

China's Quest for Security in the Early 21st Century: A Review

China: The Rising Power. Edited by Gunther Hauser and Franz Kernic (Vienna: Peter Lang, 2009), 215 pp., ISBN 978-3-631-58269-5, US\$56.95.

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Napoleon once referred to China as “a sleeping giant” and warned other countries to leave the Middle Kingdom alone. “Let her lie and sleep, for when she awakens she will astonish the world.” In the early twenty-first century, the sleeping giant is fully awake. The Chinese economy has expanded with remarkable growth in gross domestic product over the last two decades, and China has played a proactive role in global and regional politics.

The rise of China coincides with the relative decline of the United States in the midst of what the US government has termed a “War on Terror.” As the United States faces serious setbacks in the wars in Iraq and Afghanistan, China has allied with many regional powers through the Shanghai Cooperation Organization, the Forum on China-Africa Cooperation, the six-party nuclear talks, and the World Trade Organization. Meanwhile Chinese President Hu Jintao is pursuing an ambitious strategy of creating a multi-polar and anti-hegemonic world order. He is determined to combine that policy with China's goal of competing with the United States in different parts of the globe. Giovanni Arrighi asserts that the U.S. military action in Iraq is a failure and has not only undermined the neoconservatives' imperial project of building a new American century of world hegemony but has also made China the true winner of the American War on Terror.¹ The United States must now confront the problem of preventing its geopolitical dominance from eroding because the center of capitalist economy has shifted from North America to East Asia. Fareed Zakaria refers to this development as the beginning of “the post-American world,” in which the United States retreats and the rest of the world advances in economic power and political influence.² The collapse of the previous global trade talks in Geneva confirmed this point of view. In the Doha round of world trade talks in July 2008, the European Union (EU) and the United States urged China and India to lower their tariffs on industrial goods from the West in exchange for European and American tariff and subsidy cuts on agricultural products. But when China and India demanded the rights to raise tariffs on major imported cash crops such as cotton, sugar and rice, the EU and the United States opposed it because this would undermine the interests of European and American farmers. This trade disagreement signaled an end to more than a century of West-dominated global economic order.³

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¹ Giovanni Arrighi, *Adam Smith in Beijing: Lineages of the twenty-first century* (London: Verso, 2007): 178.

² Fareed Zakaria, *The post-American world* (New York: Norton, 2008).

³ Joseph Tse-Hei Lee, “Recent studies on China's economic development: A review essay,” *Asia journal of global studies* 2, no.2 (2008): 39-42.

China has recently expanded its influence by promoting bilateral trade, direct investment, and consumer tourism along its periphery — in Taiwan, Hong Kong, Macao and Southeast Asia. This policy of economic integration has created a win-win situation for China and its neighbors. For example, over 70% of Taiwanese citizens favored the administration of President Ma Ying-Jeou to pursue closer economic ties with the Mainland.⁴ The governments across the Strait started negotiations on a free-trade pact.⁵ According to Shin-Yuan Tsai, the improving ties with the Mainland stabilized the cross-Strait relations which enabled Taiwan to maintain its political autonomy and play a more active role in China's development.⁶ Meanwhile, Beijing deliberately increased the global influence of yuan by offering economic aid and settling business transactions across Southeast Asia.⁷ This made the Chinese yuan a major regional currency and reduced the use of U.S. dollars by countries trading directly with China.⁸ Hong Kong Chief Executive Donald Tsang even proposed a currency linkage with the yuan once the latter became fully convertible as an international currency.⁹ If Donald Tsang's proposal is adopted, it will end the Linked Exchange Rate system created by the British colonialists in the 1980s to fix the exchange rate of Hong Kong's currency against the U.S. dollar.¹⁰ As regional economies become more orientated towards the Mainland, this has laid the foundation for a Greater China economic union.

The current global financial meltdown exacerbated the shift of the world's capitalist economy from North America to China. On the one hand, China and the United States rely on each other for survival and recovery. Harvard University's Niall Ferguson refers to this symbiotic economic relationship as "Chimerica."¹¹ Both countries championed state-controlled capitalism through their massive economic rescue efforts.¹² On the other hand, the tangled diplomatic relations between China and the United States complicated the situation.¹³ In early March 2009, China stopped a U.S. naval surveillance ship from gathering

⁴ Tony Ong, "Exports are slowing but ties with China are still strong," *The Wall Street Journal* (March 25, 2009), A12.

