China’s Rise and Its Implications for Asia

An Outcomes Paper from the 2010 Emerging Leaders Dialogue
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Background and Context

China’s stunning rise to great power status is poised to continue well into the 21st century. China has the world’s fastest growing economy with an annual growth rate that has hovered between 7-9% of gross domestic product since the late 1990s. This has been accompanied by China assuming the status as the world’s single largest recipient of foreign direct investment.

But the most striking dimension of China’s economic power lies in its projected increase in coming decades. Mainstream projections indicate that China will probably surpass the United States as the largest economy in the international system (in absolute terms) early in the second half of this century. If realized, this will be a truly remarkable achievement for a country that had one of the least developed economies in Asia up until the late 1970s.

China’s rapid economic ascent has had significant flow-on effects in improving Beijing’s ability to modernize its conventional and nuclear force assets, as well as reinforcing China’s political and diplomatic influence in foreign capitals, particularly in Asia. This influence has been carefully nurtured by Beijing, with considerable effort devoted to improving China’s diplomatic reach across regional capitals. Central to this has been the promotion of a perception among regional states that China’s continuing rapid rise is assured.

China’s spectacular economic performance, while generally regarded as positive, has stirred debate about whether it will remain content to play a benign leadership role in Asia or whether Beijing will pursue a more aggressive posture aimed at securing regional hegemony.

Does China have hegemonic ambitions in Asia? To what extent, if at all, will it attempt to leverage its economic power to exert influence over how Asia evolves in the decades ahead? These are critically important questions for Australia, whose continued economic growth will continue to depend on sustained high growth rates in China and regional stability in Asia. For a State like Queensland, which has major trade and investment interests in China, understanding how the latter will seek to interact with its region in the years ahead remains of paramount importance.

Emerging Leaders 2010: Process and Outcomes

On 27-29 September, twenty-four graduate students drawn from universities in China, Australia and Asia attended the Emerging Leaders Dialogue forum in Brisbane. Dr Vandra Harris from the School of Global Studies at RMIT University was invited to facilitate the forum. Dr Harris has, over the past three years, facilitated the International Network of Universities’ Student Seminar event in Hiroshima, involving over sixty students drawn from universities around the world.

The theme of Emerging Leaders 2010 was understanding the implications for Asia of China’s continued rise in the 21st century. Forum participants were tasked with investigating the following three focus areas:

1: **China’s motives and aims in Asia.** Are the narrow or wide-ranging? Do they conflict with, or complement, what other regional countries want?
2. **China’s strengths and vulnerabilities as a regional actor.** To what extent will China’s internal challenges serve to constrain what it can achieve externally in Asia? Uneven development, ethnic cleavages, population size.

3. **The policies other countries – including Australia – should be pursuing in their interactions with China.** Should countries encourage or discourage a stronger China in the region?

In opening the event, Dr Harris emphasised the importance of a free and frank exchange of views, supported by logical academic argument. All participants were asked to contribute to discussion with critical tact and sound judgement. We are pleased to report that all participants contributed to discussion in a highly professional and constructive fashion. The first component of the forum set a high standard for the remaining discussions, comprising academic presentations on China’s rise as a regional power, from senior academics and selected participants. Dr Richard Rigby—Director of the China Institute at the Australian National University—began the forum with a keynote address outlining Chinese perspectives on leadership and internal developments within China since the beginning of the “Open Door” policy in the late 1970s. This set some excellent context for participants to frame subsequent discussions. Dr Rigby’s keynote address was followed by an expert panel discussion involving Professor Andrew O’Neil (Director, Griffith Asia Institute), Dr Juan Wang (Research Fellow, Griffith Asia Institute), and Dr Andrew Selth (Research Fellow, Griffith Asia Institute).

The forum was followed by a series of individual presentations from students whose papers were selected as the best quality submissions (see appendix 4 – 11). The presentations covered a range of themes, including China’s “soft power” in the region, normative and material factors shaping Beijing’s foreign policy, and the role of China’s identity in shaping its approach to regional relations. The best quality papers submitted by students will be published as Griffith Asia Institute *Regional Outlook Papers*. These have high profile circulation among key actors in government, business, and academic communities in Australia and throughout Asia. As well as engaging critically with each other’s papers on matters of logic, academic argument and consideration of a range of detailed policy issues, participants collaborated to respond to three focus areas outlined above. After a day’s rigorous and frank debate in break-out groups, participants reassembled as a plenary group and participated in an insightful, well-informed and challenging debate to close the workshop.

A central theme throughout the forum was the recognition that there is not one but many Chinas, and therefore discussions such as these must engage with complexity and diversity, respectfully welcoming a range of voices and inputs in the interest of formulating appropriate and useful outcomes. The citizens of China and its neighbours have nuanced, and at times uncertain, beliefs about China’s rise, and the debates in this forum showed that these cannot be easily divided along national lines.

1. The first of these issues regards China’s actual and perceived motives and aims in Asia. Prime among these are security and stability, both domestically and in the region, with the primary aim of promoting economic growth within and around China.

1.1. It is important to recognise that China’s **internal affairs** are intricately entwined with the nation’s external affairs—indeed, the consensus among participants was that China remains more concerned with internal issues than extending its power in Asia.
In spite of China’s growth and its economic size, it is still a developing country. While it is the world’s second largest economy in purchasing power parity terms\(^1\), per capita GDP is more akin to developing countries in the Asian region. Internal stability is a crucial issue, one that will impact significantly on the nation’s ability and freedom to engage internationally. Participants agreed that internal instability is the one scenario that “keeps China’s leadership awake at night”. China still demands—and expects—non-intervention in its domestic politics.

1.2. China is seen as having a strong desire for **respect and equality** in the international arena. China’s economic growth has been a boon for many countries, including Australia, and while countries may want to be part of the Chinese economic juggernaut, they often neglect to respect China’s ability to resolve its domestic challenges. In contrast to this, the international community is demanding that China take more responsibility than the nation feels able to accept at this point in its growth cycle (for example, regarding the environmental impact of its growth). China emphasises “mutual understanding and trust” in its foreign policy and often invokes the “non-interference principle” when it feels under pressure to conform to international trends, such as dramatic carbon emission reduction targets.

1.3. China’s **border disputes** provided the sole area of sustained inability to find common ground during this forum. Students presented significantly different beliefs about appropriate responses to the territorial disputes in the South China Sea and Taiwan. In spite of this, open and frank views were exchanged, and students demonstrated respect for each other’s views and approached these issues in a commendable spirit of constructive debate.

1.4. There is much **uncertainty** in the region and beyond regarding Chinese foreign policy, and it will be important for China to find ways to communicate certainty and transparency about its strategic aims. This issue will need to be approached in a manner that is at the same time open minded and critical, so as to fall somewhere between naivety and a stubborn refusal to believe that China is willing to be honest about its foreign policy.

2. The second key issue addressed the interaction and intersection between China’s strengths and vulnerabilities as a regional actor. While these issues may be relatively easy to identify, clarity on effective resolutions is much harder to attain, whether for observers, citizens, or indeed the Chinese government.

2.1. China has a range of strengths that enhance growth and security in the region. These include its economic growth, which has had benefits beyond its borders, including in countries that supply both products and resources to feed the nation’s growth.

2.1.1. At the same time, the question remains whether this growth can be sustained, particularly in light of environmental issues and problems of pollution, as well as questions of corruption and institutional capacity.

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\(^1\) Purchasing power parity is a method of equalising the exchange rate of different currencies for a given basket of goods.
2.2. China presents a model of development that is attractive and achievable for its neighbours. It also has the ability to act as an alternative voice in the international arena, promoting the views of developing countries in the region.

2.2.1. In contrast, historical (but ongoing) challenges such as the territorial conflicts between China and Japan must be resolved or they will undermine China’s power as a regional actor.

2.3. While China’s exercise of soft power is positive for growth and stability in the region, its hard power provides security in the region which also contributes to an environment conducive to economic growth. Its centralised government constitutes a strength in the context of ability to react quickly to internal and external disasters as well as enabling faster decision-making.

2.3.1. Regional inequalities, ethnic cleavages and human rights concerns within China must be addressed, in ways that maintain that stability and growth. External instability could also pose a challenge to China, though this is one area it will have less control over, particularly in light of its priority on respect for sovereignty.

2.4. Importantly, it is becoming impossible for China to maintain its preferred delineation between internal and external issues, particularly in an era of global interconnection, interdependence, and transparency. Issues that China sees as domestic are not always seen that way by the international community, for example the issue of Tibet. While these matters will impact on China’s capacities and progress, they will not necessarily constrain it.

2.5. There has been some recent discussion provoked by Hugh White’s argument that the United States should be preparing to share primacy with China in Asia.² Forum participants were divided on this issue, although most believed that it will take some time for China to match its material capabilities for leadership in Asia with a willingness to lead in the region.

