The Pandemic, Governance and the Year of the ‘Great Transition’

Martin Jacques

Abstract The book called *When China Rules The World* was published in 2009. In this essay, the author updates his original statements based on his thoughts in the 12 years since publication. Great stress is placed on his belief *that China and its governance system are little understood by the world* outside of China. In particular, the author stresses how scholars deeply mislead the world with studies that attempt to *compare the communism of the Soviet Union with the communism of China*. There is a special focus on the *Communist Party of China and how it has continually adapted* to changes in the world. The latest change triggered by COVID-19 has increased awareness of how China is leading the world in economic development and innovation. This acceleration is described as the ‘*great transition*’, which was in turn also caused by a ‘*test of governance*’ forced by COVID-19. In that test, China scored well, while the EU and US failed. The evidence is in how the Chinese economy was able to achieve an annual growth rate of 6% by early 2021, while EU nations and the US were still struggling to control the pandemic.

Keywords *When China Rules the World* • China and its governance system are little understood by the world • Compare the communism of the Soviet Union with the communism of China • Communist Party of China and how it has continually adapted • ‘Great transition’ • A ‘test of governance’ forced by COVID-19

In June 2009, the book called *When China Rules the World* was published, I wrote the book to capture profound global changes. This was the synopsis to describe the book’s argument:

For over two hundred years we have lived in a western-made world, one where the very notion of being modern was synonymous with being western. The book argues that the twenty-first century will be different: with the rise of increasingly powerful non-Western countries, the west will no longer be dominant and there will be many ways of being modern. In this new era of ‘contested modernity’ the central player will be China.

Martin Jacques argues that far from becoming a western-style society, China will remain highly distinctive. It is already having a far-reaching and much-discussed economic impact,

M. Jacques (✉)

Department of Politics and International Studies, Cambridge University, Cambridge, UK

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H. Wang and A. Michie (eds.), *Consensus or Conflict?*, China and Globalization,
https://doi.org/10.1007/978-981-16-5391-9_26

291

but its political and cultural influence, which has hitherto been greatly neglected, will be at least as significant. Continental in size and mentality, and accounting for one-fifth of humanity, China is not even a conventional nation-state but a 'civilization-state' whose imperatives, priorities and values are quite different. As it rapidly reassumes its traditional place at the centre of East Asia, the old tributary system will resurface in a modern form, contemporary ideas of racial hierarchy will be re-drawn and China's ages-old sense of superiority will reassert itself. China's rise signals the end of the global dominance of the west and the emergence of a world which it will come to shape in a host of different ways and which will become increasingly disconcerting and unfamiliar to those who live in the west.

For the purposes of this essay, I aim to share some of my thinking more than a decade after *When China Rules The World* was first published. I will do this through three talks I have delivered in the intervening years.

1 The Challenge the CPC Presents the World as a Very Different Form of Governance in the Era of Globalisation

There is a profound ignorance in the West about Chinese governance. The dominant attitude is still essentially dismissive. There are two main reasons for this. The first is that Chinese governance is based on entirely different values and principles to those that inform Western governance. The idea of Western democracy has been the main calling card of the West since 1945 and, for countries like the US and the UK, much longer. In Western eyes, the legitimacy of any political system is measured by the extent to which it approximates universal suffrage, a multi-party system, the separation of powers and the rule of law. Such is the commitment to these notions that it is not an exaggeration to suggest that Western democracy is viewed in terms that are akin to the 'end of history'. They are regarded as indispensable for good governance and cannot be improved upon in their essentials. The second reason is the legacy of the cold war, which continues to exercise a profound influence on Western thinking—and elsewhere too, though usually to a rather lesser extent. Communism and Communist Parties are still deeply associated in the Western mind with the history, experience and fate of the Communist Party of the Soviet¹ Union (CPSU).

