

## FOREWORD

### **Under the Heaven, beyond the Sea: PRC's Twin Challenges in the 21st Century**

This third and final issue of Volume 5 of *Contemporary Chinese Political Economy and Strategic Relations: An International Journal* (2019) represents a collection of research articles covering some of the most pertinent domains of the twin challenges facing China's Communist Party-State regime today. The legacy of millennia of imperial China have left its indelible mark on the concept of 天下 (*t'ien-hsia / tianxia*, "under the heaven") reflected in the worldview of "普天之下，莫非王土，率土之濱，莫非王臣" ("all land under the heaven belongs to the Emperor and all people on the land extending to the coast are subjects of the Emperor")<sup>1</sup>.

The imperial heritage of CCP's rule is unmistakable. One of the earliest definitions of political culture is: "the system of empirical beliefs, expressive symbols, and values, which defines the situation in which political action takes place" – that given by Harvard professor Sidney Verba.<sup>2</sup> It has been observed how Marxism was transformed when it came into contact with traditional Chinese political culture and turned into the dynastic, semi-Confucian political hybrid of Maoism and other brands in Confucian East Asia (e.g., Vietnam, but especially North Korea), or in the religious domain how Buddhism was

transformed when it merged with traditional Taoist-Confucian tradition and gave rise to Mahayana Buddhism in China or how it meshed with traditional Tibetan beliefs and gave rise to Lamaism. Back to political development, it has been observed how the transplanted liberal democracy brought in and imposed by the Americans on post-World War II Japan merged with the local Confucian-Shintoist tradition and worldview and the vestiges of the former feudal class system to give rise to the distinctive deferential political culture and reverence for authority which students of the East Asian developmental State model note with theoretical enthusiasm in trying to explain the economic success of Japan and the four East Asian Tigers. Today's CCP's success in not only keeping its citizens docile but actually in convincing most of its economically contented, patriotically fulfilled deferential subjects of their fortune to finally have an enlightened ruler, 明君 (*ming-chün / mingjun*) cannot be fully grasped without looking back into the long dynastic imperial history of China that shaped the deep-rooted political culture of the country. After all, as Martin Jacques stressed, China is not a nation-state, but more than that, a civilisational state.<sup>3</sup> It may not be too far off if we say that the People's Republic of China (PRC) embodies the real essence of the traditional Chinese civilisational state. PRC is the real inheritor of the Chinese political tradition maintained through the millennia, whether in terms of the CCP State's interaction with its citizens, its dealings with the minority-inhabited frontier regions, or its foreign policy. The Republic of China (ROC) on mainland is but an aberrational interlude whose original ideals had never been realised.

China watchers in the West love to comment that despite admitting the horrors of the Cultural Revolution and the failure of Mao's radical collectivist economic policy today's new leaders of the CCP would not discredit Mao because to do so would be shaking the foundation of the CCP's legitimacy. The implication is: what Mao represents is in all

practicality dead. In reality, is this really so? This is among the issues explored in the first paper under the first section of this journal issue, *Taking the Pulse*, “Mapping Political Views in Chinese Cyberspace” by Shan Wei and Gu Yongxin. Despite tight government control over political dissent, Shan and Gu’s study reveals that Chinese online ideologies still show a “left” and “right” cleavage along three dimensions in terms of their different views on political development, economic reform and nationalism. Nevertheless, owing to the State’s authoritarian control, this left-right division does not suggest a pro- and anti-government cleavage, for the simple reason that views crossing the line of government tolerance would invite repression, though there is still a certain degree of government tolerance as the debates among online ideological clusters rarely involve offline mobilisation or collective actions and hence do not represent a direct threat to the Party-State regime.

