



China's Policy in the COVID-19 era



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Agenda

- 1. China's Domestic Politics after the COVID-19**
- 2. China's Economic Prospect after the COVID-19**
- 3. China's Foreign Policy after the COVID-19**
- 4. China's influence in the context of Asian Geopolitics**
- 5. US-China Strategic Competition (in Global Narrative)**



1. China's Domestic Politics after the Outbreak

▪ Rising Tensions in the arena of Domestic Politics

The Chinese Government

▪ Censorship



▪ Scapegoating



▪ Propaganda



▪ Releasing Safety Valve



1. China's Domestic Politics after the Outbreak



▪ Rising Tensions in the arena of Domestic Politics

The Chinese Society

▪ Criticisms + Protests



▪ “Rally-around-the flag-effect” + nationalism



** The Government's positive/negative measures + the Society's mixed responses*

1. China's Domestic Politics after the Outbreak



- Rising Tensions in the arena of Domestic Politics - *Data point for comparison*

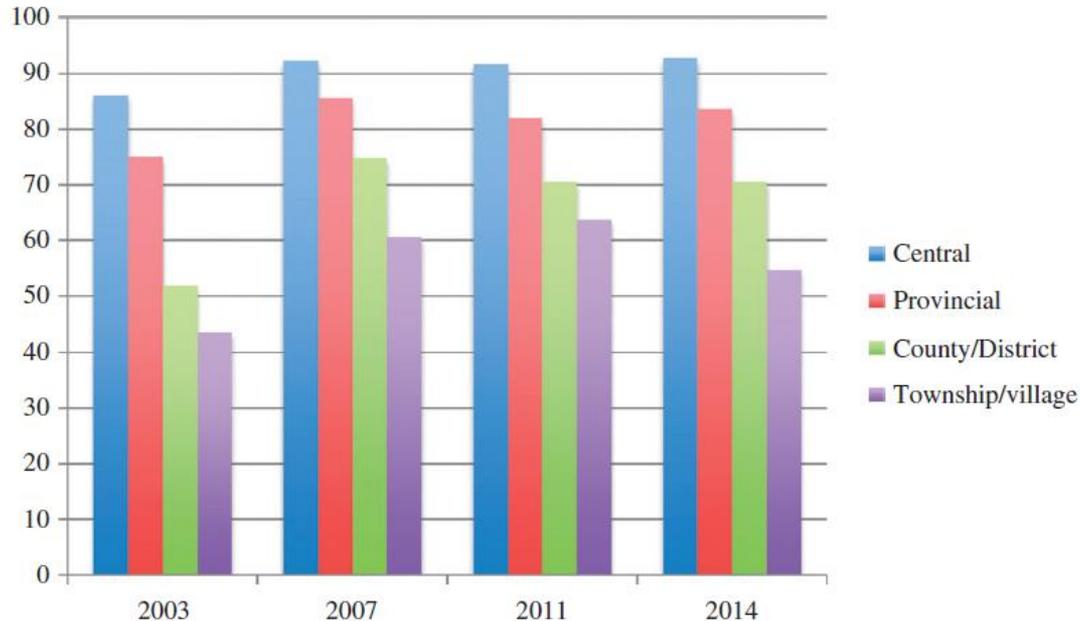


Figure 2. Citizens extremely or relatively satisfied with government performance: 2003–2014.
Source: Author's Survey 2014.



