

"As the West re-evaluates ties with China and India, there is an opportunity for a 'grand bargain' at Mamallapuram."

As China and India are civilisational states, neighbours and members of the future global triumvirate, the Narendra Modi-Xi Jinping summit in Mamallapuram raises the question — do we understand China as well as we claim to understand the U.S.?

Western labels do not explain the actions of civilisational states like China and India. The two countries' transformational leaders are responding to unique national problems with a new development paradigm and view of the world order. Both implicitly question Western ideas and institutions as they seek their legitimate space in setting global rules. They have different, rather than divergent, approaches with convergent goals.

China's unique roadmap

Take China's two centenary goals: eliminating poverty by 2021 and establishing an advanced socialist nation by 2049. The lesson the Chinese leadership drew from the collapse of the Soviet Union was that legitimacy will only come from continued growth in household incomes and that people must be rich before they get old. China's concept of "stability" is very different from its ordinary English meaning.

So, what did China do? First, it defined growth in terms of both GDP, as the target for provincial heads, and per capita income, which the Communist Party monitored. We know that China is now the second largest economy and has foreign exchange reserves of over \$3 trillion. What is less well known is from 1998 to 2008, middle-class income grew only 4% in the U.S. and 70% in China. That is why despite the trade headwinds and moderation of growth, the shift to a consumption-led economy is a success, and in 2018 China's retail e-commerce exceeded that of the next 10 countries.

Second, China realised the importance of infrastructure in both supporting economic activity and well-being in cities. Construction accelerated from 2000. In three years China added cement capacity equal to what the U.S. added in a hundred years. It achieved saturation levels in cement, steel and electricity generation in 2013. By then more than half the population had moved to the cities and into the middle class. Their

standard of well-being — education, health, municipal services and public transport — is comparable to the best in the world.

Third, China's choice of development pathway used much less natural resources than the West and is remarkably carbon efficient, when the population is taken into account. Growth targets are no longer defined only in terms of GDP. Environmental concerns are very much on the agenda, and an emissions trading system has been instituted to curb emissions of carbon dioxide from power plants. Electricity consumption, car ownership and food waste remain one-tenth that of the U.S. This trend is not changing as incomes rise as it is based on civilisational values that are very different to Western values.

Fourth, the Chinese have become global technology leaders intelligently, not just stealthily. At a time when there was no demand for high-speed trains and nuclear plants, for example, China paid for the best technology and improved upon it. Its high-speed trains travel at 300 km/ hour. China is exporting nuclear power plants. Huawei is the global leader in 5G technology, and the cheapest. China's national goal of global leadership in Artificial Intelligence and quantum computing is serious enough to cause a rift with the U.S.

The Party's role

The Communist Party of China is unlike political parties in the West. You have to be invited to become a member and each department in the university has a party secretary to whom the dean reports. Yet students can ask for views on democracy and take the ubiquitous digital surveillance in their stride. China has noted that each Western country has its own variant of political organisation and has settled for election at the grass-roots level. Party schools conduct regular programmes on current concerns.

How China chose its leaders is the most interesting contrast with the West. They candidly admit that 'Tiananmen Square' was inevitable, as the generals did not anticipate popular concerns and then sent in the tanks. The next group of leaders were engineers and piloted the infrastructure push and now urban administrators are at the helm.

China is now less dependent on the world, and as it moves to a high-tech consumption-led economy it faces similar problems like the U. S. — children of the urban middle class now want middle class employment. Over the last couple of years students in Tsinghua are concerned that they are no longer getting the jobs they want. Wuhan in central China is currently setting up a new \$30 billion high-tech research centre with public-private partnership, as it sees the digital economy generating middle-class jobs. This explains in part the Belt and Road Initiative (BRI) linking cities with other countries. This 'thought' for getting out of the 'middle income trap' is now in the party and national constitution, akin to 'liberalism' in the West.

The party permeates Chinese life keeping a laser-sharp focus on the two centenary goals and recognises China cannot dominate the U.S. with its size, population and technological prowess. With two-thirds of global GDP again to be in Asia, China's foreign policy focus is really the Eurasian land mass, where it is not in direct clash with the U.S.

The Modi factor

The new development in this scenario is not Donald Trump but the 'Modi factor'. China recognises that it will achieve its goals only if there is an 'Asian Century' and needs to work with the other civilisational power, India, now talking of its own model of global order. The two orders can overlap in certain sectors and areas.

Further movement on maintaining the status quo at the border could be followed by a non-aggression pact. What about India buying 5G technology that Huawei wants to sell to jointly shape the future of digital innovation globally? Discussion could also begin on the conceptual frame of the 'Asian Century' with the two poles in peaceful co-existence, as has been the case throughout civilisation.

Expected Questions (Prelims Exams)

1. Consider the following statements in the context of China -

1. It is now the largest economy and has more than 3 trillion dollars of foreign exchange reserves.
2. China's retail e-commerce has surpassed the next 10 countries in 2018. Which of the
3. In 2015, cement, steel and chemical production in China achieved saturation levels.

statements given above are correct?

- (a) 1 and 2 (b) 2 and 3
(c) 1 and 3 (d) All of the above

Expected Questions (Mains Exams)

Q. Can China and India's collaborative approach make the Asian Century practical? Discuss what kind of issues can be established between these two countries at present?

(250 Words)

Note: Answer of Prelims Expected Question given on 11 Oct., is 1 (c).