3. On the basis of these conclusions, participants turned their attention to the policies that other countries, including Australia, should be pursuing in their interactions with China, and whether they should be fostering a strong China.

3.1. It is, of course, important to understand what is meant by a “strong” China. A strong China might be well understood as a sustainable, secure power with strong institutional capacity and the statecraft to deal with internal issues. China is already participating in regional organisations, and is strengthening its mature power in economic and military areas.

3.1.1. Socio-political interests will be the key to a strong China. Expressions of this will include strengthening Rule of Law in the country and the emerging civil society. Effective responses to socio-economic issues such as wealth distribution, regional integration, technical absorption and reform of state-owned interests will

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complement these developments. On these issues, China has shared interests with other countries in the region, as well as distinctive concerns.

3.2. It is clear that China’s rise and motives are not as threatening as the West perceives. China has become a vital player in regional and multilateral organisations, and a weakened China is unlikely to be positive for regional growth and security.

3.3. There is a need to foster transparency as well as cooperation, and China needs to find ways to deal with the fears of other countries regarding its actions and motives, and perceptions of a lack of transparency in areas such as military expenditure. With anxiety in the region regarding China’s motives and transparency, a strategy of reassurance in the region may be advisable, and Australia could play a mediating role in this.

3.4. It was proposed that the most viable policy is one of **mutual constructive engagement**. This would include development of a regional architecture, mitigating the ‘security threat’, and refraining from overt displays of behaviour designed to balance China’s power or impact on the region.

3.5. Although the forum focused on the Asian region, the role of the USA must be acknowledged in these discussions of China’s rise, as it will have a critical impact on China’s ability to meet its goals and to exercise leadership in any form.

4. Critically, participants remained concerned with the type of leadership China is demonstrating and wishes to assume. Chinese students felt very strongly that China and its people do not wish to dominate or compete for power with the United States, but rather, that it will be an enabler in the region, participating in regional rise rather than leading it. While this was left somewhat unresolved, it was clear that the Chinese participants saw their nation’s strength as being offering a gentle form of ‘leadership’ that decreases bullying and increases balance in a global power regime.

4.1. Although China wants to exercise this leadership in the context of peaceful regional rise that does not ‘rock the boat’, it is not clear what will happen when its strategies conflict with the desires of other powers, and how those conflicts will be able to be resolved.
Appendix One

CHINA GDP GROWTH RATE

source: Trademark.com, National Bureau of Statistics

Max: 18
Mean: 10.23
Min: 6.2
China defense budget slows

China says its military spending will increase by 7.5% in 2010 – the first time in more than two decades that the defense budget growth has dipped below 10%.

PUBLICLY DISCLOSED FIGURE ($ BILLIONS)

% INCREASE OVER PREVIOUS YEAR

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010

14.6 17.7 17.0 17.6 20.0 19.6 22.4 25.0 35.3 57.2 77.9

12.6 9.6 11.6 12.6 15.0 17.8 14.9 7.5

DEFENSE BUDGET 2010: $77.9 BILLION
Many analysts think actual spending is far higher than published amount.

SOURCE: Global Security © GRAPHIC NEWS
The Interest-Responsibility Nexus in China’s Foreign Policy and the Implications for Regional Order

Introduction

More than a decade after Gerald Segal argued in a 1999 *Foreign Affairs* article that “at best, China is a second-rank middle power” in the military, economic and political realms,³ one may now persuasively refute Segal’s observation. China is currently the world’s second largest economy, is modernising its military and is cultivating its political and cultural influence vis-à-vis an increasingly adept foreign policy. Yet as China’s growing power is unambiguously leaving a material and ideational footprint in many aspects of international affairs, debates about the purpose and projection of Chinese power continue unabated. Key questions that have emerged in the field of International Relations include whether China will be a status quo or revisionist power, and whether it will be a rule taker, breaker or maker in the constitution of regional and international order.

The extent to which competing perspectives within the scholarly debate are juxtaposed against one another, however, often fails to capture the multifaceted phenomenon of China’s rise. As analyses of international relations rarely conform to such black or white perspectives, caution should be exercised not to adopt a one-dimensional viewpoint when examining China’s rise. To this end, the primary question driving this paper is: How can we best interpret China’s rise and what are the implications of China’s growing power for regional order? This paper advances two main arguments. First, an interest-responsibility analytical framework provides for a more informed and nuanced analysis of China’s rise. Indeed, the manner in which China manages the tensions and strikes a balance between its national interests and international responsibilities will be indicative of its evolving great power role. Second, while China has adopted an increasingly sophisticated foreign policy in Asia, assertions of a transition toward Chinese leadership in an evolving regional order currently remain premature.

This paper is organised into three sections. The first section briefly engages with the existing scholarly debate. The second section introduces the interest-responsibility analytical framework and applies this to China’s foreign policy. The final section offers an assessment of China’s foreign policy in Asia and examines the implications for regional order.

Engaging the Scholarly Debate on China’s Rise

A rising China has elicited many questions surrounding the nature and purpose of its growing power.⁴ Alarmist interpretations of China’s rise vis-à-vis the “China threat” thesis predict that increased capabilities will automatically result in antagonistic Chinese behaviour and strategic intentions. This “China threat” proposition stipulates that an increasingly powerful China will

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not remain a status quo power and will instead seek to apply revisionist objectives to destabilise the established US-led international order. One may surmise, however, that assumptions about such a linear causality are flawed because “international relations are shaped not just by the power states have but the ideas the states hold about how that power should be used.” As Jeffrey Legro aptly explains, “while power is undeniably important...power does not unilaterally determine purpose.” To this end, the Chinese leadership has articulated “peaceful development” and “harmonious world” to cultivate a counter-image of a non-revisionist China.

Too often, however, the scholarly debate on China’s rise—as represented by the binary discourses of “China threat” versus “peaceful development”—fails to capture the myriad complexities surrounding China’s growing power. Given that China “seems simultaneously to integrate with the world and challenge the established world order,” the issue at hand is how best to reframe the contours of the debate so as to better interpret and respond to China’s rise. By introducing an interest-responsibility analytical framework, this paper aims to reconceptualise the existing debate and provide a more nuanced analysis of China’s rise.

The Interest-Responsibility Nexus in China’s Foreign Policy

China’s fundamental national interests of promoting economic growth, ensuring territorial integrity, protecting state sovereignty and preserving the political regime have largely remained constant over time. More than five years after Robert Zoellick introduced the concept of “responsible stakeholder” on 21 September 2005, however, the notion of responsibility and the extent to which China is a responsible great power (fu zeren de daguo) remain heavily contested in the internal and external discourses surrounding China’s rise. This is so because unpacking the notion of international responsibility reveals fundamental ambiguities—what I allude to as the “responsibility problématique”—over what responsibility entails, how it is being defined and redefined in political discourses over time, who is engaged in this process, and for what purposes.

Chinese reactions to the theme of responsibility have been prolific. Whilst some Chinese analysts argue that China’s growing responsibilities are a natural extension of its expanding interests, others adopt a more normative approach and argue for an enhanced Chinese leadership in global governance and the provision of public goods. Yet amidst the ubiquitous discourse on China’s great power responsibilities, concerns have also arisen within China that the country is shouldering more international obligations than its present capacity enables it to. Typifying this argument is the notion that whilst China has made significant inroads into its path to great power, there remain many domestic challenges and a long way more to go in terms of developing both its hard and soft power. China’s policy makers fear that rising external demands for China to undertake greater international responsibilities could drain the

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country’s resources and divert attention away from its domestic development goals. In addition, many Chinese scholars refer to China’s multiple identities, national interests and corresponding responsibilities, arguing that the responsible stakeholder thesis inherently ties China to a US-centric international order, where being a responsible power is defined by undertaking actions as determined by the US. As Yuan Peng writes, “China, for its part, does not base its notion of international responsibility on US expectations.” According to Yuan, “the expectations Obama has placed on China to shoulder more responsibilities entails added burdens, but little benefit. China is very sensitive to this.”

Undoubtedly, the extent to which China defines and manages the interest-responsibility nexus in its foreign policy is a salient issue to investigate. As China’s power, influence and interests expand, it is assuming a more proactive, pragmatic and sophisticated foreign policy. Yet Beijing has also begun to discover the multiple actors in the international community and the different levels of pressure they can assert on China to enact an ethic of international responsibility. To this end, how China balances its interests and responsibilities in Asia will be particularly important, with significant implications for the future direction of regional order.