2. China's Economic Prospect after the Outbreak

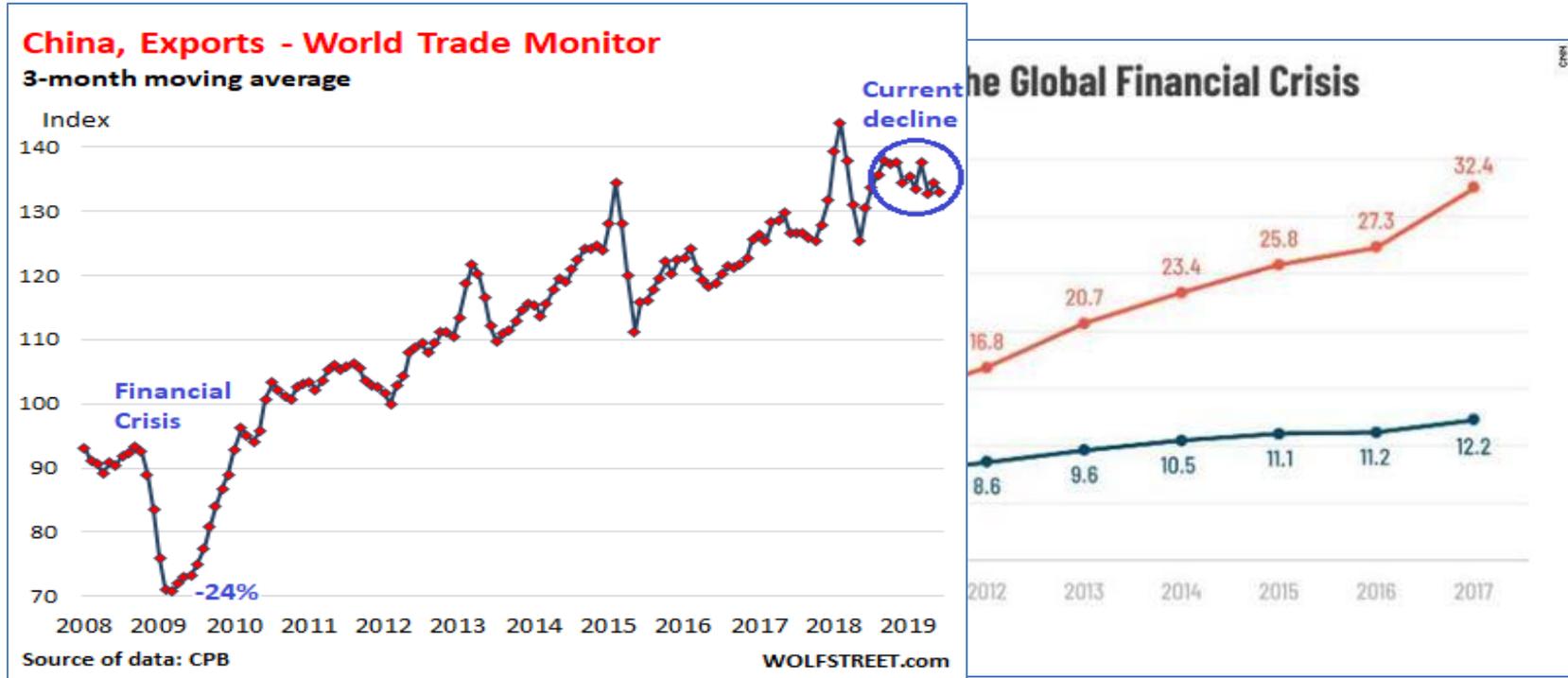
- Mixed Prospects for the Chinese Economy – Optimism *Before* COVID19





2. China's Economic Prospect after the Outbreak

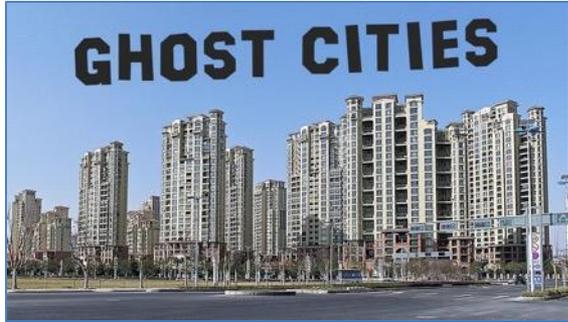
- Mixed Prospects for the Chinese Economy – Pessimism *Before* COVID19





