"Past, Present, and Future: A long view of r(e)volution in China"

13 October 2018
King's College London
About Young China Watchers

Young China Watchers (YCW) is a dynamic group of China-focused young professionals. Through regular roundtables and talks with senior figures in academia, policy and business communities, it provides an opportunity for individuals to interact and discuss the most pressing issues emerging from China today. Through its fast-growing global network consisting of 10 chapters and thousands of members, the organization seeks to foster the next generation of China-focused thought-leaders.

YCW operates on an open membership policy, actively attracting all China-engaged and policy-interested individuals. Its mission is to nurture a new community of people alert to China’s growing importance in international affairs.

**Expanding global network:** YCW was first established in Beijing in the spring of 2010 and has steadily expanded its network to ten chapters, including Shanghai, Hong Kong, London, New York, Singapore, Brussels, San Francisco, Washington and Berlin with over 4,000 members globally.

YCW carries out this ambitious agenda through both its **Global Speaker Series and Dinner Discussions**, which aim to bring together local communities of members with expert speakers in an informal setting.

**Engaging YCW’s local communities:** In addition to fostering local YCW communities through its city chapters, YCW’s Global Editorial Team interviews leading experts and past YCW speakers on leading China-related issues as well as features on outstanding young professionals working on China across all topics and disciplines.

YCW’s **Mentorship Programs** in Beijing and London link members of the YCW community with young professionals and graduate students at leading universities. Its annual **Pulse Survey** examines the views of the global community of young professionals engaged in China. YCW also runs an Annual **Essay Competition** in partnership with King’s College London that aims to discover bright young writers, addressing topics related to China.
About Lau China Institute, King’s College London

The Lau China Institute is a multi-disciplinary centre for the study of all aspects of China and with partners across Greater China. It undertakes three core functions:

**High quality teaching** through masters and doctoral programs: The Institute currently has almost forty students in both categories, undertaking research in areas from China’s globalisation to its political economy, culture, history and scientific traditions.

**Extensive outreach** through working in partnership with organisations in the business, government, media and public realms. King’s sits at the heart of a global city and next to an internationally important financial centre. Through its events, publications, policy seminars and other activities, the Lau China Institute seeks to engage with these communities and their expanding interests in China, and actively participates in the public debates on China-related issues within the UK and globally.

**Credible and high impact research**: The Lau Institute seeks to support through visiting researchers, academic partnerships in China as well as publication and dissemination of clear, insightful and high-quality research. It has a particular interest in promoting innovative, multi-discipline research and research that can be related to policy outcomes.

The Lau China Institute aspires to be the strategic body at the heart of King’s College London’s multi-faceted links with institutions, individuals and issues across Greater China. It aims to be a global centre, at the global university, in a global city, on a global issue.
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All photographs were taken by members of the YCW London team.
Conference Agenda

Opening Remarks by YCW and Lau China Institute

- **Sue Anne Tay**, Global Director of YCW and Director for China and RMB Internationalisation, Group Strategy, HSBC
- Professor **Kerry Brown**, Director, Lau China Institute, King’s College London (KCL)

Keynote Speaker

- **Lord Jim O’Neill of Gatley**, Chair, Chatham House, Former Commercial Secretary to HM Treasury

Panel 1: Past. *How China’s past has shaped its present—what is the balance between continuity and change when viewing contemporary China through a historical lens? And how is the country’s history perceived and deployed by the current leadership?*

- **Professor Hans Van de Ven** FBA, Professor of Modern Chinese History, University of Cambridge
- **Dr Astrid Nordin**, Senior Lecturer & Director of Lancaster University China Centre
- **Professor Kent Deng**, Professor of Economic History, London School of Economics and Political Science (LSE)

Moderator: **Julia Chen**, Director of YCW London and Strategy Lead at the UK’s Centre for Connected and Autonomous Vehicles

Panel 2: Present. *China’s increased stridency on the world stage—should this be viewed as evolution or revolution?*

