



CHINA'S RISE AND ITS FAULTLINES, LESSONS FOR INDIA: AN ANALYTICAL STUDY

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Introduction

As one of the four great ancient civilizations, China is an old country, full of beauty and fascination. From the first dynasty – Xia (21st - 16th century BC), China is a country with 5,000 years of civilization, creating glorious science and culture. China's ancestors began to make pottery as early as ten thousand years ago. China is the first country in the world to raise silkworms and produce silk. The Great Wall is one of the construction wonders of the world, and various pagodas are also crystals of Chinese people's wisdom. The Four Great Inventions of China, printing, paper-making, gunpowder, printing technique and compass, have ever played a major role in advancing world civilization. Located in the east of Asia and on the western bank of the Pacific Ocean, China covers an area of 9.6 million square kilometers (3,706,581 square miles), just third to Russia and Canada. China is a country in East Asia bordering the East China Sea, Korea Bay, and South China Sea. Neighboring countries include 14 sovereign states. The terrain is diverse in China with mostly mountains along with deserts in the west and plains in the east. Principal rivers flow west to east including the Yangtze and Huang He rivers. The government system is a communist state; the chief of state is the president, and the head of government is the premier. China has a market-based system, changed from a centrally planned system in the 1970s.

Statement of the Problem

China has always been a source of fascination for the world at large as also for Indians. It was said to be *an enigma wrapped in a riddle*. The main reason for such fascination with China is that they are a different nation. In addition to language, their way of thinking, functioning and reacting to a particular situation is unique as also different. Everything comes with Chinese characteristics. This is at times incomprehensible to the Western Mind. Even Indians who have been conditioned by the Macaulay System of education are at a loss to decipher the functioning of the Chinese Oriental mind.

The Chinese civilization evolved around the yellow river basin akin to all prehistoric civilizations which were essentially river valley civilizations. Probably settlements may have developed at the same time around the Yangtze River basin also. Slowly with passage of time the civilization grew and expanded. The intent at this place is not to trace all the chronological events but rather to highlight some of the key features of this growth.

The first aspect of thinking was Geography. China lay in a temperate zone ideal for agriculture and other types of industries. It had fertile rivers as also a large coastline. It was bounded by mountain ranges to its West and South and by the coastline to its East leaving only Northern steppes of Mongolia as its open frontier-where most threats to China originally originated. Till the Europeans started reaching the Eastern sea board of China, the Chinese never really looked towards becoming a naval power. Their first instinct was to expand westwards into present day Sichuan province and to guard themselves from the hostile horsemen emanating from the steppes in the north.

Geography also created an initial divide within China where the political power largely resided in the North ie along the Yellow river-that is where the origins lay and the agriculturally rich south due to a better climate. While for large part of History the North and the South remained under one rule, there were instances when they were competing. Geography also decided the frontiers of the Chinese civilization. These often pushed outwards as and when a particular frontier was won over and amalgamated into the borders of the reigning dynasty. But loosely speaking, the borderlands between Qinghai and the Tibetan plateau remained a frontier for China for most of its recorded history. Similarly Inner Mongolia remained a frontier between the steppes highlands and the Chinese plains. Southern Manchuria was a frontier too even though the most powerful Chinese dynasty was a Manchurian one. Further West of Qinghai, the Gobi desert was a frontier.

Second aspect of thinking is the trade of China. It was the principal activity across these frontiers rather than war-fighting, only exception being the northern frontiers with Mongolia. China is actually a land of artisans and traders. From times immemorial Chinese craftsmen could produce exquisite artifacts and were able to add value to basic raw material. They were also astute traders and mercantile forays were made by them in all directions. This ensured that for most parts of History, the Chinese enjoyed trade surplus with neighboring nations, something which continues even today. Trade also ensured that China developed civilizational and cultural and of course economic links with lands on its peripheries. The trade caravans and also sea based trade linked China with its neighbors. The trade ensured that people sought China out. A large

coastline with number of warm water ports facilitated sea borne trade which was exploited by traders over the millenniums. Arab traders, Portuguese and later the phalanx of Western powers sought China out for its riches. The Chinese trade in silk of course led to the emergence of the famous silk routes. Trade overcame difficult terrain

– trade over the Himalayas with India being a case in point. Also the economic growth model of present day China did not develop overnight or it did not start in 1980 with the advent of Deng Xiaoping-it was established much earlier with China exporting manufactured goods. China also enjoyed a trade surplus through most of its recorded history again as aspect which is getting repeated today. The Chinese as a race always had great trade acumen.