2. China's Economic Prospect after the Outbreak

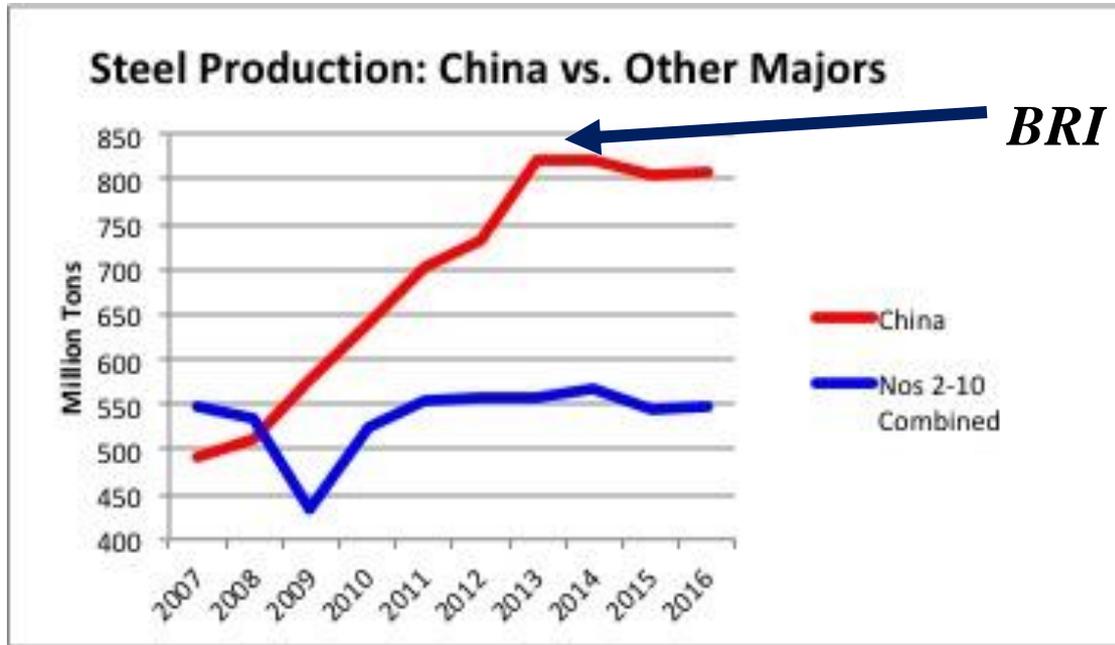
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2. China's Economic Prospect after the Outbreak

- Mixed Prospects for the Chinese Economy – Pessimism *Before* COVID19



BRI launched (2013)



2. China's Economic Prospect after the Outbreak

▪ Mixed Prospects for the Chinese Economy *After* COVID19

• *Optimistic View*

- Smaller Service Sector
 - Larger Manufacturing Sector
 - Lower Unemployment rate
 - Less need for Stimulus Package
 - Opportunity for Untact Economy
- Faster and Larger V-Type Recovery

• *Pessimistic View*

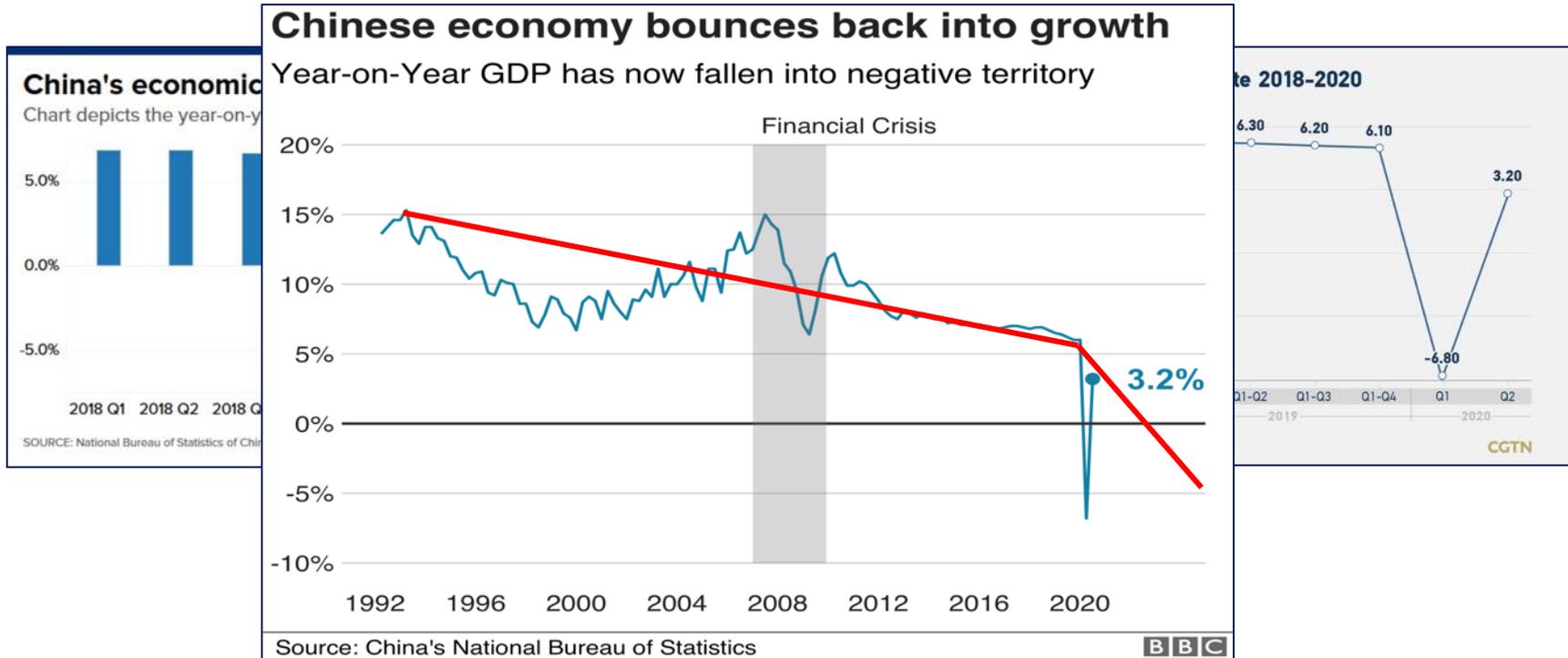
- Global Economic Recession
 - Less Demand → Less Growth
 - US, Japan, Europe's Decoupling
 - Structural Problems Inside (e.g. Debt, Weak Private sector)
- Slow and large fall to L-type Recession