The rise of China has served to shift Western views about China to some degree,² most obviously respect for the country's economic progress and the huge reduction in poverty; in terms of attitudes towards Chinese governance, though, there has been, if anything, a marked deterioration. This is evident in a number of ways: the priority given in the West to the Chinese record on human rights, the speed with which China is condemned and demonised for its present policy in Xinjiang and the gathering hostility towards China in the United States, with its political system occupying a

¹Communist Party of China (CPC).

²This talk was delivered by Professor Martin Jacques at the Third Symposium on International Ccpology at Fudan University on November 24, 2018.

crucial place in the increasing antagonism. The conclusion I would draw from this is that any fundamental shift in Western attitudes towards Chinese governance in a more sympathetic or benign direction is very unlikely over the next decade and probably much longer.

And yet there are much deeper forces at work that will require—and will eventually serve to compel—precisely such a shift in Western attitudes. These can be summarised as follows.

First, the extraordinary economic rise of China cannot be separated from China's governance. On the contrary, China's governance has been absolutely fundamental to this achievement. It could not have been attained without it. This irresistible fact will continue to gnaw away at perceptions of China: in the long term, facts speak far louder than ideological prejudices and assumptions.

Second, the West is in deep relative decline which has been greatly accelerated by the Western financial crisis from which it has barely emerged. The Chinese economic crisis that was widely forecast in the West never happened—instead, it happened in the West. And, as we have seen, this then predictably led to a profound political crisis in Europe and the United States. The people have lost faith in the governing elites and their institutions, and the consequences of this still remain deeply unclear. The political systems in the West now face by far their greatest challenge since 1945.

Third, we should look at these two developments in a broader context. The rise of the West to a position of global hegemony lent Western political leaders and institutions great status and prestige amongst their peoples. The authority, power and influence they enjoyed on the global stage served to greatly enhance their position at home. The precipitous decline of the West, in contrast, is having—and will have—exactly the opposite effect, serving to undermine, weaken and diminish the status of their leaders at home. My own country, the UK, is a classic example of this phenomenon. British political leaders enjoy the hugely diminished status and power and influence both internationally and nationally. This can only serve to weaken the respect, trust and faith that people have in their political systems and institutions. Exactly the opposite is the case in China. The rise of China has greatly enhanced the respect the Chinese people have for their leaders and institutions. The fact that China now has the second largest economy in the world, that it enjoys a quite new kind of global influence and that the country feels increasingly aligned with the great achievements of earlier periods of Chinese history lends its leaders and institutions, above all the Chinese Communist Party, a new kind of authority, charisma and respect which is only likely to strengthen further as China's rise continues in the future.

These three factors together are bound to progressively weaken the standing of Western governance and enhance that of Chinese governance, both at home and abroad. In other words, we must see attitudes towards Western and Chinese governance in the context of a much longer timescale and in an essentially dynamic way. Western attitudes may seem to be relatively static, even frozen, but from the vantage point of, say, 2040, it will surely look very different.

Which brings me to an analysis of the Chinese Communist Party (CPC). Comparisons with the Soviet Communist Party (CPSU) serve to obfuscate rather than enlighten. They are profoundly different just as, if you like, Russia and China are

profoundly different. One of the most important differences, probably *the* most important, is that the CPSU never enjoyed widespread popular support—it was concentrated in the very small industrial proletariat and extremely limited amongst the peasantry who constituted the great majority. The CPC was exactly the opposite: its support was overwhelmingly amongst the peasantry and very limited in the very small proletariat. The CPC, as a result, had very broad support and very deep roots, which gave it great confidence. In contrast, the CPSU from the outset depended on coercion and authoritarian rule to get its way.

A classic illustration of the CPC's strength was Deng's reforms in 1978. China, at that point, was not in a good place and yet Deng felt able, willing and had the courage to introduce what represented a fundamental shift in CPC philosophy. Such profound shifts can only be undertaken by parties that are deeply rooted and enjoy great historical self-confidence. This, of course, brings us directly to what might be described as the birth of the modern era of the Chinese Communist Party.

