

## **Prospect of China Up To 2020: A View from Japan**

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### Introduction

China views the period up to 2020 as a “strategic opportunity” to create an environment for building “a moderately prosperous society in all respects.”(*quanmian xiaokang shehui*) In other words, China is well aware that its rapid economic growth will last for only another decade or so, and that it cannot miss this opportunity to catch up and join the ranks of other developed countries.

Indeed, China has made outstanding progress since 2000, achieving substantial economic growth and improving its status in the international community. On the other hand, China still grapples with problems such as income inequality, regional inequality, expanding political corruption, paralyzed political reform, the human rights issue, and possible use of military force against Taiwan. This is why people view China as a great power at the strategic cross roads. With its extremely dichotomous character, we can forecast a wide range of scenarios for the future of China. This paper aims to provide a comprehensive survey of the strategic issues surrounding China until about 2020, through examination of the strengths, weaknesses, opportunities and threats that the country carries with it as it rises

### Overpopulation and Aging

There are many resources that are required for China’s development. Medium and long-term trends in energy and raw materials are difficult to predict, because they depend heavily on

resource development trends, technological advancement and the movement of market. By contrast, China's population trend is relatively easy to predict. As a consequence of Mao Zedong's nonrestrictive policy on population, China has become the most populous country in the world.<sup>1</sup> In 2008, China's population has reached 1.3 billion, and is adding more than six million people every year.

China introduced the "one-child policy" in 1979, a year after it began implementing the "reform and openness" policy. The one-child policy has lowered the country's fertility rate, combined with overpopulation, which will make China a super-aging society like present-day Japan by the mid-twenty-first century. A study shows that the proportion of the elderly population (persons 65 years old and over) to total the population was 7.01 percent, which means the beginning of an aging society, in 2000; it will increase to 11.09 percent in 2020; and it will exceed 20 percent in 2040-50 when the population reaches its peak. After that, the overall population will gradually decrease together with the growth rate of the elderly population.<sup>2</sup> In Japan, the population will reach its peak in 2006 and its elderly proportion will exceed 20 percent in the late 2000s. This suggests that China is following the pattern of Japan, with a lag of approximately 30 years. This trend in population growth is unlikely to change even if the one-child policy is relaxed in the near future, because as the country modernizes, the rise of education costs in urban areas will accelerate the decline in the fertility rate.

The trend of population growth and aging are big burdens for Chinese leaders. The issues strongly incentivize the leaders to secure resources to achieve sustainable development in the future. China's effort to explore the sea and space and its aggressive assistance policy towards

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1 Keiko Wakabayashi, *Chugoku no Jinkou Mondai*, (Population Problem in China). (Tokyo: Tokyo University Press, 1989), 34-35.

2 Robert Stowe England, "Selected Tables and Statistics about China." For Roundtable Report on Recent Visit to China to Conduct Research for Paper on Aging in China, Center for Strategic and International Studies (2002).

developing countries in exchanges of natural resources could also be explained from the perspective of population growth.

### Growing Economy and Its Increasing Risks

The only solution for the aging society in China is to increase policy resources to sustain economic growth. In this section, let us examine the sustainability of China's economic growth. An outstanding feature of the Chinese economy is its current shift from Mao Zedong's socialist planned economy to Deng Xiaoping's socialist market economy system.<sup>3</sup> The characteristics of the socialist economy were the government ownership of means of production and equal distribution of wealth. However, Deng Xiaoping adopted the "well-off first theory" (*xianfulun*) as a strategy for development and publicly accepted temporary income inequality. The Chinese government actively introduced foreign investment and promoted privatization of the economy. In 2002, China received more foreign investment than any other country in the world.

Based on these developments, optimism on the Chinese economy has been surging recent years. Optimists point out that China has everything it needs for its economic development: capital, firms, consumers (i.e., the market), and information.<sup>4</sup> The large-scale economy and huge domestic income inequality give rise to social unrest, but at the same time, this gives the country diverse commodity markets and a wide range of labor, from very low-wage laborers to high-tech engineers, is available in the labor market. Paradoxically, China has so far failed to give rise to a uniform segment of citizens that could be categorized as a middle class, but it has built an economy supremely well adjusted to globalization.

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<sup>3</sup> Katsuji Nakagane, *Chugoku Keizai Hattenron*, (Theory of China's Economic Development).(Tokyo: Yuhikaku Publishing Co., Ltd, 1999), 53-58.