** Too early to conclude: Yet it is certain that uncertainty is mounting...*



2. China's Economic Prospect after the Outbreak

- Mixed Prospects for the Chinese Economy – Pessimism *after* COVID19

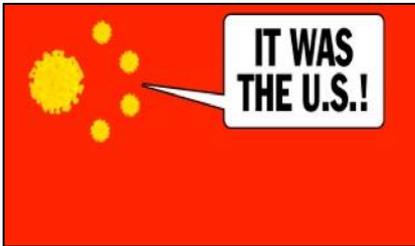


3. China's Foreign Policies after the Outbreak



- Self-narrative as pandemic response exemplar
- Providing medical aids and supplies

➔ *Recasting China as a Responsible Great Power*



- “Wolf-Warrior” Diplomacy
- Explicit pressure + Covert, Russian- style tactics

➔ *More assertive/active Disinformation Campaign*



- Military provocations in the Taiwan Strait
- “Gray Zone” activities in the South China Sea

➔ *Opportunism with Probing Behaviors*



4. China's influence in the context of Asian Geopolitics

▪ *Prospect: China rules the world?*

• *If China*

- maintains stability
- provides financial aids
- provides coordination
- militarily intimidates
- economically coerces



“Pax Sinica!?”

Not very likely...

• *China's Troubles*

- Signs of Discontents
- Substandard foreign aids
- Economic slowdown
- Surging “China Responsibility” theory
- Decoupling by other developed countries



• *As China goes thru*

- domestic discontents
- economic stagnation
- negative hit on BRI
- international accusation
- ➔ More nationalist policies
- ➔ More frictions with neighboring countries



▪ After the COVID-19 Outbreak

- China's Domestic Politics → Manageable, but Rising Tension
- China's Economic Prospectus → Manageable, but Mounting Uncertainty
- China's Foreign Policy → Continuing Expansionist
- in the context of Asian Geopolitics → Deepening US-China Competition

▪ Accelerating the Trends of

- Assertive, expansionist, aggressive policies against US + on territorial disputes
- Economic statecraft + Promotion of China-centric narratives

5. US-China Strategic Competition in Global Narrative



▪ US Strategic Approach to China

- On May 20, 2020, the Administration delivered the report to Congress.



To respond to Beijing's challenge, the Administration has adopted a competitive approach to the PRC, based on a clear-eyed assessment of the CCP's intentions and actions, a reappraisal of the United States' many strategic advantages and shortfalls, and a tolerance of greater bilateral friction. Our approach is not premised on determining a particular end state for China. Rather, our goal is to protect United States vital national interests, as articulated in the four pillars of the 2017 *National Security Strategy of the United States of America* (NSS). We aim to: (1) protect the American people, homeland, and way of life; (2) promote American prosperity; (3) preserve peace through strength; and (4) advance American influence.

