Regional Outlook Paper

2010 AUSTRALIA–CHINA FUTURES DIALOGUES, EMERGING LEADERS’ DIALOGUES:

CHINA’S RISE AND ITS IMPLICATIONS FOR ASIA
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‘2010 Australia–China Futures Dialogues, Emerging Leaders Dialogue: China’s rise and its implications for Asia’, Regional Outlook Paper No. 27, 2010

About the Australia–China Futures Dialogue

Griffith University and Peking University in collaboration with the Queensland Government, have established a future-orientated partnership between Australia and China. This partnership will focus on how the region will evolve in the next 20 years and how this evolution can be shaped. With this background, the Dialogues, which is co-organised by The Griffith Asia Institute and Office of International Relations, Centre for Australian Studies, Peking University, will be conceptually linked around the overarching theme of ‘Charting a Common Future: China, Australia and the region beyond 2020’.

The Dialogues incorporate three yearly events: an Annual Leader’s Lecture, Second Track Dialogue and an Emerging Leaders Dialogue. The project works on building capacity and relationships between Queensland, Australia and its Asia–Pacific neighbours, particularly China. It encourages cooperation and innovation by bringing together leaders and emerging leaders to discuss issues of importance to the Asia Pacific region. These events provide an avenue to formulate and express ideas than can influence future policy decisions.
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Introduction

The rise of China is the single most striking phenomenon in international relations today. Yet, there remains an equally striking lack of consensus among observers about the implications of China’s rise to great power status. This turns primarily on perceptions of whether China will seek to challenge US primacy in Asia and exert its authority over countries in the region.

Some argue that China has no intention of seeking to impose ‘hegemony’ on Asia and that its paramount concern will remain the preservation of internal stability via continued high levels of economic growth and the defence of territorial sovereignty. From this perspective, Beijing will seek to play a constructive role in improving regional cooperation in Asia: China will not seek to dominate regional affairs and, in line with its historical approach to international relations, will not have aggressive designs on other states. This viewpoint is the declared position of the Chinese government and has strong currency among China studies experts in the West.

Others, however, maintain that China will not be content to play ‘second fiddle’ to the United States in Asia and will, over time, pursue a more assertive leadership role in Asia in keeping with what Beijing sees as its rightful great power status in the region. From this perspective, China will behave just as all other great powers have behaved throughout history: It will aspire to exercise control over its own ‘sphere of influence’, if necessary through the use of force. This viewpoint is associated particularly with the realist school of international relations, and has particular currency in the halls of foreign and defence ministries in Asia and beyond.

On 27–29 September 2010, 24 graduate students drawn from universities in China, Australia and the region attended the Emerging Leaders Dialogue forum in Brisbane.

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

1. China’s motives and aims in Asia. Are they 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?

The following eight papers represent the highest quality papers from the participating students.
1. China’s Intentions Regarding the South China Sea

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China’s formidable regional and global rise to power over several decades has evoked questions and concerns about China’s precise intentions. China’s longstanding policy of non-transparency and thus the difficulty in discerning its strategic motivations and intentions provide cause for concern among regional and extra-regional states. The promulagation of contentious and uncompromising strategies makes it difficult for China to assure its Asian neighbours and other foreign powers that Chinese intentions are purely peaceful. China’s current naval modernisation, expansion programs and increasingly assertive behaviour, particularly with respect to the South China Sea territorial disputes, have created concerns for both Asian states and extra-regional players. 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 within and beyond the region. Independent control of the South China Sea by a belligerent actor 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 China’s wider intent to dominate East Asia. These concerns held by regional and extra-regional states place further strain on already tense interstate relations. In this light, China tries to reassure all parties that its intentions are peaceful, issuing public statements that stipulate China’s ‘core interests’ and expressing distaste for the ‘China Threat Theory’. However, such reassurance does not help to mitigate 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 the US role as ‘guarantor of security’. Mistrust between regional states has enabled the US to uphold a position as protector of regional stability and security. In response to China’s recent admission that it views the South China Sea as a ‘core interest’, US Defense Secretary Robert Gates made clear in his statement at the 2010 Asia Security Summit in Singapore that in the official American position, it is the ‘[US] responsibility to protect peace and reinforce stability in Asia’ and in turn the US desires to remain in this position of influence in Asia. The US has recently revised its outlook on the South China Sea issue, as formalised by Secretary of State Hilary Clinton’s statement at the 2010 ASEAN Regional Forum meeting in Hanoi. Here she declared that despite the longstanding position of neutrality, security and stability the US has held in the South China Sea, it is in fact in US interests to intervene in the event of a confrontation in this area and the US will do so. China has publicly responded to these statements by clarifying its view that the South China Sea territorial disputes are regional issues for consideration and involvement by regional states only. In doing so, China 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 2. 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 encompassing the vast majority of the South China Sea area as indicated on the attached ‘dotted-line map’). However, China has never sought to clarify exactly what it stakes 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 build-up, particularly naval, 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 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.

