

This opinion piece by PCI Vice President, Professor Tom Plate, appeared in the South Morning China Post, Monday, January 2, 2017.

China can lead in 2017, even as a slowing economy tests its grip on domestic stability

Tom Plate says the coming year is likely to defy many pundits' predictions about China and the US. For one, China can expect some instability in society, while Trump's presidency won't be bad news for bilateral ties

TOM PLATE

"It's tough to make predictions," an American baseball star used to say, "especially about the future." But, toughing it out, we make them anyway, don't we? – especially in this, our silliest season, the onset of the new (Gregorian calendar) year, scarcely hesitating to proclaim, for all the world to admire, our fearless forecasts. Which in short time should prove no more enduring or worthy than the fast-evaporating New Year Resolution or the predictable hangover.

Especially is it perilous to make predictions about the China-U.S. relationship, one of the greatest Godzilla face-offs in recorded history. The world's two most powerful nations do not always interact in predictable ways. And now the Taiwan issue, until recently in semi-sleep mode, is again in play. The mainland economy's growth is not as buoyant as it needs to be given a billion plus inhabitants. And with China's maximum leader still consolidating his power, while America's new leader is about to take power (and figuring out "what the hell" the top job is all about), any wager one way or the other would seem a fool's flutter. But making predictions "about the future", despite the risk of embarrassment, is what we narcissistic humans do. So here I go – yet again.

For China, most 'experts' predict that the central government will effectively maintain stability - economic and political – at least through this year. This is of course quite the predictable prediction, telling us little; predictions so utterly predictable offer scant utility. As far as I can see, the only value in predicting anything at all is to illuminate the possibility of the unlikely. Such a mental effort – or, as physicists might say 'thought experiment' – can help us anticipate (perhaps even prepare for) the truly unpredictable.

My own work has tended to obsess over the unpredictable. The early plunge in the Thai baht that was to trigger the Asian Financial Crisis (I wrote in July 1997) would not be contained and probably would become regionally viral. Contrarily, the Hong Kong handover the same year to Beijing would not be a disaster, as the western press was wickedly predicting. The 2003 U.S. invasion of Iraq was a bad idea. Given the buildup of the PLA Navy going back a decade and more, China's assertions in the South China Sea were not Communist maneuvers but deeply motivated Chinese get-evens and that would proceed apace as core PRC policy.

For many years, my favorite against-the-grain prognosticator of China's ups and downs was probably the public intellectual Charles Wolf Jr. He was an admirer of China's breathtaking economic progress – only the heartless would not be. But as senior economist at RAND, the U.S. think-tank widely associated with lucrative Pentagon contracts, Charles, who died recently after a fabulous career, used to brief me on the mainland economy. His worry point was always China's unemployment rate, which by his calculations clocked in at an unreported multiple higher than the announced four percent or so.

Wolf never believed that official number and was certain that the structural stresses from “the persistent masses of unemployed and underemployed labor” would in time erode core stability, notwithstanding the central government’s many control programs. Today, with China’s growth rate at or under seven percent and probably at a lower point than at any time since 1990, it would thus be my best guess – *my prediction* – that 2016 will be a year notable for worrisome and observable instability on the mainland.

With China, as with the United States, I have no appetite to see either giant stumble. But history is not infrequently stormy, unpleasant and unpredictable. I remember well Charles saying to the effect that experts are good enough at interpreting and explaining the past - but are pathetic with the forecast. “Their testimony [about the future],” he’d drolly say, “is often wrong.”

As for China’s superpower dance partner, the experts haven’t been much better in predicting major developments in the United States, whether the near-global-depression of 2008-2009 or the outcome of the recent U.S. presidential election (Wolf, by the way, was the only public intellectual I knew who predicted the unexpected Republican victory. This was back in May). Now we see experts betting on rough sailing in the bilateral relationship when Trump hits the White House. Once again I have to go the other way: Consider in evidence that his only actual non-Twitterish move to date has been to propose Iowa Governor Terry Branstad as ambassador to China. This is a solid choice – a man said to have warmed some comity into his meetings with President Xi Jinping – and is anything but an in-your-face slap designed to poke the panda.

The political prognosticator must not assume the inherent asininity of Trump’s every move; even a dumb broken clock, as they say, is right twice a day. China is hugely important to the U.S. Anyone who does not know this is slacking around on another planet; so, managing to improve relations would put solid bedrock under his presidency.

But Trump’s amateurism will present opportunities for the more experienced and professional Mr Xi. The American’s evident wish to downsize global issues, especially environmental, will create unprecedented public space in which China’s president can make his case to be the true world leader (The launch of the new ambitious China Global TV Network could not be better timed). So China’s international image will improve even as its domestic stability declines (I’d wager a flutter or two on this).

That will especially be the case if Trump continues to embarrass himself with Vladimir Putin. Anyone who calculates Russia over China as the better bet for America needs to have his head examined. Come on, man! China is the future, Russia the past. Sure, this might seem a slight oversimplification. But, hey - that’s my prediction and I’m sticking with it.

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