**China’s Evolving Foreign Policy in Asia and the Implications for Regional Order**

An assessment of China’s regional policy in Asia since the 1990s reflects both continuity and change in its foreign policy approach. To be sure, China’s heightened regional activism is largely interest-driven, motivated by energy concerns, ensuring access to economic markets and vital sea lanes of communication, as well as increasing its political voice and strategic influence in the region. Yet the Chinese leadership has displayed a heightened sensitivity toward regional anxieties of China’s growing power. To this end, Beijing has embarked on an all-encompassing political, cultural and diplomatic project to construct a responsible and benign image in regional affairs. China has embraced a flexible and sophisticated foreign policy, with strategies moving beyond traditional state-to-state interaction to also include increased regional multilateral engagement as well as the cultivation of soft power and public diplomacy. This multidimensional diplomacy is “focused on finding ways to simultaneously project influence and build legitimacy in order to secure great-power recognition through a sustained, constructive interaction in foreign relations.” As Zhiqun Zhu states, China “is learning to become a great power that can develop peacefully. This is a completely new

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approach in international politics." Indeed, "one must be aware that China is pursuing a new identity while creating it."16

The Asian region has unquestionably witnessed China's growing economic, political and military clout. As Ming Wan writes, "the fact that China is emerging from the global recession stronger relative to other major powers allows Beijing to play both regional and global games with a more powerful hand."17 Yet whilst China has clearly become an important agent of power in the region, it is equally salient to examine the extent to which other major regional powers have acquiesced to greater Chinese participation and leadership in regional governance, raising issues of legitimacy and authority. In this regard, although the US has called for greater burden sharing, it does not look to concede its global leadership anytime soon, with the Obama administration actively renewing America’s engagement in Asia.18 In addition, countries in Asia still remain somewhat suspicious of China. While countries are not explicitly balancing against China, recent actions by China in the South China Sea have only served to fuel regional anxieties about China’s intentions.19 Furthermore, there remains the perception amongst regional countries that China is both unwilling and unable to provide regional public goods to the extent that the US does.

Conclusion

China’s rise over the past two decades has been nothing short of remarkable and has stimulated widespread debate on the nature and purpose of its growing power. The above discussion has underscored that China’s rise is best interpreted through an interest-responsibility analytical framework. This allows for a more comprehensive analysis of the complexities surrounding China’s growing power. The challenge, however, would be to obtain a more informed understanding of how China conceptualises its responsibilities without allowing such an understanding to become an excuse or justification of China’s behaviour or inaction. Nevertheless, in assessing the impact of China's growing power on the regional order, it is unlikely that China will replace US leadership in the region or that the other major regional powers will acquiesce to such a transition.

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 16 Zhu, China’s New Diplomacy, pp. 15, 16.


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China’s formidable regional and global rise to power, taking place over several decades, has invoked questions and concerns regarding China’s precise intentions. China’s longstanding policy of non-transparency and thus the difficulty in discerning its strategic motivations and intentions provides cause for concern for regional and extra-regional states. The promulgation of contentious and uncompromising strategies makes it difficult for China to assure its Asian neighbours and foreign powers of its purely peaceful intentions. China’s current naval modernisation, expansion programs and increasingly assertive behavior, particularly with respect to the South China Sea territorial disputes, has created concerns for both Asian states and extra regional players.20 The South China Sea as a major Sea Line of Communication (SLOC) with potential energy reserves and hence important strategic and economic functions is of great interest to states both regionally and internationally.21 Independent control of the South China Sea by a belligerent would come at a significant cost to all other stakeholders and have a profound effect in altering the current status quo in the region. Further anxieties arise from the speculation that China’s approach to the South China Sea is part and parcel of a wider intent to dominate East Asia. In light of these concerns held by regional and extra-regional states, which place further strain on already tense interstate relations, China continues to try to reassure both parties that its intentions are peaceful, issuing public statements that stipulate China’s ‘core interests’ and expressing distaste for the ‘China Threat Theory’.22 However, such reassurance does not facilitate the mitigation of these anxieties as long as China’s actions appear to be antithetical to its claims.

The geostrategic status quo within the East Asian region has long been characterised by US predominance and ensured through its role as the ‘guarantor of security’.23 Mistrust between
regional states has enabled the US position as the protector of stability and security. In response to China’s recent admission of its view of the South China Sea as a ‘core interest’, US Defense Secretary Robert Gates, made clear in his statement at the Asia Security Summit in Singapore that it is the ‘[US] responsibility to protect peace and reinforce stability in Asia’ and in turn the US to desire to remain in this position of influence in Asia. The US has recently revised its outlook on the South China Sea issue, formalised by Clinton’s statement at the ASEAN Regional Forum meeting in Hanoi, declaring that despite its longstanding position of neutrality, security and stability in the South China Sea is in fact in US interest and hence the US would intervene in the event of a confrontation in this area. China has publicly responded to these statements in clarifying its view of the South China Sea territorial disputes as regional issues for consideration and involvement by regional states only. In doing so it warned that any US interference will be met with retaliation.

China’s current approach to the South China Sea seeks to challenge US influence in this area. China’s increasingly aggressive behaviour in the area is a direct challenge to the role the US has played in this territory which has been subject to dispute since World War II. Though in its Note Verbale, China clarified its claims to ‘indisputable sovereignty over the islands in the South China Sea and the adjacent waters’ (including the Spratly and Paracel island groups and which encompasses the vast majority of the South China Sea area as demonstrated on the attached ‘dotted-line map’). However, China has never sought to clarify exactly what it staked claim to within the dotted line. As illustrated by its unilateral and contentious claims to the South China Sea and the adjacent waters’ (including the Spratly and Paracel island groups which encompasses the vast majority of the South China Sea area as demonstrated on the attached ‘dotted-line map’). However, China has never sought to clarify exactly what it staked claim to within the dotted line. As illustrated by its unilateral and contentious claims to the vast majority of features and territory encompassed by the South China Sea and the construction of a base on Hainan, China ostensibly views the South China Sea as a zero-sum game. A recently released US Defense Department annual review of China’s military claims China’s military, particularly naval, buildup to be aimed at securing new operational capabilities in the South China Sea region. China’s strategic approach to the South China Sea, characterised by an increased forcefulness, was demonstrated last year when a Chinese intelligence ship and four other Chinese vessels shadowed a US naval vessel in the region.

China has used coercive force in the past to secure its territorial claims and interests in the

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29 Author not supplied, ‘China eyes boosting military capabilities in east, South China Sea’, Kyodo, August 16, 2010.
South China Sea area. Conflicting claims of China and Vietnam to the Spratly and Paracel islands led to a deadly naval clash between the two in 1988.31

Ostensibly, China’s South China Sea strategy is in part carried out with the aim of denying any US involvement in the event of a conflict with Taiwan.32 The US dispatched two aircraft carriers through the South China Sea area to the Taiwan Straits in aid of Taiwan during the 1996 crisis. The aircraft carrier China is allegedly developing will help China to fulfill its apparent ambition of sea denial and unlimited access in the South China Sea and in obtaining greater operational capabilities with respect to Taiwan.33 A comprehensive analysis undertaken by a panel of experts representing the majority of East Asian states at a conference held in March 2010 at the RSIS in Singapore found that China’s recent weapons procurement choices most accurately indicate its concerns for Taiwan’s independence and Tibetan separatism.34

In a recent visit to Indonesia, Dai Bingguo, a leading Chinese foreign affairs official, stated that “China is not to be feared” for its rapid development and rise to greater influence within the Asian region.35 Yet, China’s considerable military expansion and verbal jousting with the US has begged the question as to whether China’s actions and intent in the South China Sea are indicative of its broader regional hegemonic ambitions. However, in order to stake claim to regional hegemony China would first have to oust the US, the most formidable naval force, from the region.36 Regardless of its intentions, at present China does not possess the capabilities to challenge the US militarily in Asia.37 According to Paul Godwin, Senior Fellow at the Foreign Policy Research Institute, in order “[t]o be the regional hegemon, a state must be dominant over both the continental and maritime components of Asia.”38 Further, the biggest to the biggest concern for China may emanates from within the state itself. Demographic pressures including China’s struggle to support the rapid urbanization of its population and repeated claims of corruption within the Chinese Communist Party resulting in growing resentment towards Chinese leadership may force China to re-allocate resources from the military to address some of these internal issues.39 A state cannot successfully begin to look outward before having first secured its internal workings.40

32 Author not supplied, ‘China eyes boosting military capabilities in east, South China Sea’, Kyodo, August 16, 2010.
34 Conference Report, ‘China and East Asia Strategic Dynamics’, China Programme at the S. Rajaratnam School of International Studies (RSIS) Nanyang Technological University, Singapore, 11-12 March 2010, p. 3.
37 Kaplan, p. 35.
However, given the opaque nature of China and its ensuing policies, undertaking an analysis of its intentions is an exceedingly difficult task. In the absence of the ability to make accurate predictions with respect to China’s intentions given this lack of transparency it is good practice to temper views of its intentions with an analysis of its capabilities at hand. Doing so would suggest that regardless of whether China intends to seek to challenge US influence in the region in its attempt at regional dominance, its current capabilities do not allow for such ambitions.41

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41 Kaplan, p. 38.