- **Tania Branigan**, Foreign Leader (Editorial) Writer, former China correspondent for the *Guardian*
- **Nigel Inkster, CMG**, Senior Adviser, International Institute for Strategic Studies (IISS) & Research Associate, Contemporary China Institute, London School of Oriental and African Studies (SOAS)
- **Dr Yu Jie**, Head of China Foresight & Senior Research Fellow, LSE IDEAS
- **Jinny Yan**, Managing Director & Chief China Economist, ICBC Standard Bank

Moderator: **James Tunningley**, Head of YCW London and Private Secretary to the Permanent Secretary, Department for International Trade, UK

Panel 3: Future. *China’s increasingly prominent role in the world of technology and innovation.*

- **George Yip**, Author / Professor and Associate Dean at Imperial College Business School, former Co-Director of the CEIBS Centre on China Innovation
- **Joyce Xie**, Director at IP Group, former M&A banker and Portfolio Manager at HSBC
• **Syrus Lohrasb**, CEO of China-Britain Business Fusion / Founder of China-Britain AI Summit, former Finance Director at multiple international companies

• **Ting Zhang**, CEO of Crayfish.io / Founder of China Business Solutions, former China Venture Partner at Prime Ventures

Moderator: **Bin (William) Xu**, Director of YCW London and Strategy & Investment Advisor, Healthcare & Technology at Venture Propulsion System

**Closing Remarks**

• **Raffaello Pantucci**, YCW Co-founder and Director of International Security Studies, Royal United Services Institute (RUSI)

• **James Tunningley**, Head of YCW London and Private Secretary to the Permanent Secretary, Department for International Trade, UK
Following a successful inaugural conference in 2017, Young China Watchers (YCW) and King’s College London’s Lau China Institute held a second annual global conference on Saturday 13 October 2018. Over a full day of panels and robust discussion in the Great Hall of King’s College London, leading China experts and emerging young thinkers analyzed issues around the theme: “Past, Present and Future: A long view of (r)evolution in China.”

Speakers from China, the UK, the Netherlands, Sweden, Singapore and Vietnam joined nearly 180 attendees from the academic, government, think tank and business communities. The aims for the conference were two-fold: to disseminate the latest thinking on Chinese politics, society and history to the next generation of China-watchers in London; and to provide a forum to connect China-watchers with each other and with experts in relevant fields. Attendees were encouraged to adopt a historical lens to considerations of contemporary and future China—a nation which has shown itself to be bold in the face of domestic challenges, increasingly assertive amid rising tensions with other global powers, and formidable in terms of economy and innovation.

The day kicked off with a keynote speech delivered by Lord Jim O’Neill of Gatley, an ex-Goldman Sachs economist and former UK Treasury Commercial Secretary who...
catapulted China into investment circles worldwide with his coining of the “BRICS” acronym in 2001. O’Neill began his speech with a wry comment that “ICS” may have been the more appropriate moniker, and he predicted that GDP growth in China would continue to slow up until 2050, with figures hovering around 5.5% in the next decade. He also commented that the current slowdown in China should not come as a surprise, given the age and size of the working population and productivity are the major drivers of growth.

Despite decelerating GDP growth, O’Neill said that China will continue to exert a greater influence on global GDP, with nearly half of all nominal GDP change globally in this decade stemming from China—and primarily the Chinese consumer. Although much of the world still views China as a manufacturer, the reality is that China is developing into a consumer economy. In other words: What happens to Chinese retail sales will prove more significant than other international trade issues. Looking ahead, O’Neill concluded that China’s priorities will be to: increase the consumption share of its GDP growth; control pollution and environmental security; continue reforms of its finance sector; reform the problematic 户口 (hukou) household registration system; and encourage other Asian countries, particularly India, to guide China’s much-vaunted Belt and Road Initiative (BRI). With this “cautiously optimistic” outlook for the future, the conference proceeded to its first panel on China’s past.

**Panel 1: Past.**

Panel 1, moderated by YCW London Director Julia Chen, set the tone for the day by reminding attendees that it may be necessary to look backwards to understand China’s current trajectory. Over the course of an hour-and-a-half, the panelists and audience examined perceptions of history by the Chinese public and the instrumentalization of history by Chinese political leaders.

