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## How China Loses: The Pushback Against Chinese Global Ambitions

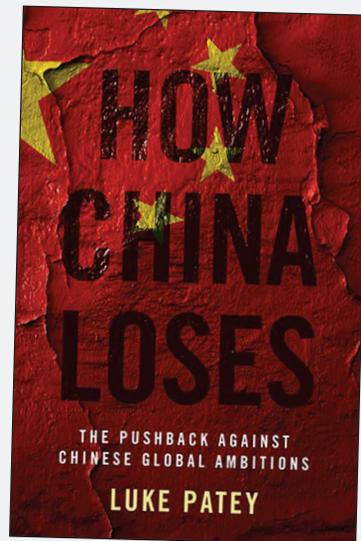
By Luke Patey  
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Reviewed by Dean Cheng

As the economy of the People's Republic of China (PRC) has grown, its military has modernized, and its global presence has expanded, there has been more and more concern about the prospect of a Chinese century, or even millennium, to replace the American century. Views range from equanimity (Martin Jacques' *When China Rules the World*) to gravely concerned (Michael Pillsbury's *The Hundred-Year Marathon*). Even President Joe Biden is now reportedly concerned with the rise of China—and the possibility that China might prevail in the current great power competition.<sup>1</sup>

The rise of China was almost inevitable, once it recovered from the economic devastation and internal turmoil created by Mao Zedong. Deng Xiaoping's policy of "Reform and Opening," while reestablishing internal political and economic order, also provided an extended period of relative stability (compared with the regular upheavals that marked Mao's reign). Given China's sheer size in various dimensions, including its economy and military, it always has had the potential of being a great power (a status it held for most of its millennia's-long history). Luke Patey's book, *How China Loses*, discusses these issues in detail with his own take.

The challenge posed by the PRC, especially after Deng officially stepped away from power in the early



1990s, lies in how it has leveraged the attributes of a large population, significant natural resources, and a growing economy to attract foreign investment and political partnerships. Beijing has capitalized upon the appeal of its enormous markets and massive educated labor force to integrate into the global supply chains of various products. Meanwhile, over the past decade, the PRC has exploited its huge foreign exchange reserves and relatively low-profile diplomatic position to implement a new form of checkbook diplomacy, exemplified by the Belt and Road Initiative. In a very real sense, China's appeal is multifaceted. Both importers and exporters see their futures tied to China. Both developing countries and developed countries seek to curry favor, or at least avoid alienating Beijing.

Assessing China has been further complicated by the persistent belief that China would reform as its economy expanded. At a minimum, China was expected to adhere to the terms of the World Trade Organization and show greater respect for intellectual property. Ideally, the growth of a Chinese middle class would lead to demands for political reform, whether in terms of greater accountability on

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the part of the Chinese Communist Party (CCP) or perhaps even a softening of authoritarian tendencies. After all, Chinese officials in the 1990s and 2000s had talked about a “Singapore model” for Chinese development.<sup>2</sup> Leaders like Deng Xiaoping and Xi Jinping both praised Singapore’s economic achievements and political evolution. While such optimism has passed, it undeniably delayed reassessments of China’s rise as posing more threat than opportunity.

The view of a rising, even dominant, China as inevitable is further reinforced by the apparent lack of pushback. While there are periodic stories about fears of Chinese “debt trap diplomacy,” and the U.S. Department of Defense and other government agencies regularly issue reports on the growth and modernization of the Chinese military, there is nowhere near the consensus that characterized the view of the Soviet Union in the 20<sup>th</sup> century. For example, Vice President Mike Pence’s 2018 speech about the threat of China was derided by Peter Beinart in *The Atlantic*, and attributed to domestic politics by the Brookings Institution.<sup>3</sup> This is seemingly even more true internationally, where China’s economic diplomacy is often portrayed as ultimately successful, although at times alienating.

Luke Patey’s book, *How China Loses*, looks at many of the same facts, but reaches very different conclusions. Patey highlights many of the same strengths and tactics that others have identified. Because the PRC’s economy has grown so substantially, it offers an attractive market for many of the West’s conglomerates. That massive explosion in wealth has also provided the CCP with substantial resources to invest both at home and abroad, with financial returns on investment only one of several considerations. Thus, the PRC can develop and implement policies such as “Made in China 2025” and the Belt and Road Initiative.

In certain respects, Patey’s book is a continuation and update of both Jacques and Pillsbury. However, with the benefit of an additional 5–10

years of perspective, Patey can also provide details of Chinese missteps and failings. From Argentina to Malaysia to Germany, Chinese investments—and more importantly its broader behavior—have alienated many of the very nations it has courted and invested in. China’s asymmetric, unequal approach to economic relations, for example, has not only raised alarms in Europe, but also caused disenchantment in Africa and South America.