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Appendix 6
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China’s Identity and Responsibility: Implications for Asia

Abstract: As a developing country, China is developing its identity in international society, and is also seeking to exert active influence and perform relevant responsibilities in Asia. Accordingly, other regional countries need to understand the implications for Asia of China’s continued rise in the 21st century. From this perspective, the author mainly analyses China’s identity and responsibility and its implications for Asia. The Chinese government treats international affairs in broad minded terms and is keen to portray China’s emergence as a positive force in international affairs.

Keywords: identity; responsibility; implications.

Introduction

China’s stunning rise to great power status is poised to continue well into the 21st century. The most striking dimension of China’s economic power, however, lies in its projected increase in coming decades. Mainstream projections indicate that China will probably surpass the United States as the largest economy in the international system (in absolute terms) early in the second half of this century. But most researchers neglect that, on average terms across the population, Chinese income is far behind America’s.

In general terms, there are two alternative scenarios for how China’s regional engagement with Asia will evolve over coming years. One is that China will remain preoccupied with preserving internal domestic stability and be content with playing a constructive role in improving regional cooperation in Asia. The other is that China’s rise will pose acute challenges for regional countries in Asia; China will seek to dominate the Asian region and shape it in its own image. Countries will have little choice but to either accommodate or confront China in its quest for regional hegemony. China is a developing country which will not seek to dominate regional affairs and—in line with its historical approach to international relations—it will not have aggressive designs on other states. China should be given a correct status in Asia and the world. Only then can other countries understand the implications for Asia of China’s rise in the 21st century. Meanwhile, China may also exert active influence and perform greater responsibilities in Asia. Therefore this paper mainly discusses China’s evolving identity and its responsibilities and its implications for Asia.

Definition of Identity from a Chinese and Western Perspective

Identity is a concept of sociological and social psychology, which was introduced to international political theory by scholars of constructivism. Michael Barnett defines identity as understanding the relationship between self and other. Identity is more about social relationships than individual relationships.42 Peter Katzenstein regards identity as a different

42 Barnett, Michael (1999) “Culture, Strategy and Foreign Policy Change: Israel’s Road to Oslo,” European Journal of
construction of nationality and national attributes. It has two fundamental forms: the inherent status (at least related to social structure) and the relational status (determined by relationship in social structure).\(^{43}\) Alexander Wendt argues that identity is a property of intentional actors that generates motivational and behavioural dispositions, it depends on the relationship between the self and the other.\(^{44}\) No matter what differences the scholars have in defining identity, they all affirm that identity is an actor’s social characteristic, which represents one kind of social relations. A country typically wants to have its own identity characteristic, which is shaped by how other countries perceive it.

The international system is characterised by sovereignty where the state is still the main actor. China is evolving in an international system which has more and more social factors in recent years. Since the advent of globalization and the financial crisis, social factors have developed rapidly, while the concept of identity has been gaining prominence in international affairs. After the cold war, we often heard some Americans said such labels as “rogue state”, “failing state”, “evil state”, which reveals that identity politics is becoming prominent in international society. The Chinese regard identity as multiple and define it from the relationship perspective. Therefore, Chinese are comfortable with a multiplicity of identities.

Westerners, however, always take the West as centre and sole; Westerners thus insist that “they” and “we” do not occupy the same line when they speak of China's identity. Some westerners argue that there are some crisis happened to China and international cooperation requires the cooperation between “us,” they hope to make the other as their own line which is more significant, in-depth and permanent for the purpose of cooperation. Some Westerners always think that there is some special purpose for China’s diplomacy and it is impossible for them to cooperate with China. China’s development and support in Asia obviously have some intentional factors. The countries that hold these kinds of opinions are not clear about the real meaning of identity and they can not distinguish and accept other countries’ real identity, which make them suspicious of other country’s actions. This is a hallmark of the current state of the US-China relationship.

Responsibility in International Politics

There is a new concept in international politics, which is responsibility. The responsible sovereignty is domestic political concept, which has evolved gradually into an international political concept. The former British Foreign Secretary, David Miliband, came to China twice; the first time he mentioned responsible sovereignty in his lecture in Beijing University; the second time he discussed responsible sovereignty with the students of China Foreign Affairs University.\(^{45}\) He stressed that country in international society should have the responsibility to its own international behaviour and to help small and weak countries solve problems in international society and to reconstruct and protect international system. We can see that the responsibility concept has already been applied in international politics gradually by Western scholars.

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\(^{45}\) http://news.xinhuanet.com/world/2010-03/17/content_13185301.htm
How China Defines Its Identity and Responsibility: Implications for Asia

There are two sides to how China defines its identity, which are internal and external. One is self-identity; the other is permission and identity from international society. Firstly, from the current situation of China’s economic power; China’s development over the past 30 years has lifted up to 500 million people out of poverty and China has recorded an annual average GDP growth of close to 10 percent for the past three decades, which is widely regarded as the most remarkable economic story in the world. But China’s complexity and unbalanced situation means that it will take a long time for it to become a major power able to influence world events. Secondly, China made great changes for the sake of integrating with the world, and China has got great benefits from contributing to the building of the current international system in which China is a responsible member. China should communicate, negotiate, imitate and obey the rules in the international system, but not seek to change the international system further.

Thirdly, China is pursuing a harmonious society for internal order and harmonious world for external order. As the country with great population in the world, we should make it easier for its own people to live a stable and affluent life, which is China’s most important responsibility to the world. The accomplishment of this responsibility will contribute a lot to world stability. Meanwhile, for the external harmonious world, we should accept necessary international responsibilities, which include responsibilities in economics, politics, security, morality and justice. China should emphasize balancing principles, modesty, enterprise, and middle way as important guidance for future behaviour.

Since 1949, when Mao Zedong proudly declared that “the Chinese people have stood up,” China’s neighbours have waited warily for the day when its power would match its potential. Regardless of Beijing’s efforts to soothe sensitivities, Asian neighbours sense that China’s growing strength will cause traumatic shifts in power. A stronger China will undercut the pre-eminence of Japan, challenge America’s role as regional overseer and rewrite Southeast Asia’s economic and political course. The Japanese are concerned as China’s zooming upward while Japan’s economy stagnates. In middle-income Malaysia, officials and workers are chilled by the spread of “for sale” signs in the country’s premier industrial zone, where high-tech foreign investors are pulling out for China. Singapore’s senior minister has spoken frankly of the need to accommodate China’s rise. Throughout Asia, a debate exists over whether China’s soaring growth is harming its neighbours. As a Chinese, I think foreigners’ fears are unnecessary. China is a peace-loving nation and everyone can benefit from China’s economic growth. China is integrated with the world now, and it sees that its chance to achieve development through economic, but not military, means. Fears often emanate from hostile elements and they occasionally have an agenda to contain China’s potential. China is a new developing country that will not seek to dominate regional affairs or have aggressive designs on other states. The Chinese government never treats international affairs in a narrow way—it is not blinkered, but instead broad minded. China’s emergence is a positive force for world peace and economic development. The more understanding, the more harmonious world we will have; the more cooperation, the more rapidly economics will develop.

http://www.freerepublic.com/focus/news/794950/posts
Conclusion

In sum, China’s identity is multiple and other countries’ identities are also multiple. Multi-identity is the objective reality is the foundation of our harmonious world. Now that we have such identity and responsibility, we should deal particularly with the relations well between responsible China and the requirements from international society. As a major world power, China should take more obligations and responsibilities in the world and nurture and work on relationship building with other countries and try to prove that China’s rise is indeed peaceful in theory and practice as evidence for the world. China’s rise will pose suitable challenges for regional countries in Asia while China will never behave just as all other great powers have behaved throughout history: it will not aspire to exercise control over its own “sphere of influence.” China will try its best to take more global roles and promote a continuing positive image in the world.

References:
Appendix 7

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China’s motives and aims in Asia: Are they narrow or wide-ranging? Do they conflict with, or complement, the status quo? Should we judge China primarily according to its words or its actions in Asia?

When examining China’s aims in Asia it is important to look first and foremost at the balance of power in the region. Although the US is the undisputed global hegemon, in East Asia, at least, this is not the case. As Robert Ross notes, “East Asia is bipolar because China is not a rising power but an established regional power. The United States is not a regional hegemon, but shares with China great power status in the balance of power.” This balance comes from the two countries’ primacy in different spheres; namely maritime and land-based East Asia. There is also a third sphere, however, which is often overlooked by Western scholars and which has its own balance of power, centred on Russia – Central Asia, to the west of the Chinese hinterland.