LSE Professor of Economic History Kent Deng began the discussion by harking back to the Qing era, China’s last imperial dynastic period, which he labelled an economic success but politically “lousy” due to challenges of legitimacy. Following internal unrest lasting nearly one century to the 辛亥革命 (Xinhai geming) revolution in 1911, China has been undertaking efforts to rebuild the state. In Deng’s opinion, much of its current difficulties are internal, such as implementing economic reforms and uprooting corruption among public officials. He said that despite the dichotomy of high income inequality under communist leadership, President Xi Jinping appears to have been relatively successful in his portrayal of a sage king ruling over a better alternative to the West, pointing to Xi’s 四个自信 (si ge zixin) “Four Self-Confidences” as a signature doctrine.

Hans Van de Ven, Professor of Modern Chinese University at the University of Cambridge, remarked that it was not extraordinary for former Chinese leader Deng Xiaoping to conclude that China needs entrepreneurs, businesspeople and markets. He argued that China has only recently struggled with the issue of state debt, as bonds up to the late 1800s “utterly failed” due to a lack of trust by Chinese merchants. Van de Ven also spoke about a resurgence of wartime tropes to resolve contemporary social
divisions, with growing popularity of republican historians like 陈寅恪 (Chen Yinke) on borderlands and 雷海宗 (Lei Haizong) on comparisons between European and Chinese civilizations. He also said that a WWII narrative is being deployed by Chinese leaders to justify the strong centralization of power, revive nationalistic sentiments of pride, and manage internal social conflicts.

The exploitation of history for political ends was further explored by Dr. Astrid Nordin, director of the Lancaster University China Centre, who focused on the BRI as an example of change and continuity. Nordin described the conversation around the BRI as “grand, symbolic monumentalism,” demonstrative of a more confident tone under Xi. She said that, while China has a long history of being an outward-looking state, its engagement in the Mao Zedong era adopted a different guise and rhetoric. As in the Mao era, however, China appears to be once again pitting itself against the U.S., with Nordin pointing to Xi’s famous keynote speech at Davos in January 2017 as an example of how the state is proclaiming its credibility to the world. Nordin agreed with Van de Ven that authorities are selectively using traditional Chinese terms, which has an unprecedented impact in this age of mass communication. Yet this post-modern form of communication that may prove counterproductive, as terms such as “harmony” and “Chinese Dream” are proliferated across state propaganda, commodified by other actors, and iteratively stripped of their meaning.

During an invigorating question-and-answer session, attendees challenged the practice of using historical projections to shape the current Chinese discourse. Following a question about whether ancient or modern history was more important, the panelists agreed that what matters more is how either is maneuvered, as Chinese history could be a friend or an enemy. The strengthening of nationalism among the so-

Astrid Nordin (third from left) speaks during Panel 1. (Seated left to right: Julia Chen, Hans Van de Ven, Kent Deng)
called masses, which seems to be instinctive for many, could be a great opportunity or a great danger for the government. As Van de Ven concluded, “History is discussion, debate, argument; no politician may have the last word on history, and neither can historians have the last word.”

Panel 2: Present.

While introducing the members of Panel 2, Head of YCW London James Tunningley challenged each panelist to answer the question of whether China’s increased stridency on the world stage should be viewed as an evolution or a revolution.

Former Guardian China correspondent Tania Branigan began by affirming that there was no doubt of a “new era,” in which China is shifting between decisive and overt action to vastly confident and “downright hubristic” behavior. She said that it was only natural for a rising power to shape international rules to suit its own national interests, and that the distinction lay in how China would change the rules. From Branigan’s observations, China seemed to be adept at traditional diplomacy but crude in its encouragement of soft power. She noted that China seemed to care little about rising hostility from other countries, and that its flagship Belt and Road Initiative (BRI) project would face risks when operating in countries where rule of law is lacking and corruption is rife. Ultimately, she argued that China’s foreign policy development depends on its environment: how much an international audience is willing to be attentive and understanding, and thereby adapt to this new era.
Former MI6 Deputy Chief Nigel Inkster, CMG, began by attacking the question, commenting that it matters less whether China’s rise is evolutionary or revolutionary, and more how the outside world responds. Inkster agreed that, as China acquires greater influence in the world, it is thinking about how to deploy instruments of power to promote its own interests. He saw a three-pronged approach shaping China’s contemporary behavior: i) insecurity, with 中南海 (Zhongnanhai) recognizing an overtly hostile U.S. and a lack of trusted partners outside quasi-alliances with North Korea and Pakistan; ii) ideology, in the Communist Party of China’s (CPC) instrumentalist approach to engagement; and iii) precaution, with growing evidence of Beijing quashing alternative voices at home, rising militarism, and Chinese intelligence services that are more active overseas. With unwritten global norms “eroding rather rapidly,” Inkster argued that the West needs to pay more attention to China’s signals and accept that its cumulative impact on the world will prove revolutionary—otherwise it may end up the loser.