If tracking netizens’ online debates represents a way to take the politico-ideological pulse of the nation, reading into the nuances of the State’s discourse is another. Alex Payette, in his policy commentary on the recently held fourth plenary session of CCP’s 19 central committee, “Reviewing the Fourth Plenum: Governance and Morality in the Era of Xi Jinping”, points out the multiple-layered meaning of the Party’s discourse – for “harmonious society” read rising social tensions, for “Chinese dream” read unfulfilled promises and growing socioeconomic nightmare, for “political security”, “governance”, and “Party’s leadership” read a lack of control and a feeling of uncertainty in governing capabilities and legitimacy in times of testing situations such as the trade war and the Hong Kong protests. On the latter Payette sees Beijing going for the long-haul solution waiting for insurrection, which is resource-disadvantaged vis-à-vis the ruling regime, to crumble, but the continued contention is most likely to result in a financially costly

stalemate for Hong Kong.

More detailed analysis specifically on the Hong Kong crisis is provided by Matthew Harrison in his paper “Does Hong Kong Have a Future?” If the political pulse is not clear enough to raise alarm in Beijing for policy reassessment, then perhaps taking the economic pulse would serve to strengthen the signal. If it is indeed Beijing’s plan to sit out patiently, as Payette perceives, Hong Kong’s “Revolution of Our Times” towards an inevitable denouement, Harrison urges for a realistic take on the part of Beijing for, given that nationwide opening-up is incompatible with its state-permeated system, Hong Kong as the enclave model *par excellence* still plays the “doubly-assured role as China’s gateway to the world and China’s gateway to its own future”.

This section closes with Manganelly Sumesh’s analysing the pulse of demographic mobility in China and its socioeconomic factors and impacts, “The Dynamics of Migration within China: A Study on Socio-Economic Aspects”, focusing on the phenomenal rural-urban labour migration.

If taking the pulse of the body politic is vital in assessing the short- and long-term viability CCP Party-State’s governance model and regime maintenance within PRC’s territory where Beijing claims sovereignty, riding the waves into the four seas (the ancient metaphorical four bodies of water making up the boundaries of China: East China Sea on the east, South China Sea on the south, Koko Nur<sup>4</sup> on the west, Lake Baikal<sup>5</sup> on the north), representing a re-invention of imperial China’s extension of the Middle Kingdom’s awe-inspiring sovereign power with the new manifestation today in the form of the PRC’s assertive military gestures in the East and South China Sea and Xi Jinping’s grandeur signature Belt and Road Initiative project, is another utmost important subject of study for China-watchers and policy-makers around the world today.

Renato Cruz De Castro, in the first paper under the section of *Beyond the Sea* in this journal issue, “The Philippines and the Maritime Security Order in Southeast Asia: The Risks of an Appeasement Policy on an Expansionist China”, takes a critical look at President Rodrigo Duterte’s foreign policy that is undoing the former president Benigno Aquino III’s geopolitical agenda of thwarting China’s expansive design in the West Philippine Sea by casting aside The Hague’s Permanent Court of Arbitration the July 2016 ruling in favour of the Philippines (that China has no legal standing to claim rights to most of the South China Sea and it has “no historical rights” based on its “nine-dash line” map), distancing the Philippines from its long-standing treaty ally the U.S. and gravitating toward China in order to avail itself of Chinese aids and loans through Xi Jinping’s Belt and Road Initiative (BRI). While beyond the ancient West Sea and North Sea goes the land-based Silk Road Economic Belt (SREB, the “Belt” in BRI), into and beyond the East Sea and South Sea the Chinese economic and geopolitical power flexes its formidable muscle through the 21st-Century New Maritime Silk Road (MSR, the BRI’s “Road”) – the “Belt” and “Road” that together would form an ambitious loop linking the three continents of Asia, Europe and Africa through six economic corridors, i.e. the New Eurasia Land Bridge, China-Mongolia-Russia, China-Central Asia-West Asia, China-Indochina Peninsula, China-Pakistan, and Bangladesh-China-India-Myanmar Economic Corridor, supported by infrastructural project funded by Chinese investment, loan and aid. As can be seen in these economic corridors, South Asia is a main target of the BRI, and given the political tension and rivalry between India and China and the geopolitical imbroglio that the South Asian nations have long been entangled in, BRI’s inroads upon the subcontinent have become a cause for much concern. The next paper under this section, Amit Ranjan’s “China’s infrastructure Development Projects in South Asia under the

BRI: An Appraisal”, sets out to assess BRI projects in the nations of South Asia, notably infrastructural and water-related projects, look at how India and Bhutan have stayed out of BRI, and evaluate the validity of the BRI-critics’ “debt-trap diplomacy” argument.