➔ *China's criticism: US tries to contain China. Imperialistic; Cold-War mentality*

5. US-China Strategic Competition in Global Narrative



■ US Strategic Approach to China.

Conclusion

The Administration's approach to the PRC reflects a fundamental reevaluation of how the United States understands and responds to the leaders of the world's most populous country and second largest national economy. The United States recognizes the long-term strategic competition between our two systems. Through a whole-of-government approach and guided by a return to principled realism, as articulated by the NSS, the United States Government will continue to protect American interests and advance American influence. At the same time, we remain open to constructive, results-oriented engagement and cooperation from China where our interests align. We continue to engage with PRC leaders in a respectful yet clear-eyed manner, challenging Beijing to uphold its commitments.

➔ *US Strategy: No containment. Targeting sharply Xi Jinping's malign policies.*

5. US-China Strategic Competition in Global Narrative



“If one day China should change her color and turn into a superpower, if she too should play the tyrant in the world, and everywhere subject others to her bullying, aggression and exploitation, the people of the world should identify her as social-imperialism, expose it, oppose it and work together with the Chinese people to overthrow it.”

5. US-China Strategic Competition in Global Narrative



▪ “Beijing to uphold its commitments”



Grand Strategy	“Keep low-profile”	“China Dream”
Domestic Politics	<ul style="list-style-type: none">▪ Pragmatism▪ Collective Leadership▪ De-centralization▪ Term/Age Limit	<ul style="list-style-type: none">▪ Ideological campaign▪ One-man Ruling▪ Over-centralization▪ Life-tenure in power
Foreign Policy	<ul style="list-style-type: none">▪ Seek common ground while avoiding differences (求同存异)▪ Moderate, compromising	<ul style="list-style-type: none">▪ Expand Chinese influence▪ Export China model▪ Assertive, Aggressive



