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Webinar: The significance of demographics in understanding Chinese foreign policy

Organised by:

Asia Centre

Participants (by alphabetical order):

Eva Merle - Research Analyst at the Comité France Chine
Jean-François DiMeglio - President of Asia Centre

Conference memo

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Structure

Opening remarks by Jean-François Di Meglio

Main presentation by Eva Merle

Q&A

Event description

Eva Merle, Researcher and Analyst at the Comité France Chine presents her thesis on the significance of demographics in understanding Chinese foreign policy.

Opening remarks

This particular webinar is the first of our many webinars to come at Asia Centre – it belongs to a series that covers the broad subject that is China. During each of these webinars we invite a guest specialist, every time from a different field for us to cover as much content and areas as possible. This series of webinars will be held in English to encourage the participation of as many in the world as possible; however, this one will be in French today. With regards to the guest specialists, some will be young and new to the field, such as Eva today, others older – however, whoever the person that is offering analysis is, they will be able to demonstrate their sharp knowledge on the issue they cover and will furthermore be offering analyses on original subject matters. This is the case for Eva's paper that focuses on demographics. We hope the subject of her research will capture your interests. Her paper not only touches upon the main topic that is China but also offers a vision of China's place within the Asian context, which you will see during her presentation. This helps us get a wonderfully rich vision of regional dynamics in Asia.

Main presentation

Demography, International Relations, and China

Why approach a subject of international relations from the angle of demography? This is the first question that needs to be addressed when we speak of the topic at hand. First, it is important to consider Chinese policy in the long-term – and to do this, it is important to consider foreign policy by also considering domestic policy. In China today, demographic data is used significantly for the establishment and development of domestic policy. Foreign policy should also be considered in a similar manner. Second, considering demographic data allows us to create a link between the macro and micro scales. Using demographic data can allow us to understand social, and economic variations as well as the more specific variations within Chinese family units. Last, by considering demographic data and crossing the multiple types of demographic datasets, there was considerable evidence pointing towards what seemed to be a great weakness in China. Today, China's image leans heavily on aggressive politics, a somewhat "predatorial" image on the international stage. However, during Covid-19 it was also perceived as a success story when it came to dealing with the global pandemic – and was the sole country recorded by the OECD as having positive growth in 2020. Yet China has still been showing slowed growth among other matters that can be brought up as issues – which shows the country isn't infallible.

The influence of demography in the development of Chinese foreign policy

Strong control of the birth rate: the political construction of a demographic danger. The unnatural political choice to limit births has been a major negative break for China. Population growth used to be perceived in China as a strength in the past, a way to invigorate the working force. Today, this has changed significantly. The limitation on childbirth was established in the 1970s, however in the 1950s there was also some tentative to do so. Although due to the Maoist vision of agricultural development and the Great Leap Forward, this initial tentative was disrupted, the vision that a growing population may not be a positive factor remained a strong idea in the 1950s. In 1953 scientific statements were issued by Chinese scientists on the dangers of constant population growth, and progressively with time, these ideas around restricting population growth were propagated until 1979 when the vision was officialised. This official decision has created many disruptions in Chinese society. The inversed population pyramid, particular to the Chinese context, with a growing ageing population and a diminishing younger generation, points towards the demographic changes in China. The consequences these changes have made on the "family solidarity model" are irreversible. Chinese families are now 4-2-1 families (four grandparents, two parents, one grandchild) – of which the parents and grandchildren are single children. With the lack of younger generations in families, large amounts of pressure are put on the question of who takes care of the elderly. Previously, Chinese families had the structure of younger generations caring for the elderly – this is no longer productively possible. What needs to be remembered here is that this problem is a *manipulated issue* by the state, not at all a natural one.

Furthermore, fertility rates were already dropping before the one-child policy; with this knowledge, we can say the establishment of this policy was not very wise. The saying "China will be old before rich" rings painfully true here. Going back from this policy is also very much close to impossible. In 2021 China has been attempting to allow families to have a third child, however, a lot of it is too late. With global, social, as well as economic changes, many young adults no longer consider having children as an attractive option. The Chinese Communist Party (CCP) has further attempted the encouragement population growth through the prevention of abortions; however, it is again too little too late. DINK (Double Income No Kid) couples are now the new norm in China and have been increasing with the backdrop of a society where having a child is extremely costly. This brings us to…

The urgent need for the transformation of the Chinese development model: the one-child policy as an explanatory factor. The issues surrounding the one-child policy has led China to reshape its external as well as internal economic policies. The Chinese economy that previously relied heavily on investment and export has been moving towards an economy based on internal consumption. However, this has proven to be a challenge. Internal consumption in China has been limited due to heavy indebtedness of private companies, accompanied by a housing bubble. China also holds record numbers when it comes to saving – very little spending is happening in fact.

The main solution to these issues is to service the economy. Graduation from higher education remains at a low in China, and joblessness is growing in the country. To address these issues, there needs to be more focus on productive sectors such as finance, innovation, technology, new infrastructures, etc., accompanied by measures to prevent possible brain drain. China has taken on this challenge – expenditures in R&D have increased by 7% and continue to increase, for example. However, implementing real transitions isn't as easy as simple policy changes, and many questions around how to reshape the Chinese economy remain unresolved.

One of the main ways in which China has been attempting to resolve the issue has been around rebuilding the Silk Road and reaching out to other countries. Investment and actions such as infrastructure development/giving out loans to developing countries have proven to be positive for China's growth and development. While there is no denying the ideological dimension of these exchanges, for China, their internal fragility would require them to reach out rather than to fold in. This also allows China in part to resolve the issue around environment impact within their country, as it would be able to lessen the negative environmental pressures within its own nation. Furthermore, it is important to bear in mind that the development model of China that relies on technological catchup isn't necessarily one that is singular to China – it is something we have seen previously in Singapore. Therefore, to call it the "Chinese model" may be slightly skewed.