The significance of Deng's reforms has, in historical terms, been greatly underestimated. They involved two major changes in communist thinking. Hitherto, socialism had been seen as synonymous with the state and planning. Deng now redefined socialism to include the market. His second innovation was to abandon the idea of socialism in one country, or socialist autarchy, and embrace the concept of a single world with China seeking to integrate itself and become interdependent with the rest of the world. The novelty and courage enshrined in this shift were to have huge consequences, economic, political and intellectual. It required so much to be rethought, not just economically but also politically. A different kind of state had to be constructed, with a different role based on a different mindset and skills. Deng's radical thinking unleashed a quite new intellectual energy which over time was to utterly transform the thinking and energy of the people. It was to create a new mentality, in effect a new people. It is impossible to explain China's rise without understanding the intellectual dynamism and innovation that lay at the heart of the reforms.

One of the great problems of the communist tradition had been the tendency for it to ossify, to become backward-looking and to become akin to a tablet of stone, the belief that victory was inevitable, that success was historically guaranteed. This was the very antithesis of Deng's thinking: nothing was guaranteed, China had to make and invent its own future. The result was not only the transformation of China but increasingly the transformation of the world as well. While the West betrays growing signs of a hardening of the arteries, a retreat into the past and a failure to embrace the future other than as a retreat of the past and present, China is exactly the opposite. This is a huge achievement of the Chinese Communist Party.

It is inconceivable that Western countries could adopt a Chinese-style political system—it runs counter to their history, traditions and beliefs—just as, for the same reasons, China cannot and should not be expected to move towards a Western-style political system. Western countries can and should learn from the Chinese way of doing things, as China has over time learnt much from the West. Over the last two centuries, the major direction of travel has been from the West to China. Increasingly that will be reversed, as China rises and becomes the home of modernity, and the

West declines. And the Chinese political system, including the pivotal importance of the Chinese Communist Party, will be no exception to this.

What are the key attributes of the Chinese Communist Party in this respect?

First, the most challenging single aspect of Chinese governance is the demographic size and geographical spread of the country. Finding ways to bind such a huge country together and ensure inclusivity, an area where the US and the UK, far smaller though they may be, have been found deeply wanting, is one of the great strengths of Chinese governance, and of which it enjoys a unique understanding. The fact that China, moreover, is, in effect, a sub-global system in its own right, accounting for one-fifth of the world's population, means that the CPC has a special insight into the demands of governance in the era of globalisation, as the Belt and Road project illustrates.

Second, the Chinese Communist Party's ability and capacity to transform a developing country is second to none: it is the exemplar for all others. In an era in which the imperative of transforming the developing countries, home to 85% of the world's population, is arguably the greatest task of our era lends a unique significance and special responsibility to the role of the CPC.

Third, it is clear that the Westphalian system faces a growing and multifarious crisis. The nation-state form was a Western invention, specifically a European invention, which spread as a result of Western influence to assume an almost global universality, though in many respects it was, and has proved to be, a poor fit for many countries outside the West. The fact that China is primarily a civilization-state and only secondarily a nation-state gives it a special insight into and sensitivity about this question. As China's global influence grows apace, these attributes will become increasingly important in seeking to find ways of resolving a myriad of problems around the world. Again, this lends the CPC a special role and capacity.

Fourth, it is becoming increasingly clear that China is at the fore in the practice and the concept of modernity: its bold and ambitious attitude towards and relationship with technological innovation and the industries of the future; its recognition of the pivotal importance of climate change to the future of humanity and its embrace of globalisation, multilateralism and the developmental challenge are three examples. This stands in stark contrast to the trend in the United States, epitomised by Trump, which rejects globalisation, climate change and even reason and sees America's future in terms of a return to some golden age in the past.