While South Asia becomes the arena of competition for influence by the world’s two most populous nation, China, now the world’s second largest economy and an aspiring world superpower, has entered a global contest for political and economic influence with the world’s largest economy and the sole superpower post-Cold War, the United States of America. Under the next section of this journal issue, *Rivalry for Global Dominance*, Fu-Lai Tony Yu in his article “Toward an Explanation of U.S.-China Trade Disputes: Entrepreneurial Innovation, Protectionism and the Struggle for Hegemony in the Global Economy” explains the origin of the U.S.-China competition over the past decades and in particular their current trade war by using an international development model which incorporates entrepreneurial innovation, protectionism and world politics.

How this arena of rivalry for global dominance could take on a glistening twist is the subject of enquiry in the next article by Elizabeth Marsha and Michael A. Soedrajat, “The Influence of China in Hollywood Environment”, in which the authors explore, by focusing on China’s multinational conglomerate the Dalian Wanda (大連萬達) group founded by Wang Jianlin (王健林, a former regimental commander in the People’s Liberation Army, today one of the richest men in China), how the China’s Party-State has sought to expand its global influence through inroads into Hollywood film production which it then uses as a conduit for extending its global “soft power”. This has just become such a pertinent subject in the wake of the most recent controversy surrounding the animation movie *Abominable*, a joint production by Shanghai-based Pearl Studio (which is also the film’s

distributor in China) and Hollywood's DreamWorks Animation (a subsidiary of Universal Pictures), at one point in which is shown a map of the South China Sea bearing the U-shape "nine-dash line" that covers an estimated 80 per cent or more of the whole sea and cuts deep into the exclusive economic zones (EEZs) declared by several ASEAN claimant states that were created by drawing straight baselines around their coasts that extend 200 nautical miles seaward in accord with the United Nations Convention on the Law of the Sea (UNCLOS). The refusal by Universal Studios, the film's distributor in countries other than China, to remove the map from the film has led to Malaysia banning the movie in October 2019, following similar actions by Vietnam and the Philippines earlier in the same month.<sup>6</sup> Adding to this latest controversy is the removal of the Republic of China (Taiwanese) and Japanese flags from the flight jacket of Tom Cruise in the upcoming *Top Gun* film, *Top Gun: Maverick* (2020) that film fans quickly noticed in the film's trailer this July, showing explicitly the heavy influence of China in Hollywood including through the East Asian giant's huge box office takings for Hollywood blockbusters.<sup>7</sup>

This journal issue ends the section *Money and Finance* that features a paper by Lin Yao, Wee-Yeap Lau and Tien-Ming Yip, "Dynamic Relationship between Yuan-Dollar Exchange Rate and Malaysian Macroeconomic Variables in Pre- and Post-Exchange Rate Reform Periods in China", investigating the impact of changes in the yuan-dollar exchange rate on Malaysia's macroeconomic variables during China's pre- and post-exchange rate reform periods, and that by Xiao Fu and Tuck Cheong Tang, "You've Got Money Left Over: Twin Surpluses of Balance of Payments Accounts in China", exploring the sustainability and macroeconomic determinants of China's twin surpluses of balance of payments (in its current account and financial account) as well as the possible transmission channels between the two surpluses, followed by a

book review article by Chang Le on Peter Baláž, Stanislav Zábajník and Lukáš Harvánek's *China's Expansion in International Business: The Geopolitical Impact on the World Economy* (2020 edition, published in September 2019).