⁵ Ting-I Tsai, "Taiwan ban on beef frays ties with U.S.," *The Wall Street Journal* (December 31, 2009), A9.

⁶ Shin-Yuan Tsai, *Globalization effects on China's influence on Taiwan economy* (Frankfurt, Germany: Peter Lang, 2007).

⁷ Saibal Dasgupta, "Recession helps China extend influence before G-20 meet," *The Times of India* (March 24, 2009), retrieved March 24, 2009 from <http://timesofindia.indiatimes.com/Business/Recession-helps-China-extend-influence-before-G-20-meet/articleshow/4310104.cms>.

⁸ Denis McMahon, "Beijing aims to expand foreign trade in yuan," *The Wall Street Journal* (April 11-12, 2009), A6.

⁹ Jackie Cheung, "Hong Kong Chief considers currency link with China," *The Wall Street Journal* (March 25, 2009), C12; Alex Frangos, "Telling moves from Hong Kong?" *The Wall Street Journal* (March 25, 2009), C12.

¹⁰ Joseph Tse-Hei Lee, "Transformation of Hong Kong after 1977: A review," *Journal of contemporary Eastern Asia* 8, no.1 (2009): 47-53.

¹¹ Niall Ferguson and Moritz Schularick, "'Chimerica' and the global asset market boom," *International Finance* 10, no.3 (December 2007): 215-239.

¹² Andrew Batson, "U.S., China pledge joint fiscal effort in global crisis," *The Wall Street Journal* (November 6-7, 2008), A7.

¹³ Joseph Tse-Hei Lee, "The dragon and the eagle: China's encounters with the United States in the Third World," *Asia journal of global studies* 2, no.1 (2008): 2-15; G. John Ikenberry, "The rise of China and the future of the West: Can the liberal system survive?" *Foreign Affairs* 88, no.1 (January/February 2008), retrieved December 28, 2008 from <http://www.foreignaffairs.org/20080101faessay87102/g-john-ikenberry/the-rise-of-china-and-the-future-of-the-west.html>; Harold James, "The making of a mess: Who broke global finance and who should pay for it?" *Foreign Affairs* 88, no.1 (January/February 2008), retrieved December 28, 2008 from <http://www.foreignaffairs.org/20090101faessay88111/harold-james/the-making-of-a-mess.html>.

intelligence along its maritime frontier. In response, the Pentagon accused Beijing of “increasingly aggressive” actions in the South China Sea.¹⁴ Shortly afterwards, Premier Wen Jiabao expressed China’s concerns about its vast holding of U.S. assets as “unsafe” and blamed the United States for causing the global financial crisis.¹⁵ The Chinese leaders recognized that pegging the yuan to the U.S. dollar caused fluctuations in domestic consumer prices and macroeconomic operations during the crisis.¹⁶ On March 23, 2009, Zhou Xiaochuan, governor of the People’s Bank of China, called for the creation of a super-sovereign reserve currency to replace the U.S. dollars as “the yardstick for global trade and as the benchmark for other currencies.”¹⁷ This was by far the strongest Chinese criticism of the U.S. dominance of global economy.

In addition, the Chinese path to development has become an attractive model for many industrializing nations.¹⁸ The West strongly favors free-market privatization over government interference in the economy. But China’s growth is driven by the effective use of government resources to encourage research and innovation, a deliberate policy of protecting public property, and the creation of special economic zones. Such strategic use of state resources enables China to accomplish its agenda of economic growth and winning support from neighboring countries.¹⁹ This model of state-directed development stabilized China’s economic transition and avoided what Harry Cliadakis called “the trap of de-modernization”— in which a country is destabilized by waves of bankruptcies, massive layoffs and labor unrest due to the liberalization of state enterprises as seen in Eastern Europe after 1989.²⁰ With its huge economic growth for the last two decades, China overtook Germany as the world’s top merchandise exporter in 2009, and is now on track to surpass Japan to be the second largest economy after the United States.²¹ The country is finally fulfilling Chairman Mao Zedong’s historic proclamation that “The Chinese people have stood up!”²² Mark Leonard explains the global implications of this Chinese model of development:

¹⁴ Cam Simpson, “U.S. says China harassed naval ship,” *The Wall Street Journal* (March 10, 2009), A9.