The US, according to Ross, is a maritime power; that is, a “great power whose political or geographic circumstances offer[s] it enduring internal border security and ready access to the sea,” while China is a land power, or a “great power that confront[s] enduring and significant strategic challenges emanating from interior threats to [its] border security.” As alternative views have noted, however, China is not in fact a wholly continental power, as it also has a lot of coastline and maritime interests, but until recently these have not been a primary focus because of border conflicts and domestic unrest in the hinterland. Since the advent of economic reform in the 1980s, however, when China made extensive efforts to stabilise its fourteen international borders (all border conflicts have now been resolved except those with India and Bhutan), it has been able to concentrate much more on its maritime interests and building up its navy. It is this potential challenge to the maritime status quo which is causing some consternation in the US and Asia.

49 Ibid.
In addition to the bipolar balance of power in East Asia, the geography of Asia means that there is no single ‘status quo’ operating in the region, but rather several. The first is that of maritime Asia, while the second is that of continental or ‘land-based’ East and South-East Asia. The third operates in the region which borders the Chinese hinterland, the former Soviet republics of Central Asia.

There is no doubt that the US holds supremacy in maritime Asia and has done for decades; in continental East Asia, however, the US is not dominant, and its attempts to change the status quo and establish influence in this sphere, such as the Korean and Vietnam Wars, have proved unsuccessful. Thus the US is keen to maintain the status quo in maritime Asia, but would ideally like to challenge the current order and seek regime change in parts of continental Asia, notably Myanmar and North Korea, where China is currently the dominant power (that is not to say, however, that such a challenge is imminent or even likely). In Central Asia Russia has been the status quo power essentially since the nineteenth century, but there are signs that this dominance is beginning to slip, particularly as China’s involvement in the region grows in its quest for natural resources.

**China in continental Asia**

Continently China is essentially a status quo power in regard to East and South-East Asia, though it is trying to improve relations, including trade, with the South-East Asian nations, most notably through multilateral organisations such as ASEAN, APEC and the East Asia Forum. Indeed, in the parts of continental East and South-East Asia where the US would like to develop more influence – most notably Myanmar and North Korea – China is the dominant power and has no wish to relinquish that position.

In Central Asia, however, China is more revisionist in that it is competing for influence in what is traditionally Russia’s strategic backyard. This revisionism is not taking the form of a traditional grab for territory, but rather is about economic integration and interdependence; indeed, the region has been the target of intensive and largely successful Chinese diplomacy since the fall of the Soviet Union in 1991. China is ever-mindful of the fact that Russia is the current regional hegemon and is working very closely with it, both bilaterally and through organisations such as the Shanghai Cooperation Organisation, to avoid potentially destabilising conflict while gradually building its influence in the Central Asian republics and slowly reshaping the status quo. Srikanth Kondapalli links this to an ancient Chinese strategy of “reversing host and guest” – in modern terms, the USSR/Russia has been the ‘host’ in Central Asia, while China has been the ‘guest’, whereas now China’s objective is to reverse this arrangement and gradually take leadership in the region through the SCO and other means.

**China in maritime Asia**

In maritime Asia China is revisionist in that it desires to build a blue-water navy which will have the potential not only to inconvenience US power projection in the region, but ultimately to control Taiwan and the South China Sea. The real debate is over what form this navy will take. China has stated that its aim is to build an aircraft carrier, though some analysts, such as Robert Ross, argue that developing a navy which could challenge US primacy is an unrealistic

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51 Interview by author, Delhi, 31 December, 2009.
52 Interview by author, Beijing, 12 May, 2010.
53 Interview by author, Delhi, 8 March, 2010.
ambition because of the high costs involved. China, he believes, would be better off limiting itself to an access-denial force of submarines which would prevent the US from attacking Chinese interests in their littoral waters, particularly the South China Sea. What is overlooked by Ross, however, is the third option between a force capable of openly challenging US primacy in Asia and a purely access-denial force operating off the Chinese coast. This option is an expansion of Chinese maritime power projection, with or without an aircraft carrier, with the aim of defending Chinese interests abroad, such as safeguarding shipping through the Straits of Malacca and other sea lines of communication (SLOCs) and coordinating prompt humanitarian responses in the wake of natural disasters such as the 2004 Indian Ocean tsunami.

The issue with the development of a force of this kind, which, although it would not be strong enough to overturn the status quo by defeating the US Navy, is that it raises concerns among the maritime Asian states about possible Chinese offensive tactics. This fear can be seen in the foothold that the String of Pearls thesis – which was developed by a consultant to the Pentagon in 2003 and alleges that China is developing a string of potential naval bases throughout Asia in order to allow power projection into the Indian Ocean – has garnered in Asia, particularly in India, which sees the Indian Ocean as its strategic backyard. Although this idea has been roundly discredited by scholars (who point out such shortcomings as the fact that the Chinese port at Hambantota in Sri Lanka was originally offered to India, which turned it down, or that the Chinese-developed port at Gwadar in Pakistan is now being administered by a Singaporean company), it nevertheless remains pervasive in the more hawkish Asian foreign policy circles. In India particularly there is the view that China wishes to access the Indian Ocean as part of a strategy to contain India.

Conclusion

China’s lack of transparency, and the significant debates which are taking place internally, mean that its motives and aims are not always clear. In addition, its size and geography mean that it has diverse national interests, ranging from increased naval projection from the eastern seaboard, to stability in Central Asia in order to secure natural resources and guard against Islamic extremism. Both these interests require some challenge to the established status quo, though this does not necessarily mean out-and-out conflict. In Central Asia, for example, China is working closely with the status quo power, Russia, because it recognises that conflict with Russia and instability in the region would be detrimental to all concerned. There is similar potential for cooperation with the US in East Asia, provided that the build-up of China’s navy is met with an appropriate response from the US rather than devolving into an arms race. The issue of Taiwan remains a vexed one, but one which is best solved by diplomacy than by force. It is also unreasonable to expect China to become Robert Zoellick’s “responsible stakeholder” in Asia without a navy which is capable of rapid response in the wake of natural disasters.

54 Robert Ross, ‘China’s Naval Nationalism’, pp.76-77
55 Ibid.
57 Specifically Sihanoukville and Ream in Cambodia; Mergui, Hlangyi Island and Sittwe in Myanmar; Chittagong in Bangladesh; Hambantota in Sri Lanka and Gwadar and Pasni in Pakistan. There is also concern about an alleged Chinese signals intelligence (SIGINT) facility on the Coco Islands in the Andaman Sea (administered by Myanmar), though existence of such a facility is unconfirmed.
58 Interview by author, Delhi, 31 December, 2009.
59 Interview by author, Delhi, 17 December, 2009.
60 Robert Zoellick, speech to National Committee on US-China Relations, 21 September, 2005.
The rhetoric espoused by the Chinese government, which is often intended for a domestic audience and increasingly uses nationalism as a rallying point, is sometimes at odds with China’s actual capabilities. Although the power of words should not be underestimated, it is also necessary to examine China’s current and potential capabilities, and its policy-making processes, with a dispassionate eye in order to better evaluate and develop an appropriate response. A challenge to the status quo does not necessarily have to lead to great power conflict, and it is managing this which will be one of the great challenges, particularly for the US, in Asia over the coming years.
Appendix 8

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The Rise of China and Its Uncertain Implications for Asia

There is much consensus, both among the academia and political circles, that for the last several decades China is gaining influential power both in economic and political arenas, reflected through the active engagement in global and regional affairs, like Six Party Talks, and the astonishing economic growth rate, even under the shadow of global financial crisis. From these established facts comes the most controversial question that what the rise of China means to Asia. Will China become a stabilizing power benefiting neighbor countries or a revisionist state to challenge the existing order set by various regional arrangements.

The answers to the above question reflect the different prisms that various IR theories take to view international politics. As the theories of power transition and offensive realism predict, there would be a struggle for dominant position in Asian-Pacific region and a balancing coalition would be formed to counter against the rising of China. The logic is quite simple that every country of relatively strong power in her region wants to be the regional hegemon, and prevents the emergence of hegemon in other regions, whoever she is. As a potential hegemon is looming up, the possibility of conflict would be enhanced. For Mearsheimer, “it is clear from the historical record that American policy makers never tolerate peer competitors. Therefore the United States can be expected to go to great lengths to contain China and ultimately weaken it to the point where it is no longer capable of ruling the roost in Asia. In essence, the United States is likely to behave towards China much the way it behaved towards the Soviet Union during the Cold War.” These predictions were partly proved by the “China Threat” theory posed by some countries in 1990s. The United States and some Asian countries viewed the continued growth of China as a threat to the stability of the region and this partly hints on the possibility of a coalition to be formed against the rise of China.