Aggressive assertion on the international scene dictated by an imperative around the regime's survival. This is a key element for the legitimation of the CCP. China feels threatened when it comes to its national integrity, as we can see from what has been happening in Hong Kong and Xinjiang – and worries about its internal stability. The confident rhetoric around China's position in the global stage as well as its more aggressive approach, demonstrates a sense of insecurity due to internal affairs. This shows that China feels the pressure to play the identity game and 'unify' its population, to become an accepted and legitimate world superpower – even if it would come at a price. This is something we can see successfully done for example in the United States. Despite the lack of social security, ideas around national sovereignty and a strong feeling of patriotism remain – and in parallel, the birth rate also remains positive in the United States. China's need to asset a national image and unity may be its attempt at reinvigorating demographic growth.

Some focal points

China has returned to its logic of a tributary system. The vision of a rent-seeking China at the centre and vassal states surrounding it, with its new re-established Silk Road, gives it a new opportunity to assert itself as a global superpower. China could now be spoken of as a power with similar influence as the United States.

If the country succeeds in transforming its economy, it will have succeeded in its development without being a democratic and liberal state. This is an interesting point to note, as China will be the first of its kind to succeed, if it does.

China holds a partially defensive and reactive attitude internationally. China has a fear of being surrounded, as we can see by China's militarisation and focus on arms since 2017. Its defensive behaviour ensures the survival of its political and economic models, as we have seen throughout the Trump era Trade Wars since 2018.

Illustrations: using demography as a tool to understand Chinese news

The economic strategy of dual circulation. The idea of dual circulation originates from the idea of international circulation. It is the idea of an internal economic circulation vs. external. The two cycles coexist and feed each other. Dual circulation, especially in the Chinese context, demonstrates a form of pragmatism – opening the economy only in spaces where the CCP wants to. China closes off when it comes to political subjects such as Hong Kong and Xinjiang, however, China relies on international global supply chains, and to keep these supply chains active and strong, negotiation is always a possibility.

The takeover of the private education sector. 35% of schools in China are private. There is on the one hand, a political incentive for this privatisation – ensuring the younger generation have a united political vision and for the CCP to make sure there aren't any upheavals, although this censorship can at times be partially limited due to the internet. Foreign content is banned within schools, and there is a strong focus on internal ideology.

On the other hand, using the propagation of ideas surrounding general prosperity, fighting inequality and corruption, the CCP has attempted to reduce educational costs to push the birth rate forward. In a country where cost of living and education are major factors for which parents decide against having children, they are trying to pave a new way to encourage young couples to have children.

The bankruptcy of Evergrande. The proportion of active workers in urban areas has been diminishing (around 7 million every year). As we know, China's population is ageing. This ageing population in the recent years has chosen to leave urban areas post-retirement and return to rural life, and it is this chunk of population that has chosen to invest in housing. This creates a housing bubble in China, where prices rise – despite the important number of uninhabited houses. The devaluation of housing puts everyone at risk.

Q&A

Despite China's multiple series of successes, is there a blind spot with regards to policy that the CCP has been ignoring – that could lead to possible implosion?

Eva Merle: Most issues stem from China's radical one-child policy. The disjointedness between policy implementation and China's transitional demographic vision will become a problem for China in the long-term, not only for societal reasons but also for economic reasons related to growth. The lack of urgency when it comes to the issue will also become a painful point for China.

A few years ago, some observers spoke of a clay-footed colossus when speaking of China. Your analysis shows that this vision of China is still relevant today – why China does not seem to realise this fragility, and instead launches into aggressivity, and closes in on itself, seems to me a mystery, considering it will only create problems long-term. It seems to me that this is astonishing behaviour on the part of the Chinese leadership.

Eva Merle: China's aggressivity seems logical to me personally, considering its current internal fragile situation. It is an imperative element for its survival, for reinforcing its legitimacy. The CCP also legitimises the control of its people through economic growth – it is easier to convince a people what the state is doing is justified when there are results to show. The moment this promise is broken is when the fragility of the state will be put forward, and it is in this logic that China chooses to advance anti-corruption initiatives, initiatives to end inequality. Following this argument, the CCP has no choice in some ways to follow through with the announcements and goals they set in place.

It is difficult to understand the evolution of the privatisation of education, given that a communist regime would most likely offer free education. Why are 35% of schools private in China, as you mentioned?

Eva Merle: It isn't in opposition, as the Chinese model contains a Chinese-style socialistic economy – rather different from the older Soviet model. Even if there seems to be a certain opposition, it is a rather logical development considering the larger developments within the technology space in China. Technology companies hold a strong grip in the country, even within the educational sector, and considering these sectors are largely supported by the people, this development isn't perceived necessarily in a negative light.

The demographic situation is certainly an explanatory factor, however, not sufficient to explain China's new direction. We cannot help but notice its aggressive stance taken in foreign diplomacy recently, to undermine the Western democratic model in favour of a 'superior' Chinese authoritarian model. A model which is now offered to ASEAN countries and Brazil to name a few. Don't you think that the main driving force behind this decision is the survival of the party rather than the demographic situation?

Eva Merle: Both factors are linked, as explained during the presentation. The survival of the party is related to demographic factors. The aggressive stance is not a choice made necessarily for the benefit of China's position on the global stage, but rather for legitimising the CCP within the domestic sphere.