Fifth, the CPC has pioneered a new kind of competence in statecraft which has raised the global bar in terms of governance. All countries will need to learn from China in this respect. A combination of accountability, experience, competence, education and meritocracy has underpinned the remarkable achievements of the Chinese government with, of course, the CPC being the key to this.

Finally, a word of caution. The rapid deterioration in relations between the US and China is very unlikely to be a temporary phenomenon. We have almost certainly entered a new era characterised by growing enmity between the two countries, thereby bringing an end to the long period of relative cooperation which dates back to 1972. We can already feel the draughty winds of a new cold war-like assault on China emanating from Washington. An integral part of this will be an attempt to demonise and smear the Chinese Communist Party. So far, the rise of China has taken place

in relatively benign conditions; for the foreseeable future, something more like the opposite is likely to be the case. This will present the CPC with a great challenge, one very different from both the Deng era and the Xi period between 2012 and 2016. China will be faced with the imperative of seeking friends and building bridges with as many countries as possible as the US seeks to isolate it.

2 No Time for Wishful Thinking

There is no point in building castles in the air.³ We must live in the here and now. I am sure the great majority of us wish we were not where we are. We would prefer that the era, beginning in the late 1970s, of globalisation and multilateralism, and that was characterised by relative stability and cooperation in the relationship between the US and China, was still in place. It is not. And it will not return for a very long time. The reason for the breakdown in that old order is profound, as is invariably the case with great historical shifts. We need to understand the causes.

The period between the late 1970s and 2016 was marked by three underlying features: a new phase of globalisation, the hegemony of neo-liberalism in the West and a stable *modus vivendi* between China and the United States. Two things served to undermine this era, one was an event, the other a much longer-term process. The event was the Western financial crisis in 2007–8, the worst since the 1930s. It fatally wounded neo-liberalism in the West and led to many years of supine economic growth, a stagnation in living standards in most Western countries and a backlash against globalisation. The result was the undermining of the authority and credibility of Western governing elites and the governing institutions, together with the rise of anti-establishment populism. In the United States, it created the conditions for the rise of Trump and a profound shift in US policy both domestically and internationally.

The longer-term process I referred to concerns the changing balance of power between China and the United States. In the late 1970s, the Chinese economy was tiny compared with the US. And it never imagined that the Chinese economy would one day come to rival the size of the US economy. Furthermore, the US believed that unless China became a Western-style country, with a Western-style political system, its modernisation would prove unsustainable. After the financial crisis, the US slowly began to realise that on both counts it was profoundly mistaken: China was no longer a relatively insignificant junior partner, but now a peer competitor, and China's political system was far more robust than it had assumed. This dawning realisation persuaded the US establishment that China's rise had to be resisted, at a minimum slowed. While Trump was the initiator of this turn against China, it is important to recognise that it has widespread bipartisan support.

The Trump administration sought to reverse the norms of the previous era from the late 1970s until 2016: to weaken globalisation, undermine global trade by embracing

³This is the transcript of a talk that Professor Martin Jacques gave at a Forum organised by China Daily at the G20 in Osaka on June 25, 2019.

protectionism, displace multilateralism in favour of US power, sideline the WTO and wound China through the imposition of tariffs and the introduction of sanctions against its tech industries, most notably Huawei. It is a sobering reminder that history never travels indefinitely in one direction. In 1914, it was generally believed that the trend towards globalisation that had dominated the period after 1870 was irreversible: they were wrong. The world was soon to be ravaged by two world wars, protectionism, the division of the world into autarchic economic blocs, and the worst-ever economic crisis. The world can go backwards as well as forwards. Trump's economic policy marked a reversion to the nationalistic and isolationist thinking that informed US policy in the nineteenth century and in the twentieth century prior to the Second World War. It was America's response to its declining position in the world and the fear that its dominant position would be usurped by China.