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. 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 fulfil its apparent ambition of sea denial and unlimited access in the South China Sea and in obtaining greater operational capabilities with respect to Taiwan. 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 S. Rajaratnam School of International Studies (RSIS) in Singapore found that China’s recent weapons procurement choices most accurately indicate its concerns about Taiwan’s independence and Tibetan separatism.

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. 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 indicate 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. Regardless of its intentions, at present China does not possess the capabilities to challenge the US militarily in Asia. 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’. Further, the biggest concern for China emanate from within the state itself. Demographic pressures including China’s struggle to support the rapid urbanisation 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. A state cannot successfully begin to look outward before having first secured its internal workings.

However, given the opaque nature of China and its 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 these 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.

Notes

2 S.B. Weeks, ‘Sea Lines of Communication (SLOC) security and access’, Working Paper, University of California: Institute on Global Conflict and Cooperation,


5 Conference Report, China and East Asia strategic dynamics, p. 5.


8 Kate and Gaouette, ‘Clinton signals U.S. role’.

9 R. Sutter, ‘South China Sea: Worsening dispute or growing clarity in claims?’, RSIS Commentaries, 16 August 2010, p. 2.

10 ‘China eyes boosting military capabilities in east, South China Sea’, Kyodo, 16 August 2010.


13 ‘China eyes boosting military capabilities in east, South China Sea’, Kyodo, 16 August 2010.


15 Conference Report, China and East Asia strategic dynamics, p. 3.


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Author not supplied, ‘China’s peaceful development and security diplomacy’, *The Jakarta Post*, 16 July 2010.
2. China’s Identity and Responsibility: Implications for Asia

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Introduction

China's stunning rise to great power status is poised to continue well into the twenty-first 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. Other countries will have little choice but to either accommodate or confront China in its quest for regional hegemony. I discuss why China, as a developing country, 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 afforded an appropriate status in Asia and the world. Only then can other countries understand the implications for Asia of China's rise in the twenty-first century. Meanwhile, China may also exert active influence and perform greater responsibilities in Asia. Therefore this paper mainly discusses China's evolving identity and responsibilities, and the implications of these for Asia.

Definition of Identity from Chinese and Western Perspectives

Identity is a concept from 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.1 Peter Katzenstein regards identity differently, as a construction of nationality and national attributes with two fundamental forms: the inherent status (at least related to social structure) and the relational status (determined by relationship in social structure).2 Alexander Wendt argues that identity is a property of intentional actors that generates motivational and behavioural dispositions; it depends on the relationship between self and other.3 No matter what the differences among these scholars in defining identity, they all affirm that identity is an actor’s social characteristic, which represents one kind of social relations. When the actor is a country, it 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 that in recent years has more and more social factors. Since the advent of globalisation and the financial crisis, while social factors have gained ground rapidly, the concept of identity has been gaining prominence in international affairs. After the Cold War, we have often heard some Americans using such labels as ‘rogue state’, ‘failing state’ and ‘evil state’, which provides some indication 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 exclusive; Westerners thus insist that ‘they’ and ‘we’ are not on the same line when they speak of China’s identity. Some westerners argue that China has experienced some crisis. They urge international cooperation that requires cooperation between ‘us’, hoping to put the Chinese ‘other’ on 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. They believe that China surely has some intentions for its development and support of countries in Asia. The countries that hold these kinds of opinions are not clear about the real meaning of identity. These countries cannot distinguish and accept other countries’ real identities, a position that makes them suspicious of other countries’ actions. This is a hallmark of the current state of the US–China relationship.