The present issue of *Contemporary Chinese Political Economy and Strategic Relations: An International Journal*, the third and final issue (December) of this year thus significantly completes the 2019 volume beginning with the regular issue of Vol. 5, No. 1 (April/May), followed by the Vol. 5, No. 2 (June/August) special focus issue of *Upon the Thirtieth Anniversary of Tiananmen Protests and June Fourth Massacre: Value Renewal and Path Finding for China's Pro-democracy Movement*, covering the 30-year legacy of the Tiananmen demonstrations of 1989 which spread to some 400 cities and culminated in the 3rd-4th June massacre, mainly in Beijing – a June/August issue as the usual August publication date was brought forward to June to commemorate the thirtieth anniversary of a momentous, tragic event of June 1989 that tremendously shaped and altered China's trajectory of development whether in terms of her internal political economy or her foreign relations and diplomacy in the subsequent decades. The impacts, overt or subtle, are undoubtedly still strongly felt today.

The present issue, Vol. 5, No. 3, thus brings the 2019 volume to a close by revisiting some of the most critical areas of the state and changes in the political economy and strategic relations of contemporary China which the journal has explored through the two issues of April and June/August, in particular the twin challenges that the CCP Party-State regime, non-electoral and authoritarian, is facing today, i.e. in domestic governance and foreign relation, as reflected most shapely in the current anti-extradition bill protests in Hong Kong, PRC's continuing conflict with the ASEAN claimant states in the South China Sea, and international backlashes against Xi Jinping's grandeur signature



BRI projects.

Before ending this foreword, we would like to thank all the contributing authors and the anonymous reviewers for their invaluable efforts in making the publication of the three issues of this 2019 volume possible. We are also grateful to Miss Wu Chien-yi (吳千宜) for the journal's website construction and maintenance. The responsibility for any errors and inadequacies that remain is of course fully mine.

*Dr Emile Kok-Kheng Yeoh\**

*Chief Editor*

*Contemporary Chinese Political Economy and  
Strategic Relations: An International Journal*

## Notes

1. From the classic 左傳 (*Tso Chuan / Zuo Zhuan*), compiled ca. 389 BC.
2. Sidney Verba (1965). Comparative political culture (pp. 529-542). In: Lucian W. Pye and Sidney Verba (eds.), *Political culture and political development*. Princeton: Princeton University Press. (See: p. 513.)
3. Martin Jacques (2009). *When China rules the world: The rise of the Middle Kingdom and the end of the Western world*. London: Allen Lane. / See also: Martin Jacques (2011). Civilization state versus nation-state. *Süddeutsche Zeitung*, 15 January 2011. Available at: Martin Jacques - Official Site <<http://www.martinjacques.com/articles/civilization-state-versus-nation-state-2/>>.
4. Former Mongolian name of Ch'ing-hai/Qinghai Lake (青海湖), located in today's Qinghai Province, China.
5. "Baikal Nur" (Baigal Nuur) in Buryat and Mongolian, located in southern Siberia, Russia, between Irkutsk Oblast to the northwest and the Buryat

Republic to the southeast.

6. “Malaysia the latest country to ban *Abominable* over controversial map of South China Sea”, *Vulture*, 20th October 2019 <<https://www.vulture.com/2019/10/malaysia-bans-abominable-over-chinas-nine-dash-line-map.html>>; “‘Abominable’ won’t be screened in Malaysia after South China Sea map uproar”, *South China Morning Post* (Hong Kong), 20th October 2019 <<https://www.scmp.com/news/asia/southeast-asia/article/3033750/abominable-wont-be-screened-malaysia-after-south-china-sea>>; “‘Abominable’ film banned in several Asian countries over controversial map of South China Sea”, *Matador Network*, 21st October 2019 <<https://matadornetwork.com/read/abominable-film-banned-south-china-sea/>>.
7. “Nine films that show how China influences Hollywood, from Iron Man 3 to Top Gun 2”, *South China Morning Post*, 20th August 2019 <<https://www.scmp.com/lifestyle/entertainment/article/3023568/nine-films-show-how-china-influences-hollywood-iron-man-3>>.

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# *Taking the Pulse*