LSE IDEAS Head of China Foresight Dr. Yu Jie characterized China’s rise as a slow evolutionary process full of challenges. She said that, while Beijing seems unsatisfied with the current rules of the game in international affairs, it does not want to overturn the international order but will instead seek to find a place within the existing order. Instead of a direct challenge to the beleaguered Washington Consensus, China is
applying the principle of “don’t put all your eggs in one basket” in its foreign policy. Jie pointed to the China-led Asian Infrastructure Investment Bank (AIIB) investing in projects similar to the Asian Development Bank and World Bank, contrasting this with China ignoring customary practices in the maritime and cyber security spheres, where it has introduced its own claims and exclusive rights. Jie concluded that it matters not only how the outside world changes its perception of China, but also how those in the corridors of power in Beijing view the responsibilities of a great power.

Rounding off the discussion, Chief China Economist of ICBC Standard Bank Jinny Yan argued for a middle way, adding that China’s $750 billion BRI may prove to be a revelation. Yan observed that emerging markets have acquired a greater portion of China’s absolute trading volume in the last decade, from 24% in 2007 to 33% in 2017. Additionally, in comparison to the massive trade surplus China carries with the U.S., its balance of trade with emerging economies is “fairly neutral.” She noted that a few markets will be particularly vulnerable to the obstacles faced by the BRI, namely those that are fundamental in the supply chain to China: Cambodia, Singapore, Vietnam, Mongolia, and Thailand. While these economies will benefit from the increased connectivity of the BRI—in terms of trade, investment, and people flows—they may also feel the adverse knock-on effects of a global trade war and China’s decarbonization drive, leaving coal-dependent economies such as Mongolia in a weaker position.

Following the panel, an attendee challenged the BRI as “purely a PR play” to build alliances with countries. Yan responded that while more than 80% of BRI projects are currently financed by Chinese private banks, policy banks, or corporates, an increasing share is backed by private equity and co-financed by multilateral development banks, or indeed comprise equity investments rather than flashy infrastructure schemes. This, she said, demonstrates that the BRI is also funnelling investment to where it’s needed,
and not just where China wants friends. Ultimately, the panel agreed that China is coming to terms with its status as a Goliath rather than a David—one that is increasingly unwilling to countenance international challenges to its power. But, Inkster observed, China’s questioning of the post-WWII global order is not without merit, and perhaps we collectively need to change international governance to reflect the new reality.

**Panel 3: Future.**

Following an informal lunch break, the conference continued with its final panel on China’s future and its increasingly prominent role in technology and innovation. YCW London Director **Bin (William) Xu** moderated a discussion on forward-looking areas, from inventions in applied science to artificial intelligence (AI), with four leading voices weighing in on what the world can expect from China’s ambitions.