¹⁵ Andrew Batson, Andrew Browne, and Michael M. Philips, “U.S. insists China fears over debt unfounded,” *The Wall Street Journal* (March 14/15, 2009), A1 and A6.

¹⁶ Liu Li and Victoria Ruan, “A voice from within China: Let yuan rise 10%,” *The Wall Street Journal* (January 7, 2010), C2.

¹⁷ Zhou Xiaochuan, “Reform the international monetary system,” The People’s Bank of China, Beijing (March 23, 2009), retrieved March 24, 2009 from <http://www.pbc.gov.cn/english/detail.asp?col=6500&id=178>.

¹⁸ Wei Pan, “The Chinese model of development,” Foreign Policy Center, London (October 11, 2007), retrieved December 28, 2009 from <http://fpc.org.uk/fsblob/888.pdf>; Xinhua news agency, “Chinese model of development suits 21st century,” (November 7, 2008), retrieved December 28, 2009 from http://www.china.org.cn/business/news/2008-11/07/content_16728807_2.htm; Yongnian Zheng, “Chinese model and the doctrine of mean,” *The China Daily* (May 14, 2009), retrieved December 28, 2009 from http://www.chinadaily.com.cn/opinion/2009-05/14/content_7776104.htm.

¹⁹ Mark Leonard, *What does China think?* (New York: PublicAffairs, 2008): 121; David M. Lampton, *The three faces of Chinese power: Might, money, and minds* (Berkeley, CA: University of California Press, 2008).

²⁰ Harry Cliadakis, “De-modernization,” an unpublished manuscript.

²¹ John W. Miller and Marcus Walker, “China dethrones Germany as top good exporter,” *The Wall Street Journal* (January 6, 2010), A6.

²² Mao Zedong, “The Chinese people have stood up!” Opening address given at the First Plenary Session of the Chinese People’s Political Consultative Conference, Beijing (September 21, 1949), retrieved December 29, 2009 from <http://www.international.ucla.edu/eas/documents/mao490921.htm>.

[China] used its Special Economic Zones to test out a different kind of market philosophy. Now it is testing a thousand other ideas—from public consultations to regional alliances. But from the laboratory of social experiments, a new worldview is emerging that will in time crystallize into a recognizable Chinese model. And China's emancipation from the West has created an alternative, non-Western path for the rest of the world to follow. The ideal of a 'Walled World' where nation states can trade with each other on global markets but maintain their control over their economic future, their political system and their foreign policy is emerging as an ideological challenge both to the US philosophy of a 'flat world' and the European preference for liberal multilateralism.²³

The Chinese model is based on the powerful premise that political independence is a prerequisite for economic development. It is the rightful duty of any industrializing country to safeguard national sovereignty and pursue economic autonomy. China's development approach completely rejects the Euro-American policies of exporting democracy through military intervention and imposing neo-liberal reforms in the developing world. Gone is the era of human rights diplomacy and neo-liberal economics. This is the greatest Chinese challenge to the West-dominated political and ideological order in the twenty-first century. Against this backdrop of global change, it is important to look at the latest security strategies that China employed to project its power regionally and globally.

The book under review is a timely contribution to the study of the growing Chinese influence in global politics. *China: The Rising Power* discusses the implications of China's rise for policymakers in Europe today. Each of the ten chapters is authored by leading scholars in Chinese history, politics and economics and are arranged thematically into three sections. In part one, the introduction by Gunther Hauser presents an overview of China's geostrategic policies in the early twenty-first century. The Chinese leaders are concerned about energy security, relations with Taiwan, and the development of regional alliances against U.S. hegemony. Pragmatism is the driving force of Beijing's foreign policy today.

Part two shifts the focus of attention to China's encounters with different regional powers. Jianwei Wang regards Beijing's rhetoric of "peaceful rise" and "peaceful development" as a new framework to define the U.S.-China relations during the Bush era. Although the Bush administration considered China to be a strategic competitor, the 9-11 terrorist attacks completely reoriented Washington's security concerns from East Asia to the Middle East. But throughout the Bush era, Washington only accepted Beijing as an economic partner and was always skeptical of China's geopolitical ambitions.

