

The Starbucks Delusion

Consumerism isn't guaranteed to turn China democratic.

By James Mann

A FEW YEARS AGO, *New York Times* columnist Nicholas Kristof gave voice to one of the most common American misconceptions about China's political future. It was June 2004, the 15th anniversary of the Tiananmen massacre, and Kristof was reflecting on how China had progressed and where it was headed.

The hardliners within the Chinese Communist Party leadership who supported the use of force by the People's Liberation Army in 1989 had been right about one thing, Kristof asserted—Western investment in China would bring a desire for “bourgeois” democratic freedom. “They knew that after the Chinese could watch Eddie Murphy, wear tight pink dresses and struggle over what to order at Starbucks, the revolution was finished. No middle class is content with more choices of coffees than of candidates on a ballot.”

Kristof was trying to say something he thought was obvious based on recent history elsewhere: once Chinese people get enough money to spend on consumer goods and the other attributes of middle-class life, they will push for a democratic political system.

But will they? Will the newly enriched, Starbucks-sipping, apartment-buying, car-driving denizens of China's largest cities become the vanguard for democracy in China? Or is it possible that China's middle-class elite will fail to embrace calls for a democratic China or even be a driving force in opposition?

The storyline that Americans envision has a simple logic: (1) China is now run by the Communist Party. (2) China has

an emerging middle class. (3) Eventually, these two forces will collide with each other, and the middle class will force the Communist Party to give way to democracy.

Such a narrative leaves out many complexities. It omits mention, for example, of China's rural peasants, its urban workers, and the millions of migrants now living in Chinese cities. And it overlooks the critical impact that these groups may have on China's middle class and its attitudes toward democracy.

Kristof embraced the conventional wisdom that democracy will come to China “in roughly the same way that democracy infiltrated South Korea and Taiwan.” But China does not depend for its security upon the United States, which at crucial moments during the 1980s pressed hard for an opening to democracy in both Taiwan and South Korea. And China is geographically much larger than Taiwan and South Korea; it has a vast interior that is not tied to the intellectual and political trends of the East Asian coastal areas. Moreover, China's urban middle class is a tiny proportion of the country's overall population—far smaller than in Taiwan or South Korea.

The old rural-urban ratio in the era of Mao Zedong was roughly four peasants in the countryside for every one urban resident. Now that rural-urban ratio is less—roughly two to one—primarily because of the movement of peasants to the cities. But the significance of this imbalance is the same: if China were to

have nationwide elections, and if peasants were to vote their interests, the urban middle class would lose. On an electoral map of China, cities like Shanghai, Beijing, Tianjin, and Guangzhou might look like the small gold stars on the Chinese flag; they would be surrounded by a sea of red. Add together the population of China's ten biggest cities, and you get roughly 62 million people, only 5 percent of China's overall population of 1.3 billion.

The emergence of China's urban middle class is far more significant when measured against the rest of the world than it is as a proportion of China's overall population. If you are a multinational company trying to sell soap or cars, the rapid rise in spendable income in China's largest cities is of staggering importance. However, the mathematics changes when we turn from marketing to democracy. When it comes to any national elections, that new Chinese middle class is merely a drop in the bucket. Those in the avant-garde in Chinese cities have every reason to fear that in nationwide elections they would be outvoted.

In addition, China's urban residents have an even greater reason to fear democracy: the Chinese Communist Party has not been evenhanded in its treatment of urban residents vis-à-vis peasants. Its policies have strongly favored the cities over the countryside. As China has switched from centralized planning to markets, opening up its economy to the outside world, and as the economy has responded with remarkable rates of growth, urban residents have gotten richer. Those in the

countryside have not done nearly so well. This is why there has been a wave of protests in the countryside, arising out of land seizures, local taxes, disputes over village elections, and similar controversies. And it is also why the Chinese regime has been, in recent years, particularly fearful of mass movements that might sweep the countryside and undermine Communist control. Looking at Falun Gong, Chinese leadership was haunted by a specter from the past: the Taiping rebellion that swept out of middle China in the 19th century and shook the Qing dynasty to its foundations.

In order to understand China's future, we need to develop a more sophisticated understanding of what keeps the political system going. What lies behind the Chinese Communist Party's monopoly on power and its repression of dissent? It is often said that the party and its 69 million members are clinging to their own power and privileges. This is part of the answer, but not all of it. As China's economy has thrived in recent years, strong economic and social forces have also emerged that will seek to protect the existing order and their own economic interests. The new middle class in Chinese cities is coming to favor the status quo nearly as much as the Communist Party does.

This suggests that there may be two different scenarios for a nondemocratic future in China. One is that the Communist Party will continue to hold on to power, with the backing of the urban elite. The second is that the Party might give up power, or be forced to do so, but would be replaced by a successor regime that also refuses to allow dissent or political opposition.