Responsibility in International Politics

Responsibility is a new concept in international politics. Responsible sovereignty was originally a domestic political concept, but has evolved gradually into an international political concept. Former British Foreign Secretary, David Miliband, raised this concept on both of his two visits to China; the first time he mentioned responsible sovereignty in his lecture at Beijing University; the second time he discussed responsible sovereignty with students of the China Foreign Affairs University. He stressed that in international society each country should have responsibility for its own international behaviour, to help small and weak countries solve problems in international society, and to reconstruct and protect the international system. We can see that the responsibility concept has already been applied gradually in international politics by Western scholars.

How China Defines Its Identity and Responsibility: Implications for Asia

There are two sides to how China defines its identity: internal and external. One is self-identity; the other is permission and identity from international society. First, 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 per cent 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 China to become a major power able to influence world events. Second, China made great changes for the sake of integrating with the world, and China has gained great benefits from contributing to building 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 this system further.

Third, China is pursuing a harmonious society for its own internal order and a harmonious world for its external order. As a country with a huge population, China 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. Accomplishing this responsibility will contribute considerably to world stability. Meanwhile, for helping to achieve a harmonious world externally, China should accept necessary international responsibilities, which include responsibilities in economics, politics, security, morality and justice. China should emphasise the principle of balance, modesty, enterprise and the 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 China’s 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 regional 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 economy continues to zoom 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 and moving to China. Singapore’s senior minister has spoken frankly of the need to accommodate China’s rise.

Throughout Asia, a debate is under way over whether China’s soaring growth is harming its neighbours. As a Chinese person, I think foreigners’ fears are unnecessary. China is a peace-loving nation and everyone can benefit from China’s economic growth. China is now integrated with the world, and it sees that it now has the 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 newly 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 and is instead broad minded. China’s emergence is a positive force for world peace and economic development. The more understanding and cooperation we have, the more rapidly economics will develop and the more harmonious the world will be.

Conclusion

In sum, China’s identity is multiple and other countries’ identities are also multiple. Multi-identity is the objective reality at the foundation of a harmonious world. Now that China has such an identity and responsibility, it should deal particularly with the relations that arise while China as a responsible country seeks to meet the requirements of international society. As a major world power, China should accept more obligations and responsibilities in the world. It should 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 challenges for countries in Asia but 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’ and will try its best to take more global roles and promote a continuing positive image in the world.

Notes


Additional Sources

3. The Interest–responsibility Nexus in China’s Foreign Policy and the Implications for Regional Order

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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, 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. 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 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 frame 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 (fuzeren 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 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, China 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 approach in international politics.

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." Yet whilst it is clear that China has 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. 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. 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, is to obtain a more informed understanding of how China conceptualises its responsibilities without allowing such an understanding to become an excuse for 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.

Notes

2 Wang Gungwu observes that from a historical perspective, this is actually China's fourth rise. See his chapter 'The cultural implications of the rise of China on the region', in Kokubun Ryosei and Wang Jisi (eds) The Rise of China and a Changing


9 Hachigian and Yuan, ‘The US–China expectations gap’, p. 82.


13 Yong Deng, China’s Struggle for Status: The realignment of international relations (Cambridge: Cambridge University Press, 2008), pp. 45–6.

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


4. China’s Motives and Aims in Asia

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This paper addresses three important questions about China’s motives and aims within the Asian region. 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 [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 noted in alternative views, however, China is not in fact a wholly continental power, as it also has a lot of coastline and maritime interests. 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 14 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.