Diplomatic relations between China and the European Union (EU) are another area of concern. The chapter by Xiudian Dai evaluates the EU arms embargo against China and EU-China bilateral trade disputes. In December 2004, the EU attempted to lift the arms embargo imposed on China. But due to strong protests from Washington, the EU dropped the proposal. Meanwhile, many clothing manufacturers and retailers in Spain, Portugal, Greece and Italy lost market share to manufactures in China. They furiously lobbied the EU to limit Chinese imports and won the case. Even though the policymakers in Brussels attached much importance to the EU's bilateral relations with China, they still had to accommodate the diplomatic agendas of Washington and the economic interests of individual member states.

Shogo Suzuki's chapter on China-Japan relations is thoroughly researched and insightful. The legacy of the Second World War and the Cold War politics obstructed Sino-Japanese

²³ Leonard, *What does China think?* 132-133.

normalization in the mid-twentieth century. But since the signing of the Sino-Japanese Treaty of Peace and Friendship in 1978, Beijing and Tokyo have been determined to improve bilateral relations. On October 10, 2009, Japanese Prime Minister Yukio Hatoyama promoted the formation of an East Asian Community at a trilateral summit with Chinese and Korean leaders in Beijing. This Asian economic bloc was to include Japan, China, South Korea, India, Australia and New Zealand, as well as members of the Association of Southeast Asian Nations. These Asia-Pacific countries accounted for 23% of the world's economic output in 2008 against 24% for the United States and 30% for Europe. This proposal was clearly a deliberate attempt by Japan "to deepen its ties with growing neighbors as well as preserve its clout amid a weakening economy." Although Washington publicly opposed Yukio Hatoyama's proposal, China and Japan began to see each other as major regional economic and diplomatic partners.²⁴

Tensions between China and India are discussed in Heinrich Kreft's chapter. The Sino-Indian encounter has changed from strategic rivalry to economic collaboration. But the legacy of the Cold War conflict still complicates their bilateral relations. China has restricted Indian power to the region of South Asia in order to avoid confronting a powerful India south of the Himalayas. Despite the improvement of Sino-Indian relations, China refused to sacrifice its strategic partnership with Pakistan. It is this "two-front threat" (Pakistan in the west and China in the north and northeast) that is of current concern to Indian leaders. Another security issue is the rise of Chinese naval activity in the Indian Ocean and Arabian Sea. To protect its lines of communication across the Indian and Pacific oceans, China constructed new ports, increased maritime communication capabilities and overland transport routes in Pakistan and Myanmar, respectively. Underlying China's agenda is the need to strengthen Pakistan in order to maintain the balance of power in South Asia.

Martin Malek's study of Russia's geopolitical agendas in Central Asia is another excellent chapter. Russia is keen to project itself as a rising power in Eurasia, and the Shanghai Cooperation Organization has become a Russian and Chinese led military alliance. As the United States exploited the War on Terror to establish military presence in Afghanistan and Central Asia, Russia and China formed a new regional defence system against the United States to counterbalance Washington's aggressive policies. This Sino-Russian partnership is primarily based on the shared geopolitical interests between both countries.

By comparison, Gerald Hainzl's analysis of recent political and economic developments between China and Africa is not as convincing as the other chapters. It briefly discusses China's investment in Africa but overlooks the history of Chinese engagement with the continent since the Maoist era. Today, the African continent has become a new frontier for Chinese expansion. The search for new energy supplies is a major driving force of China's African policy. This is best shown in the growing Chinese investment in five oil-rich countries — Angola, Equatorial Guinea, Nigeria, the Republic of Congo, and Sudan).²⁵

²⁴ Yuka Hayashi, "Japan promotes Asian economic bloc," *The Wall Street Journal* (October 9, 2009), A12.