Why do we assume that if the Communist Party falls, what follows would necessarily be democracy? Suppose the Party proves over the next decade to be no better at combating the country's endemic corruption than it has been

over the past decade. Finally, public revulsion over this corruption reaches the point where the Chinese people take to the streets. China's leaders threaten to call in the army but realize that they can't rely on the loyalty of the officers or the troops, and so, sooner or later, the Communist Party gives way. Would the result be Chinese democracy? Not necessarily. China's urban middle class might choose to align itself with the security apparatus to support some other form of authoritarian regime, arguing that it is necessary to keep the economy running.

Americans have frequently formed their views of China on the basis of limited or skewed information. In the early 1970s, when the first groups of Americans began visiting China, they spent most of their time talking to Communist Party officials or the people they chose. These early visitors had little choice; their trips were controlled and their appointments restricted.

What the Americans saw and learned about China, then, was based almost entirely on what Communist Party lead-

wander around China virtually as they please. Yet despite all this increased contact and freedom of movement, Americans come home with a picture that is still skewed since they spend most or all of their time in the biggest cities and most of their interactions are with government officials, scholars, business managers, and museum guides.

For ordinary Americans, the inability to come to grips with China's one-party state is simply a matter of misperception: the illusions about the Taiwan-South Korea model for China, the overestimation of the role of the Chinese middle class. Among America's intellectual, political, and financial leaders, however, the dynamics are more complex. One finds a strong reluctance to challenge the status quo in China and a willingness to ignore or explain away China's continuing repression. One also finds a strong sympathy with China's leaders and their problems, despite the authoritarian nature of the system.

If you listen carefully to the public debate in the United States over China policy, you can sometimes detect a strain

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ers wanted outsiders to believe. During the Cultural Revolution, actress Shirley MacLaine was brought by party officials to talk to a Chinese nuclear scientist who had been sent out to the countryside. He told her that his work as a farm laborer growing tomatoes was as meaningful to him as learning how to split the atom. A few years later, she related this story to China's new leader, Deng Xiaoping, who told her, "He lied to you."

These days, visitors are able to see much more of China. While China's Ministry of State Security may still keep watch in the background, tourists can

of thought that might be called the Embattled Elites Equivalence and Commiseration School. It goes like this: The good guys in America and the good guys in China have to team up to fight opponents in both countries. There are critics in the U.S. who want tougher policies toward China, and there are hawks in China who seek tougher policies toward America. Let's join together against them.

All persons, both Americans and Chinese, are classified in simple terms according to their views on Sino-American relations. If they are in favor of close relations, then they are part of the same

team. If they seek to challenge the existing order for whatever reason, then they are on the opposing team, no matter whether they are Americans or Chinese and no matter what their particular views might be.

One corollary advanced in recent years is that leaders in China must deal with public opinion in their country, just as American leaders do. This proposition starts with a kernel of truth: public opinion is indeed a more significant factor in China than it used to be. Modern communications have made it easier to spread private opinions without going through the official press. Moreover, the Chinese Communist Party has at times resorted to stoking nationalist sentiments to shore up support for the regime, and whenever it does this, it runs a risk that those sentiments will spin out of control.

The problem comes with the next step: the suggestion that Chinese and American leaders are in the same boat because both have to deal with public opinion and domestic opposition to their policies. This glosses over the fundamental difference between the two political systems, one democratic and the other Leninist. The opposition that China's leaders worry about comes from within the Communist Party or the People's Liberation Army; other opposition is not permitted to exist, at least not in any organized way. When Chinese public opinion becomes troublesome for China's top leaders, they can rein it in by blocking websites and banning public demonstrations—as the regime did in the spring of 2005 when a wave of anti-Japanese demonstrations ventured a bit further than the leadership wanted.

The proclivity of American elites to refrain from public criticism of China's repressive system is reinforced all the more by the influence of money. There are huge financial incentives for prominent Americans to support the status quo.

U.S. political leaders know that if they become involved in dealing with China and don't become identified as critics of the regime, when they leave office they can move on to lucrative careers as advisers, consultants, or hand-holders for executives eager to do business in China. The career path was blazed by Henry Kissinger, who after stepping down as secretary of state set up a consulting firm and began escorting American bankers to Beijing.

An ever-increasing number of former officials have followed Kissinger's example. When the Clinton administration left office, National Security Adviser Samuel Berger set up a consulting firm, Stonebridge International, which gives advice and help on China. Like Kissinger, Berger sojourns regularly to China, where he meets with Chinese officials and is identified as the former national security adviser. "I'm a consultant to government and to business, in the political and economic spheres," Berger told China's state-run Xinhua News Service. "My two identities are like two hats, but they both play the role of bridge in the development of U.S.-China relations."