Contrary to the pessimistic story told by offensive realism, some other theories not only focus on the shifting distribution of power, but also on the interaction between China and United States and other Asian-Pacific countries. They view it as a quite normal phenomenon that a rising power incurs anxieties among other countries, especially those surrounding countries. But whether these anxieties would lead to conflicts and even wars eventually depends upon the strategic objective of China and the interaction between China and other countries in the region. Most countries in their right minds would not see only challenge or opportunity from the rise of China. If China manages to convince other Asian countries of her “peaceful rise” strategy, China’s rise as the largest regional state would not be a threat, but a great opportunity for other countries to benefit from China’s rapid economic growth. Based on some studies, the asymmetry of information between the rising power and other countries is the

61 For the most pervasive elaboration of China’s rise and the pessimistic future of Asia, see John Mearsheimer, “Why China’s Rise Will not be Peaceful”. For the correlation between the distribution of Power and conflicts, see Robert Powell, “The Inefficient Use of Power: Costly Conflict with Complete Information,” American Political Science Review 98, no. 2 (May 2004), p. 231. See also Douglas Lemke, Regions of War and Peace (Cambridge: Cambridge University Press, 2002).
main causal factor that leads to conflicts. The rising power should send some signals to allay the fears of other countries.

As to the case of China’s rise, it is not a hard work to assured other countries that China will take a moderate attitude and prefer to cooperate with neighbor countries to keep the region stable and prosperous. In more general terms, it is said that China is both able and willing to rise without questioning, defying or even perturbing the current international order. Two arguments are usually given in defense of this idea: Firstly, for China, economic development is taken as the only way for tackling all the pressing challenges that China is facing and will face. Therefore, the central objective of China’s Grand Strategy in the past two decades can be captured in just one sentence: to secure and shape a conducive environment (security, economic, and political) so that China can concentrate on its economic development. Thus China would go to great length to avoid any serious conflicts with other great powers and neighbor countries. Secondly, Beijing has cooperated with the international community in diverse fields. For example, it refused to devalue its currency in mid-1998, when the Asian financial crises were at their peak. Had it done so, not only would the crises have been aggravated, but it is quite possible that a world recession would have been triggered. It made contribution in aiding countries that fell victim to the tsunami at the end of 2004, without resorting to the pretext that it is a developing economy. It is giving official development aid to poor countries in East Asia, such as Cambodia, Laos and Myanmar. Recently it substantially abandoned the fixed exchange rate between the yuan and the US dollar, a measure that was not absolutely indispensable for its domestic economy and which can be understood as a token of its willingness to reduce trade friction with the US.

Rationality can be found with all the insights mentioned above. But they are all somewhat static explanations, failing to account for the dynamic situation. The RealPolitik approach neglects the interaction between China and the regional powers during the rise of China, which can be reflected from two perspectives. Firstly, the United States and other Asian countries may not be able to align together to contain the rise of China. According to Christensen, U.S. policies derided in Beijing as examples of containment of China have helped catalyze Beijing’s adoption of proactive and constructive diplomacy, which has facilitated stability in the region to the benefit of all. A strong military presence of the United States in the region helped channel China’s competitive energies into positive-sum areas such as multilateral confidence-building and economic accords. In this way the rise of China would rather strengthen the stability of this region.

Secondly, the China Threat theory may function as a self-fulfilling prophecy. Joseph Nye, quoting Thucydides, has reminded us that the belief in the inevitability of a conflict can become one of its main causes. With the same logic, serious distrust of the intentions of China would

66 Pablo Bustelo, “China’s Emergence: Threat or Peaceful Rise?”, translated from Spanish.
drive China to change her benign strategy toward the region. As in any country, a division between the Eagle and the Dove exists, which means the basic tone of Chinese foreign policy will not remain constant if current moderate policy encounters severe setback. This does not mean accidental conflicts imposed on the Chinese government would change the route of foreign policy, but once a considerable divergence appears in the decision circle on whether China should pursue hard-line policy, other Asian countries would run the risk of changing a would-be kindly power into an aggressive one. This possibility will be enhanced while China’s pattern of economic development is being changed from export-led to domestic demand-driven. Then a peaceful environment would not be so significant for China’s economic development. The reduced dependence of China on good relationships with other countries would also weaken the motive of China to be a responsible member of the region. Therefore the best strategy for Asian countries to deal with the rise of China is to engage China firmly in the networks of regional multilateralism. To achieve this goal, other Asian countries cannot expect China to make compromise in all the conflicts like territorial disputes, as a result of which would destroy the authority of central government to maintain a stable society, especially with the growth of group riots in China against local government due to corruption and social injustice.

The fact that China’s rise would bring great opportunities for Asian countries does not mean fully eliminations of vigilance toward China. Mearsheimer hits the point that survival is a state’s most important goal. The basic structure of the international system forces states concerned about their security. Even China never had or does not want to challenge the regional and world order in a relatively long period, it cannot be predicted that it will not do so in the future, even with extraordinary power. Under that circumstance, misperception and lack of communication may play trivial role in causing conflicts. Therefore, a cautious response to China’s rise should be taking the opportunity while reducing the risk. To achieve this goal, Asian countries should hedge between China and United States. On one hand, China’s continued economic growth will make them better-off; on the other hand, the presence of the United States in Asia will assure the stability of the region.

When the threat from China is assessed, capabilities and intentions must both be considered. From the standpoint of capabilities, China offers a limited threat for the time being, although thoroughgoing military reforms and an active program of arms purchases, primarily from Russia, are gradually transforming the People’s Liberation Army. In terms of intentions, the arena of strategic culture is important. From the perspective of China’s internal changes of strategic culture through the periods of 1949-2010, a conclusion can be made that the internal changes in strategic culture is the decisive factor for China’s motives and aims in this region. Obviously, we smell less gunpowder in China’s foreign policy of the time being than that of Mao Zedong’s era. That means the government of China become more cautious while gaining more strength. Asian countries should take the advantage of this opportunity to make China a good member of regional society and create high interdependence among the region, but not to choose a side between China and the United States, who should be used as a balancing power but not a destabilizing one. Presuming China is inevitably to be hegemon, a restricted hegemon with a sense of responsibility would be much better for the region.

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Appendix 9

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China’s Role in Asia: Motivation, Goals and its Obstacles

[Abstract] According to the latest official report, in the second quarter of 2010, China has surpassed its Asian competitor Japan, and become the second biggest economic power all over the world. What has changed in Asia except the superficial statistics? What is it that will affect the future trend of politics in Asia? This article aims to analyze China’s potential motivation and goals in terms of its role in Asian area, and the obstacles ahead of its way.

Firstly, the expansion of ideology is the motivation of strengthening national power and developing economics. It is the tradition that a rising power would expand its influence by propaganda and communications with other parts of world. We need look no further than the case of modern America which puts the combination of the end of history by Fukuyama with the clash of civilizations by Huntington as the pioneer of the propaganda of its ideology. The combination of ideological strategy and military forces makes possible the map expansion and the containment of communism.

It is obviously China’s turn in the new century. With its smooth, rapid and sustainable economic development, China seems qualified to challenge the existing order, although China always claims that he has no intent of being a big power and is always a developing country. However, the genuine move has quietly begun. It is no doubt that China has already established more than 280 Confucius Institute and more than 200 Confucius classes over 87 countries and districts, according to the Xinhua News Agency. China sees the Confucianism as its contemporary ideological means to lay the foundation of its Asian Value. Faster economic development demands for a unity in thinking which should be well elaborated as well as considerably recognized. If people in the region can think and act based on almost the same ways of cogitation, reflection and behavior, which is deeply derived from the culture, the obligation of those transgovernmental organizations could have been completed. Of course, this proposal is not against some universal ideas such as freedom and individualism. But it claims to use the ‘visible hands’ to adjust the ‘invisible’, in order to bring with high efficiency larger market economy to the region. Without the ideology propaganda, China could not so fast establish it value with Chinese characteristics, which tends to result in the disordered ways of developing in the region, and this will definitely weaken China’s motivation to fast grow up and thus lead to a vicious circle.

Secondly, based on its big economic strength, China will be intended to extend the China Model to the larger area- surrounding countries would be a convenient option. The China Model has been more popular ever since its unique characteristics, namely, the market economy plus authoritarianism. The elites in China have been long believed there is not any pure western theory that fits China perfectly which has such a large territory and population. Traditionally, both the political and intellectual elites had made effort to employ the western institution to take place of ours but failed because of the different institutional environment such as cultures and customs which laid different foundations for political systems. Therefore,

69 See web: http://paper.eznews.cn/20091031/3/icontent_7.htm
those who were aspiring to make difference in history had increasingly realized that revolution of changing history should be on the basis of those which have something to do with the Chinese characteristics. Mao Zedong is the master who originally blended the western theory with Chinese specific situations, and thus he led his party to seize the national power. The China Model is the natural consequence of the tradition that has extended till now, but the content has changed from the class struggle in Mao’s era to the blend of capitalism and socialism.