<sup>4</sup> Kenichi Omae, *China Inpakuto*, (China Impact) (Tokyo: Kodansha Ltd, 2002), 47-51.

The problem is how long this economic growth last. According to an estimate of the Japan Center for Economic Research,<sup>5</sup> China's GDP in 2005 based on purchasing power parity (PPP) was US\$7.73 trillion. This is twice that of Japan and India, and two-thirds that of the United States. In 2020, China's GDP will become US\$17.33 trillion, which is four times that of Japan and exceeds that of the United States. If China does not experience social convulsion, secession, or serious policy mistakes, it is possible that China will achieve the most rapid economic development in East Asia, become one of the great economic powers, and emerge as the world's largest economy in the period of 2010-2020.

Figure: GDP (trillion dollars, PPP)

	2005	2020	2030	2040	2050
Japan	3.47	4.24	4.71	4.99	4.99
PRC	7.73	17.33	25.16	30.42	33.39
India	3.38	7.07	10.30	14.40	19.12
USA	11.09	16.75	21.41	27.17	33.96

Source: Komine, *ibid.*

However, Hu Angang, professor at Tsinghua University, argues that China's traditional pattern of economic development, in which development has seldom been steady, is facing "five challenges." Those challenges are: 1) urban-rural inequality; 2) regional inequality; 3) lack of coordination between economic development and social development; 4) lack of coordination between the resource environment and development; and 5) lack of coordination between economic development and growth in employment opportunities. While economic development has improved living standards and enhanced China's national strength, it has also exacerbated these problems. In fact, frequent mass suicides and protests in rural areas due to unpaid wages

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<sup>5</sup> Takao Komine, ed, "Chouki Keizai Yosoku (2006-2050): Jinkou ga Kaeru Ajia, 2050 Nen no Sekai no Sugata (Long Term Economic Prospects (2006-2050): Population Will Change Asia: World View in 2050)," Japan Center for Economic Research (2007). Available: < <http://www.jcer.or.jp/research/long/detail3532.html> >.

and other hardships indicate growing dissatisfaction among those whom development has bypassed.

In October 2007, the Chinese Communist Party (CCP) held its 17th National Congress (17th Party Congress). The report read by General Secretary Hu Jintao declared, “[we] pursue development in a scientific way, promote social harmony, and strive for new victories in building a moderately prosperous society in all respects.”<sup>6</sup> Among other things, Hu Jintao’s “Scientific Outlook on Development” is a view that emphasizes the balanced development of the economy, shifting from a material-orientation to a human orientation, and aims for comprehensive, harmonious, and sustainable development. This development policy represents a revision to Deng Xiaoping’s “well-off society first” model.

As we can see, China is being forced to revise its development model. At the same time, we cannot neglect the huge potential of the Chinese economy. If the above estimates are correct, China will soon enter its golden age in which it can establish its status as a great economic power, while still bearing a big risk of social unrest.

### Further Modernization of Military Capability

The assumption that China will sustain its economic growth leads us to believe that the country will continue to increase military expenditure. The Chinese defense budget has grown at a very high rate. For the twentieth consecutive year, the budget saw double-digit growth in 2008. Some Chinese acknowledge that the period from 1991 to 2010, seen as the golden age of China’s economic growth, has presented an opportunity to further expand the country’s military

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<sup>6</sup> Hu Jintao, “Hold High the Great Banner of Socialism with Chinese Characteristics and Strive for New Victories in Building a Moderately Prosperous Society in All Respects: (report, Seventeenth National Party Congress of the PRC, Beijing, China, 15 October 2007). Available:

<<http://www.idcpc.org.cn/english/cpcbrief/17rep.htm>>.

expenditures.<sup>7</sup> The term “the fusion of national prosperity and military strength” was used at the 17th Party Congress held in 2007 for the first time, and observers are now paying close attention to see how far would China’s defense budget expands.

China’s military capability is rapidly modernizing. Under Mao Zedong, China did not bother to modernize its conventional weapons, instead focusing on defending its homeland with the dual strategies of “minimum deterrence strategy” based on limited nuclear weapons and “People’s War.” Today, in preparation for the event of military conflict with Taiwan, China has tried to acquire power projection capability and, in addition, it is also trying to develop the capability to deter and delay the arrival of the United States to defend Taiwan.