It would be unfair to single out Berger. Clinton's secretary of state, Madeleine Albright, formed the Albright Group, and his defense secretary, William Cohen, formed the Cohen Group. Both provide advice for companies eager to do business in China. Those seeking China advice with a more Republican cast can turn to Hills & Co., headed by former Trade Representative Carla Hills, the Scowcroft Group, run by former National Security Adviser Brent Scowcroft, or, of course, Kissinger Associates.

Washington's leading law firms also recruit former cabinet members who have been involved in China policy and can claim, like Berger, to have the "two hats." During Clinton's first term, Mickey Kantor served as U.S. trade representative and commerce secretary. Then he

went off to a law firm, Mayer, Brown, Rowe & Maw, taking with him the two China specialists from the Office of the U.S. Trade Representative. Kantor's successor at the USTR, Charlene Barshefsky, negotiated China's entry into the World Trade Organization and, after Clinton left office, moved to another Washington law firm, WilmerHale, where she took charge of its China team.

In recent years, the allure of the China business has extended downward to ordinary civil servants. Twenty years ago, a China specialist who left the State Department, CIA, or Pentagon might go off to teach Chinese history or Mandarin at a university. Today, the more common career pattern is to hire on as a China specialist with a Washington law or consulting firm. Leading scholars on China, too, have discovered that they can make money on the side as consultants. When academics write op-ed pieces, testify in Congress, or take part in seminars, they are identified by their jobs at universities; rarely are the additional financial stakes in China business disclosed. To take one example, in news stories and op-ed articles, Kenneth Lieberthal is generally described as a University of Michigan specialist on China or former National Security Council aide. Rarely is it mentioned that he has also served as a senior director of Stonebridge International, Berger's consulting firm.

Many of America's think tanks also get sizable donations from companies that do business in China, and the donors seek to foster policies that will protect or augment their financial interests. The think tanks, in turn, issue reports supporting trade with China and other policies that favor the American business community.

The most flagrant example involves Maurice Greenberg, the former chairman and chief executive of American International Group, the first American insurance firm allowed into the People's

Republic after the Chinese revolution. Over the years, Greenberg has voiced sympathy for the Chinese leadership and has repeatedly belittled the idea that the United States should give emphasis to human rights or democracy in its policy toward China. "The histories and cultures of countries are vastly different, so it is unrealistic to expect China to have a political system that parallels any other," he wrote recently. These views would hardly be unique, except for the extraordinary role Greenberg has played in propagating them. He became a leading donor to the Council on Foreign Relations, the Asia Society, the Nixon Center (publisher of *The National Interest*), the Atlantic Council, and think tanks ranging from the liberal Brookings Institution to the conservative Heritage Foundation. At times, Greenberg aggressively sought to steer such institutions toward his own views of China policy. In one case, he wrote a letter threatening to cut off contributions to the Heritage Foundation after one of its specialists suggested that Congress delay a vote to grant permanent trading rights to China.

From the 1940s through at least the 1980s, many of America's leading scholars argued with cogency that American policy toward China was being improperly influenced by a web of money, business, and political connections in Washington. This network was originally called the "China lobby" when Chiang Kai-shek's regime was in power on the Chinese mainland; later, after the end of the Chinese civil war, it was often referred to as the "Taiwan lobby." Now there is a much larger, more powerful network operating in Washington in support of those who favor policies of "engagement" with China. Yet somehow, in the midst of this change, the scholars' old, legitimate concerns about the deleterious influence of money on policy have been muted.

The impact of this deluge of money has been to skew American discussions about China toward a pro-business viewpoint. One finds a set of recurrent ideas, themes, and attitudes. It doesn't describe the views of any particular individual; no one believes in the whole list. Rather, it's a composite sketch, a summary of countless conversations:

1. *China's top leaders (or whomever the prominent Americans have been granted access to on their latest visits) are wise but beleaguered.* They have the country's best interests at heart.
2. *Opponents of the regime should be viewed with skepticism, if not outright hostility.* Those who press for changes in China's one-party system are either self-serving or crazy. Political dissidents in the former Soviet Union or Eastern Europe were worthy of respect; those in China are far less worthy.
3. *There may be rampant corruption in China, but it is the result of unseen low-level officials.* It has nothing to do with the Communist Party or its monopoly on power.
4. *Repression and censorship in China should not be overemphasized.* Americans should seize upon any sign, however faint, of future liberalization. It is less significant that political opponents of the regime are thrown in jail than that China's leaders hint that they might change the political system at some indefinite point far in the future.
5. *Any tension between America and China is inherently bad and is the responsibility of the United States.* However, if the confrontation involves intellectual property rights or other U.S. commercial interests, then it is China's fault and is a legitimate issue that must be addressed immediately.
6. *Congress should be involved in China policy as little as possible.* Certainly, on other issues such as Iraq, presidential power is to be mistrusted, and we are in urgent need of greater legislative oversight. On China, the more the executive branch can do without congressional attention, the better.
7. *American public opinion is similarly dangerous.* Public attention should be diverted from arrests, censorship, or anything else that might raise questions about the nature of China's political system.
8. *What's happening on the ground in China today is whatever Chinese leaders tell visiting Americans is happening.* The turmoil you read about in the newspapers is remote and not to be taken too seriously, since it doesn't take place in the central districts of Beijing and Shanghai.
9. *Democracy would be harmful for China.* Or, alternatively, democracy would be okay for China, and the current leaders like the idea so much that they are planning to introduce it many decades from now—after we (and they) are all dead. Or, as a third alternative, democracy would be good for China, and even though the leadership is adamantly opposed to democracy, it's going to come to China inevitably anyway.
10. *The Chinese regime now enjoys widespread public support inside China.* The only reason the regime doesn't demonstrate this by holding an election is that ... it just doesn't.