Admittedly, the model has its original institutional advantage such as the blend of high efficiency with free elements of market. However, its weakness is obvious that the government corruption overwhelmed and the social inequality appeared. The rich and poor gap is larger than ever since, and many top managers in the state-owned enterprises become rich suddenly by MBO, and much fewer college students are from rural areas as a result of convergence of the education resources to the urban areas. It is not uncommon that the case of killing primary students and the case of migrant laborer strikes happened because the channel is needed for the dissatisfaction and anger to be relieved. The author argues that China Model should be amended in order for becoming the goal China pursues. For example, the control of the central government to the local should be enhanced in order for less corruption at the local level in the name of takeover of lands. Besides, political reform should continue in terms of dignifying the National People's Congress of the Communist Party.

Thirdly, with Asian Value and China Model, China will play an increasingly crucial role in the changing Asian geographic politics. However, there are some obstacles that may hinder China to establish its systematic path with Chinese characteristics. For example, in 1997, a succession of financial crisis caused Asian authoritarian countries to depreciate its system and even declare the bankruptcy of the institution. But in some other countries (e.g. South Korea, Thailand, the Philippines) and the area (e.g. Taiwan), the constitution construction as well as the election procedure have established the democratic rule despite some flaws. The universal democracy has constituted a serious challenge to China’s ambition. It is true that Huntington has proved that a government led by the strong party is necessary for a stable rule couple of years ago, and that the combination of the Asian value as the soft power and the China model as the hard power is a sharp weapon for the expansion of its influence. However, the democracy as a universal value is irreversible for many nations to pursue. Therefore, the point is how China’s ambition reconciles with an idea that all over the world holds the belief of. It is not a combat that China is faced with a sole country, but a campaign that China is confronted with a colossus that is hard to shake.

In sum, in my argument, with the economy fast developing, China employs Confucianism as its new ideological weapon and the China Model as its institutional framework in order to maintain its comparative development advantage, but China has to be faced with western democratic challenges.
References
Appendix 10

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Asia Rising to the China Challenge

“We not only need to advance economic reform, we also need to advance reform of the political system. Without ensuring political reform we will lose the accomplishments of economic reform and the goal of modernisation will be impossible to realise.”
Premier Wen Jiabao 21 Aug 2010

To understand the current and future ability of China to project power into the Asian region and beyond we must start with a careful reading of China’s current domestic circumstances. Even after three decades of rapid economic growth, reform and opening, there remains a very real possibility that massive ongoing development challenges or ‘internal politics’ could derail China’s ‘peaceful rise’ (Shirk 2007). Three of the most important domestic challenges China faces are maintaining the long march to economic prosperity and development, managing a massive and changing population structure and further incorporating the modern values of efficiency and equality into the governance of a rapidly changing and increasingly diverse society. How China’s leaders and citizens respond and cope with these challenges will not only determine what China can achieve externally in Asia but what types of polices it pursues and the prosperity and stability of the entire region. Asian states, including Australia, should therefore put their efforts into ensuring the outcome of these challenges is positive for stakeholders in the region.

China is a developing country but one with more economic power than most developed countries. At the international level, China is the second largest economy in the world (The Economist 16 Aug 2010) but at the individual level, China’s citizens enjoy the GNP/capita of a developing country. Care therefore needs to be taken when we interpret China’s economic rise. Challenging domestic issues continue to divert resources away from external goals and the potential benefits of a ‘going out’ strategy that seeks to internationalise Chinese brands (Ministry of Commerce 11 Jan 2005). The state must continue to invest in infrastructure development, especially in central and western China, and in the provision of basic government services, such as the creation of a universal social security system (Nielsen and Smyth 2007). This creates a unique international situation. While China remains preoccupied by domestic concerns, foreign governments increasingly put pressure on Beijing to revalue the Yuan (Chan 15 Sep 2010) and take more international responsibility (Xinhua 16 Aug 2010). China is caught between its role as a leader of the developing world, shown in the ‘G77-China bloc of 130 nations’ of the Copenhagen climate summit (Black 14 Dec 2009) and as one of the world’s great powers as evidenced in calls (and subsequent rejections) of a ‘G2’ (Xinhua 18 Nov 2009). China remains a great power distracted by a ‘huge population, weak economic base and development imbalances between urban and rural areas and among different regions’ (Wen 2007). As such, China’s policymakers will remain inward looking. This is also where Asian states can exert the greatest influence on China’s emerging foreign policy over the next few decades.
Serious challenges on China’s road to economic development remain. The strategy to date has been modelled in part on the successful interventionist industrial policies of Japan (Johnston 1982), South Korea and Taiwan (Woo-Cummings 1998) that led to the ‘resurgence of East Asian economic power’ (Cohen 2000). China has adapted this ‘East Asian development model’ (Baek 2005) with great success, exploiting an undervalued currency and low wages, heavily investing in infrastructure and by providing a political environment of compliant unions and hard working labour that has been extremely hospitable for business (Zakaria 18 Oct 2010). Rapid economic growth under limited political reform has even been described by some commentators as a new ‘Beijing consensus’ (Ramo 2004). However, extrapolating from the East Asian experience, Chinese policy-makers must be aware that such a model has a limited duration. Xiaoming Huang’s study of the ‘East Asian growth system’ shows that the rapid economic growth of East Asian economies, defined as annual growth rates generally above 7.85%, continues for roughly 30 years (2005). Then, an ‘exit strategy’ is required; one that preferably does not follow Korea’s ‘hard landing’. This will require China to move away from an overreliance on export-led growth and the limitations of the ‘growth alliance’ towards a new focus on internal consumption and the transformation of the domestic economy into a global centre of economic activity (Huang 2005). This is a considerable challenge as shown by the increasing prevalence of strikes in southern China (China Labour Bulletin 12 Jun 2010) and the temptation to ‘move back toward state control’ (Scissors 2009: 24). Whilst China met the challenge of ‘growing out of the plan’ (Naughton 1995) and has plenty of experience to draw upon while attempting to ‘grow out of the model’, success is in no way assured. Recent trends have been encouraging (Zakaria 18 Oct 2010) but there are very real implications if China were to re-invoke a protectionist state-controlled Chinese economy (Scissors 2009). Such a move would be economically and politically devastating for the region. As such, Asian states should continue to work to further liberalise the Chinese economy and integrate Chinese businesses into the regional trading system to avoid such a scenario.

The size, make-up and governance of China’s population also present a considerable and related challenge with the potential for regional instability. Uncontrolled growth of this population, poor governance of rapid urbanisation or the growing east-west and rural-urban development divides (China Labour Bulletin 6 May 2009) could be potentially destabilising to economic growth and governance in China and the region. China has been taking steps since the 1970s to limit population growth (Kaufman et. al. 1989) and the once constrictive model of state socialism that attempted to control all population movements through the *hukou* system is being slowly liberalised to meet the needs of the increasingly dynamic market economy (Young 2010). However, issues with ongoing and growing inequality (Yang 1999) and troubling ageing trends (Herd 2010) remain problematic. These issues have the potential to destabilise the region. Asian states should therefore continue to press central and local government leaders in China to modify policies such as the *hukou* system to meet the needs of a modern society. We should not just expect but also actively promote further incremental liberalisation of population management combined with stricter enforcement of policies set to meet emerging demographic challenges. An increasingly mobile, educated and skilled Chinese populace can contribute positively to economic, social and cultural pursuits in the region and so good governance of Chinese society should be further encouraged.

China’s greatest challenge remains political reform. From the classic modernisation theory we can postulate that the increasing complexity of life in China, the increasing stake people have in the governance of society and the increasing affluence of the Chinese people, most notably the middle class, should lead to movements toward a more liberalised political system and democracy (Lipset 1959). To date however, this has not occurred, though some scholars see its slow blooming in a largely unorganised fashion in rural areas (Zhou 2009) and recent high-
level speeches and open letters from Party elders (Bandurski 13 Oct 2010) suggest a trending toward democratisation. There is growing realisation in China that a mature economy will require a reformed political framework (Wen 21 Aug 2010). If China does not democratise however there are implications for Asia’s international relations (Friedman and McCormick 2000). As such, China’s ‘grand emerging strategy’ (Goldstein 2003) of maintaining the status quo whilst it focuses on economic development should not be left to run its course. An undemocratic China could not only roll back the gains made from economic reforms, it could also adversely affect security and stability in the region and aggravate tensions with multi-party liberal democracies such as the United States. Whilst the Chinese have struggled for political liberalisation over the last century (Mitter 2004) and it is increasingly viewed ‘as a good thing’ (Yu 2009; Xinhua 5 May 2006), Asian states have an important role to play pressing to ensure reform rhetoric comes to fruition and political instability due to a failure to democratise or the emergence of an economically strong but authoritarian state are avoided. Asian states should continue to work towards shaping and encouraging the emergence of a more democratic China that can maintain economic and political stability in the region and play a constructive and responsible regional leadership role.

