

MVZ-207
Chinese Foreign Policy since
1949

Mgr. Jan Polišenský
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Week 11: The Rise of China and its Implications

China's Peaceful Rise in a Global
Context

- 1993 David Shambaugh - In the early twenty-first century China will surpass the European Union and the United States, becoming the world's leading trader, the world's largest foreign exchange reserves, the world's largest consumer, the world's largest military establishment, and a major source of high technology and scientific advancement.
- In 2007, China overtook Germany to become the third largest economy and the second largest trading nation in the world. In the beginning of 2008, Fareed Zakaria in the cover story of Newsweek, "The Rise of a Fierce Yet Fragile Superpower."

China's Peaceful Rise in a Global
Context

- Michael Elliott - In 2007, in his article The Chinese Century, continued to explore these worries by asking:
- Is this century the Chinese century?
- Can China's rise be managed peacefully by the international system?
- Will China threaten the interests of established powers?



Chinese rise and USA

- U.S. foreign policy toward China is based on the analysis of China's rise.
- There are two opposing theories as to how to view China's rise:
- First, China's rise is pessimistic and sees China's rise as a threat to the United States. China will more likely threaten the United States than a weak China
- Second, the Chinese political elites and the government insist that China will rise peacefully in a global context, because China needs a peaceful international environment to develop, so she will not seek hegemony in the world.

China's Peaceful Rise in a Global
Context

- Chinese government has not seriously addressed the issue of its political reform. This is the main reason that explains why the theory of China's peaceful rise could not attract the international audience and many Americans are still skeptical about China's rise.
- The United States released its new National Intelligence Strategy document in August of 2009 which suggests that China's natural resource-focused diplomacy and military modernization make it a global challenge. According to the report China is one of Washington's main challengers.

China's Peaceful Rise in a Global Context

- China-U.S. relations are critical not only to both countries but also to the entire international society.
- Politically, China and Western societies need to work closely together in order to maintain the global peace.
- China and the United States have recently signed an agreement to open a military hot line between their defense departments. This is a good sign indicating the cooperation of the two countries in a broad range.
- Tony Blair points out that in the age of globalization nothing will work well without China's full engagement
- According to the Chinese government, "China's relationship with the United States is a top priority."

China's Peaceful Rise in a Global Context

- China was an economic dragon, but became a weak country starting in the seventeenth century.
- Nationalist government (1912-1949) launching three civil wars, (against CPC) instead of promoting economic development.
- Jiang Jieshi left a terrible mess when leaving China
- Mao and his class struggles - invested very little effort to improving the Chinese economy.
- As a result, China was on the verge of economic bankruptcy and greatly lacked material goods. In 1978, Deng Xiaoping launched the second communist revolution the reform movement

China's Peaceful Rise in a Global Context

- In 2007, the World Bank shrunk China's economy by nearly 40 percent.
- US's economy is currently about eight times the size of China's.

China's per capita GDP surpassed \$1,000 in 2003 and reached \$1,714 in 2005, \$4,382 in 2010

- In 2007, its per capita GDP was only \$2,000 -compared to \$42,000 in the United States.
- China's per capita income is only one-nineteenth that in the United States 900 million Chinese people live in rural areas, 400 million people live on less than \$2 a day, and 200 million people live on less than a dollar a day.

China's Peaceful Rise in a Global Context

- Chinese products dominate the U.S. market—
- about 90 percent of toys, 30 percent of furniture, and about 90 percent of Walmart products are produced in China.
- China assembles about 80 percent of the world's notebook and computers.
- China has become the second largest vehicle market after the United States.
- China has become the sixth-biggest foreign investor in the World.
- China was the second largest global trader with her total foreign trade totaling 1.97 trillion U.S. dollars.
- According to the World Trade Organization, for the first time, China has become the world's biggest exporter in the first half of 2009.



China's Peaceful Rise in a Global Context

- While China rapidly expands its economic power, the role of the U.S. economy has been gradually declining.

What does “Peaceful Development” mean?

- President Hu Jintao stated in Sweden on June 10, 2007:
•"The message that I wish to send to you is this: China is firmly committed to peaceful development. ...It concentrates its efforts on development at home and endeavors to uphold world peace and common development internationally."

What does “Peaceful Development” mean?

Officially listed points in interpreting “peaceful development” China’s path of peaceful development is assured because of

- (1) A generally favorable international environment
- (2) China’s intentions and policies to maintain peace
- (3) preoccupation with domestic issues and little energy left for outward expansion
- (4) China’s cultural traits
- (5) Limitations to its capabilities of expansion
- (6) Its development strategy that will insure peaceful means to procure resources

What does “Peaceful Development” mean?