For this purpose, China has to damage the dominance of the United States in network-centric warfare and to deter the approach of U.S. aircraft carrier battle groups, China is promoting its expansion into outer space and also expanding its naval capability in the Pacific Ocean. China is rapidly building up its military with an emphasis on naval and air power and strategic missile forces ( Second Artillery Corps ) . Needless to say, such modernization of military capabilities requires massive resources and sophisticated technology.

Theoretically, military capability should modernize as military expenditures increase. However, the level of China’s science and technology, especially its military technology, remains low. In particular, China imports all major advanced equipment such as *Su-27* and *Su-30* fighters, *Kilo-class* submarines, and *Sovremenny* class destroyers, from Russia. China’s domestically produced weapons have serious problems and are considered unreliable. The

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<sup>7</sup> Liu Qun, “Junfey Fudan de Guoji Bijiao Yanjiu: Jianlun dui Queding Woguo Junfei Fudan de Qishi,” (International Comparison on Burden of Military Expenditure: Implications for Deciding China’s Appropriate Military Expenditure) , in Guofang Jingji Lilun de Chuangxin yu Fazhan: Guofangdaxue Guofang Jingjixue Shuoshi Xuewei Lunwen, (Creation and Development of National Defense Economics: Selected Dissertations on Defense Economics in National Defense University) ed. Ku Guisheng (Beijing: Guofang Daxue Chubanshe, 2002), 21.

military industry in China originated from reverse engineering of weapons introduced from Russia, although its achievements have been dismal.<sup>8</sup>

In order to catch up with the United States, it is more feasible to adopt weapons and technologies from Russia and other militarily advanced countries, or to collaborate with them, rather than trying to develop technology in a purely independent effort. However, if Russia grows even more economically strong in the future and begins to view China as a threat, it is uncertain whether Russia will still continue to supply advanced weapons and military technologies. On the other hand, if Russia continues to view China as an important partner to counter the United States as a mean to achieve a “multi-polar world,” it may continue to support the modernization of the Chinese military. In other words, the progress of modernization of the Chinese military will depend not only on China’s economic development, but also on the future of strategic relationships with other powers such as the United States and Russia.

#### Development of External Relations and Lessening of the Taiwan Risk

How China redistributes the fruits of its economic development, in particular how far it can modernize its military capability, relates to the kind of diplomatic strategy it pursues. China’s diplomatic strategy can be summarized as “to create favorable international environment through rise of China’s comprehensive national power and enhancement of China’s influence as a great power, in order to achieve the goal of great revival of Chinese nation in the 21<sup>st</sup> century.”<sup>9</sup> For this purpose, it is critical to sustain long-term economic development, and thus to maintain a stable and peaceful international environment.

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<sup>8</sup> Jun’ichi Abe, *Chugoku to Higashi-Ajia no anzenhosho (China and East Asian Security)* (Tokyo: Meitoku Shuppan, 2006), 264-266.

<sup>9</sup> Li Wuyi and others, *Daguo Guanxi yu Weilai Zhongguo, (Great Power Relationship and China’s Future)* (Beijing: China Social Science Press, 2002), 458.

China is likely to give particular attention to the following three issues.<sup>10</sup> The first is to break down the coherence of Western countries in political and diplomatic terms to undermine the superiority of the United States. The second is to utilize its membership in the World Trade Organization (WTO) to deal with economic globalization. The third is to deter the alliance network of the United States by building a mechanism of multilateral security cooperation in the Asia Pacific. Many Chinese scholars have pointed to the importance of these issues in various ways, suggesting that China is in fact pursuing a foreign policy of prioritizing a balance of power and a sort of neo-mercantilism, despite its prima facie liberal assertion. Based on these ideas, China is extending omni-directional foreign policy in both regional and functional terms, such as great power diplomacy, neighboring diplomacy, diplomacy with developing nations, and natural resource diplomacy. Relationships with great powers, such as the United States and Russia, are given special emphasis in China's foreign policy.

Among great power diplomacy, the relationship with the United States is the most critical to China. The United States is China's biggest trading partner as well as its biggest market. The United States adopted an integration strategy of a sort toward China, trying to encourage China to become a "responsible stakeholder" through "comprehensive engagement" and "strategic hedging" so that it could integrate into the international community. Therefore, from China's perspective, the United States is the most important partner that supports its economic development, as well as the biggest threat to its communist regime. In other words, if China does not take the path of regime transition as desired by the United States, the United States will be likely to promote its hedging against China.