China is an emerging power with vulnerabilities that could undermine regional economic growth and security. These vulnerabilities could also bring great opportunity for Asian states if they can be surmounted and the rise of China shaped in a positive direction. Such is the size and potential strength of China that its rise should be managed carefully. Just how China will shape the region remains uncertain as shown by incomplete predictions based on ‘power transition’ or institutional theory (Goldstein 2007), questions of whether China is a status quo or revisionist power (Johnston 2003) and our musings on whether China will continue to pursue a more liberal foreign policy (Hempson-Jones 2005). If China is to “resume its place as East Asia’s hegemonic power” (Cohen 2007: 683), then Asia’s states need to prepare for such a scenario and understand how they want to shape China, how they will accommodate changing economic and political power dynamics and how they will work to minimise conflict with existing powers during this transition. With this in mind, it is increasingly important to get past debates pushing Asian states to ‘choose sides’ between China and the US (Christensen 2006) or to pursue a containment policy that is more likely to create an enemy than contain a rising power (Nye 22 Jun 1998). Leaders, businesspeople and citizens of Asian states should engage China and in each respective capacity work with their Chinese equivalents to help develop China in order to promote not only a peaceful and prosperous rise for China (Zheng 2005) but one that also benefits the people of the greater Asia region. Failure to help China maintain its economic reform programme, improve population management and democratise could lead China to become a protectionist and revisionist power creating instability and insecurity in the region. Fostering an open and prosperous democratic China can create a stable and prosperous region.


Wen Jiabao. 2007. ‘Our Historical Tasks at the Primary Stage of Socialism and Several Issues Concerning China’s Foreign Policy,’ in *Embassy of the People’s Republic of China in Uganda Website* at http://ug.china-embassy.org/eng/xwdt/t302141.htm.


China’s strengths and vulnerabilities as a regional actor

Since China began to open up in 1978, the economy has been taking off with extraordinary speed for almost three decades. Among the world’s large economies, China is notable for achieving an average of 9-10% growth per annum for almost three decades. China has overtook Japan to become world’s second-largest economy in Q2 this year. The government endeavours to keep political pace with the dramatic social changes accompanied economic development. China’s rising importance in the world has been witnessed and it is referred to as China’s rise or rising China.

As an active regional actor, what are China’s strengths and vulnerabilities? How do they serve to promote or constrain what China can achieve in Asia? These questions are addressed in this paper.

Let us begin with strengths.

First, China is more active and crucial in global political, military, and economic affairs and has more impact on the outcomes in these areas (Evans 2003). With no exception, any country’s rise starts with economic rise. For the rest of the world, China’s economic rise is most directly felt through foreign trade (Kwan 1991). The following two forms give us a picture of export and import performance of China in 2007. In Asia, China becomes a top trader with the neighbourly countries.

### Export Performance of Asia in 2007

<table>
<thead>
<tr>
<th>Importing country</th>
<th>Exporting country</th>
<th>China</th>
<th>Japan</th>
<th>South Korea</th>
<th>ASEAN</th>
<th>U.S.</th>
<th>EU</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>China</td>
<td>102116</td>
<td>56129</td>
<td>94273</td>
<td>233181</td>
<td>242531</td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>China</td>
<td>109297</td>
<td>54269</td>
<td>87164</td>
<td>145575</td>
<td>105326</td>
<td></td>
</tr>
<tr>
<td>Korea</td>
<td>China</td>
<td>81985</td>
<td>26370</td>
<td>38748</td>
<td>45884</td>
<td>55030</td>
<td></td>
</tr>
<tr>
<td>ASEAN</td>
<td>China</td>
<td>78676</td>
<td>88291</td>
<td>31894</td>
<td>106523</td>
<td>108010</td>
<td></td>
</tr>
</tbody>
</table>

Data source: IMF, Direction of Trade Statistics Yearbook 2008

China’s economic rise and closer economic relations with the world enable China to gain more discourse power in international organization. Beijing is eager to participate in groups like Shanghai Cooperation Organization, APEC. Although big international bodies like the IMF and
the World Bank which were viewed as inherently biased in favour of the West, the situation is changing. In April, 2010 World Bank member countries reached an agreement to shift more power to emerging and developing nations, under which China's votes increased to 4.42 percent from 2.77 percent, making it the third largest voting power holder in the Washington-based international institution. China has supported Nuclear Non-proliferation Treaty's indefinite extension (Ryan, M.A. 1986). China worked with other parties to achieve a Comprehensive Nuclear Test Ban and was the second to sign the CTBT.

Secondly, Communist Party of China (CPC) is the only party in power in the country, so the strategies of diplomacy, military and economic strategy are and will be more stable than countries of multi-party political system (Montinola, 1995). Since reform and opening up, China's policy guiding its relations with its neighbours is consistent: to become a good neighbour and a good partner, to strengthen good neighbourly ties, to intensify regional cooperation, and to push China's exchanges and cooperation with its neighbours to a new high. Beijing has realized that China must make peace with the international society and develop a harmonious society at home. The Sixth Plenary Session of the Sixteenth Central Committee of the CPC passed the “Resolution of the CPC Central Committee on Major Issues Regarding the Building of a Harmonious Socialist Society” in October 2006, placing “building a harmonious society” atop its work agenda. Keeping this policy stable, China has played an important role in maintaining regional peace and promoting common development in Asia.

Thirdly, China is building a military capability to maintain security in the Asia-Pacific region to serve China's interest. There have been reports that China has invested heavily in building the armed forces, is developing sophisticated fighter planes and missiles, and to consider the construction of aircraft carriers. Defence budget is on the rise. All these facts may cause fears among some countries that China will pose a threat. Actually, China spends much less on military or as a percentage worldwide of military spending than does the U.S. In this sense, China is not a superpower, nor is it interested in. The growing military power assures that China will make greater contribution to regional peace and prosperity.

Last but not least, China's cultural influence is on the rise. In China and some other Asian countries share the same value system which is Confucian culture (Yao, 2000). This similarity contributes to gain understanding and intimacy. Nowadays, there are 500 plus Confucius Institutes in over 87 countries. Joseph Nye of Harvard University argues that Confucius Institutes play an important role in the rise of China’s soft power projection. Soft power is a phrase developed by Joseph Nye, by which it means the ability to obtain what one wants through co-option and attraction (Joseph Nye, 2004).

China is faced with a lot of internal challenges which will constrain what it can achieve in Asia. If these problems cannot be dealt with properly, China will land itself in deep trouble. What comes first is serious environmental problem including air and water pollution. Analysts expect China will surpass the U.S. and become the world’s largest emitter of greenhouse gases (Liu, 2005). Sixteen of the world's twenty most polluted cities are in China, 70 percent of the country's lakes and rivers are polluted, and half the population lacks clean drinking water. The constant smoggy haze over northern China diminishes crop yields. Ignored for decades, even centuries, China’s environmental problems have the potential to bring the country to its knees economically.

Population problem is another obstacle to the path of China’s rise. China has a population of 1.3 billion, more than four times that of the United States. When China’s GDP is divided by 1.3 billion, it decreases in value per capita. In this sense, the average living standard is far lower
than other super powers such as the US and Japan. There is huge gap in economic development between coastal areas and rural areas in China. If these core-periphery development differentials would not be dampened, discontent and malignity among people will arise. It will lead to social instability. Besides, aging of population is daunting the nation, which will undermine its competitiveness. Developed countries like Britain used 80 years to transform from an adult society to an aged society, with its per capita GDP increasing from 5,000 to 10,000 US dollars during the period; while China completed the transformation in 20 years with per capital GDP standing at only 1,000 dollars. Some areas in China got aged before getting rich. Because of the Communist Party’s one-child-per-family policy, the average number of children born to a Chinese woman has dropped from 5.8 in the 1970s to 1.8 today - below the rate of 2.1 that would keep the population stable. People are worried about that the shrinking size of working population makes the labour cost rise, which leads to losing comparative advantage.

Ethnic cleavages are very crucial to tackle with. Taiwan independence, explosions of unrest in Tibet and Xinjiang exert bad impact on the diplomatic relations with US and neighbour countries.

Political reform is also crucial. As Wen said on Feb. 26, 2007, China should take its own path in enhancing democracy. We never view socialism and democracy as something that is mutually exclusive. Political reform means that keeping the ruling Communist Party of China in power, Beijing should focus on efforts to promote economic development, protect lawful rights and interests of the people, fight corruption, increase public trust in government, strengthen government functions and enhance social harmony. If political reforms cannot be carried out successfully, China will confront with social instability and be blamed by other countries. So Beijing is considering reforms in the political system by expanding democracy and improving the legal system. This will enable the world to better appreciate and accept the path of development taken by the Chinese people.

All mentioned above are the internal challenges China has to deal with. China is still a poor country. It remains a significant net recipient of foreign aid; its annual dues to the United Nations are small. China’s ability to invest and give aid to Asian neighbours is undercut by strong Chinese domestic development priorities. Therefore, it is safe to say that China has a long way to go as to overshadow the United States in Asia in regard to strategic reach and influence.

Reference: