CHINA'S QUASI-SUPERPOWER DIPLOMACY: PROSPECTS AND PITFALLS

Willy Lam
SEPTEMBER 2009
CHINA'S QUASI-SUPERPOWER DIPLOMACY:
PROSPECTS AND PITFALLS

By Willy Lam

September 2009
Jamestown's Mission

The Jamestown Foundation’s mission is to inform and educate policymakers and the broader policy community about events and trends in those societies which are strategically or tactically important to the United States and which frequently restrict access to such information. Utilizing indigenous and primary sources, Jamestown’s material is delivered without political bias, filter or agenda. It is often the only source of information which should be, but is not always, available through official or intelligence channels, especially in regard to Eurasia and terrorism.

Origins

Launched in 1984 after Jamestown's late president and founder William Geimer's work with Arkady Shevchenko, the highest-ranking Soviet official ever to defect when he left his position as undersecretary general of the United Nations, the Jamestown Foundation rapidly became the leading source of information about the inner workings of closed totalitarian societies.

Over the past two decades, Jamestown has developed an extensive global network of such experts—from the Black Sea to Siberia, from the Persian Gulf to the Asia-Pacific. This core of intellectual talent includes former high-ranking government officials and military officers, political scientists, journalists, scholars and economists. Their insight contributes significantly to policymakers engaged in addressing today's new and emerging global threats, including that from international terrorists.
Table of Contents

I. Executive Summary ............................................................................................................2

II. Key Findings and Pointers to the Future .................................................................4

III. Genesis of China's Quasi-Superpower Diplomacy ....................................................7

IV. No-holds-barred Projection of Hard Power—Expanded Role of the People's Liberation Army .................................................................................................................9

V. A New Relationship with the United States: Cooperation and Contention on an Equal Footing ..................................................................................................................11

VI. Projection of Financial Power
   A. Challenging the Predominance of the Greenback and other Bold Initiatives .................................................................13
   B. "Going-out policy" in Acquisition of Foreign Assets ..................................................15

VII. Other Major Thrusts of the PRC's Quasi-Superpower Diplomacy
   A. "Red-Line Diplomacy" ...............................................................................................16
   B. China's Great Leap Outward: The Relentless Projection of Soft Power ................17

VIII. Obstacles to Beijing's Quasi-Superpower Diplomacy and Power Projection ....19
   A. Sovereignty Disputes in the South and East China Seas—and China's Growing Tension with ASEAN, Japan and India .........................................................20
   B. China's Rise vs. the "Clash of Civilizations" ...........................................................22
   C. China's Domestic Politics as a Constraint on its Great Leap Outward .................24

IX. Conclusion: China and the World Must Learn to Adjust to Each Other ...............25

About the Author ..................................................................................................................29
I. EXECUTIVE SUMMARY

The year 2009 will go down in history as a watershed for the epochal expansion of China’s global influence. With its economy tipped to grow at 8 percent despite the world financial crisis, the People’s Republic of China (PRC) is widely regarded as a prime locomotive for economic recovery worldwide. The People’s Liberation Army (PLA) is building nuclear submarines and aircraft carriers, and the country’s first astronaut is expected to set foot on the moon before 2015. Taking advantage of the damage that the financial crisis has dealt the American laissez-faire system, the Chinese Communist Party (CCP) is also gunning for a novel international financial architecture, or one that is not dominated by the United States. This paper will look at China’s much-enhanced projection of hard and soft power, particularly ways in which Beijing is waging quasi-superpower diplomacy to bolster the country’s pre-eminence in the new world order. The diplomatic and geopolitical implications of China’s precipitous rise will be thoroughly appraised.

While Beijing has made friends and enhanced its clout in regions as far as Africa and Latin America, it is also coming up against unprecedented challenges elsewhere. Owing to the symbiotic economic links between the United States and China, the world’s lone superpower and the fast-rising quasi-superpower are poised to enhance cooperation on the financial and trade fronts. Yet, these two “strategic competitors” are expected to cross swords on a number of security and foreign-affairs fronts. China’s relations with important neighbors such as Japan and India will also be affected by the growing popularity of the “China threat” theory. Friction between China on the one hand, and Southeast Asian nations including Vietnam, Malaysia and the Philippines on the other, has intensified owing to sovereignty disputes over a dozen-odd islets in the South China Sea. There are also indications that countries including Australia, India, Japan and South Korea may consider it advantageous to join hands with the United States to check China’s ascendancy. This is why despite the Middle Kingdom’s formidable economic and military heft, the CCP leadership has become more nervous than ever about the exacerbation of a Washington-led “anti-China containment policy.”

This paper will examine whether these unfavorable factors notwithstanding, the Beijing leadership is nimble and creative enough to convince status-quo powers that its precipitous rise will not upset the world order or spell disaster to individual nations. To blunt the “China threat” theory, Beijing has done much to boost its soft power by playing up the benign—and universally acceptable—values of the China model. Furthermore, while it has continued to maintain close ties with rogue regimes such as Burma and Zimbabwe, the CCP leadership has tried hard to become a “responsible stakeholder” in the international community by, for example, chairing the Six-Party Talks on the North Korean nuclear issue and enthusiastically taking part in United Nations-mandated peace-keeping missions in Africa. Beijing has also played the “economic card” by allowing its neighbors—particularly members of the Association of Southeast Asian Nations (ASEAN) members—to run up voluminous trade surpluses.

The Hu Jintao administration, however, has adamantly refused to reform China’s outdated ideology and political institutions. In light of the fact that China’s authoritarian
system does not mesh well with the forces of globalization, the Chinese leadership’s refusal to undertake political reform could undermine its international reach. President Hu has reiterated that the CCP will “never go down the deviant path” of Western political ideals. In this age of globalization and information technology-dominated economies, Beijing still subscribes to the theory of indivisible sovereignty—and the theory that no country should interfere in the internal affairs of others. Moreover, even as the CCP is committing unprecedented resources to muffling dissent, it is trying to bolster its legitimacy by appealing to nationalist sentiments especially among the youth. While the leadership has set aside tens of billions of dollars to projecting Chinese “soft power,” its commitment to quasi-Leninist norms will militate against its aspirations to become a superpower in the coming decade or two.

Much then depends on whether the Fourth Generation of CCP leadership headed by President Hu is willing and able to make the necessary changes in both internal politics and diplomacy to persuade major international players that an enhanced role by the fast-emerging quasi-superpower will spell benefits for them. This paper will identify areas where urgent action needs to be taken by Beijing to bolster its global credentials—and assess the degree to which the CCP leadership can accomplish this critical makeover. The success of Beijing’s quasi-superpower diplomacy depends on the extent that Beijing can reassure skeptics that its enhanced participation in world affairs will foster a win-win situation. How China will make adjustments to meet the world’s expectations—and how global stakeholders will accommodate the aspirations of the quasi-superpower—will constitute the major story of the first half of this century.
II. KEY FINDINGS AND POINTERS TO THE FUTURE: WHERE AND HOW BEIJING’S QUASI-SUPERPOWER DIPLOMACY WILL IMPACT THE WORLD

• **Relentless growth of China’s military prowess**

The contretemps that hit the Chinese economy due to the financial crisis has not affected the determination of the CCP and the generals to speed up defense modernization, particularly the upgrading of hardware. The pace of military modernization can be gleaned from the weapons that will be on display at the October 1, 2009 National Day. PLA authorities may also release the detailed blueprints of the nation’s first aircraft carriers due to be operational by the late 2010s. Moreover, under the slogan of “the synthesis of peacetime and wartime [requirements],” the top brass will continue to have a big say in not only foreign and security issues but also aspects of the economy such as infrastructure building that will affect the speed and orientation of military development.

• **Global assertion of Chinese financial power**

Given the high probability that China’s GDP will overtake that of Japan this year, the CCP leadership is pulling out all the stops to project China’s financial power. While not much progress may be expected on the front of replacing the greenback with “special drawing rights” of the International Monetary Fund (IMF) as the “world currency,” Beijing will promote more extensive use of the renminbi in trading and other economic activities. This dovetails with plans by the People’s Bank of China (PBOC) to make the renminbi fully convertible in the coming five years or so. With its unrivalled foreign-exchange reserves, Beijing will also make more contributions to world bodies such as the IMF and the World Bank. Furthermore, despite the recent failure of Chinalco, one of China’s largest domestic producer of metals, to buy a chunk of British-Australian mining giant Rio Tinto, state-held corporations are tipped to become more aggressive in snatching up strategic assets overseas.

• **Future of China-U.S. relations**

While China and the United States seem to be developing symbiotic relations in areas such as trade and finance, competition between the “strategic competitors” is poised to intensify in the foreseeable future. Friction and contests focus on areas ranging from securing oil-and-gas supplies in the Middle East and Africa to winning hearts and minds in Southeast Asia. Beijing will also redouble efforts to become a spokesman of developing nations—particularly those in Africa and Latin America—in its bid to construct a “multi-polar” global economic and political order. Another determinant of bilateral ties is Beijing’s perception of Washington’s involvement in an “anti-China containment policy”—and whether the CCP leadership feels confident about its ability to break through this encirclement.
• **Flashpoints in the Asia-Pacific Region**

Geopolitical and security-related contention is expected to get hotter in the Asia-Pacific, particularly regarding territorial disputes between China on the one hand, and ASEAN members on the other. Countries such as Vietnam, Malaysia and the Philippines are expected to spend more on the procurement of hardware including jetfighters and submarines. It is also probable that they will form strategic alliances with the United States to prevent China from becoming too domineering in the Asia-Pacific region.

• **Testy relations with Japan and India**

China’s relations with two powerful Asian countries—Japan and India—are set to worsen despite healthy economic relations particularly between China and Japan. Disputes between Beijing and Tokyo over the Diaoyu Islands (Senkaku Shoto) are expected to become more ferocious. The CCP leadership has openly accused Tokyo of lending support to “splittist” attempts by exiled Tibetan and Uighur leaders. While the military forces of China and India have conducted confidence-building military exercises, ill-feelings have flared up regarding conflicts over the delineation of their borders in the Himalayan region. An arms race between the two neighbors appears in the offing. Beijing is most unhappy with New Delhi’s apparent “tilt” toward the United States, which has agreed to make available more high-technology products and hardware to India.

• **The future of economic and political reform**

Given that China’s claim to quasi-superpower status is predicated upon the longevity of the “China economic miracle,” Beijing has incentives galore to undertake the kinds of reforms of its economic and financial systems that will boost the global competitiveness of Chinese products and services. Oftentimes, the CCP leadership is even ready to sacrifice a sizeable portion of the party’s monopoly on power in return for fast economic growth. Political reform, however, has been indefinitely postponed. Failure of party authorities to accept global norms such as human rights and rule of law, however, will prove to be stumbling blocs to its international prestige as well as global reach.

• **The relentless growth of nationalism**

In light of the fast-declining relevance of socialism and communism, it is understandable that the CCP has to bolster its legitimacy by appealing to nationalism. This lies behind the importance that Beijing has placed on larger-than-life achievements ranging from its space programs to hosting the Olympics and the World Expo. Nationalism, however, is a double-edged sword. While official propagandists are constantly playing up the nation’s economic prowess and military might, such self-laudatory efforts could also raise fears among China’s neighbors. In Internet chat-rooms, tens of millions of so-called “angry young men and women” are also venting their wrath against countries accused by Beijing of supporting Tibetan and Uighur independence—or simply refusing to acknowledge the “innate superiority” of the China model.
• **The “China threat” theory and projection of “soft power”**

While many Chinese officials and intellectuals tend to dismiss the “China threat” theory as a latter-day version of the Yellow Peril, there are indications that CCP authorities are trying hard to improve the Middle Kingdom’s image by projecting “soft power.” The selling of the “Beijing consensus” or the China model has become a multi-billion dollar business. Given Beijing’s refusal to accept international political norms, there are doubts regarding the putative attractiveness of 21st century Chinese culture and ideas, and whether they can be fully appreciated particularly by Western countries. Yet President Hu and his successors will have scored big if they can promote more people-to-people interactions—and a deeper understanding of Chinese realities among foreign audiences.

• **China and the world have to learn to make adjustments to each other**

Irrespective of the Western world’s perception of the PRC, the continuous expansion of the latter’s economic, military and diplomatic clout seems assured. Efforts—whether in the “hard” or “soft” power departments—will be made by the CCP leadership to make the emergence of the quasi-superpower more palatable to the rest of the world, particularly status quo powers such as the United States, Western Europe and Japan. At the same time, world-class stakeholders, particularly the United States, are expected to retool the way they handle the giant that has not only awakened but is increasingly throwing its weight around many corners of the world. How this 21st-century version of “the clash of civilizations” will play out will become the major determinant of geopolitics as well as international economics in the coming decades.
III. GENESIS OF CHINA’S QUASI-SUPERPOWER DIPLOMACY

The blow that the global financial crisis has dealt the Chinese economy has hardly deterred the Chinese Communist Party (CCP) leadership from aggressively projecting both hard and soft power. This has been made possible by not only China’s fast-growing economic and military might but also the decline of America’s international influence in the wake of the Iraqi and Afghanistan crises and the meltdown of its financial institutions. President Hu Jintao, who heads the CCP’s Leading Group on Foreign Affairs (LGFA), is pushing “quasi-superpower diplomacy” to consolidate China’s preeminence in the new world order. Despite the charm offensive launched in Europe, Latin America and Africa by President Barack Obama, there is no denying that Hu has stolen some of the limelight traditionally accorded the Leader of the Free World. For example, at photo opportunities at The Group of Twenty (G-20) conclave in London last April, the Chinese supremo was seated right next to Queen Elizabeth II and host Prime Minister Gordon Brown.1

The official Chinese media has made much of comments by Western observers that the G-20 has morphed into the G-2, namely the world’s lone superpower and the rising quasi-superpower. There is also talk of a Pax Americhina, or Chinamerica, dominating 21st century geopolitics.2 This was pretty much confirmed by Obama in the “Strategic and Economic Dialogue” (SED) between both countries that took place in Washington in July. “The relationship between the United States and China will shape the 21st century, which makes it as important as any bilateral relationship in the world,” Obama said while opening the SED conclave. “That really must underpin our partnership. That is the responsibility that together we bear.”3

Yet, the image of a China that is throwing its weight around could also conjure up latter-day versions of the Yellow Peril. The Middle Kingdom as a fire-spitting dragon was etched onto TV screens around the world as the Chinese navy celebrated its 60th birthday in the port city of Qingdao in April 2009. Military representatives from 29 countries were on hand to witness the Chinese navy showing off its first indigenously manufactured nuclear submarines and assorted state-of-the-art hardware.4 One month earlier, Chinese Defense Minister Liang Guanglie told visiting Japanese counterpart Yasukazu Hamada that the PLA was going ahead with its program of building aircraft


Western experts think the PLA has plans to construct up to four aircraft carriers in the coming decade. Beijing is also pulling out the stops to land a Chinese astronaut on the moon by 2015. All these add up to a no-holds-barred power projection that is rare in China’s 5,000-year history.

Hu, who is also chairman of the Central Military Commission (CMC), the equivalent of commander-in-chief, has made major revisions to the foreign and security policies of his predecessors. Deng Xiaoping, the late patriarch, laid down this series of dictums in the late 1980s and early 1990s: In foreign policy, “take a low profile and never take the lead”; and regarding the United States, “avoid confrontation and seek opportunities for cooperation.” Former president Jiang Zemin pioneered from the mid-1990s onward a so-called “great power diplomacy under the global climate of one superpower, several great powers.” This meant that China should work together with other great powers such as Russia, Japan, and the European Union to transform the “unipolar world order”—one that is dominated by the United States—into a “multipolar world order.” Yet, China avoided direct conflicts with the lone superpower, and the relationship between the Jiang leadership and the Bill Clinton administration was by and large stable. At the same time, Jiang tried to persuade China’s neighbors that Beijing was sticking to a “peaceful rise” strategy, that is, the Middle Kingdom’s emergence would not pose a threat to them. The term “peaceful rise,” however, has seldom been used by Chinese diplomats and senior cadres since the early 2000s.

China’s economic, military and diplomatic clout had expanded dramatically by the time Hu took over the helm of party leadership at the 16th CCP Congress in November 2002. Seeing itself as a quasi-superpower, Beijing is no longer shying away from frontal contests with the United States, China’s strategic competitor. For the Hu-led Politburo, “quasi-superpower diplomacy” means China will expand its influence in regions ranging from the ASEAN bloc to Africa and Latin America—and in global bodies such as the United Nations, the World Bank and the International Monetary Fund. Blaming Washington for failing to regulate its multinational financial firms, Beijing is lobbying hard for a “new global financial architecture” shorn of U.S. dominance. Equally significantly, Beijing is trying to prevent American naval and air power from dominating the Asia-Pacific Region. Moreover, the PLA is developing enough

---


CHINA'S QUASI-SUPERPOWER DIPLOMACY

firepower to thwart an “anti-China containment policy” supposedly spearheaded by Washington and abetted by such U.S. allies as Japan, South Korea, the Philippines and Australia.\(^\text{10}\)

IV. NO-HOLDS-BARRED PROJECTION OF HARD POWER—EXPANDED ROLE FOR THE PEOPLE’S LIBERATION ARMY

In an apparent revision of the “peaceful rise theory,” China’s military officers and analysts are saying that to attain a global status commensurate with China’s comprehensive strength, the PLA should not only seek sophisticated weapons but also be constantly primed for warfare to defend China’s core interests. Indeed, while the main objectives of China’s defense forces up to the early 2000’s were defending its borders and ensuring national reunification—mainly thwarting de-jure Taiwan independence—the goal under “new historical circumstances” is to protect China’s global interests. According to General Zhang Zhaoyin, the PLA must abandon the outdated doctrine of “building a peace-oriented army at a time of peace.” Writing in the official Liberation Army Daily, General Zhang argued that “preparing for battle, fighting wars, and winning wars have always been the fundamental tasks of the army.” “The PLA must never deviate from the doctrine of ‘being assiduous in preparing for warfare, and seeking to win wars’,” added Zhang, who is the deputy commander of a Group Army in the Chengdu Military Region.\(^\text{11}\)

More significantly, Liberation Army Daily commentator Huang Kunlun has raised the notion of “the boundaries of national interests.” Huang argued that China’s national interests had gone beyond its land, sea and air territories to include areas such as the vast oceans traversed by Chinese oil freighters—as well as outer space. “Wherever our national interests have extended, so will the mission of our armed forces,” Huang wrote. “Given our new historical mission, the forces have to not only safeguard the country’s ‘territorial boundaries’ but also its ‘boundaries of national interests’.”

Strategist Jin Yinan has posited the theory that “China can not emerge in the midst of nightingale songs and swallow dances,” a reference to the placid pleasures of peacetime. Jin, who teaches at the National Defense University (NDU), indicated that China had to “hack out a path through thorns and thistles” in its search for greatness. “When a country and a people have reached a critical moment, the armed forces often play the role of pivot and mainstay,” in ensuring that national goals are met, Jin noted.\(^\text{12}\)


talking about mainstream opinion within the leadership was made clear when Jin was invited in July to give a special lecture to the Politburo on military strategies.\cite{13}

What is alarming particularly to China’s neighbors is that a sizeable number of hawkish PLA officers want to fine-tune yet another Deng doctrine on handling sovereignty disputes with nearby states, namely, “shelve sovereignty disputes and focus on joint development.” According to Rear Admiral Yang Yi, an NDU professor, Deng’s dictum “must be based on the premise that sovereignty belongs to China.” He warned unnamed countries that it is “dangerous” to assume that Beijing would not resort to force simply due to its anxiety to foster peaceful development and to polish its international image. “Strong military force is a bulwark for upholding national interests,” Yang pointed out. “The Chinese navy is a strong deterrent force that will prevent other countries from wantonly infringing upon China’s maritime interests.”\cite{14} According to Chinese statistics, some 1.2 million sq km of China’s oceanic territory are under dispute with foreign countries—and a large number of strategic islands are occupied by neighboring states.\cite{15} Beijing’s apparent desire to firm up these claims has, however, alarmed neighbors such as the Philippines, Malaysia and Indonesia. (see following section)

More significantly, Liberation Army Daily commentator Huang Kunlun has raised the notion of “the boundaries of national interests.” Huang argued that China’s national interests had gone beyond its land, sea and air territories to include areas such as the vast oceans traversed by Chinese oil freighters—as well as outer space. “Wherever our national interests have extended, so will the mission of our armed forces,” Huang wrote. “Given our new historical mission, the forces have to not only safeguard the country’s ‘territorial boundaries’ but also its ‘boundaries of national interests’.” “We need to safeguard not only national-security interests but also interests relating to [future] national development” he added.\cite{16} This novel concept would vastly increase the “legitimate” areas where the PLA will operate.

According to Air Force Senior Colonel Dai Xu, China’s military capacity is simply not equal to the task of maintaining national security—or protecting the country’s vast global interests. Dai, a popular commentator on military affairs for Chinese websites, compares the U.S. defense force to an eagle—“which stands tall and have an unimpaired vision”—and that of Russia to an ostrich, “which can’t fly too high but can run very fast.” The PLA, on the other hand, “can neither fly nor run fast.”\cite{17} Yet Dai is confident

---


\cite{15} Global Times People (Beijing), “China has 1.2 million sq km of oceanic territory that is in dispute with other countries,” News.hunantv.com, March 14, 2009, http://news.hunantv.com/x/j/20090313/168883_2.html.


\cite{17} Global Times, “PLA Air Force Senior Colonel: the U.S. army is an eagle, our army is a penguin,” June 28, 2009,
that the Chinese military machine will catch up soon. For the strategist, military power consists of two elements: *shili* (“power and capacity”) and whether a country is determined and daring enough to use *shili*. There is little question that a new generation of assertive generals and strategists will not shy away from projecting military power to sustain the country’s quasi-superpower status.  

V. A NEW RELATIONSHIP WITH THE UNITED STATES: COOPERATION AND CONTENTION ON AN EQUAL FOOTING

There seems little doubt that the hawkishness displayed by PLA officers and other power blocs in China is in large measure aimed at the United States, which is seen as the most serious constraining factor against China’s rise. After all, one purpose of China’s developing Blue Water Navy that is equipped with nuclear submarines and aircraft carriers is to break out of the “anti-China Containment Policy” supposedly spearheaded by Washington. The theory goes that by forming alliances with a host of countries including Japan, South Korea, the Philippines, and so forth—and by stationing naval resources in islands from Hawaii all the way down to Okinawa, Guam and beyond—the United States wants to contain and encircle China through an “island chain.” As U.S. Chairman of the Joint Chiefs of Staff Admiral Mike Mullen put it in May, the PLA is developing capacities that are “maritime and air focused … They seem very focused on the United States Navy and our bases that are in that part of the world.”