Foreign investment in China brings in huge new sources of money to the emerging elites in major cities. It enriches the consultants who provide advice to Western companies, the entrepreneurs who start up new businesses, and the Party cadres who approve loans or grant licenses. These elites need to keep

Chinese wage levels low so that the foreign investors keep flooding into China. They have an interest in repressing dissent so that the country looks stable to prospective investors. Needless to say, the Chinese business elites support perpetuating the existing state of affairs.

Similarly, American elites are content with the status quo. It enables American firms to shift operations to China, where labor costs are low and corporate leaders don't have to worry about independent trade unions.

To be sure, American and Chinese business elites do not always see eye to eye. American companies complain that their Chinese partners are ripping off their designs or diverting money from a joint venture. Chinese executives complain that Americans fail to understand China's culture or the intricate ways in which the system works. But these are disputes over business operations. In the larger sense, the Chinese and American elites share a common interest in the existing economic order, in which China serves as the world's low-wage, high-volume manufacturing center.

Thus it looks as if middle-class Americans are identifying with middle-class Chinese and that the Chinese will one day insist on a choice of political candidates the way they now select from a range of lattes. But look beneath the surface and you will find a troubling reality: the business communities of China and the United States do not harbor these dreams of democracy. Both profit from a Chinese system that permits no political opposition, and both are content. ■

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Twilight Zone

Pass through the portal to the alternate reality of the War Party's propagandists.

By Gregory Cochran

I THINK ALMOST EVERYBODY has wondered what would have happened if they had made a different choice in life, taken a different path. If you didn't think of it by yourself, seeing "It's a Wonderful Life" a few hundred times has probably driven the point home by now.

Many authors have applied this idea to big turning points, writing about alternative histories in which Hitler won World War II (*Fatherland*) or the South won the Civil War (*Bring the Jubilee*). The notion may not be pure fantasy: the many-worlds interpretation of quantum mechanics suggests that these Worlds-of-If may really exist, although forever unreachable.

Or maybe not so unreachable. A very odd pattern of statements by prominent supporters and members of the Bush administration suggests that we may have some truly unusual visitors—literally out-of-this-world.

You see, the president and his associates keep referring to historical events that never happened, at least not as they did in the fields we know. And they keep referring to the same ahistorical events. Over and over, the secretary of state and the (now former) secretary of defense have referred to guerrilla warfare in Germany after the Nazi surrender. But there just wasn't any. You can't find it in the history books or in the memories of people who were there at the time. My uncle was in Bavaria in the summer of 1945: no trouble. Secretary Rumsfeld repeatedly talked about the similarities between

today's Iraq and America after the Revolutionary War, but again, I'm pretty sure that there aren't any. I don't believe we found tortured corpses in the streets of Philadelphia every morning back in 1784. And why does President Bush keep saying that Saddam refused to admit those UN arms inspectors back in 2002 and early 2003? Why did Condoleezza Rice, in 2000, say that Iran was probably backing the Taliban, when in fact the two had almost gone to war in 1998?

Now some might say that these statements were just talking points—that is, lies—but I sure wouldn't want to accuse anyone of lying. More to the point, there have been many ahistorical statements that are just strange and don't seem to advance any particular political agenda. For example, when President Bush said that the Japanese lost two carriers sunk and one damaged at the Battle of Midway (instead of losing all four, which is what actually happened), who gained? When POTUS said that Sweden has no army (it does), what political argument was advanced?

We're talking about the rulers of the most powerful nation on earth. It can't be that they're just pig-ignorant—of their own history, yet. There has to be a deeper, more subtle explanation.

We can learn more by examining these statements in detail, including those of the administration's close supporters. They too keep diverging from the history we know. Recently, Rep. Don Young of Alaska quoted Lincoln as saying,