How does the rest of the world respond? In the longer run, the trend towards globalisation will be resumed. An increasingly globalised world means the growing interdependence of nations in a multitude of ways, from economic and cultural to environmental and the overarching challenge of climate change. These arguments and imperatives have not gone away even if they have now been displaced to some degree by the tide of nationalistic populism. At the heart of America's shift is the question of China. How does China respond?

The shift in America's position towards China is not for the short term. It is the beginning of a new era that seems likely to last for twenty years or more; bear in mind, in this context, that the previous era from 1970 to 2016 lasted for rather more than four decades. China will have to learn to live in a world that is increasingly divided and in which the US seeks to isolate it. We will all be casualties of this new regime, including, of course, China and the US. In my view, though, the US will be a much bigger loser than China. The US will cut itself off from China, the world's biggest, most dynamic and competitive market, and its competitiveness will suffer greatly as a consequence. China is the rising power, the US the declining power. The US's retreat into autarchy and isolationism will only serve to hasten its decline. At some point, still a long way in the future, it will come to recognise this fact that it needs China and that a new relationship with China must be based on equality between the two countries.

China is patient. This is one of its great strengths. In contradistinction to the US, it thinks long term. It understands now is not forever. China will be a very different and new kind of great power. Its rise has been remarkably peaceful in a way that the equivalent rise of the US, or indeed the UK, France, Germany and Japan, was not. They all fought many wars of expansion: China has not. It has a different way of thinking born of a very different history. China will find a way to resist America's attempts to weaken and isolate it: we can be sure of that. China's rise will continue. But at the same time, it will, and should, keep its lines of communication with the US open, to avoid giving the US any reason or excuse to further poison their relationship. China's caution is already manifest. It has responded to America's protectionist moves against it, and its attempts to hobble Huawei, but very cautiously, seeking not to exacerbate the relationship and give the US cause to further up the ante. This is most important and aligns with China's practice of valuing long-term

over short-term gain. China, meanwhile, must intensify its efforts to build bridges and strengthen its relations with as many countries as possible. In this way, it will seek to resist the US's attempts to isolate it while at the same time demonstrating to the world its multilateral objectives and values.

3 2021 and Beyond

From the vantage point of history, certain years are invested with enormous importance, marking, as they do, some kind of turning point, perhaps the end of an era or the beginning of a new one. I expect 2020 to be one of those special historic years. The pandemic has clearly been a highly exceptional event, the worst pandemic since the Spanish flu in 1918, almost exactly a century ago. The manner in which the pandemic has encompassed the whole world, the scale of the disruption and the debilitating economic consequences and the way in which it has tested governments to the limit are unparalleled in peacetime. Indeed, the challenges of war perhaps bear a closer resemblance to those of the pandemic than what we normally experience in peacetime. It is inevitable that such a monumental event will have a huge effect on the world, far greater than the last major such event, the Western financial crisis in 2008.

Every economy, bar China's, will start 2021⁴ smaller than it was a year earlier: France and the UK will be around 10% smaller, likewise India, the Eurozone will contract by 8% and the US by 4%. Most countries will face much higher unemployment. The Western countries will be confronted with huge increases in their debt. Inequality has grown dramatically. Young people, the biggest sufferers, have lost close to a year's education. These consequences have been far from uniform across countries. The most striking divergence is that between East Asia on the one hand and the West on the other. Much of East Asia, most notably China, has been far more successful at eliminating COVID-19 than the West. Economic disruption across most of East Asia, as a result, has been much less severe and shorter in duration than in the West. At the end of 2020, the vast majority of the West found itself still mired in the pandemic, while China, in contrast, has already been growing rapidly for several months.