The relative depletion of American power since the start of the Iraq War—and the superpower’s growing budget deficits in the wake of the financial crisis—has emboldened the Hu administration in its policies vis-à-vis its once-and-future antagonist. Hu’s strategy is precisely to step into the vacuum in global influence that resulted from the truncation of American power. That U.S. troops are bogged down in Iraq and Afghanistan has deprived to some extent Washington’s ability to play the role of global cop. Worse, the United States has lost much of the moral high ground—as well as soft power—that it used to have. The wholesale collapse of American banks,

---


insurance companies and manufacturing giants has shown up weaknesses in the “American model of laissez-faire capitalism.” By contrast, the “China model”—a Chinese-style socialist market economy coupled with tight government control over many aspects of life—seems to have gained respect in disparate parts of the world. More specifically, at a time when the Pentagon was forced to limit its budgets in developing state-of-the-art weapons, the CMC sees an opportunity to close the military gap with the United States. Furthermore, as we shall see in a later section, Beijing also wants to use its huge foreign-exchange war-chest to acquire strategic assets in the United States.

More significantly, the mutating power equation between China and the United States has emboldened the Hu leadership in its geopolitical calculus. In the early 1990s, then-president Jiang began asking his foreign-affairs aides this question: whether China needs the United States more than vice versa—and by how much. If, in quantitative terms, an equal degree of interdependence is characterized as 50:50, the “ratio of interdependence” between China and the United States in the early to mid-1990s was reckoned by Chinese experts as around 70:30. This figure changed to 65:35 by the turn of the century. In the wake of the Iraqi crisis and, particularly, the financial tsunami, a number of Beijing strategists think the ratio has changed to between 60:40 and 55:45.

Recent developments have testified to the fact that at least in the economic realm, a kind of rough parity has been obtained between the two countries. While the United States is China’s largest export market, China is the biggest buyer of American government bonds and other securities. Some 35 percent of the PRC’s $2.1 trillion worth of foreign-exchange reserves are held in American Treasury bills, and 23 percent in bonds issued by semi-governmental agencies including the mortgage giants Fannie Mae and Freddie Mac. Given that officials including Premier Wen Jiabao have openly queried the “safety” of Chinese-held U.S. assets, American officials have been at pains to reassure the Chinese. During the two country’s first SED in July, Vice-Premier Wang Qishen went so far as to demand that the U.S. government cut its budget deficits so as not to exacerbate the depreciation of the greenback. That Washington was forced to entertain what can be construed as “interference in the domestic affairs of the U.S.” was evident from the fact that the Obama Administration trotted out several senior officials—including Federal Reserve Chairman Ben Bernanke—to give the country’s largest creditor detailed explanations and elaborate promises.


It is partly due to these new realities that the Obama administration has toned down its criticism of China’s exchange rate policy and other controversial trading practices. At the SED meeting, Washington agreed to consider granting China “full market economy status.” More significantly, the United States has curtailed negative comments of Beijing’s human rights record as well as its policy toward Tibet and Xinjiang. It is notable that during her maiden visit to China as secretary of state early this year, Hillary Clinton told American reporters that disputes about human rights “should not get in the way” of bilateral cooperation on fronts such as finance and climate change. Moreover, Washington’s reactions to the Tibet protests in March, and particularly the July 5 incident in Urumqi, Xinjiang—in which close to 200 people were killed—were muted. Regarding the Xinjiang issue, Clinton merely said that Washington had “expressed our concerns” to the Chinese and that “it was certainly a matter of great interest and focus.” She also “called on all sides to exercise restraint,” which is diplomatic speak for the U.S. not getting involved at all. No wonder that Chinese Vice-Foreign Minister Wang Guangya expressed appreciation for the “moderate attitude” taken by Washington on the Uighur issue.

VI. PROJECTION OF FINANCIAL POWER

A. Challenging the Predominance of the Greenback and other Bold Initiatives

According to Chen Xiangyang, a senior strategy scholar at the China Institute of Contemporary International Relations (CICIR), Beijing wants to “occupy the vantage point” and “seize the initiative” in global geopolitical contention. “We want to articulate China’s voice, safeguard China’s image and expand China’s national interests,” he pointed out. Apart from the military arena, Beijing is exploiting its economic heft to push for a “new global financial architecture.” This essentially means that not unlike China’s long-standing search for a “multi-polar world order,” Beijing is gunning for an international economic order that is unencumbered by American predominance.

Beijing’s projection of financial power was most evident in the G-20 Meeting in London in April 2009. Until recently, Beijing had been fairly passive in international forums. Yet on the eve of the London conclave, Beijing caught world attention by


suggesting that “special drawing rights” of the IMF should replace the U.S. dollar as the “new global currency” in which countries hold their reserves. The Hu leadership also wants to boost the say of developing countries in the World Bank and the IMF. While China’s proposal about the new world currency was not seriously discussed in London, recommendations such as setting up an international agency to monitor the activities of financial multinationals and raising developing countries’ representation at the IMF were adopted, and the Middle Kingdom’s profile as the originator of global initiatives was raised tremendously.

Economics-driven diplomacy has always been one of the trump cards of the LGFA. Until relatively recently, however, this was limited to two areas: providing economic and technological aid to developing nations, particularly those in Africa; and allowing developing countries, including most members of ASEAN, to pile up sizeable trade surpluses with the PRC. China has also been active in cementing free trade agreements with a number of regions and countries. The China-ASEAN Free Trade Area (CAFTA), due to be operational by 2010, has vastly expanded the country’s clout in Southeast Asia. Encompassing a population of some 1.8 billion, the CAFTA is billed to be the third largest global trading bloc behind the EU and NAFTA.

The financial crisis that was precipitated by the collapse or near-bankruptcy of several American multinationals in September 2008 has provided China with a new platform to boost its clout as a champion of a “new international financial architecture.” Given the depreciation of the American dollar this year, the Chinese have practical as well as strategic reasons to challenge the predominance of the greenback. While it is unlikely that the status of the U.S. dollar will decline precipitously in the near term, Beijing has begun to settle trade and other transactions with other countries in currencies other than the dollar. In 2009, the PBOC signed a total of Rmb 650 billion ($95.17 billion) in bilateral currency swap agreements with six central banks in South Korea, Hong Kong, Malaysia, Indonesia, Belarus and Argentina. Experts say that some $2 trillion in China’s

---


trade flows—or about 50 percent of the total—could be settled in renminbi by the year 2012, compared with just 10 percent today.  

B. “Going-out policy” in Acquisition of Foreign Assets

Not unlike the overseas acquisition spree undertaken by cash-rich Japanese companies through the 1980s, Chinese government-held corporations are revving up their *zou chuqu* or “going out” game plan of snatching up foreign firms with strategic assets. Most of such mergers and acquisitions have to do with oil and other resources. This is in light of the fact that the prices of numerous commodities have fallen in the wake of the global financial crisis. China’s three big oil monopolies—Petrochina, Sinopec and CNOOC—were involved in overseas mergers and acquisitions worth around Rmb 82 billion ($12 billion) in the first half of 2009, up a whopping 80 percent over the same period a year ago. These included Petrochina’s $7.22 billion acquisition in June of the Canadian oil firm Addax, which has large mines in West Africa as well as the Middle East.  

This is to date the largest overseas acquisition bid by a Chinese oil concern. Yet the most newsworthy China-related M&A story of the year is probably state-run Aluminum Corp of China’s (Chinalco) failed attempt to snap up 18 percent of the British-Australian mining giant Rio Tinto, the third largest mining company in the world. The $19.5 billion purchase would have given China access to colossal iron-ore and copper mines in Australia and elsewhere.

The Rio Tinto debacle, which was due partly to fears among Australian politicians and opinion-makers about a rising China gobbling up too many valuable national assets, however, illustrated fully the political risk of the buying spree. It was reminiscent of CNOOC’s much-publicized failure in 2005 to buy the American oil firm Unocal. What made the Rio Tinto episode even worse for China’s reputation was the subsequent arrest of four executives in the company’s China office on charges of obtaining commercial secrets by improper means. While Beijing had dropped the earlier—and much heavier—charge of “stealing state secrets,” the case has led to widespread accusations both in Australia and other Western countries that Beijing was using its murky laws and politically controlled law-enforcement apparatus as a weapon against “unfriendly” multinationals.

---


Apart from acquisitions in the oil and resources sector, Chinese corporations, including the government’s sovereign-fund vehicle Chinese Investment Corporation (CIC)—which was set up in 2007 with a war chest of $200 billion mainly for the purpose of acquiring strategic foreign assets—have displayed a cautious attitude. CIC, headed by former Deputy Minister of Finance Lou Jiwei, has indicated that its main interest is to maintain the value of China’s reserves rather than make money. As of early mid-2009, CIC had only acquired small stakes in two American financial firms, Blackstone and Morgan Stanley.\(^\text{37}\) Given the political storms that have followed the failed bids regarding Unocal and Rio Tinto, Beijing has apparently realized that an over-ambitious approach to zou chuqu could have detrimental effects on the country’s projection of both hard and soft power.

VII. OTHER MAJOR THRUSTS OF THE PRC’S QUASI-SUPERPOWER DIPLOMACY

A. “Red-Line Diplomacy”

Yet another good example of Beijing’s new-found assertiveness is the so-called Red-Line Diplomacy. In internal papers, the CCP leadership has made reference to “drawing red lines” around areas and issues deemed vital to China’s “core interests”—and which foreign powers will not be allowed to touch.\(^\text{38}\) Red-line Diplomacy is based on the largely successful experience that party-state apparatus has accumulated in isolating Taiwan—including the two pro-independence stalwarts, former presidents Lee Teng-hui and Chen Shui-bian—from the international community. Beijing successfully obliged even Western countries to openly profess their opposition to Taiwan independence—and not to receive senior cabinet officials from the “breakaway province.”\(^\text{39}\) Given the remarkable thaw in mainland China-Taiwan relations in the wake of the election of the Kuomintang’s Ma Ying-jeou as president in March 2008, Chinese diplomats have used the same tactic to circumscribe the international wiggle room of the Dalai Lama and Rebiya Kadeer, leaders respectively of the Tibetan and Xinjiang exile movement.

Red-line Diplomacy has been deployed with a certain degree of success to isolate the Dalai Lama, the Nobel Peace Prizewinner who is the spiritual leader of Tibetans worldwide. In March this year, the South African government decided to bar the spiritual leader from participating in an international peace conference in Johannesburg. After the surprise decision of Pretoria, several Nobel Prizewinners who were originally invited to the conference boycotted the session, which was then cancelled.\(^\text{40}\) Earlier,

---


A key thrust of Beijing’s self-laudatory hard-sell is to exploit the precipitous drop in the esteem of American-style, laissez-faire capitalism in the wake of the financial tsunami. While the Chinese economy has also been hurt particularly due to a shrinkage of exports to the United States and the European Union, the Hu leadership is convinced that the sorry state of the American model has thrown into sharp relief the superiority of the Chinese way of doing things.

Beijing suspended normal ties with France after President Nicolas Sarkozy met with the Dalai Lama in November 2008. Relations were restored—and Messieurs Hu and Sarkozy held a bilateral “mini-summit” on the sidelines of the G-20 enclave in London—only after Paris had issued a statement saying it did not support Tibetan independence. Yet, the revered lama showed up in Paris in June at the invitation of the municipal government—and the Chinese Foreign Ministry could do little more than blasting the city authorities. More significantly, neither Poland nor Germany heeded Beijing’s warnings: in July, the Dalai Lama collected an “honorary citizen” designation from Prague authorities before visiting Germany for the 35th time.41

After the international profile of the Uighur International Congress—and its leader Rebiya Kadeer—was raised in the wake of the July 5 riots in Urumqi, Beijing has pulled out all the stops to persuade different countries from granting visas to the renowned dissident. In mid-July, New Delhi obliged Beijing by refusing to allow her to visit India, and the latter was spared the embarrassment—and colossal loss of face—that would ensue from a get-together of the two prominent “splittists.” Yet, both Australia and Japan issued visas to the exiled Uighur leader. Beijing was particularly incensed with Tokyo, which allowed the former Xinjiang businesswoman to freely hold press conferences and to blast the CCP on Japanese soil.42

B. China’s Great Leap Outward: The Relentless Projection of Soft Power

The cash-rich Chinese government has earmarked some $6.62 billion to boost “overseas propaganda,” that is, to spread Chinese soft power globally. Prominent state media including CCTV and Xinhua News Agency will vastly enhance programs and news-feed in different languages for Western, Asian and even Middle East and African audiences. Also on the drawing board is an English news channel modeled upon Al Jazeera that will let the world get the Chinese take on issues ranging from politics and finance to culture and religion.43 Beijing has also set up about 350 Confucius Institutes around the
world. Patterned after quasi-official language-and-cultural organizations such as the Goethe Institute of Germany, Confucius Institutes serve to spread Chinese culture in addition to acquainting foreigners with the Chinese government's latest policies. This “soft” approach is geared toward promoting people-level diplomacy in addition to enhancing the overall attractiveness of the “China model.”

“In the past ten years, China developed from a relatively weak posture to a relatively strong posture, and conflicts between China and the world were not particularly vehement. However, in the coming ten years, China will be progressing from a relatively strong posture toward an even stronger posture. China’s impact on the world will be bigger — and the world’s worries about China will increase.”

— CICIR President Cui Liru

A key thrust of Beijing’s self-laudatory hard-sell is to exploit the precipitous drop in the esteem of American-style laissez-faire capitalism in the wake of the financial tsunami. While the Chinese economy has also been hurt particularly due to a shrinkage of exports to the United States and the European Union, the Hu leadership is convinced that the weakened state of the American model has thrown into sharp relief the superiority of the Chinese way of doing things. According to a recent commentary by the Xinhua News Agency, the results of 30 years of Chinese reform have amounted to “the realization of innovation and creativity on a gargantuan scale … nothing less than an epic poem about expeditious development.” “Not only ordinary people but the media and academia in China and abroad have paid close attention to ‘the China miracle’ or ‘the China model’,” proclaimed the government mouthpiece.

Further, Beijing University political scientist Yu Keping claimed that the China model has “enriched our knowledge about the laws and paths toward social development and promoted the multi-pronged development of human civilization in the age of globalization.” Furthermore, according to Central Party School Professor Zhao Yao, the China model is worth maximum exposure because “it has saved the world socialist movement.” “Through the reform and open door policy of China, new vistas have been opened up for socialism,” Zhao asserted. According to Dong Manyuan, a senior researcher at the China Institute of International Studies (a Chinese Foreign Ministry think-tank), Chinese soft power is different from—and potentially more appealing than—Western brands because the former exults a wholesome sense of “peace and harmony.” “Characteristics of Chinese soft power include respect for heterogeneity of world [cultures], openness and tolerance, friendliness and inclusiveness … respect for politeness and benevolence.”


It seems obvious, however, that there are severe limits to the attractiveness of Chinese culture and mores—as long as the CCP authorities refuse to tolerate generally accepted practices regarding human rights and freedom of expression. In an article on the difficulties facing the mass marketing of Chinese values, Tsinghua University media scholar Li Xiguang noted that “the soft power of a country manifests itself in whether it has the power to define and interpret ‘universal values’ such as democracy, freedom and human rights.” Li pointed out that in order to enhance the attractiveness of “socialism with Chinese characteristics,” “we must let the whole world hear the stories that Chinese citizens have to tell about their democracy, liberty, human rights and rule of law.” 48 The problem, of course, is that intellectuals bold enough to air their views on democracy and political reform have been harassed if not incarcerated by the authorities. 49 This is true of the dozens of well-known writers and professors who early this year signed a manifesto called Charter ’08, which asked the CCP leadership to do nothing more than permit Chinese to enjoy civil rights enshrined in United Nations covenants. Moreover, the incarceration of renowned writer Liu Xiaobo, a leader of the Charter ’08 movement, has elicited protests from politicians and scholars around the world. 50

VIII. OBSTACLES TO BEIJING’S QUASI-SUPERPOWER DIPLOMACY AND POWER PROJECTION

The quasi-superpower is meeting daunting challenges as it goes on the prowl. The hurdles come from not only status quo powers such as the United States and Western European countries, but also developing nations who fear being seared by the fire-spitting dragon. This reality is succinctly explained by CICIR President Cui Liru, a frequent adviser to the CCP leadership. “In the past ten years, China developed from a relatively weak posture to a relatively strong posture, and conflicts between China and the world were not particularly vehement,” Cui said. “However, in the coming ten years, China will be progressing from a relatively strong posture toward an even stronger posture. China’s impact on the world will be bigger—and the world’s worries about China will increase.” 51


China’s global putsch is meeting obstacles galore on the military front. This is perhaps not surprising in light of the PRC’s dazzling hard-power projection within the past two years. Manifestations of the PLA’s new-found aggressiveness have included increasingly frequent cat-and-mouse games in the Pacific between Chinese submarines and naval vessels on the one hand, and those of the United States and Japan on the other. Moreover, China has apparently overtaken Japan and India in the three-nation race to put an astronaut on the moon. A ferocious arms race among China, India and Japan is also in the offing. Even China’s neighbors who lack the resources to spend big on state-of-the-art weapons are taking different strategies to handle the “China threat.”

An examination of the increasingly testy relations with ASEAN will provide sharper perspectives on this issue.

A. Sovereignty Disputes in the South and East China Seas—and China’s Growing Tension with ASEAN, Japan and India

The PLA juggernaut has become so fearsome of late that most of China’s neighbors—particularly countries that have territorial dispute with the PRC—have taken drastic measures to protect themselves. The best example is the intensifying conflict between China on the one hand, and the Philippines, Malaysia and Vietnam on the other, regarding sovereignty over dozens of islets in the South China Sea.

In the spring, Manila passed a law legitimizing its sovereignty claims over the Scarborough Shoal (known as Huang Yan Island in China) and other islets of the Spratly archipelago; it has also registered such claims with the United Nations. Kuala Lumpur and Hanoi have ignited acrimonious debates with Beijing over other islets. Meanwhile, all three countries have announced plans to upgrade their navies and air forces. For example, Hanoi has reportedly ordered six kilo-class submarines as well as 24 SU-30MK2 jetfighters from Russia. The trio have also been wielding the “America card” against China. Malaysia conducted wide-ranging war games with U.S. forces in June. Moreover, the Philippines and Vietnam have professed a willingness to let the U.S. navy use their deep-sea ports and other bases. Beijing was apparently caught off guard by the show of force of these relatively small ASEAN nations. After all, China was one of the major powers to have signed the Treaty of Amity and Cooperation (TAC) with ASEAN. After the watershed event in 2002, Beijing has reached an understanding with the bloc— as well as with individual countries such as the Philippines— about the “joint development” of Spratly islets whose sovereignty is in dispute.

Even more alarming for Beijing is the fact that Washington seems to have taken advantage of the increasing popularity of the “China threat” theory to consolidate its


53 Lin Heli, “China’s battle to protect interests in the South China Sea,” Apple Daily (Hong Kong), July 4, 2009.

“anti-China encirclement policy” by cementing ties with allies and friends ranging from Japan, South Korea, Australia and India to the Philippines and Malaysia. Of particular importance is Washington’s bid to boost ties with ASEAN, which the George W. Bush administration all but neglected. During her participation in the ASEAN Regional Forum (ARF) held in Phuket, Thailand in July, Secretary Clinton signed the TAC with the regional bloc, thus becoming the 16th country to do so.\(^{55}\) According to the popular state-run paper *Global Times*, “the U.S. has acceded to the Treaty of Amity and Cooperation in order to counterbalance China.” One of Clinton’s main messages at the ARF was that the United States had “come back” to the ASEAN region, and that it was ready “to lay the groundwork for even stronger partnerships as we move forward.”\(^{56}\)

Relations with Japan and India—with both of which China was engaged in armed conflicts last century—have become testy. This is despite the fact that after the retirement in 2006 of former Japanese Prime Minister Junichiro Koizumi—who infuriated Beijing by his repeated visits to the Yasukuni Shrine—genuine efforts have been made by both sides to emphasize positive aspects such as trade while downplaying bilateral differences. While visiting Tokyo in May 2008, Hu reached a historic agreement with counterpart Yasuo Fukuda on joint development of undersea gas fields in the East China Sea with the understanding that sovereignty-related arguments would be set aside.\(^{57}\) Yet, both governments have been unable to do follow-up work to produce a formal treaty on the East China Sea. Moreover, disputes over the sovereignty of the Diaoyu Islands (Senkaku Shoto), which is close to Taiwan, erupted with new ferocity in early 2009. At the same time, Tokyo is pushing for closer defense ties with the United States in areas such as setting up a regional missile defense mechanism. From Beijing’s viewpoint, Tokyo is again playing the role of “lead hit man” in Washington’s “containment policy” against the PRC.\(^{58}\)

Relations, particularly economic ties, with India had by and large improved until the flare-up this year over the age-old issue of the delineation of their borders in the Himalayan region. While confidence-building measures between the two neighbors’ armed forces have been put in place, an arms race between the two Asian giants appears

---


in the offing. Beijing is particularly unhappy with New Delhi’s apparent “tilt” toward the United States, which first began overtures to India during the latter half of the Clinton Administration. While India is still reliant upon Russia for state-of-the-art weapons, it wants to boost ties with Washington both to undercut Pakistan and to hedge against possible aggression from the quasi-superpower to its east. New Delhi was amply rewarded during the agreements reached during Secretary of State Hillary Clinton’s recent visit, which made it possible for India to buy billions of dollars’ worth of weapons as well as nuclear technology from American firms.\(^59\)

**B. China’s Rise vs. the “Clash of Civilizations”**

In the second half of the Bush administration, politicians and opinion leaders in the United States, Japan, India and Australia talked much about a possible “Coalition of Values.” The idea was that since the four major Asia-Pacific nations share common Western democratic values, they should deepen their security cooperation. For many, including Chinese strategists, however, this concept smacks of the “Cold War” goal of “containing China.” While the term “coalition of values” seems to have dropped out of popularity recently, ties particularly between the United States and India, as well as Japan and India have increased markedly since then.\(^60\)

One stumbling block to China’s rise is that the socialist country has radically different ideological values and political institutions than those of established powers, with the partial exception of Russia. Particularly given the spectacular performance of the Chinese economy, even the United States has been eager to involve China in international forums. Yet, the fact that China is still an authoritarian, one-party-ruled state that does not honor global norms such as human rights and elections has become a formidable impediment to its rise. Using the well-known formulation of late political science guru Professor Samuel Huntington, the “clash of civilizations” between China and the West has hardly abated with the former’s rise and the integration of the Chinese economy into the international marketplace.\(^61\) This is despite public-relations efforts undertaken by Beijing to sell the “China model” or the “Beijing consensus” to the world. Little wonder that in the wake of the Western world’s criticism of Beijing’s harsh treatment of Xinjiang’s Uighur minority, a commentary by the official *Global Times* complained that China bashers had indiscriminately invoked “the dictatorial Chinese system” when laying into negative developments in the PRC. Whenever problems or disturbances happen in China, the commentator noted, “targeting the sins and mistakes of the Chinese system” had become the “first reaction” of the Western media.\(^62\)

---


Yet the fact remains that internal problems that have arisen due to China’s institutional drawbacks—including riots by Uighurs and dispossessed peasants—have dented the efficacy of Beijing’s quasi-superpower diplomacy. Nothing illustrates this better than President Hu’s embarrassing absence at the “G-8 plus Five” Summit held in L’Aquila, Italy, in July 2009. After spending a day meeting Italian leaders, the Chinese commander-in-chief had to scurry back to Beijing to handle the aftermath of the July 5 Urumqi disturbances. While it was a coincidence that one of the worst instances of ethnic violence since 1949 flared up at this juncture, there is no denying that problems of the “China model”—particularly stern one-party rule and the ruthless repression of dissent—have become a legitimate concern for the global community. After all, CCP authorities’ suppression of the religious, linguistic and cultural rights of Uighurs as well as Tibetans is well documented.

One rhetorical weapon frequently used by CCP authorities is that given Beijing’s subscription to the 19th century version of indivisible sovereignty, it is no business of foreign countries to interfere in the country’s internal affairs. This is inherent in the PRC’s long-standing diplomatic principle of “non-interference in the internal affairs of other countries”—a cornerstone of the Five Principles of Peaceful Co-existence first propounded by the late premier Zhou Enlai in 1954. Chinese authorities have also invoked this precept to defend its connivance of human-rights violations by allies ranging from North Korea to Myanmar (Burma). Times, however, have changed since the 1950s. The well-publicized trial of dictators charged with crimes against humanity—including former Serbian President Slobodan Milosevic and former Liberian President Charles Taylor—at the International Court of Justice in the Hague has buttressed the argument that international humanitarianism overrides national sovereignty. Beijing’s stubborn rejection of well-recognized global norms and trends

Apart from the Beijing leadership’s systematic violation of civil liberties of its citizens, there are salient areas where China’s domestic politics would undercut its international appeal. Just consider two areas: the country’s neglect of the environment and the CCP’s pandering to growing nationalism especially among the young. Given the ever-faster pace of globalization, no country can claim that its environment policy falls solely within its “internal affairs.”

Yet the fact remains that internal problems that have arisen due to China’s institutional drawbacks—including riots by Uighurs and dispossessed peasants—have dented the efficacy of Beijing’s quasi-superpower diplomacy. Nothing illustrates this better than President Hu’s embarrassing absence at the “G-8 plus Five” Summit held in L’Aquila, Italy, in July 2009. After spending a day meeting Italian leaders, the Chinese commander-in-chief had to scurry back to Beijing to handle the aftermath of the July 5 Urumqi disturbances. While it was a coincidence that one of the worst instances of ethnic violence since 1949 flared up at this juncture, there is no denying that problems of the “China model”—particularly stern one-party rule and the ruthless repression of dissent—have become a legitimate concern for the global community. After all, CCP authorities’ suppression of the religious, linguistic and cultural rights of Uighurs as well as Tibetans is well documented.

One rhetorical weapon frequently used by CCP authorities is that given Beijing’s subscription to the 19th century version of indivisible sovereignty, it is no business of foreign countries to interfere in the country’s internal affairs. This is inherent in the PRC’s long-standing diplomatic principle of “non-interference in the internal affairs of other countries”—a cornerstone of the Five Principles of Peaceful Co-existence first propounded by the late premier Zhou Enlai in 1954. Chinese authorities have also invoked this precept to defend its connivance of human-rights violations by allies ranging from North Korea to Myanmar (Burma). Times, however, have changed since the 1950s. The well-publicized trial of dictators charged with crimes against humanity—including former Serbian President Slobodan Milosevic and former Liberian President Charles Taylor—at the International Court of Justice in the Hague has buttressed the argument that international humanitarianism overrides national sovereignty. Beijing’s stubborn rejection of well-recognized global norms and trends


66 BBC News, “In depth: Milosevic on trial,” July 24, 2008,
would render it difficult for the country to play a leading role in world affairs outside narrowly defined financial or technological realms.

C. China’s Domestic Politics as a Constraint on its Great Leap Outward

As Austrian philosopher Carl von Clausewitz put it, “war is an extension of domestic politics.” The same can be said of the intimate correlation between a country’s diplomacy and global power projection on the one hand, and its domestic politics on the other. Given that the predominant portion of the Chinese economy is still controlled by the party-state apparatus—including about 150 state-held monopolies in sectors ranging from petroleum and steel to banking and telecommunications—can Beijing convince the world that China is a “full market economy”? Furthermore, in light of the myriad problems with China’s political institutions, particularly its ruthless suppression of most forms of freedoms and rights recognized by relevant United Nations covenants, can Beijing persuasively argue that the “Beijing consensus” is superior to the “Western model.” Moreover, top leaders including President Hu and National People’s Congress Chairman Wu Bangguo, both senior Politburo members, have reiterated that China will “never go down the devious path” of adopting Western institutions such as universal suffrage and multi-party politics. All that the CCP has promised the nation in the way of political reform is that it will assiduously go about “perfecting the socialist system.”

Apart from the Beijing leadership’s systematic violation of civil liberties of its citizens, there are salient areas where China’s domestic politics would undercut its international appeal. Just consider two areas: the country’s neglect of the environment and the CCP’s pandering to growing nationalism especially among the youth. Given the faster pace of globalization, no country can claim that its environment policy falls solely within its “internal affairs.” Since the turn of the century, China has been subject to increasing criticism over spreading acid rain and dust to areas including Japan, South Korea and even U.S. West Coast. These and other countries have also complained that China-originated mercury and other metallic and chemical substances have polluted neighboring fishing grounds. Moreover, since a number of international waters


http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=30495.


including the Brahmaputra and the Mekong originate from mountains in Western China, China has been blasted by countries including Vietnam, Laos and India for selfishly over-exploiting water and hydraulic resources in the upper reaches of these waterways.  

Even more disturbing to the international community has been the inexorable rise of Chinese nationalism, particularly among the younger generation. Major manifestations have included the series of anti-Japanese demonstrations in April 2005 and anti-French protests in April 2008. Foreign observers have noted that given the irrelevance of socialism and Communism, the CCP has sought to bolster its legitimacy—and consolidate its so-called “perennial ruling-class status”—by pandering to citizens’ feel-good and even jingoistic feelings about the greatness of the Chinese nation. Chat-rooms in mainstream websites are choc-a-bloc with xenophobic attacks on countries and politicians who are seen as belittling China’s achievements or finding fault with shortcomings in the Chinese model. How emotional the Chinese public can get was recently illustrated by its vitriolic reaction against Australia for reasons including providing a platform for Rebiya Kadeer. A survey by the popular Global Times paper finds 87 percent of Netizens support a boycott of Chinese visiting or studying in Australia. Yet, at the same time, the leadership has cited popular support for military modernization to justify its decision to spend billions of renminbi on expensive weapons such as nuclear submarines or aircraft carriers.