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 that 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 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 that could challenge US primacy is an unrealistic 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 Ross overlooks, 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 has garnered in Asia, particularly in India, which sees the Indian Ocean as its strategic backyard. Developed by a consultant to the Pentagon in 2003, the thesis alleges that China is developing a string of potential naval bases throughout Asia in order to allow power projection into the Indian Ocean. 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 taking place internally, mean that China’s 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, which is best solved by diplomacy rather than by force. It is also unreasonable to expect China to become Robert Zoellick’s ‘responsible stakeholder’ in Asia without a navy capable of rapid response in the wake of natural disasters.

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 managing this will be one of the great challenges, particularly for the US, in Asia over the coming years.

Notes

3 Ibid.
5 Interview by author, Delhi, 31 December, 2009.
6 Interview by author, Beijing, 12 May 2010.
7 Interview by author, Delhi, 8 March 2010.
9 Ibid.
11 Specifically Sihanoukville and Ream in Cambodia; Mergui, Hlanggy 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.
12 Interview by author, Delhi, 31 December, 2009.
13 Interview by author, Delhi, 17 December, 2009.
14 Robert Zoellick, speech to National Committee on US–China Relations, 21 September, 2005.
5. The Rise of China and its Uncertain Implications for Asia

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There is general consensus within academic and political circles that for the last several decades China has been gaining power in both economic and political arenas. This is reflected in China’s active engagement in global and regional affairs such as through the Six Party Talks, and in China’s astonishing economic growth rate, even under the shadow of the global financial crisis. From these established facts rises the most controversial question: What will the rise of China mean to Asia. Will China become a stabilising power benefiting neighbouring countries, or will it become a revisionist state that challenges the existing order set by various regional arrangements?

Answers to this 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 will be a struggle for the dominant position in the Asia-Pacific region and a balancing coalition will be formed to counter against China’s rise. The logic is quite simple, recognising that every country of relative strength in their own region wants to be the regional hegemon and to prevent the emergence of a new hegemon in other regions, whichever nation that new hegemon might be. A potential hegemon looming therefore increases the possibility of conflict. 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 proven by the ‘China Threat’ theory that some countries posed in the 1990s. The United States and some Asian countries have viewed the continued growth of China as a threat to the stability of the region and this hints at the possibility of a coalition being formed against the rise of China.

Contrary to the pessimistic story told by offensive realism, some other theories focus not only on the shifting distribution of power, but also on the interaction between China and the United States and other Asia-Pacific countries. They view it as a quite normal phenomenon that a rising power incurs anxieties among other countries, especially those surrounding the rising power. But whether these anxieties 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 see beyond the challenges to the opportunities from China’s rise. If China manages to convince other Asian countries of her ‘peaceful rise’ strategy, China’s rise as the largest regional state will not be a threat, but a great opportunity for other countries to benefit from China’s rapid economic growth. Some studies indicate that asymmetry of information between the rising power and other countries is the main causal factor that leads to conflicts. The rising power should send some signals to allay the fears of other countries.

As to China’s rise, it is not hard work to assure other countries that China will take a moderate attitude and prefer to cooperate with neighbouring countries to keep the region stable and prosperous. In more general terms, it is said that China is both able and willing to rise as a great power without questioning, defying or even perturbing the
current international order. Two arguments are usually given in defence of this idea: First, for China, economic development is taken as the only way to tackle 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 (economic, political and security-wise) so that China can concentrate on its economic development. Thus China has gone to great lengths to avoid any serious conflicts with other great powers and neighbouring countries. Second, 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. China contributed to aiding countries that fell victim to the tsunami at the end of 2004, without resorting to the pretext that China itself 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.

All the insights mentioned above indicate a rational approach. 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 China’s rise, which can be reflected upon from two perspectives. First, the United States and other Asian countries may not be able to align with each other to contain the rise of China. According to Christensen, US policies derided in Beijing as examples of containing China have helped to catalyse Beijing’s adoption of proactive and constructive diplomacy, which has facilitated stability in the region to the benefit of all. A strong US military presence in the region helped to channel China’s competitive energies into positive-sum areas such as multilateral confidence-building and economic accords. In this way the rise of China strengthens the stability of this region.

