**A Chinese collapse?**

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Conventional wisdom, shared by members of Congress in both parties and the Interim National Security Strategy released last week, considers China “the pacing threat” and America’s strongest competitor. The reasons at first examination look compelling. China’s economy may overtake America’s. China may be ahead in game changing technologies such as Artificial Intelligence, 5G and other areas.

China has fielded a modern military with a navy of about 500 ships (with many patrol boats and small craft, while substantially larger than the U.S. Navy’s 300 ship fleet, is not nearly as capable). China has become more aggressive in the region in pursuing its aims. Questions arise about the future integrity of Taiwan as an independent state. And “Belt and Road” is a multi-trillion Renminbi program to gain access and influence through off-shore investments and loans. Taken together, these factors argue that China is out to challenge the United States as a global leader in virtually every category.

However, is this a complete assessment of China? The answer is no because it lacks a balanced analysis and evaluation of both strengths and weaknesses. Consider this historical comparison.

This October, China celebrates the seventy-second anniversary of the founding of the People’s Republic in 1949. In October 1989, the Soviet Union celebrated its seventy-second anniversary. Less than two months later, the Berlin War came down beginning the dissolution of the Soviet Union.

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No one is suggesting that the PRC is close to collapse. But hidden among the more obvious examples of China’s growing power and influence, are otherwise unmistakable weaknesses and issues. Unless these are understood, as the collapse of the Soviet Union came as a welcome surprise, China too may be subject to huge domestic pressures and an increasingly controlling party structure that risks alienating substantial segments of the population.

The Chinese Communist Party (CCP) under the Xi Jingping administration appears to have abandoned Deng Xiao Peng’s policy of rule by consensus and a large degree of economic freedom crucial to creating a modern and advanced society. Crackdowns on hyper-rich Chinese businessmen; strictly adherence to Marxist-Leninist ideology; crushing dissent whether in Xinjiang, Hong Kong or internally; and purging political rivals are not signs of a healthy political system especially when innovation is dependent upon entrepreneurship that cannot be dictated by Marx or Lenin.

Belt and Road have deprived hundreds of millions of China’s nearly one and a half billion citizens of needed funds to improve local standards of living. Over 100,000 large scale protests a year have been reported as Chinese call for more resources at home and ending rampant corruption that favors a few rather than the many. A combination of so-called social credits that grade Chinese on loyalty and credit worthiness and facial recognition enable the CCP to exert further controls on Chinese society.

The internal financial system with huge debt; a shadow banking organization; a possible real estate bubble; and the need for significant real annual economic growth to respond to the expectations for better standards of living raise massive challenges for the leadership in Beijing. The “one-child” policy has led to an “aging” population in which the ratio of retirees to workers is headed in the wrong direction. And men outnumber women by about 20% meaning many males will not find spouses.

China also lacks viable allies. Still, China has managed to contain the U.S. by signing free trade agreements with the UK and the EU and the fifteen state Regional Comprehensive Economic Partnership strengthening its potential for economic growth.

Perhaps the possible political cancers that could infect China are first the increasing autocratic control of the CCP over the public that stifles economic productivity and second a debt ridden balance sheet that could lead to a financial crisis. The Soviets suffered from the first. And then Secretary-General Mikhail Gorbachev tried to reform what was a failed system igniting the implosion. The more China attempts to control its populations, the more it risks a backlash.

Chinese leaders understand that for centuries, peasant and other revolutions wracked the country. The most recent was the lengthy civil war ending in 1949. A future revolution may take another form. But make no mistake. China is not an unstoppable colossus. The fact is that, as in the former Soviet Union, China has an oppressive political-ideological regime that limits human ingenuity, imagination and innovation. This may prove to be the fatal flaw in Chinese aspirations.

In the 1980’s, Japan’s boom led to the wrong premise that Japan would dominate world economies. That did not happen. Will the same outcome apply to China?

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