The other important external relationship is with Russia. In 1996, China and Russia declared to establish a Sino-Russian strategic partnership of cooperation, and ratified the *Treaty*

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<sup>10</sup> Ibid, 469-475.

*of Good-Neighborliness and Friendly Cooperation* in 2001. As discussed above, Russia is the major supplier of weapons and military technologies to China. Although China and Russia once fought each other, the border dispute was resolved in 2004 and the two countries no longer have issues of conflict. Therefore, it is highly unlikely that the Sino-Russian relationship would become confrontational again. Yet, as Russia recovers economically and improves its status in the international community, China will have to make further efforts to gain constant support from Russia, such as the supply of advanced weapons. These efforts should include coordinating its national strategy with Russia, including its foreign policy toward the United States, as well as making itself more attractive.

China has also made a lot of efforts to improve its relations with other surrounding regional powers, such as India and Japan.<sup>11</sup> Both countries have experienced a number of troubles originating in the past history. If these countries confront China, and try to balance it through alliances with other major powers such as the United States, the power balance in this region will become extremely disadvantageous for China. China has tried to improve relations with them, but, on the other hand, has restrained its proximity to the United States, in an attempt to prevent formation of “China envelopment.”

In general, China’s foreign policies are becoming increasingly coordinative. As of 2008, China has been cooperating in the war on terror led by the United States to a certain extent. China is also actively engaging in mediation diplomacy, hosting, for example, the Six Party Talks to deal with North Korea’s nuclear program. China is trying to formulate a Northeast Asian security regime after the successful end of Six Party Talks in the future. China’s diplomatic achievements are growing as China builds up its comprehensive national power and

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<sup>11</sup> Yasuhiro Matsuda, “An Essay on China’s Military Diplomacy: Examination of Intentions in Foreign Strategy,” NIDS Security Reports, No. 7, (September 2006): 31-34, Available from: <<http://www.nids.go.jp/english/index.html>>.

becomes more diplomatically sophisticated. These achievements could be seen as signs that China is making a shift toward being the “responsible power,” it has recently describes itself.

However, in relation to troubled countries such as Myanmar, Sudan, Pakistan, and Iran, China advocates the principle of non-intervention and virtually ignores their domestic problems rather than trying to promote reform, in order to maximize national interest by securing access to resources. Such self-serving aspects of Chinese foreign policy are contradictory to the image of the “responsible power” as discussed above. If China’s image building as “responsible power” is only a means to serve its self-interest, China will probably continue to pursue its pragmatic foreign policy in order to maximize its national interest.

Furthermore, there is the most risky factor that could cause strategic confrontation between China and the United States, which is the Taiwan issue. The Taiwan issue is a “core issue,” where the two countries find it most difficult to accommodate each other’s interests. The dominant view in China asserts that China can gain Taiwan by use of force,<sup>12</sup> and once a raw form of nationalism is mobilized among the population, even the policymakers may lose control over the situation and may be swept away into irrational actions such as the use of force.

Under the Chen Shui-bian administration since 2000, the Taiwanese population has strengthened its Taiwanese identity while economic ties between China and Taiwan have also strengthened. Experts predict that the Ma Ying-jeou administration, established in 2008, will seek to consolidate economic ties with China, and if such a policy continues, the risk of Taiwan infuriating China by declaring independence is likely to decline. Today, an increasing number of people understand that neither Taiwan’s independence nor unification of China is possible in the foreseeable future.

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<sup>12</sup> Jin Xin and Xu Xiaoping ed., *Zhonghuo Wenti Baogao: Yingxiang Xinshiji Zhongguo Fazhan de Ruogan Zhongda Wenti*, (A Report on Issues in China: A Few Important Issues Which Affect China’s Development in the New Century), Vol. 1, (Shanghai: Pudong Electronic Publishing House, 2002), 145-147.

While Taiwan's strategic position is heavily reliant on the Sino-U.S. relationship and the U.S. policy toward China and Taiwan, it is likely that China will continue to demand that Taiwan unify with China. On the other hand, if China uses force against Taiwan, the United States probably would not easily abandon democratic, pro-U.S. Taiwan. This is why the majority of people in the three parties wish to maintain the status quo in the Taiwan Strait. The basic underpinnings of the Taiwan issue are difficult to alter, and the situation may basically remain the same up until around 2020.