Second, 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 drive China to change her benign strategy toward the region. As in any country, in policymaking in China there is division between eagles and doves, which means the basic tone of Chinese foreign policy will not remain constant if current moderate policy encounters severe setbacks. This does not mean accidental conflicts imposed on the Chinese government will necessarily 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 will 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 will not be so significant for China’s economic development. China’s reduced dependence on good relationships with other countries would also weaken China’s motive 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 compromise in all conflicts like territorial disputes since this 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 brings great opportunities for Asian countries does not mean these countries no longer need to be vigilant toward China. Mearsheimer hits the point in observing that survival is a state’s most important goal. The basic structure of the international system forces states concerned about their security to take action. Even though China has never and 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 a trivial role in causing conflicts. Therefore, a cautious response to China's rise should be taking the opportunity while reducing risk. To achieve this goal, Asian countries should hedge between China and the United States. On the one hand, China's continued economic growth will make these countries better–off, and 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. Considering internal changes in China's strategic culture through the period 1949–2010, a conclusion can be made that internal change 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 for the time being than that of Mao Zedong's era. It means the government of China has become more cautious while gaining more strength. Asian countries should take advantage of this opportunity to make China a good member of regional society and create high interdependence within the region. They should not choose sides between China and the United States, which should be used as a balancing power and not a destabilising one. Presuming China is inevitably to be hegemon, a restricted hegemon with a sense of responsibility would be much better for the region.

Notes
2 Mearsheimer, ‘Why China’s rise will not be peaceful’.
8 Tang Shiping and Zhang Yunling, ‘China’s regional strategy’.

18 Regional Outlook
6. China’s Role in Asia: Motivation, goals and its obstacles

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In the second quarter of 2010, China surpassed its Asian competitor Japan, to become the world’s second biggest economic power. What has changed in Asia apart from the superficial statistics? What will affect future trends of politics in Asia? This article aims to analyse China’s potential motivation and goals in terms of its role in the Asian region, and the obstacles that may lie ahead.

First, the expansion of ideology is the motivation for strengthening national power and developing economics. Traditionally a rising power expands its influence by propaganda and communications with other parts of the world. We need look no further than the case of modern America, which offers the combination of the ‘end of history’ by Fukuyama with the ‘clash of civilizations’ by Huntington as pioneers of the propaganda of its ideology. The combination of ideological strategy and military forces make it possible for America to expand its influence in terms of political thought and culture 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 it has no intention of being a big power and is always a developing country. However, a genuine move has quietly begun in this direction. China has already established more than 280 Confucius Institutes and more than 200 Confucius classes in 87 countries and districts, according to the Xinhua News Agency. China sees Confucianism as its contemporary ideological means to lay the foundation for its version of Asian values. Faster economic development demands a unity in thinking which should be elaborated clearly and recognised widely. If people in the region can think and act based on almost the same ways of understanding, reflecting and behaving, and which are derived from deep within their culture, transgovernmental organisations like the Confucius Institutes will have completed their obligations. Of course, this proposal is not against some universal ideas such as freedom and individualism. But it claims to use ‘visible hands’ to adjust the ‘invisible’, in order to bring high efficiency and a larger market economy to the region. Without its ideology propaganda, China cannot so quickly establish its values ‘with Chinese characteristics’, which tends to result in the disordered ways of developing in the region. Such a situation will definitely weaken China’s motivation to grow up quickly and will thus lead to a vicious circle.

Second, with its considerable economic strength, China will seek to extend use of the China Model more broadly within its region – to surrounding countries would be a convenient option. The China Model has become more popular with China’s economic growth, with its unique characteristics, namely, the market economy plus authoritarianism. The elites in China have been long believed there is no pure western theory that perfectly fits China, which has such a large territory and population. Traditionally, both the political and intellectual elites made efforts to employ western institutions to replace our Chinese ones, but this failed because China has a different institutional environment with its cultures and customs that laid different foundations for Chinese political systems. Therefore, those who were aspiring to make a difference in history came to appreciate that the way to do so would be to work with conditions in China, i.e., to create a model with Chinese characteristics. Mao Zedong is the master who originally blended western theory with Chinese specific situations, and thus he led his party to seize 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 present blend of capitalism and socialism.