Patey also notes that far from exercising a single, integrated operational plan in its efforts abroad, Chinese activities are often as riven by bureaucratic competition and lack of coordination as Western efforts. His description of different Chinese bureaucratic interests and efforts among China’s national oil company, foreign ministry, and oil ministry in South Sudan would likely find American, British, and French officials nodding in sympathy.

An interesting insight from the book is that China’s willingness to work with local officials behind closed doors, often in ways that sustain local corrupt practices, is alienating not only local populations that would prefer a more transparent system, but also other local interest groups and political parties. In a democratic system, those groups may eventually assume power, and are likely to be much less enamored of working with Beijing.

Patey’s discussion of China-Argentina relations, especially the Macri government’s investigation of various Chinese investments made under the previous Kirchner administration, demonstrates how the Chinese approach can lose China friends as well as gain them. This is not necessarily grounds for optimism, however. Patey notes that Chinese negotiators included provisions in their contracts with the Kirchner regime that made it almost impossible for the Macri government to completely kill some of the higher profile projects. The twisted story demonstrates how Chinese mastery of legal warfare extends to the political and economic realm and is exercised in contracts and in investments.

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With these elements in mind, Patey concludes that, “This is how China loses... because the actions and visions of its leaders elicit cautious reception and push back across the world that undermines its potential as a global superpower.”<sup>74</sup> This aspirational conclusion, however, that China somehow alienates, or induces caution, in enough of the rest of the world so that it does not achieve its full potential as a global superpower is emblematic of the shortcomings of the book.

At no point does Patey indicate that China will lose, despite the title of his book. Indeed, he does not demonstrate why China will **not** win. Part of the problem is that Patey is never quite clear how China itself defines *winning*. At one point, Patey suggests that China poses as much an ideological threat as it does an economic or diplomatic one. “China seeks to challenge the core values of the world’s liberal democracies: individual liberty, freedom of speech, and rule of law.”<sup>75</sup> This would suggest that China defines winning by altering the rules of the international order.

But having stated that China is trying to overturn the rules-based international order (or at least substitute a new set of rules), Patey later suggests that China simply wants “foreign countries to see China’s economic and political practices as legitimate and worthy of emulation.”<sup>76</sup> This is far less challenging to the West, and given China’s history, including the “century of humiliation,” appears far less threatening. After all, a China that simply seeks to have its system deemed legitimate need not overthrow the international system in the process.

Patey then characterizes the problem as one of China’s approach. China is not proselytizing its system, but,

is normalizing its state-led, authoritarian economic and political practices and values . . . [China’s] activities thus socialize characteristics of China’s model into foreign countries by re-enforcing state control over

the economy, offering plenty of room for political and corporate elite corruption, limiting public participation, and neglecting social and environmental issues.<sup>77</sup>

Apparently, the Chinese threat is that it plays to the baser instincts of other states and leaders. This undermines the international system, but not necessarily through direct Chinese actions. If this is the case, then China’s definition of winning may be far harder to define, and therefore defeat. It is not clear “how China loses.” In this light, Patey’s treatment of the China challenge, while a welcome counterweight to the various books and articles suggesting that China will inevitably win, remains unsatisfying.

If *How China Loses* doesn’t really provide a solid answer to China’s definition of winning, its response is equally nebulous. For all the problems that he outlines of China’s foreign policy, Patey recognizes that other states are unlikely to defeat China in a bilateral fashion. Yet while he excoriates President Donald Trump for failing to pursue a more multinational effort to confront China, he provides little evidence that other states would follow an American example. At one point, he notes that European states have often refused to cooperate in confronting China on trade and economic issues, providing rhetorical criticism of China even as they “continued to undermine the implementation of policies that advanced these positions.”<sup>78</sup>

Much like the political science model of the “Stag Hunt,” various individual states, whether African, Asian, or European, are as likely to cut their own deals with Beijing as cooperate in confronting a nation that offers access to a massive market and significant potential investment, no matter how many strings are attached. Patey provides little reason to think that this would change, no matter who is in the White House. Indeed, the book provides as much evidence that “we are not exporting our values to China—we are importing theirs.”<sup>79</sup>

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If the key to preventing China from winning is to “elicit a cautious reception and push back across the world that undermines its potential as a global superpower,” there is little evidence that such caution and pushback, on a global scale in coordinated fashion, are forthcoming any time soon.