- 2003 – Chinese leaders – Peaceful rise
- As a new pathway, strategic choice
- 2004 – Hu Jintao changed from peaceful rise to peaceful development
- Returning to Deng Xiaoping – four modernizations
- Under this strategy Beijing does not decide friends of foes based on ideological considerations

Domestic Determinants

(1) Formal Ideology – Marxism, Leninism, Mao Zedong Thought, “Three Represents,” and Scientific Outlook on Development, Four Cardinal Principles

- (2) Informal Ideology – Thoughts that influence foreign policy thinking
- Nationalism/patriotism and collective memories, with newly gained pride
 - West’s schemes of demonizing China, containment, keeping China down
 - Expectations among some elites for democracy
 - The China Model and Beijing Consensus

Domestic Determinants

(3) Leadership

- Paramount leaders, their charisma, and authority
- Individual leaders’ propensities and policy preferences
- Party factions and internal tensions

(4) General trend of domestic policies

- Mao: internal-external enemies, class struggle, anti-revisionism
- Deng: reform within and opening to the outside
- Jiang: economics as the central task - WTO accession
- Hu: scientific outlook on development; people-first, and harmonious society/world; transformation of the mode of economic development

Domestic Determinants

(5) Issues related to national unity and cultural identity

- Taiwan, Hong Kong and Macau
 - National minority issues, especially those in Tibet and Xinjiang
 - Religious issues (Vatican and other foreign religious groups)
- (6) Specific political and economic circumstances that dictated adjustments
- Domestic crises like the Great Leap Forward and Tiananmen
 - Drastic international events like the collapse of the USSR, 9/11, and global financial crisis

Economic reforms

- Deng Xiaping – shifted from Communist toward a state-authoritarian regime away from state planning and allowed market forces
- Privatized agriculture, Opened China to foreign investments, export oriented economic development policy
- Jiang Zemin and Zhu Rongji – reducing state-owned industry
- However political structure remains Leninist

China – financial tiger

Leading Foreign Holders of US Treasury Securities

China – 1,160.1 billions \$ - 26.1 %

Japan – 882.3 - 19.9 %

UK – 272.1 - 6.1 %

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|-------------|--------------|------------------------|----------|
| • GDP - IMF | | • GDP per capita - IMF | |
| EU | \$16,282,230 | • 9. US | \$47,284 |
| 1. USA | \$14,657,800 | • EU | \$32,615 |
| 2. PRC | \$5,878,257 | • 94. PRC | \$4,382 |
| 3. Japan | \$5,458,872 | | |
| 4. Germany | \$3,315,643 | | |

Peaceful Development

- Chinese foreign policy – non-confrontational but provocative
- Connects domestic development and foreign relations
- Multipolar/unipolar world order
- USA – superpower, economic output nearly half of the world's total military output
- Economic growth of China will strengthen the legitimacy of the Chinese Communist Party
- Confucianism – promotes civility, harmony, humanity

China's strategy

- Beijing is responding to international pressures and constraints.
- For Chinese leaders, the possibility of a US effort to obstruct China's rise must be taken into consideration; they also must address neighbouring states of the fear of Chinese power.
- The strategic objective is to balance US power

China's strategy

- China is pursuing a strategy of peaceful development that combines elements of internal and soft balancing.
- The strategic objective is to balance american power and shorten the power gap between US-China
- Strategy of internal balancing aims to increase China's relative power through economic development and military modernizations
- The Soft balancing aims to limit or frustrate US policy
- The logic is to create and maintain a stable external environment.



Internal Balancing

- Beijing is relying on domestic resources to balance US power
- Primacy of economic development
- Economic growth is Beijing priority
- Deng Xiaoping – Central Committee in 1990
- “If China wants to withstand the pressure of hegemonism and power politics and to uphold to the socialist system, it is crucial for us to achieve rapid economic growth and to carry out our development strategy”

Internal Balancing

- China's rise requires to minimize the international concerns over its newfound capabilities and military posture in Asia
- To withstand unipolar pressure – China must have power, which in turn rests on economic growth



Soft Balancing

- Maintain a peaceful international environment by soft balancing US
- Beijing – coalition of friendly states - “minimize US ability to contain or constrain China in the region”
- International Institutions, Bilateral partnership, Economic diplomacy

China's Rise = Chinese threat ???