Admittedly, this model has its original institutional advantage such as the blend of high efficiency with free elements of market. However, its weakness is obvious in overwhelming government corruption and social inequality. Today the gap between rich and poor is larger than ever, and many top managers in state-owned enterprises have become rich suddenly through MBO (management by objectives). Far fewer college students are from rural areas as a result of the convergence of education resources in urban areas. Without the channels to express dissatisfaction and relieve anger, the killing of primary students is not uncommon and there are strikes by migrant labourers. The author argues that the China Model should be amended in order for China to achieve the goals it now pursues. For example, central government control over local government should be enhanced to address corruption at the local level, particularly through land takeovers. And political reform should continue in terms of dignifying the Communist Party’s National People's Congress.

Third, through the China Model and its Asian values, China will play an increasingly crucial role in the changing geographic politics of Asia. However, there are some obstacles that may hinder China in establishing its systematic path with Chinese characteristics. For example, in 1997, a succession of financial crises caused Asian authoritarian countries to depreciate their national systems and even declare bankruptcy of some of their institutions. But in some other countries (e.g., South Korea, Thailand, and the Philippines) and the area (Taiwan), their constitution and election procedures have established democratic rule despite some flaws. The concept of universal democracy has constituted a serious challenge to China’s ambition. It is true that some years back Huntington proved that a government led by a strong party is necessary for stable rule, and that the combination of Asian values as the source of soft power and the China model as the source of hard power is a sharp instrument for the expansion of Chinese influence. However, pursuit of democracy as a universal value is irreversible for many nations. Therefore, the point is how China’s ambition reconciles with an idea that people all over the world believe in. It is not a combat situation where China faces a sole country, but a campaign in which China confronts a colossus that is hard to shake.

In sum, my argument is that with the economy developing quickly, China is employing Confucianism as its new ideological weapon and the China Model as its institutional framework in order to maintain its comparative development advantage, but China in the process China must face western democratic challenges.

Notes


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7. Asia Rising to the China Challenge

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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 August 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'. 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 policies 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, 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. 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. This creates a unique international situation. While China remains preoccupied by domestic concerns, foreign governments increasingly put pressure on Beijing to revalue the yuan, and take more international responsibility. 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, and as one of the world's great powers as evidenced in calls (and subsequent rejections) of a 'G2'. 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’. 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, South Korea and Taiwan, which led to the 'resurgence of East Asian economic power'. China has adapted this 'East Asian development model' 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. Rapid economic growth under limited political reform has even been described by some commentators as a new 'Beijing consensus'. However, extrapolating from the East Asian experience, Chinese
policymakers 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 per cent, continues for roughly 30 years. 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 over-reliance 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. This is a considerable challenge as shown by the increasing prevalence of strikes in southern China and the temptation to ‘move back toward state control’. Whilst China met the challenge of ‘growing out of the plan’ 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, but there are very real implications if China were to re-invoke a protectionist state-controlled Chinese economy. 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 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 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 demands of the increasingly dynamic market economy. However, issues with ongoing and growing inequality and troubling ageing trends 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. To date however, this has not occurred, though some scholars see its slow blooming in a largely unorganised fashion in rural areas and recent high-level speeches and open letters from Party elders suggest a trending toward democratisation. There is growing realisation in China that a mature economy will require a reformed political framework. If China does not democratise, however, there are implications for Asia’s international relations. As such, China’s ‘grand emerging strategy’ 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 and it is increasingly viewed as a good thing, 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, questions of whether China is a status quo or revisionist power, and our musings on whether China will continue to pursue a more liberal foreign policy. If China is to ‘resume its place as East Asia’s hegemonic power’, 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 or to pursue a containment policy that is more likely to create an enemy than contain a rising power. 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, but one that also benefits the people of the greater Asia region. Failure to help China maintain its economic reform program, 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.

Notes

17 Ibid.
22 Scissors, ‘Deng undone’.
27 Richard Herd, Hu-Wei Hu and Vincent Koen, Providing greater old-age security in China, OECD Economics Department Working Papers 750 (Economics Department, OECD, 2010).