Other parts of the book also leave the reader wishing for more. One of the greatest contributions of *How China Loses* is that the volume gathers reports and discussions from a variety of global sources on a range of topics, such as economic, political, and military. Weaving this expanded picture provides the more casual observer of China with a better sense of its comprehensive, global efforts as a coherent whole, both in terms of Chinese strengths and weaknesses.

But Patey does not delve further into the issues. For example, he highlights that there are various bureaucratic weaknesses within the Chinese approach—but ultimately does not provide much insight beyond the observation that not every Chinese bureaucrat sees the world the same way. Are there consistent divides between the diplomats and the state-owned enterprises? Are there regional biases among China’s provinces? Does the old “Shanghai faction” or do various princelings have ties to specific state-owned enterprises?

Equally frustrating is that many of the problems he highlights are not primarily due to China. Patey notes, for example, that “many of the problems China’s projects suffer from in Africa are also typical for the construction industry worldwide.”<sup>10</sup> Similarly, he notes that at least some alleged “debt traps” that China exploits are less the result of Beijing’s machinations than the consequences of both lender and borrower behavior. Is China, then, really the problem? One of China’s weaknesses is supposed to be that its actions do not counter local corruption. But if local populations and officials are unhappy with Chinese actions that abet local corruption, are they actually unhappy with China or

with local corruption? Or are they unhappy because they are unable to share in that corruption?

Along these lines, Patey also seems not to recognize that at least some of the issues he is discussing are endemic to great power competition and are not unique to the 21<sup>st</sup> century or to China. During the Cold War, various states sought to play the United States and Soviet Union, and their associated blocs, against each other in pursuit of aid. Many of the techniques appear little changed as applied to the World Bank and Chinese lenders, or Western states concerned about growing Chinese influence.

What *How China Loses* does well is bring together both Chinese successes and failures, providing evidence of both its strengths and weaknesses. It also underscores the reality that China is not, in the end, simply a great power seeking a place for itself within the rules-based international order (although that is not nearly as conclusively demonstrated). The volume provides a useful one-stop shop of Chinese actions across a range of locales, including Africa and South America as well as Europe and Southeast Asia.

But it neither demonstrates that China will lose, nor provides much useful guidance on how to achieve that end. Readers hoping for a more concrete assessment of Chinese ends—and therefore methods of deterring or defeating them—will likely be left frustrated. **PRISM**

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## Notes

<sup>1</sup> Thomas Wright, “Joe Biden Worries that China Might Win,” *The Atlantic* (June 9, 2021) <https://www.theatlantic.com/international/archive/2021/06/joe-biden-foreign-policy/619130/>.

<sup>2</sup> “China to ‘Emulate’ Singapore’s Economic Model,” BBC (November 13, 2012) <https://www.bbc.com/news/av/world-asia-20307144>, Felix Chang, “The Odd Couple: Singapore’s Relations with China,” FPRI E-Notes (December 3, 2019) <https://www.fpri.org/article/2019/12/the-odd-couple-singapores-relations-with-china/>.

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<sup>3</sup>Peter Beinart, “China Isn’t Cheating on Trade,” *The Atlantic* (April 21, 2019) <https://www.theatlantic.com/ideas/archive/2019/04/us-trade-hawks-exaggerate-chinas-threat/587536/>, and Ryan Hass, “Who Was Mike Pence Really Addressing in His Speech on China?” Brookings Institution (October 4, 2018) <https://www.brookings.edu/blog/order-from-chaos/2018/10/04/who-was-mike-pence-really-addressing-in-his-speech-on-china/>.

<sup>4</sup>Luke Patey, *How China Loses* (NY: Oxford University Press, 2021), p. 253.

<sup>5</sup>Luke Patey, *How China Loses* (NY: Oxford University Press, 2021), p. 11.

<sup>6</sup>Luke Patey, *How China Loses* (NY: Oxford University Press, 2021), p. 91.

<sup>7</sup>Luke Patey, *How China Loses* (NY: Oxford University Press, 2021), p. 92.

<sup>8</sup>Luke Patey, *How China Loses* (NY: Oxford University Press, 2021), p. 134.

<sup>9</sup>Jim Geraghty, “We Are Not Exporting Our Values to China—We Are Importing Theirs,” *National Review* (October 8, 2019) <https://www.nationalreview.com/the-morning-jolt/were-not-exporting-our-values-to-china-were-importing-theirs/>.

<sup>10</sup>Luke Patey, *How China Loses* (NY: Oxford University Press, 2021), p. 97.