IX. CONCLUSION: CHINA AND THE WORLD MUST LEARN TO ADJUST TO EACH OTHER

Will the Hu leadership succeed in its global power putsch? Much hinges on whether Beijing is willing and able to function as a law-abiding member—what former deputy secretary of state Robert Zoellick once called a “responsible stakeholder”—of the international community. Firstly, the CCP administration must make more substantial efforts to counter the “China threat” theory. These include reaching at least temporary agreements with neighbors including Japan, Malaysia, W

---


Vietnam and the Philippines over the joint developments of the East and South China Sea islets. Equally important, the Hu-led Politburo must put a damper on remarks by hawkish generals and strategists about the untrammeled assertion of Chinese military might in either the Asia-Pacific or other regions.  

Given its economic, military and diplomatic heft, Beijing is better placed than ever to make solid contributions to defusing regional and global flashpoints. The denuclearization of the Korean Peninsula is a case in point. The PRC has reaped a bonanza of good will by playing host to the Six-Party Talks on denuclearization since 2003. However, it has yet to demonstrate strong leadership in reining in redoubled attempts by the Kim Jong-Il regime to develop a full-fledged nuclear arsenal. Reactions by Beijing to Pyongyang’s “testing” of several missiles in April were deemed tepid; on that occasion, Chinese diplomats were dead-set against the imposition of sanctions on the DPRK. While Beijing’s response to Pyongyang’s nuclear test in May was much stronger—and China has seconded the decision by the U.N. Security Council to tighten up sanctions on North Korea—CCP authorities still seem reluctant to crack the whip on their ally across the Yalu River. The same goes for Beijing’s dubious ties with a host of pariah states such as Myanmar (Burma), Sudan, Angola and Zimbabwe. It is partly due to China’s support that these rogue regimes have continued to remain in power—and to trample upon the human rights of their citizens in addition to threatening world peace. For example, after Burmese democracy heroine Aung San Suu Kyi was sentenced to an 18-month house detention in August, Beijing said “the world should respect Myanmar's judicial sovereignty.” Furthermore, given China’s time-standing quasi-alliance relationship with Iran, Beijing will have gained a lot of global respect if it could do more to persuade the Tehran leadership to rein in its nuclear program. So far, however, the party leadership’s main interest is securing reliable oil supplies from the trouble-prone regime.

Yet another major factor hampering China’s “great leap outward” is stagnation in political reform. President Hu has since last year reinstated with gusto Maoist institutions such as “democratic centralism,” a euphemism for boosting the powers of the Politburo Standing Committee. Political liberalization has been frozen. The PLA’s clout, meanwhile, has been augmented because of its role in not only bolstering China’s global reach but also suppressing an estimated 100,000 cases of protests, riots and disturbances that break out annually. Unlike military forces in most countries, the PLA


is a “party army,” not a state army. This means that it is answerable to only a handful of top CCP cadres such as Hu, who also requires the top brass’s backing in order to maintain the preeminence of his own faction. That the Chinese armed forces are not subject to meaningful checks and balances has raised fears among China’s neighbors that the generals might, for their own benefits, be pushing the country toward an expansionist and adventurous foreign policy. The CCP leadership’s refusal to give up Maoist norms such as the “party’s absolute leadership over the armed forces” and “the synthesis of [the requirements of] peace and war” has dented the global appeal of the China model—and detracted from the viability of Beijing’s quasi-superpower diplomacy.

Late last year, as China’s clout appeared to grow in direct proportion to the severity of America’s financial hemorrhage, Beijing temporarily suspended exchanges with France to protest a meeting between President Nicolas Sarkozy and the Dalai Lama, spiritual leader of the Tibetans. At the G-8 conclave in L’Aquila, Italy, however, a host of leaders including Sarkozy and German Chancellor Angela Merkel were openly critical of Beijing’s Xinjiang policy. Moreover, President Hu, who had to scurry back to China to personally handle the ethnic crisis, was not on hand to parry the barbs of his European derogators. Furthermore, in the wake of Turkish Prime Minister Tayyip Erdogan’s accusation that Beijing was committing “genocide” in Xinjiang, the Hu leadership is nervous about hostile reactions in the Muslim world. Beijing’s concept of total or indivisible sovereignty—as well as “non-interference in the internal affairs of other countries”—has become an obstacle to its game plan of enhancing the country’s global reach.

Much of the Middle Kingdom’s claim to quasi-superpower status rests on its economic might; a 9 percent growth rate for the past two decades and foreign-exchange reserves totaling more than $2.1 trillion. That Beijing has become the largest buyer of American bonds has obliged Washington to tone down its critique of China’s human rights record as well as its alleged manipulation of the value of the yuan. The success of Beijing’s quasi-superpower diplomacy could hinge on the extent to which the Chinese economy can contribute to global recovery. Responsible actions by PRC policymakers such as extending loans to the IMF and the Asian Development Bank, setting the renminbi’s value in accordance with market forces, and putting emphasis on domestic consumption—instead of just exports—as the major engine of growth will boost China’s image as a dependable bulwark of healthy economic development worldwide.

---


Equally important, Beijing, which has criticized the United States and other Western powers for dominating the international political and economic order, should feel duty-bound to come up with viable initiatives now that it has secured for itself a prominent place at the head table. Given the PRC’s support among developing countries, the CCP leadership is well-placed to push alternative solutions to global problems ranging from climate change and combating AIDS to the eradication of poverty in Africa. Equally valuable could be China’s input toward the reform and revitalization of the United Nations and other world institutions. For Chinese proposals to be convincing, however, the quasi-superpower has to set an example of responsibility and even self-sacrifice. Regarding the debate on the restriction of carbon emissions, however, Beijing seems too anxious to lay into the supposed hypocrisy and “double standards” of the U.S. and Western Europe. The Chinese government’s non-transparent and less-than-magnanimous treatment of AIDS patients in China, not to mention its harassment of NGOs that have exposed officials’ neglect of HIV-stricken patients and orphans, could negatively affect any possible contributions that Beijing might make on the world-health front.

Given that China has for centuries been relegated to the margins of history—if not bullied by “imperialistic powers”—President Hu and his comrades can perhaps be forgiven for getting somewhat impatient in claiming what they perceive as China’s rightful place in the sun. The CCP leadership, however, will be naïve and myopic if they are to underestimate international misgivings about the precipitous rise of China, which is still perceived as a country that follows an outmoded if not also immoral system of governance. While there is little doubt that the world, especially status quo powers led by the U.S., must learn to more creatively engage the quasi-superpower, the onus is on the Beijing leadership to demonstrate to all its ability to assume the responsibility—to both the global community and its own citizens—that comes with its world-sized clout.
ABOUT THE AUTHOR

Willy Lam

Willy Lam is a veteran Sinologist who has written six books about Chinese affairs, including *Chinese Politics in the Hu Jintao Era* (M E Sharpe, 2006). He specializes in Communist Party politics, economic and political reform, foreign policy, and the People’s Liberation Army. Dr. Lam is a Senior Fellow of The Jamestown Foundation and frequent contributor to its *China Brief* electronic journal. He is a Professor of China Studies at Akita International University, Japan, and an Adjunct Professor of History at the Chinese University of Hong Kong. Dr. Lam has studied in Hong Kong, the United States, France and China; he holds a Ph.D. in political economy from Wuhan University, China. Prior to becoming an academic, Dr. Lam held senior editorial positions at *Asiaweek* newsmagazine, the *South China Morning Post*, and the Asia-Pacific Office of CNN. He is writing a book on the career and political orientation of Vice-President Xi Jinping.