### Growing Expectations for Political Reform

If China increases its military expenditures by taking advantage of its economic growth and continues to modernize its military, while it becomes an increasingly elderly society, China will not be able to avoid facing the problem of resource distribution around 2020. Whether China continues to pursue an outstanding expansion of its defense expenditures or not will depend on its external relations, as well as the possibility of regime transition that could lead to arbitrary resource distribution by the government.

The one-party dictatorial system of the CCP is also changing gradually, due to the shift in its political role after the introduction of the "socialist market economy." In the long-term, economic development contributes to the establishment of a foundation for a democratic regime.<sup>13</sup> Therefore, if China maintains its high economic growth even until around 2020, that would augur well for the establishment of a foundation for democratization.

However, China has serious structural problems such as ethnic minority issues and regional inequality. In China, the one-party dictatorial system of the CCP is the key to

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<sup>13</sup> Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century*, (Oklahoma, University of Oklahoma press, 1991), 72.

maintaining its national integration, and rapid democratization may result in a sharp uprising of groups that were formerly oppressed, which would then lead to the fragmentation of the country.<sup>14</sup> For this reason, since 1989, Chinese leaders have engaged in political reform only partially while constantly emphasizing “stability,” such as the enforcement of the “rule by law,” expansion of direct voting at the village level, and strengthening of monitoring by public opinion, so that the current regime will be maintained.<sup>15</sup> This trend is contrary to that in the 1980s, when they were aiming for radical political reform to deemphasize the role of the party.

In other words, these reforms circumvent prerequisites for democracy, such as freedom of speech, introduction of a multiparty system, representation by competitive elections, or separation of powers. This is also true for the report made by Hu Jintao at the 17th Party Congress in 2007. Generally speaking, in the post-Deng Xiaoping era, the new administration adopts a conservative policy at its beginning, providing continuity from the previous administration. Therefore, the fact that the Hu Jintao administration remained conservative even in its second term suggests that radical political reform will not take place, at least until the second term of the post- Hu Jintao administration begins around 2017.

As a consequence, uncertainty of political reform will increase as China approaches the year 2020. Expectations and pressures for the leaders of the fifth generation, such as Xi Jinping or Li Keqiang, to implement political reform will grow in proportion to how much leaders of the fourth generation postpone them. Yet, even though there still is a possibility that the CCP could lose control over the democratization process due to some unexpected event, most experts believe that the CCP will basically maintain its one-party dictatorial system. Then, how could

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14 Yasuhiro Matsuda, “Domestic Political Determinants of China’s External Behavior,” Yasuhiro Matsuda ed., *China’s Rise and Its Limitations: China at the Crossroads*, Proceedings of the NIDS International Symposium on Security Affairs, (Tokyo: The National Institute for Defense Studies, 2007), 56-57. Available from, <<http://www.nids.go.jp/>>.

15 Xie Qingkui, *Zhengzhi Gaige yu Zhengfu Chuangxin*, (Political Reform and Governmental Innovation), (Beijing: China CITIC Press, 2003), 102.

China possibly move toward democratization? According to professor of Hosei University Tang Liang, China started to prepare conditions for gradual democratization in 1992. Its preparation process has the characteristics outlined in the following paragraphs.<sup>16</sup>

First, the Communist regime is firmly opposing democratization and liberalization that would undermine its one-party dictatorship, and has been oppressing movements demanding democratization. However, it does not necessarily stand against moderate political reform. Second, as the “reform and openness” policies take effect, the composition of members and leaders, ideology, policy, and management of the CCP changed too, resulting in an increase in political tolerance. Such change of the CCP itself is leading to the expansion of political reform. Third, while it is difficult to predict whether the CCP will accept political pluralism in the end, concepts of democracy are spreading across Chinese society, due to the change of the country’s socioeconomic structure and its opening up to the outside world.

If Tang Liang’s observation is correct, China is slowly making its transition toward democracy, in the medium- to long-term. The process of democratic transition Tang Liang considers is similar to the “transformation” process put forth by political scientist Samuel P. Huntington.<sup>17</sup> Transformation is a reform from above, imposed by an authoritarian regime. In this case, reformists who have power within the authoritarian regime aim to end the regime and play critical roles in leading the process of democratic transition and promoting gradual liberalization.

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16 Tou Ryo, (Tang Liang) *Henbou suru Chuugoku Seiji: Zenshin Rosen to Minshuka*, (Changing Chinese Politics: Incremental Approach and Democratization) (Tokyo: Tokyo University Press, 2001), 41-42.