Professor **George Yip**, Associate Dean at Imperial College Business School, proposed that China’s innovation is driven by four factors: customers; culture; firm capabilities; and cash. Today, argued Yip, Chinese consumers are tech-oriented and large Chinese companies are more adept at innovation, highlighting Haier’s waterless washing machines as an example. Chinese cash is piling into research and development centers in China and abroad, and acquiring foreign companies for their technology, such as robotics companies in Germany. Armed with these four factors, China is shifting from being a follower and a copycat to becoming a world-standard leader building fit-for-purpose products. In other words, said Yip, while the West is good at going from 0 to 1, China has become very good at taking Western innovation from 1 to 100.
Approaching this point from another angle, IP Group Director Joyce Xie spoke about universities as the source of innovations and intellectual property that can change the world. She said that inventions like needle-free injection, fiber optics, and ultrasound technology were all borne from universities, but difficult to commercialize. Therefore, her work focuses on bringing the ideas of professors and researchers to capital markets, pointing to a number of examples where UK technology companies have attracted Chinese investors and customers. As a closing remark, she reminded university students in the audience that the UK has a remarkable record when it comes to inventions, with around 4% of the world’s researchers but nearly 10% of its top-cited research.

Turning the discussion to AI, Syrus Lohrasb, CEO of China-Britain Business Fusion, began his presentation by recalling Alibaba Chairman Jack Ma’s prediction that, by 2047, the TIME Magazine cover for CEO of the year would picture a robot. Lohrasb commented that, while the current artificial intelligence (AI) talent war was between Europe and the U.S., China would emerge the world leader in AI by 2030. Pitting its BAT (Baidu, Alibaba, and Tencent Holdings) consortium against the West’s MAFAA (Microsoft, Apple, Facebook, Amazon, and Alphabet) grouping, China was on its way to creating a $15 billion market for AI in the next three years. Its progress has been spurred by official mandates, such as a requirement for local governments to spend 8% of their annual budgets on digitization of education, as well as the demographic realities of an aging population. Looking ahead, Lohrasb predicted the emergence of eight “magnificent AIs” from China, including facial recognition, virtual agents, and natural-language generation.

CEO of Crayfish Ting Zhang noted that these forces make it imperative to understand how to do business with China, adding that the four crucial factors were: context, content, channels, and contributors. While China formerly traded by importing advanced technology and machinery, it was now exporting these products and importing luxury goods, consumer products, and services. Ting pointed to the example of the much-debated Hinkley Point nuclear power project in the UK, which she said uses a core technology developed from the Institute of Nuclear and New Energy Technology at Tsinghua University. As a perennial lesson, she concluded that commercial actors should mind cultural differences in their engagement with China and adapt to local business practices, like using WeChat for communication.

During the final question-and-answer session of the day, panelists agreed that it was important to distinguish between the types of innovation in charting China’s future: Its primary areas of growth have been in business model and software-driven innovation in the last 10 years, with huge markets and high capital returns enabling Chinese firms to build equivalents of Uber, Airbnb, Facebook, Google, and Amazon. On AI, China possesses the advantage of having enormous amounts of data and machine power, but still lags behind in deep technology in areas such as biotech and advanced manufacturing. And while panelists were generally optimistic that Western companies would see a net benefit from Chinese innovation, Western countries would also need to be more attentive in applying caveat emptor principles to imported products and technology from China.
A complex and fascinating composite picture emerged from the day’s discoveries: a China that is primarily transactional in its international relationships; a party-state struggling to shore up its soft power; and a triple-threat economic power, with world-class manufacturing capability, the capacity to absorb science from anywhere in the world, and a large domestic market that amplifies its competitive power to challenge industry incumbents.

Panelists and attendees alike agreed that the Xi era has crystalized resources around the resilience of the CPC’s rule, with an increasingly populist agenda focusing on initiatives from the anti-corruption campaign to reform of the 高考 (gaokao) higher education examination system. As one speaker noted, Mao saved the country and Deng saved the economy, but as China continues its upward trajectory, it has fallen onto Xi’s shoulders to save the Party.

In their closing remarks for the conference, YCW co-founder Raffaello Pantucci and James Tunningley observed that the question of whether China’s rise is an evolution or revolution remains open-ended. It is apparent that the world is in a moment of great consternation about China’s rising power; the BRI presents a monumental opportunity for investment but a potential burden for its partners, just as Chinese technological advances raise urgent questions about governance and control.

However, many panelists pointed out that the debate only benefits from the dedication of those who would spend their weekend engaging in nuanced conversation about China—and it may be this process of studying the details, enriching predictions with historical context, and addressing knowledge imbalances that proves more vital than the answer.