²⁵ 李樹熙 [Joseph Tse-Hei Lee], "中國的第三世界政策與地緣政治策略 Zhongguo de disan shijie zhengce yu diyuan zhengzhi celue [The geopolitics of China's Third World policy]," 《香港社會科學學報》 *Xianggang shehui kexiao xiaobao* [*Hong Kong journal of social sciences*], no.36 (June 2009): 139-161; Adams Bodomo, "Africa-China relations: symmetry, soft Power and South Africa," *The China Review* 9, no.2 (Fall 2009): 169-178; J. R. Wu, "China banks make more Africa loans," *The Wall Street Journal* (December 23, 2009), A12; Stephanie Hanson, "China, Africa, and oil," Council on Foreign Relations: Backgrounders (June 6, 2008), retrieved December 28, 2009 from <http://www.cfr.org/publication/9557>.

Part three of the book focuses on the issues of China's pursuit of energy security and military expansion in Asia. Klaus Fischer highlights the concern for energy security among many developing countries in Asia. As many Asian states depend on Middle Eastern oil for development, China's recent investments in oil and natural gas fields in Africa, Latin America and Central Asia are part of a wider competition between Asia and the West over energy resources in the twenty-first century.²⁶ Thomas Bauer revisits the debate about lifting the EU arms embargo against China. He asserts that European leaders should break away from the Cold War framework and accommodate China's rise in the coming decades. Martin Kleiber evaluates the current development of the People's Liberation Army and argues that the Chinese military has succeeded in modernizing itself as a major regional force. In particular, the Chinese army and navy are well-prepared for a series of local war scenarios across the Taiwan Strait and in the South China Sea.

Considered together, these chapters clearly illustrate the complexity of geopolitics and vividly portray a strong sense of pragmatism and opportunism in China's encounters with the outside world. One methodological problem is that most contributors only draw on Western language materials to examine China's rise from a Eurocentric perspective. If they had carefully studied official and unofficial Chinese sources, they may have concluded that the rise of China has not been as smooth as these chapters of the book seem to suggest. China constantly adjusts its external policies to serve the domestic agendas of sustaining economic growth and maintaining authoritarian rule. The uprisings in Tibet and Muslim-dominated Xinjiang, the escalation of social conflicts, the problem of church-state tensions, the rise of the dissident movement, and the cries for democracy in Hong Kong and Macau suggest that China is still plagued with growing internal grievances.²⁷ In December 2008, some prominent Chinese intellectuals and activists published Charter 08, a prodemocracy manifesto that denounced government corruption and called for democratic reform of the one-party state.²⁸ Unless Beijing can resolve these political, social and economic discontents from within, it will be hard to sustain its expansion strategies and competitive effectiveness.

The cultural dimensions of China's rise are important too. The current rhetoric of "peaceful rise" and "peaceful development" lacks theoretical substance and says nothing about contemporary Chinese values. As China continues its expansion, it needs to articulate a new Chinese identity for its diverse populations and work towards meeting the interests of its global partners. Beijing should define what constitutes China as a cosmopolitan nation and a global culture. It also needs to move beyond Han-Chinese nationalism and envision a more inclusive identity for its peoples. Only by creating a new global Chinese identity with inclusive cosmopolitan values can the "sleeping giant" continue to rise.

²⁶ Darcy Crowe, "Venezuela, China sign oil deals," *The Wall Street Journal* (December 23, 2009), A12.

²⁷ Siu-Keung Cheung, Joseph Tse-Hei Lee and Lida V. Nedilsky (eds.), *Marginalization in China: Recasting minority politics* (New York: Palgrave-Macmillan, 2009); Joseph Tse-Hei Lee, "Christianity in contemporary China: An update," *Journal of church and state* 49, no2 (Spring 2007): 277-304.

²⁸ Sky Canaves, "Liu Xiaobo appeals conviction," *The Wall Street Journal* (January 5, 2010), A12; Joseph Sternberg, "Hong Kong's New Year's message for Beijing," *The Wall Street Journal* (January 5, 2010), A15; Perry Link, "China's Charter 08," *The New York Review of Books* 56, no.1 (January 15, 2009), retrieved December 28, 2009 from <http://www.nybooks.com/articles/22210>; Zhang Zuhua, "China's repression of Liu Xiaobo," *The New York Review of Books* 56, no.13 (August 13, 2009), retrieved December 28, 2009 from <http://www.nybooks.com/articles/22981>.