42 Bijian Zheng, ‘China’s “peaceful rise” to Great Power Status’, *Foreign Affairs*, vol. 84, no. 5 (2005), pp. 18–24.
8. China’s Strengths and Vulnerabilities as a Regional Actor

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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 economic growth rate of 9–10 per cent per annum for almost three decades. China has overtaken Japan to become the world’s second largest economy in the second quarter of 2010. The government endeavours to keep political pace with the dramatic social changes that have accompanied economic development. China’s rising importance in the world is now referred to as China’s rise or the rising China.

Since China is an active regional actor, what are its 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 becoming more active and crucial in global political, military and economic affairs and has more impact on the outcomes in these areas. With no exception, the rise of any country begins with national economic growth. For the rest of the world, China’s economic rise is felt most directly through foreign trade. Tables 1 and 2 below give us a picture of China’s strong export and import performance in 2007, a performance that has made China a top trader with neighbouring countries in Asia.

Table 8.1: Export Performance of Asia in 2007

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<th>Importing country</th>
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<th>South Korea</th>
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<th>US</th>
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Table 8.2: Import Performance of Asia in 2007

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<td>72,264</td>
<td>64,795</td>
<td></td>
</tr>
<tr>
<td>Korea</td>
<td>63,028</td>
<td>56,250</td>
<td>33,110</td>
<td>37,393</td>
<td>36,717</td>
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<tr>
<td>ASEAN</td>
<td>95,391</td>
<td>89,342</td>
<td>37,932</td>
<td>73,118</td>
<td>82,257</td>
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China's Strengths and Vulnerabilities as a Regional Actor

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

Second, the Communist Party of China (CPC) is the only party in power in the country, so diplomatic, military and economic strategies are and will be more stable than in countries with a multi-party political system. Since reform and opening up, China has been consistent in its policy guiding relations with neighbours: 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 realised 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.

Third, China is building its 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 its armed forces, that it is developing sophisticated fighter planes and missiles, and is considering the construction of aircraft carriers. Its defence budget is on the rise. All these facts may cause fears among some countries that China will pose a threat. But actually, China spends much less on its military than does the US and its percentage of worldwide military spending is much less than that of the US. In this sense, China is not a superpower, nor is it interested in becoming one. Its rowing military power is to ensure that China will make a greater contribution to regional peace and prosperity.

Last but not least, China's cultural influence is also on the rise. China and some other Asian countries share the same value system, which derives from Confucian culture. This similarity contributes to development of understanding and intimacy. Nowadays, there are more than 500 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. Nye developed the term 'soft power', meaning the ability to obtain what one wants through cooption and attraction.

China faces many internal challenges, which will constrain what it can achieve in Asia. If these problems cannot be dealt with properly, China will find itself in deep trouble. What comes first is serious environmental problems, including air and water pollution. Analysts expect China will surpass the US and become the world’s largest emitter of greenhouse gases. Sixteen of the world's 20 most polluted cities are in China, 70 per cent 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 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 that of other superpowers such as the US and Japan. There is a huge gap in
economic development between coastal areas and rural areas in China. If these core–periphery development differentials are not reduced, discontent and malignity among people will arise, leading to social instability. Aging of the population is also daunting the nation, and will undermine China’s competitiveness. Developed countries like Britain took 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; China completed the transformation in 20 years with per capital GDP standing at only 1,000 dollars. Some areas in China became aged before they became 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 that the shrinking size of the working population raises the cost of labour, which leads to loss of comparative advantage.

Ethnic cleavages are also very crucial for China to tackle. Taiwan’s moves toward independence and explosions of unrest in Tibet and Xinjiang exert negative impact on China’s diplomatic relations with the US and neighbouring countries.

Also crucial is political reform. As Wen said on 26 February 2007, China should take its own path in enhancing democracy. We never view socialism and democracy as 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 the 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 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 points mentioned above are the internal challenges with which China has to deal. 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 before it can overshadow the United States in regard to strategic reach and influence in Asia.

Notes

Additional Source