The third aspect as China developed and evolved was homogeneity. The large land mass which was drained by the Yellow River and Yangtze River valleys was fertile and led to evolution of a homogeneous race the HAN CHINESE. To understand its significance we need to only contrast it with the Indian subcontinent where large Number of races and cultures developed simultaneously. The homogeneity makes the country think in a singular manner – unlike India where we seek *unity in diversity*, in China it has always been *unity in singularity*. This is of course both a bane and a boon. During the middle ages the populations grew almost everywhere. The European nations due to small land mass and a maritime orientation explored and discovered new lands to settle their surplus populations – The Americas & Australia were totally repopulated while Africa and Asia were colonized. There was adequate land mass available within China and as such China never felt the need to venture to foreign lands except of course for trade. This led to a huge Chinese population concentrated in a geographical section. The civilization thus also achieved the critical mass in numbers to be able to sustain a local economy without seeking foreign lands. Again we can see some similarities with India in this aspect.

Long periods of peace and prosperity do facilitate innovation, creativity and growth but only up to a point. Real drivers of innovation and growth are adversity and conflict. Thus by the eighteenth and nineteenth centuries, China as a nation had stagnated and as such the western technological prowess led to better war fighting capabilities. Homogeneity also had an added consequence. While India became a melting pot, the Chinese society became a wall which could not be penetrated. Thus while outsiders traded extensively with China – the lure of settling down in China never arose due to this wall. In this regard it will be interesting to compare the colonization process of the Americas, Australia, Africa, India and China. In the Americas and Australia, the local population was totally decimated and replaced by Western population. In Africa the Westerners did settle down sporadically and even buy land in some instances South

Africa being a case in point. In India while the country was fully colonized the colonizers went back upon independence, but while they were there a sizeable Anglo-Indian community resulted as also the education system was subverted. In the case of China the Westerners could never penetrate the society and contented themselves only with favorable trade terms only. A strong central political system has been another Chinese characteristic over the ages. To be sure there were periods of instability and factionalism say the Warring States Period, but for most of its political evolution China has been ruled by strong central dynasties. This has also been in part facilitated by the economic prosperity as also homogeneous population and a clearly defined geographical base.

China was never really truly colonised by outsiders. While China did have a Mongol and a Manchu dynasty, there were considerable ethnic similarities between Manchus and Mongols and eventually they all became *Han Chinese* in a manner of speaking. Unlike India, the Western systems could not take root in China. The mass of population was simply too great to subjugate culturally. The doctrine of Peoples war probably originates in this context. This aspect has been repeatedly exploited by the rulers of China. During the Korean war, while opposing the Americans, Mao was even prepared to risk a nuclear attack on China stating that while it will cause some damage, the mass of China will absorb it easily. The Great Wall of China was thus in effect its people rather than some masonry work.

Confucianism has been another dominant theme. Confucianism, also known as Ruism, is a system of philosophical and "ethical-socio-political teachings" sometimes described as a religion. Confucianism developed from the teachings of the Chinese philosopher Confucius (551–479 BCE), who considered himself a re-transmitter of Zhou values. Confucius really defined the norms of the Chinese society and laid down many traditions which are deeply ingrained in Chinese psyche. He defined concepts as loyalty, filial piety, role of women, social harmony and so on¹.

China was a developing third world country when it gained independence in 1949. The population was poor, its economy had been degraded, and agriculture was the main source of livelihood. The national pride had suffered due to the *century of humiliation*. The setbacks of the Second World War had extracted a great human cost as also hurt the national psyche. There were unsettled borders all around. Technologically there was a huge chasm between China and the Western world. The political system itself was evolving even though Communism was accepted as the underlying ideology. China's peripheries were not fully integrated into the mainland.

There was the vexed issue of Taiwan to be settled. The country also had a huge population base which at that time was seen as a problem with more mouths to feed.

Since then China has embarked on a process of economic, military and technological modernization. It concurrently also evolved the political system as we see today. The peripheries were integrated into the mainland. Issue of Taiwan remains unresolved even though China has been largely able to make the World accept a “one China Policy”. It settled its border disputes with most nations. China successfully developed an export based economy. It could attract massive FDI to support and enlarge its industrial production base.

¹ **“Confucianism,” *Wikipedia, the Free Encyclopedia*,
March 5, 2016,
<https://en.wikipedia.org/w/index.php?title=Confucianism&oldid=708427135>.**

Simultaneous development of the infrastructure was also carried out. Even though the political ideology remained communism, it promoted a capitalistic model of doing trade.

The concept of private land holdings was also permitted. The population explosion was effectively controlled by the somewhat contentious, yet successful one child policy. This economic model fueled growth and brought millions out of poverty. It also provided the wherewithal for the other modernisations. China was now able to boast of a credible defense production base, made advances in space technology, and expanded the cyber medium and many such other achievements. The economic muscle also gave it political capital. The country developed a sound FOREX reserve. It also started to consume huge amount of oil and gas, which was largely imported to fuel its growth, in addition to many other commodities which were also imported.

Today China is an established regional power, while having aspirations to become a global power. It is becoming increasingly more assertive in its neighborhood. This includes economic assertion by investing and taking up infrastructure development projects. Also military assertiveness is in the form of staking claims to territories in East China and South China Sea. China is also assertive over land disputes such as those with India and Bhutan. With the eclipse of erstwhile USSR and the economic decline of Russia, it's the sole power capable of questioning the US dominance in global affairs. This has manifested in seeking greater say in United Nations, global financial institutions and competition for resources in places like Africa.

The growth and success story of the nation has been meteoric. It has been able to achieve spectacular results almost in every field. It practiced a model of communism which is

unparalleled anywhere else in the world. It is a nation which has captured world's imagination. It is the typical poster boy on the world stage. If it were to continue with the same pace, it would soon become a global power. The Chinese economy may become the largest in the world. The next century may very well be the Chinese century.

China however, faces certain contradictions also. Everything may not be ticking in this success story. Its internal fault lines are numerous and have the potential to derail the Chinese juggernaut. The converse is also true that in case the Chinese are able to minimize these fault lines there is nothing which can stop their march. Herein also lie certain lessons for India. We too have numerous fault lines, some which are common with China and some which are peculiar to us. Our quest for greatness is also largely going to be dependent upon our deft management of our internal problems.

Historically both China and India have been the dominant economies of the world barring a brief interlude of the last two centuries. Both have also been inward looking civilizations. Especially China always considered itself as the Middle Kingdom. This view led to only limited expansionist mindset, restricted to immediate land neighbors. The Western world on the other hand was explorative. They discovered new lands and ultimately conquered and ruled them. Both India and China continue to grapple with the problem of population. On the other hand the western nations effectively tackled this issue by settling on new continents.

The Chinese fault lines include civilizational, demographic, economic, political, and environmental and so on. In short they span the entire spectrum. However, these fault lines in some measure also affect all other nations. Nations like individuals respond differently to each situation. It will therefore be of interest to examine China's record in tackling these fault lines as also in their future management.

Review of literature

It is under this background that this study will seek to analyse the internal fault lines of China as a nation and seek to establish lessons for India to emulate. In order to find the research gap the related literature has been reviewed in the following manner.

➤ Contemporary Demographic Transformations in China, India and Indonesia

By Guilмотo, Christophe Z., Jones, Gavin W. (Eds.)² have analysed the demographic trends in China. The one child policy adopted in 1978 has had some impact on the social as well as demographic composition of China. There are two views regarding this policy. One set of people feel that this has now resulted in an ageing population with attendant economic outcomes (read

slowing economy). On the other hand some also feel that the slowing down of the population growth has enabled china to reduce its social burden. Often the social impact on the family has been ignored. For example a single child tends to be less adjusted leading to higher divorce rates subsequently.

➤ **The One-China Policy: State, Sovereignty, and Taiwan's International Legal Status 1st Edition Authors: Frank Chiang³**

The literature has examined the status of Taiwan in the context of *One China* policy. The book suggests various aspects such as international law etc. This is indeed a vexed problem and there is no imminent solution in sight. The situation has been further compounded by the intervention of the global players who have vested interests in the region. This is one fault line that PRC would like to see resolved at the earliest. The one aspect which is often ignored by various authors is that both countries are populated by a common race. Race and ethnicity are powerful factors which shape destinies of nations.

² *Contemporary Demographic Transformations in China*, | *Christophe Z. Guilmoto* | Springer, accessed April 19, 2017, <http://www.springer.com/in/book/9783319247816>.

³ "The One-China Policy: State, Sovereignty, and Taiwan's International Legal Status - 1st Edition," accessed April 19, 2017, <https://www.elsevier.com/books/the-one-china-policy-state-sovereignty-and-taiwan-s-international-legal-status/chiang/978-0-08-102314-3>.

➤ **Xinjiang: China's Muslim Borderland (Studies of Central Asia and the Caucasus) New**

Ed Edition by S. Frederick Starr (Author)⁴ The author has analysed the problems of political integration of Xinjiang with PRC. The leadership in China has been very sensitive to the integration of this region politically, economically as also ethnically. The trade routes out of China have to perforce pass through this region. Therefore the region is strategically important and PRC can not accept any dilution of its control-say greater autonomy. The initial plan was to let these peripheries stay as autonomous regions but defacto that is not the case. Even after concerted efforts of settling the Han Chinese in these regions, the province remains in turmoil. Therefore it will be of interest to examine as to how this region will develop in to an existential faultline for China.

➤ **'Hidden Tibet: History of Independence and Occupation', a book penned by Russian writer Dr S.L. Kuzmin⁵**

Tibet remains another sore point for China where after more than six decades of occupation the Tibetans at large do not consider themselves as Chinese. This aspect has been analysed from a historical perspective in this book. The aspects of Tibetan civilisation have been brought out which are probably the root causes for the present disaffection. Tibet also has been extensively populated with the Han Chinese. Yet the rural population remains predominantly Tibetan. The various spurts of violence in recent times have also worried the authorities. In recent times there have been substantial efforts for the integration of this region, specially through infrastructure development as also tourism from elsewhere in China. Millions of Chinese tourists now visit Tibet everywhere, making substantial contributions to the local economy.

➤ **China: A History Paperback by John Keay⁶**

This Chinese history has been well captured in this book including aspects of geography. However, the book has not fully captured as to how the factors of geography and history are resulting into fault lines in the modern day China.

➤ **China Trade Book by S. J. Rozan⁷**

The Chinese economy is a state controlled and state owned. Manufacturing, services, agriculture, innovation and technology are key components of any economy. This is also true of the Chinese economy. Having a mountainous and desert terrain, large parts of the country are not arable. This coupled with the large population base ensures that most agricultural

4-S. Frederick Starr, *Xinjiang: China's Muslim Borderland*, New Ed edition (Armonk, NY: Routledge, 2004).

⁵ "A Book on Tibet's History of Independence and Occupation Launched," accessed April 19, 2017, <http://www.thetibetpost.com/outlook/reviews/2945-a-book-on-tibets-history-of-independence-and-occupation-launched>.

⁶ John Keay, *China: A History* (London: Harper Press, 2009).

⁷ S. J. Rozan, *China Trade* (St. Martin's Press, 1995).

products are for local subsistence only. State ownership of land, commune system etc have also ensured that agriculture does not become the most prominent activity. The Chinese thus naturally took to industries as the most viable alternative. The industrialization was initially driven by the state owned enterprises. The Great Leap Forward was the attempt to restructure a largely agrarian society towards industrialization. The Chinese leadership had understood the benefits of industrialization for the Western Nations. Even though the "Great Leap" failed in quantifiable terms, It laid the foundation for the subsequent industrialization. The process was helped along

with the opening of the economy by Deng Xiaoping. The SOEs thus became the vehicles for China to become the factory of the World. A much focused state approach towards improving infrastructure, ease of doing business as also cheap labour force ensured massive FDI as also many international firms established their manufacturing bases in China. This slowly led to China developing trade surpluses with most nations in the world. The key issue is whether China can retain this trade surplus indefinitely or the winds of change are on the horizon

➤ **IMF Papers: China's Imports Slowdown: Spillovers, Spillins, and Spillbacks Alexei Kireyev and Andrei Leonidov⁸**

The debate about economic slowdown of China has now been raging for quite some time. Many noted economists have tried to analyze possible reasons and solutions. Doomsday scenarios have been predicted as well as optimistic opinions about this being the long overdue correction. Either way it is a fact that post 2008, *business as usual* has changed for China. The global economic crisis of 2008 affected China as much as it did the Western world. China however is only now truly feeling the impact. Its sovereign debt has increased and fiscal

borrowings are well above accepted norms⁹, which the country incurred, with a view to sustain the expenditure on infrastructure. In fact Indian finance minister today faces an identical dilemma-whether to retain fiscal prudence at the cost of lower government spending on infrastructure or to exceed the fiscal deficit beyond 4% to boost GDP growth.

➤ **Modernizing China's Military: Progress, Problems, and Prospects Paperback – April 23, 2004 by David Shambaugh 09**

From the Chinese perspective if China has to emerge as a pre-eminent power by 2025 and a global power by 2050, it must have a strong military capable of achieving its historical territorial claims and perceived security objectives. It has embarked upon a very ambitious military modernization programme based on niche disruptive technologies/asymmetric warfare capabilities, backed by liberal defense spending, second only to that of US. And, more

⁸ {Citation}

⁹ "China: Overborrowed and Overbuilt - FT.com," accessed March 06, 2016, <http://www.ft.com/cms/s/2/8b2ce9c4-a2ed-11e4-9c06-00144feab7de.html#axzz42O7pNnxC>.

importantly, China has consistently demonstrated its propensity to exercise military options not only against its neighbours but also US and erstwhile Soviet Union. China's emergence as an economic super power has had a significant impact on China's pursuance of an active and

aggressive global strategy and its military modernisation programme. The clichés like ‘China Dream’ and revival of ancient trade through ‘Belt and Road Initiatives’ along with ‘Maritime Silk Route’ are initiatives to rejuvenate the Chinese nation. In this scheme of things, China's armed forces constitute a major factor, which protect the Chinese core and mercantile interests. China's 2015 defense white paper, China's Military Strategy, hinted at this change when it described “the goal of CPC is to build a strong military where China's armed forces will unswervingly adhere to the principle of the CPC's absolute leadership, uphold combat effectiveness, follow the CPC's commands, and can fight and win wars”. So building a strong national defense and powerful armed forces through China's modernization initiative is a strategic task and a major impetus is being provided to this task under President Xi Jinping. However, the fact remains that unlike the armed forces of countries like USA which are constantly in combat, the Chinese forces have not witnessed any major combat from 1979. How far will their armed forces be successful in a real conflict is yet to be proven.

➤ **The Asian Infrastructure Investment Bank: The Construction of Power and the Struggle for the East Asian International Order Authors: Wan, M¹⁰.**

The proposal for the creation of an "Asian Infrastructure Investment Bank" was first made by the Vice Chairman of the China Centre for International Economic Exchanges, a Chinese think tank, at the Bo'ao Forum in April 2009. The initial context was to make better use of Chinese foreign currency reserves in the wake of the global financial crisis.

The initiative was officially launched by Chinese President Xi Jinping on a state visit to Indonesia in October 2013. The Chinese government has been frustrated with what it regards as the slow pace of reforms and governance, and wants greater input in global established institutions like the IMF, World Bank and Asian Development Bank which it claims are dominated by American, European and Japanese interests.

The AIIB therefore is an attempt by China to challenge the globally established monetary architecture and is also reflective of the growing Chinese economic muscle. How far will the Chinese be able to take this forward as also be able to dislodge the established players is yet to be seen. Of course the Chinese have to be prepared for competition as also potential disruptions from their competitors in their quest for dominance in global economic order.

➤ **Cities and Stability: Urbanization, Redistribution, and Regime Survival in China by Jeremy Wallace¹¹**

¹⁰ *The Asian Infrastructure Investment Bank - The Construction* | M. Wan | Palgrave Macmillan, accessed April 19, 2017, <http://www.palgrave.com/us/book/9781137593863>.

Urbanization in China increased in speed following the initiation of the reform and opening policy. By the end of 2015, 56% of the total population lived in urban areas, a dramatic increase from 26% in 1990¹² Urban population grew steadily at around 3%-20% from 1950 to 1965. Urban population experienced a 'great jump' in 1958-1961 during the "Great Leap Forward" in conjunction with the massive industrialization effort. During the Cultural Revolution years of 1965-1975, urban population growth dropped as a result of 'rustication'. From 1962 to 1978, it is estimated that almost 18 million urban youth moved to the countryside.

However, after reforms were launched at the end of 1978, urban population growth began to accelerate. The inflow of foreign direct investment created massive employment opportunities, which fostered urban population growth. In the 1990s, urban population growth started to slow. This reflected a slower increase in employment growth following the restructuring of the state-owned enterprises (SOE).

The majority of China's people live in the eastern segment of the country, the traditional China proper. Most are peasants living, as did their forebears, in the low-lying hills and central plains that stretch from the highlands eastward and southward to the sea. Agriculture predominates in this vast area, generally favored by a temperate or subtropical climate. The meticulously tilled fields are evidence in part of the government's continuing concern over farm output and the food supply. However, while this process of urbanisation reduced the dependence on agriculture and boosted both the services as also manufacturing, it also had myriad social impacts-bulk of whom are yet to be analysed.

➤ **Human Rights Protection System in China by Pinghua Sun¹³**

The Chinese human rights issue came to fore with the Tiananmen Square incident. The far worse incidents of human rights abuse such as *The Great Leap Forward* and *The Cultural Revolution* did not get that much attention. Chinese society over the millenniums has been a tightly controlled and directed society, for which a strong bureaucracy is partially responsible¹⁴. The Chinese even today are facing international censure over their record of human rights abuse. The government is definitely concerned and sensitive on this account. They have gone to any lengths to portray themselves as people friendly rather than being oppressive. USA has been in the forefront of the campaign to bring to fore the poor human rights record of the party. In today's interconnected world, such perceptions can soon gather

¹¹ **Jeremy Wallace, *Cities and Stability: Urbanization, Redistribution, and Regime Survival in China*, 1 edition (New York: Oxford University Press, 2014).**

¹² “Urbanization in China,” *Wikipedia, the Free Encyclopedia*,
August 26, 2016,

¹³ https://en.wikipedia.org/w/index.php?title=Urbanization_in_China&oldid=736251459.

¹⁴ Pi Jeremy nghua Sun, *Human Rights Protection System in China*, 2014 edition
(New York: Springer Nature, 2013).

¹⁵ ‘Human Rights in China’, *Wikipedia, the Free Encyclopedia*,
2 March 2016,

¹⁶ https://en.wikipedia.org/w/index.php?title=Human_rights_in_China&oldid=707979856.

momentum and shape public perceptions against the party. The recent unrest in Hong Kong, the umbrella agitation, being a case in point. The CPC regime is structured to be authoritarian. To remain in power perpetually, when the world over democracies are gaining traction, it has to forcefully advocate its ideology and nip any signs of dissent in the bud itself. Thus violation of basic human rights such as free speech and freedom of expression have perforce to be curbed. The party has to however guise these to avoid criticism. They have also permitted some controlled dissent over social media and in state controlled published newspapers.

➤ **CPEC: China Pakistan Economic Corridor by Urooj Riz**¹⁴

The **China Dream**¹⁵ (*Zhōngguómèng*) is a term popularized after 2013 within Chinese socialist thought that describes a set of personal and national ideals in the People's Republic of China and the Communist Party of China. It is used by journalists, government officials, and activists to describe the role of the individual in Chinese society as well as the goals of the "Chinese nation". The Belt and Road Initiative (OBOR)¹⁶ was accordingly launched with great fanfare as part of this China dream. OBOR has over a period of time become the signature initiative of XI Jinping. He has attached certain personal credibility to its success. CPEC is a part of this OBOR initiative. CPEC is somewhat different from other alignments of OBOR, in that the alignment is over extremely difficult terrain and through disputed territory. Both nations have chosen to push for it in spite of obvious legal as well as physical hurdles. Clearly CPEC fulfils geo-economics as well as geostrategic needs of both nations. Their close relations naturally made Pakistan a prime contender for the CPEC. Gwadar is the culmination point of CPEC where the OBOR and the Maritime Silk Routes converge. Gwadar is located at a strategic place and control over Gwadar provides enhanced expeditionary capabilities to the Chinese Navy. Gwadar in times to come is likely to become a strategic naval base for PLAN. The relationship based on the

shared common animosity towards India further gains from CPEC as it enhances the physical connectivity between the two nations. Moreover, Pakistan's economy desperately needs the infusion of this FDI for its infrastructure primarily its power sector. China also made a new regional monetary system by announcing the formation of AIIB. This posed a direct challenge to IMF as also ADB which had Western / Japanese domination. Many projects under CPEC are to be funded by AIIB funds thereby earning revenue for the Chinese. Some of the investments had interest rates as high as 6% which have however, been since reduced to 1% to 2% in most cases. Even investments by private

¹⁵“Chinese Dream,” *Wikipedia, the Free Encyclopedia*, June 4, 2016,

https://en.wikipedia.org/w/index.php?title=Chinese_Dream&oldid=723729046.

¹⁶“One Belt, One Road,” *Wikipedia, the Free Encyclopedia*, August 4, 2016,

https://en.wikipedia.org/w/index.php?title=One_Belt,_One_Road&oldid=732943554.

Chinese companies were secured by China by seeking sovereign guarantees from Pakistan for repayments.

➤ **The Revenge of Geography: What the Map Tells Us About Coming Conflicts and the Battle Against Fate by Robert D. Kaplan**

The Chinese are the longest continuous civilization in the world, spanning 7,000 years of history. How could Chinese civilization survive when so many other cultures have come and gone? One possible answer lies in the physical geography of the region. With vast mountain ranges including the Himalayas standing imposingly to the southwest, the Gobi Desert to the north, and the Pacific Ocean stretching out to the east, the Chinese were in relative isolation from the rest of the world until the 1800s. In fact, because they believed they were in the middle of the world, surrounded by natural barriers on all sides, the Chinese thought of themselves as "Zhong Guo" — **the Middle Kingdom**¹⁷. Foreign invaders had great difficulty reaching China, and many of the most important discoveries, inventions, and beliefs of the West remained unknown to the Middle Kingdom. In the early years of their civilization, the Chinese developed a unique writing system, began using bronze for both tools and art, and created folk religions that later evolved into the philosophies of Taoism and Confucianism. These discoveries enabled the Chinese to develop a culture unlike any other the world has ever known.

Research Gap :

While many authors have brought out fault lines in China, and have also analysed them in details, they have largely confined themselves to a single focus area. These has been almost no research on the combined impact of various fault lines of the country. They also have mutual linkages which have not been studied. For example every researcher has brought out that due to One Child policy, China today faces the prospect of ageing population and hence economic slowdown. However, it has not been brought out that this policy did add to the affluence of the middle class families. Moreover the policy had huge social impact wherein the single children were pampered by the parents leading to unwillingness on their part after growing up to share or to adjust to their spouses. This led to a much higher divorce rate in the society.

¹⁷ **The Middle Kingdom Traditional Kung Fu School** **The Middle Kingdom Traditional Kung Fu offers high quality and all inclusive Kung Fu programs in China, ‘Why Is China Called ~~The Middle Kingdom?~~, *Middle Kingdom Traditional Kung Fu School*, accessed 9 March 2016, <http://www.learnmartialartsinchina.com/kung-fu-school-blog/why-is-china-called-the-middle-kingdom/>.**

Research Question:

The review clearly indicates that :-

- There are numerous fault lines in China akin to any other nation.
- These fault lines straddle the entire spectrum.
- They have mutual linkages.
- Have the fault lines grown wider apart due to economic and military rise of China.
- Is China growing to implode because of them or
- There is likely to be no major long term effect.

Objectives of the Research Work

Any large country such as the size of China will have inherent contradictions. The geographical spread would imply an amalgamation of various ethnicities, each with its own political aspirations. Large size also means that there has to be a strong central government or a very efficient federal structure. The population and resource base are however likely to be abundant. Yet the population can also become a burden. The conversion of the large population and resource base into a sound economy becomes another challenge. This requires an efficient infrastructure which may come at the cost of the environment. A large country also faces more threats from neighbours. Thus the country needs to have a credible deterrence capability.

The Research Work therefore aims to:-

- Analyse the historical perspective in which the country took the contours of the present nation state.
- Analyse the global strategic environment in general and the regional order with specific reference to China. This will enable to determine the threats and competitions China faces.
- Study the demographic dividend accruing to China or otherwise.
- Analyse its political and the economic system and its long term viability.
- Analyse the homogeneity of the state and the dissident forces at its peripheries including human rights record while dealing with such fissiparous elements.
- Other miscellaneous aspects such as environment, infrastructure, regional obligations etc.

Hypothesis

In finding the answer to above research questions the following hypotheses have been developed:-

- China has been a regional power from times immemorial. Its large geographical base coupled with its almost homogeneous population gives it a distinct advantage which few other countries enjoy. Resultantly, China has remained one of the largest economies of the world. This position is unlikely to change even with the numerous fault lines within the country.
- However, as China expands its sphere of influence by becoming a global power, it will have to effectively address or contain the fault lines and fissures. Then alone it would be able to achieve its strategic goals. It has already taken a head start by rapidly expanding its economy. **However, rapid growth will invariably accentuate some of its internal problems.** China would therefore do well to address its fault lines in a pragmatic manner and not be impatient for taking its rightful place in the comity of nations.
- It can also be argued that the fault lines specially economic and political fault lines will lead to a collapse into smaller warring states as had been the case earlier also.

Nature and Scope of the Study

The Research aims to analyze China's emerging fault lines, their likely impact on China's emergence as a global player and lessons for India.

- Historical perspective. Evolution of China into the present nation state has not been smooth. This historical legacy needs to be examined closely to ascertain its latent impact on China's rise.

- China's political system is unique in the world. It is concurrently communist, capitalist as also autocratic while being oligarchist at the same time. This model is under stress due to the opening up of the society to western influences which propagate democracy to be the only just system. Issues of personal freedom and liberty have always troubled the Chinese society.
- China also has a unique economic model which is not being followed by very many countries. It is based largely on manufacturing rather than services or agriculture. China thus has a trade surplus with most nations. It has however, yet to develop a vibrant indigenous market for its products. The shift from a primarily agrarian economy to an industrial economy has had issues.
- China chose to tackle its population problem with a one child policy. This was largely successful but has had unintended consequences also. The family unit has been transformed in a spectacular model, of which again there is no parallel in the world. The population today is ageing fast. This will have long term implications.
- The rapid development of infrastructure, extensive FDI and technological advancements gave a boost to the Chinese economy. Yet they have also degraded its environment substantially. The economic and human cost of the same is yet to be estimated fully.
- The global and regional environment like anywhere else is also instrumental in shaping the internal environment of China.
- The internal fault lines need to be handled well in case China has to continue on its growth path. Paradoxically growth accentuates some of these fault lines.
- There are therefore lessons for India too where the nation in its bid too grow must not repeat the follies of China.

Research Methodology

The study would be conducted in an analytical framework and is conceptualized as follows:-

- **Literature Survey and Review** Carry out contextual research from available resources on China. The research methodology followed would be 'Analytical Research'.
- **Type, Source and Methods of Data Collection.** 'Primary' Data' will be extracted by way of questionnaires and interviews with subject experts and also include their personal experiences. The major source of information will be books, journals, internet, data base, archives, reports, records and observations. The type of data would be mainly 'Secondary'. This would involve collection of facts, data / information from the available and accessible literary productions, synthesizing the collected data, giving it a logical flow of thought and then

interpreting it to draw the inferences. In addition, inputs will also be obtained by the following means:-

- o **Case Studies.** A number of reports/ papers have been published on aspects such as the Chinese economy.
- o **Policy Analysis.** Study of government policies pertaining to political system, one child policy, belt road initiative and so on.
- o **Quantitative Data.** Carry out surveys to establish the quantitative parameters in support of the hypothesis.

Analysis and Report Writing. The inferences / deductions drawn post analysis will be cogently compiled in a coherent and lucid manner in the Research Report. It will involve the steps of logical sequencing / arranging of subject matter, preparation of outline / rough draft and preparation of the Final Report. In conclusion, part arguments of previous sections having direct bearing on the Statement of the Problem would be restated along with findings / deductions drawn. It will also include any ‘unanswered questions’ (beyond the scope of Current Research) and ‘Recommendations’ for further study.

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