future nightmare. Nationalism has unsurprisingly proven a crucial factor and there's been nothing dreamy about the continuing [clash of claims](#) to various energy-rich islands and waters in the region.

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Warships have recently been maneuvering as China faces off against, among other countries, Japan, Vietnam, and the Philippines. This unsettling development has played well in Washington as the Obama administration announced a “pivot” to or “rebalancing” in Asia and a new strategy that visibly involves playing China’s neighbors off against the Middle Kingdom in what could only be considered a twenty-first century [containment policy](#) .

From Washington’s point of view, there have, however, been more ominous aspects to China’s new moves in the world. In bilateral trade with Japan, Russia, Iran, India, and Brazil, China has been working to bypass the U.S. dollar. Similarly, China and Britain have established a currency swap line, linking the yuan to the pound, and France plans to do the same thing with regard to the euro in an attempt to turn Paris into a major offshore trading hub for the yuan.

Nor was it an accident that Xi’s first trip abroad took him to Moscow. There is no more crucial economic and strategic relationship for the Chinese leadership. As much as Moscow won’t accept NATO’s infinite eastward expansion, Beijing won’t accept the U.S. pivot strategy in the Pacific, and Moscow will back it in that.

I was in Singapore recently when Secretary of Defense Chuck Hagel [dropped in](#) at the Shangri-La Dialogue, an Asian defense and security forum, to sell the new U.S. focus on creating what would essentially be an anti-Chinese alliance in South and Southeast Asia, as well as the Pacific. Major General Qi Jianguo, deputy chief of the general staff of the PLA, was there as well listening attentively to Hagel, ready to outline a Chinese counter-strategy that would highlight Beijing’s respect for international law, its interest in turbo-charging trade with Southeast Asia, but most of all its unwillingness to yield on any of the escalating territorial disputes in the region. As he said, "The reason China constantly patrols the South China Sea and East Sea is because China considers this to be sovereign territory."

In this way, the dream and nationalism are proving uncomfortable bedfellows abroad as well as at home. Beijing sees the U.S. pivot as a not-so-veiled declaration of the coming of a new Cold War in the Asia-Pacific region, and a dangerous add-on to the Pentagon’s [Air-Sea Battle concept](#) , a militarized approach to China’s Pacific ambitions as the (presumed) next rising power on the planet.

At the Shangri-La, Hagel did call for “a positive and constructive relationship with China” as

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an “essential part of America's rebalance to Asia.” That’s where the new U.S.-driven Trans-Pacific Partnership (TPP) -- essentially the economic arm of the pivot -- would fit in. China’s Ministry of Commerce is reportedly even [studying](#) the possibility of being part of it.

There is, however, no way a resurgent Beijing would accept unfettered U.S. economic control across the region, nor is there any guarantee that TPP will become the dominant trading group in the Asia-Pacific. After all, with its economic muscle China is already leading the [Regional Comprehensive Economic Partnership](#) that includes all 10 members of the Association of Southeast Asian Nations (ASEAN) plus Australia, India, Japan, New Zealand, and South Korea.

In April, after visiting Beijing, Secretary of State John Kerry began spinning his own “Pacific dream” during a stopover in Tokyo. Yet Beijing will remain wary of Washington’s dreaming, as the Chinese leadership inevitably equates any dream that involves moves everywhere in Asia as synonymous with a desire to maintain perpetual American dominance in the region and so stunt China’s rise.

However nationalism comes into play in the disputed, energy-rich islands of the South China Sea, the [notion](#) that China wants to rule even the Asian world, no less the world, is nonsense. At the same time, the roadmap promoted at the recent Obama-Xi summit remains at best a fragile dream, especially given the American pivot and Edward Snowden’s recent revelations about the way Washington has been hacking Chinese computer systems. Perhaps the question in the region is simply whose dream will vanish first when faced with economic and military realities.

At least theoretically, a strategic adjustment by both sides could ensure that the dream of cooperation, of Chimerica, might prove less than chimerical. That, however, would imply that Washington was capable of acknowledging “core” Chinese national interests -- on this Xi’s dream is explicit indeed. Whatever the confusions and difficulties the Chinese leadership faces, Beijing seems to understand the realities behind Washington’s strategic intentions. One wonders whether the reverse applies.

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