Unlike the 2008 financial crisis, which was primarily economic in nature, the pandemic has, first and foremost, been a test of governance. The West has failed miserably. Indeed, without a vaccine, it is very doubtful whether the West would ever be able to eliminate the virus in the manner that China has. The reasons are fundamental: governments have lacked strategic clarity, they are shorn of the necessary levers of power, they are ill-informed, they do not enjoy sufficient support amongst the people, they have constantly yo-yoed between fighting the pandemic and reviving the economy and there are endless debates about individual rights versus the role of

⁴This is the transcript of a video interview Professor Martin Jacques gave for People's Daily on January 18, 2021.

government, while social cohesion and solidarity amongst the people have been too weak to foster and sustain the necessary social discipline. In other words, in the face of a new and profound crisis, Western societies have displayed a fundamental lack of resilience, the United States being the stand-out example.

The disparity between China's performance and that of the West has been nothing short of a chasm. This is a hugely important moment in the story of China's rise and the West's decline. Hitherto this has overwhelmingly been seen and calibrated in economic terms. No longer. The pandemic, in stark contrast, has fundamentally been a test of governance. History will come to see 2020 as the year of the Great Transition, the moment when large numbers of people around the world came to see China, rather than the US, as the global leader and exemplar. If in 2021, the year of the vaccine, China is able to shoulder much of the burden of providing a vaccine at a relatively low cost for many in the developing world, then this will serve to further consolidate how China is seen by the world. We can be sure that America will absent itself from any such role or responsibility.

One of the things that has poisoned the atmosphere around the fight against the pandemic has been Trump's barrage of racially charged attacks on China. I doubt that Biden will engage in such abuse and there is likely to be a calmer and more predictable response from the White House. But that does not mean we will see a return to the status quo ante. If the deterioration in the relationship between China and the US was at the behest of the latter, with China very much on the defensive, from 2021, in contrast, we would see a very different picture. China has drawn the lesson that it cannot rely on the US and that it must become more self-reliant. Dual circulation rather than opening up is the new mantra. Accompanying this new emphasis on the Chinese economy will be a stronger and closer relationship with East Asia, as illustrated by the recent RCEP trade agreement. As a result of the pandemic, the US economy and the West in general will find themselves much smaller relative to the size of the Chinese economy; they will also become increasingly aware that they are growing less important to the Chinese economy and they will matter that bit less. The price the West will pay, over time, for its short-sighted turn against China will be a significant diminution in its relative size, presence and influence on the global stage. This will be one of the hallmarks of the Great Transition.

But this will not be the only, or even the main, consequence of 2020 for the West. Cast your mind back to the rather less significant 2008 financial crisis. The Western economies contracted and took a long time to recover; real living standards have, in many cases, barely returned, if at all, to their 2007 levels; the huge loss of trust in governments, the governing elites and the political systems; the rise of nationalism and populism; the election of Trump; the turn against China; the polarisation of US politics to the point of virtual paralysis and, to the shock of the West, the emergence of a serious threat to the survival of American democracy. The consequences of the 2008 financial crisis were clearly very profound. But 2008 was a far less damaging event than the pandemic. So imagine what kind of damage might over time be wrought on the West in the wake of the pandemic?

With seriously weakened economies, the abject failure of governance, reduced living standards, mass unemployment, heightened inequality, the loss of hope and a

young generation that has lost out badly, Western societies will be highly troubled, unstable, riven with conflict, inward-looking, volatile and unpredictable to an extent not previously witnessed since 1945. We see the first signs of this in 2021, but the long-term effects of the pandemic will dominate the West during the 2020s with consequences that we cannot foresee. For sure, the West will emerge much weaker as a result.

Martin Jacques is the author of the global best-seller *When China Rules the World: the End of the Western World and the Birth of a New Global Order*. It was first published in 2009 and has since been translated into fifteen languages and sold over 350,000 copies. Martin is a Visiting Professor at Tsinghua University, Beijing; Fudan University, Shanghai; and the Lee Kuan Yew School of Public Policy, Singapore. Until recently, he was a Senior Fellow at the Department of Politics and International Studies, Cambridge University. He was also formerly the editor of the renowned London-based monthly *Marxism Today* and was co-founder of the think-tank *Demos*.

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