➔ *Strategic Competition between Xi Jinping VS Deng Xiaoping*

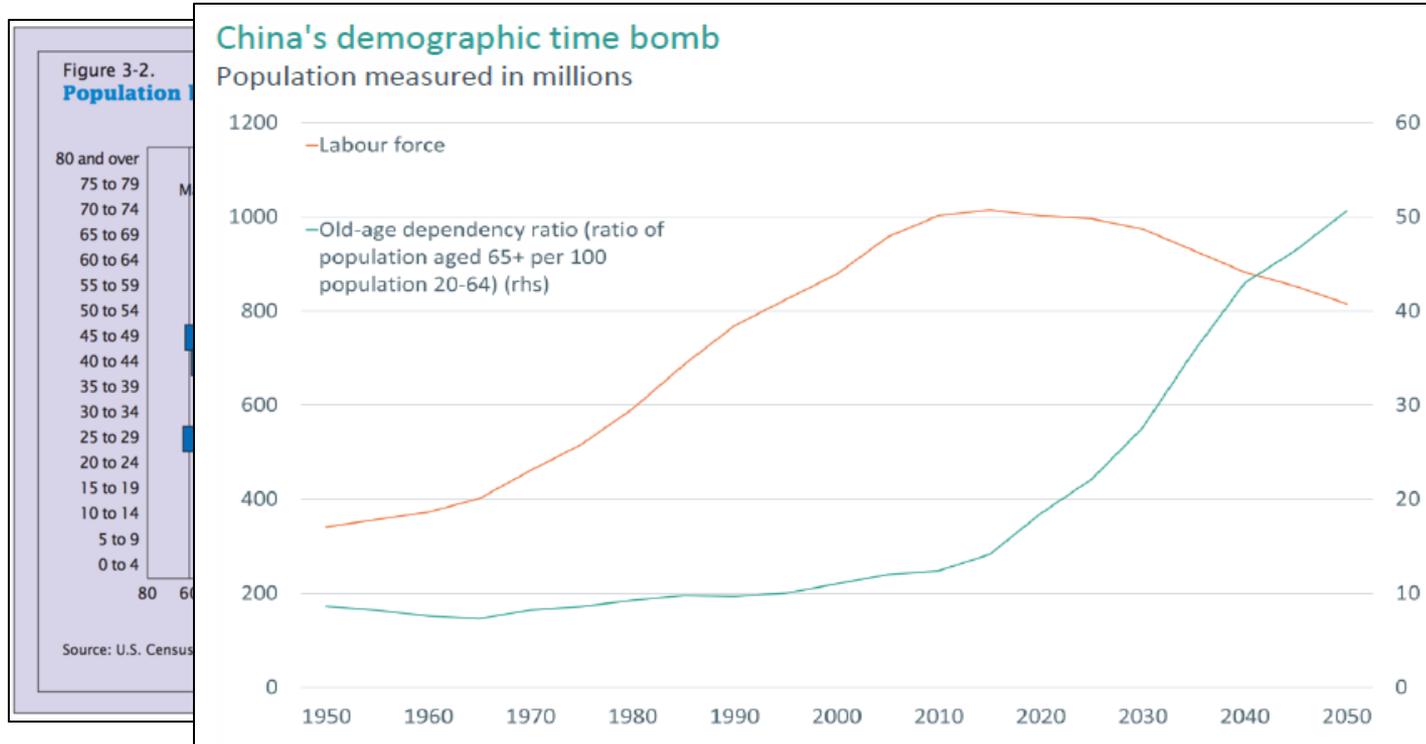


Back-up Slides
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2. China's Economic Prospect after the Outbreak

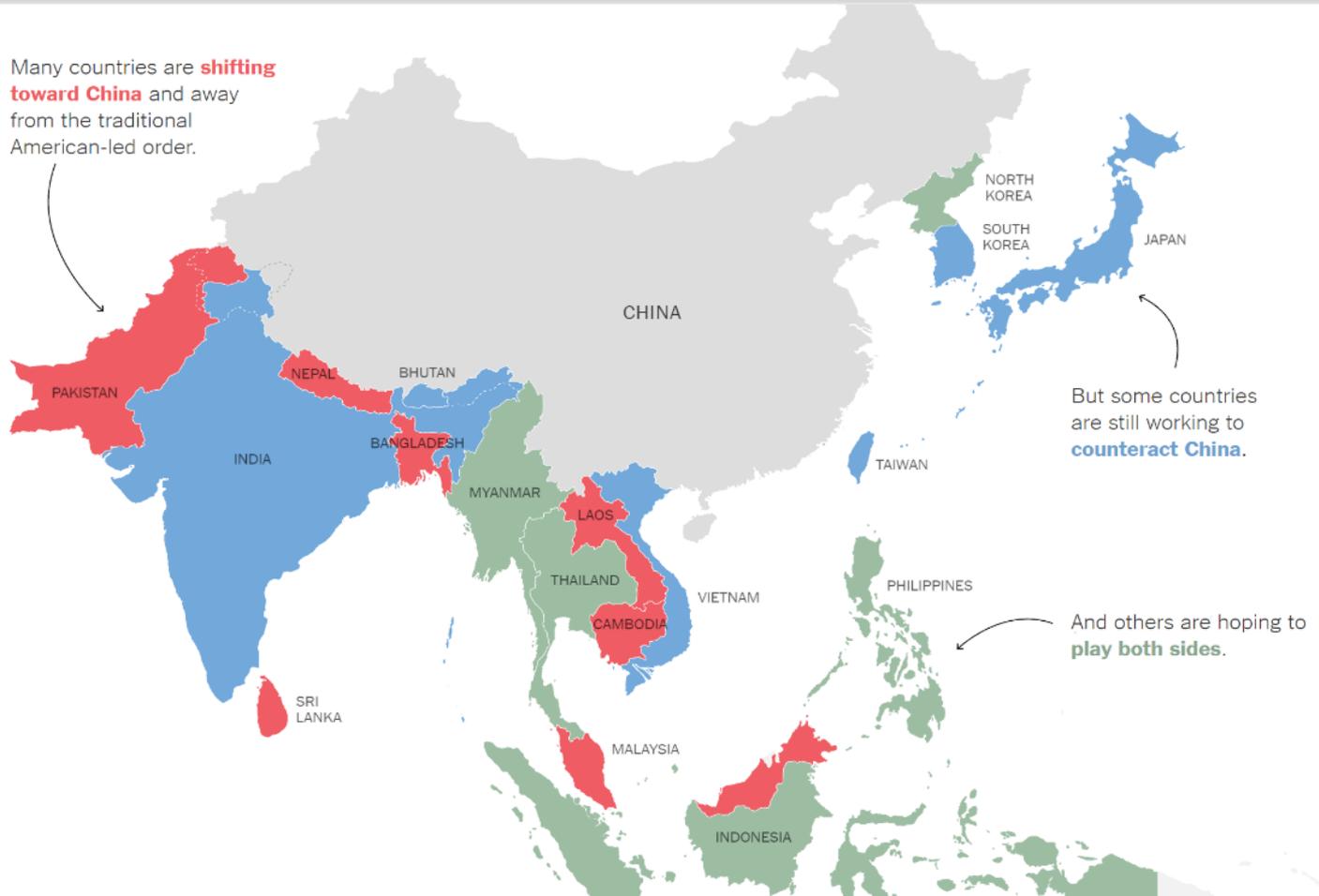
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4. Regional View- How do countries in the region view China?