17 Other than transformation, Huntington points out “replacement” with sharp regime transition and “transplacement,” which promotes regime transition through collaboration between the government and the oppositions. See: Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century*, (Oklahoma, University of Oklahoma press, 1991), 72.

However, if Chinese leaders choose not to implement political reform, regime transition will not take place, as it did not in Singapore. In that case, leaders have to improve the performance of the administration and achieve economic development by effectively preventing corruption and maintaining social mobility, as many stable authoritarian regimes have done. It would be extremely difficult for the CCP to fulfill these requirements by around 2020, when China's economic development is expected to hit its ceiling. The most difficult, uncertain, and influential qualitative change that China may face in the future is the probability of its regime transition.

If economic performance declines and political reform also stagnates, the CCP cannot but enhance its legitimacy through mobilizing its nationalism. A similar situation occurred after the Tiananmen Square Incident in 1989 and excessive nationalism has dislocated China's external behavior for decades.<sup>18</sup> Stagnation of political reform will raise China's risks of both domestic and regional politics.

## Conclusion

Based on the analysis made in this paper, I make the following points regarding China's strategic trends until around 2020:

First, the "strength" of China is its high potential for rapid economic growth. It will take still some time until its population problem and social security issues start to undermine its economy. Meanwhile, China's economic development will support the enlargement of its defense expenditures, modernization of its military capability and an omni-directional foreign

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18 Yasuhiro Matsuda, "Domestic Political Determinants of China's External Behavior," Yasuhiro Matsuda ed., *China's Rise and Its Limitations: China at the Crossroads*, Proceedings of the NIDS International Symposium on Security Affairs, (Tokyo: The National Institute for Defense Studies, 2007), 56-57. Available from, <http://www.nids.go.jp/>, 44-47.

policy, and will contribute to establish a foundation for democracy, although it does not necessarily lead China to democracy.

Second, the “weakness” of China is that it has too many domestic factors, such as radical nationalism, that could cause instability. If China continues its rapid economic growth without growing more capable at redistributing the benefits, its income inequality will inevitably grow wider. Also, its secularization policy focusing on economic benefits may exacerbate instability in the ethnic minority region. Because China lacks a democratic mechanism of checks and balances, regulating corruption of political elites is extremely difficult. This makes it more likely that the grievances of “losers” who are left behind in the development will be aggravated. Once existing grievances are associated with anti-foreign nationalism, the risk of the population resorting to irrational behavior will rapidly increase.

Third, an “opportunity” from China’s perspective would be that the United States continues its effort to build a constructive and amicable relationship with China, Taiwan deepens its economic interdependence with China so that it would even lose its political autonomy in the region. If China’s economic power could draw the United States and Taiwan closer to China, lessening their competition and confrontation with China, there is no doubt that other countries would follow the same pattern. Such a development in the international environment would benefit China substantially.

Fourth, there are two “threats” to China. The first threat is that the United States would view China as a “competitor” and pursue policies that ignore China’s benefits. The second threat is that Taiwan would act in a way that exceeds China’s tolerance, for example by declaring independence, which would leave China with no option but to use force against Taiwan, and pressured by its own nationalism, entering into military conflict not only against Taiwan but also

against the United States, resulting in a long-lasting confrontation. In this scenario, China would lose almost all the benefits of its economic development, and it may lose the majority of its most advanced military equipment.

Based on these analyses, we can see that until around 2020, China is likely to focus on its “strength,” which is its economic development, and make the maximum use of opportunities brought by economic development to expand its influence. For this purpose, China has to contain its domestic risks so that they do not explode. The prospect of China’s future strategic trend exhibits not a development model based on “liberal democracy and market economy” advocated by the United States, but a development model based on “one-party dictatorial system and market economy,” which could be rephrased as “Achieving national prosperity and military strength without democratization.”

By contrast, if China’s “weakness,” which is its domestic destabilizing factors, is associated with its “threats,” which is its failure in its relationships with the United States and Taiwan, that could lead to a worst case scenario for China, which means the use of force against Taiwan and confrontation or war against the United States. If this scenario comes true, China will lose its “strategic opportunity” forever, and will be left behind global prosperity. Thus, from now until 2020, China will continue to avoid domestic turmoil and serious confrontation with the United States, while pursuing “national prosperity and military strength without democratization.”