Many countries are **shifting toward China** and away from the traditional American-led order.



But some countries are still working to **counteract China**.

And others are hoping to **play both sides**.



3. Argument against the Prospect of US-China War

- Evidence: despite rising, China cannot match the US power at the regional level.

▪ Geography and Security Costs



▪ Obstacles to Chinese Naval Expansion

- The US from the 1890s to today
- The Imperial Japan in the 1930-40s
 - ➔ 80~ 99 percent of **naval tonnage** in America and Asia respectively
- China today
 - ➔ less than 30 percent of Asia
- **Asian nations' A2/AD capabilities against China (Japan, Vietnam, Taiwan...)**

(Source: *Unrivaled*, 2018)



4. Regional View- How does the region view China?

▪ **Question: why not a wholesale support of the US over China?** 1. Money 2. Culture

1. China as Economic Opportunity ▪ Chinese Investments/Aids



- Yes, maybe debt trap
- Yes, maybe not healthy practice
- Yes, maybe “win-win” for China
- Yes, maybe expanding Chinese influence

- But, may work/ can negotiate with China
- But, faster/easier delivery than USAID, IMF,WB
- But, better than nothing
- But is China model that bad? Always? Absolutely?

Fang-shou cycle

Period	Political Orientation	<i>Fang-Shou Cycle</i>
1949-1957	Nation-building Projects	<i>Fang</i> 放 (Relaxing)
1958-1961	Great Leap Forward	<i>Shou</i> 收 (Tightening)
1962-1965	Pragmatic Adjustment	<i>Fang</i> 放 (Relaxing)
1966-1978	Cultural Revolution	<i>Shou</i> 收 (Tightening)
1979-1982	Reform and Opening Up	<i>Fang</i> 放 (Relaxing)
1982-1983	Anti-Spiritual Pollution Campaign	<i>Shou</i> 收 (Tightening)
1983-1986	Reform and Opening Up	<i>Fang</i> 放 (Relaxing)
1986-1987	Anti-Bourgeois Liberalization Campaign	<i>Shou</i> 收 (Tightening)
1987-1989	Reform and Opening Up	<i>Fang</i> 放 (Relaxing)
1989-1992	Neo-totalitarianism	<i>Shou</i> 收 (Tightening)
1993-2008	Soft Authoritarianism	<i>Fang</i> 放 (Relaxing)
2009-Present	Hard Authoritarianism	<i>Shou</i> 收 (Tightening)

* Decoupling, Are the US and China Entering a New Cold War?



■ Big difference from the past: Economic interdependence & Social contacts

• *Economic Trends in China*

- Shrinking/educated workforce
- Rising labor costs
- Middle-income trap



- Relocation of Foreign Assets to other developing countries ★
- Compete with the U.S. in Service, Hi-Tech industries ★

• *Politicization of the Economic Trends*

- China's State-controlled Economy
- Weaponization of Economic Scale



- Exodus of Foreign Companies ★
- Criticizing China's illiberal capitalism ★

• *COVID-19: Accelerating the Trend of "De-coupling" to a Strategic Level*