



Stepping onto

While China spent much of the latter half of the 20th century recovering from the ravages of war and revolution, recent years have seen the country make its entry as a serious player on the world stage. *Comdt Rory Finegan* analyses the repercussions.

Napoleon described China as a sleeping dragon, yet he himself could hardly have imagined what form its transformation would take. The 21st century may become the Chinese century or as the May cover of *Newsweek* posits "Does the future belong to China?" China is determined to put its stamp on world affairs, epitomised by its first iconic manned space flight in 2003 and by its selection as the host of the 2008 Olympics.

Black Cat or White Kitten?

The results are now plain, since 1979, when Deng Xiaoping unleashed capitalism on his vast but introverted nation, China has conquered the world not with its armies, but with its factories. Indeed historians, when they look back at the 20th



Chinese Premier Wen Jiabao.

century, might well point to 1979 as a watershed. The year the Soviet Union invaded Afghanistan, ultimately digging its grave as a superpower, was also the same year that China began its great reforms. At the Third Plenum of the 11th Central Committee of the Chinese Communist Party, Deng Xiaoping gave a speech that arguably turned out to be the most important in modern Chinese history. He urged the regime to focus on development and modernisation and let facts, and not ideology be its guiding light when he said, "it doesn't matter if it is a black cat or a white cat, as long as it can catch mice, it's a good cat." Taking a global glance it is hard to overstate the shock and awe inspired in manufacturers by China's relentless annual economic growth since then of 9% or more and its emergence as a great trading nation rubber-stamped by its admission to the WTO three years ago. These last 25 years have seen huge changes wrought in China and a growing openness to the world. But the 21st century signalled the start of something new; it served notice that the future may be involved less with how the world is changing China than how China is changing the world. In the words of James Kynge of the *Financial Times* the "world is dancing increasingly (sic) to a Chinese tune."

Ask most European school children who invented printing and they will say Johannes Guttenberg. They are wrong. It was, of course, Bi Sheng, during the Song



Dynasty, between 1041 and 1048. China has had a long and illustrious past. This was the home of Sun Tzu, still regarded by modern strategists as arguably the greatest in their league, who lived long before the first Roman Centurion ever set foot on the Danube and whose writings even today are seen as an allegory of modern statecraft and realpolitik. This was the nation that built the Great Wall of China, still the only man made object visible from space. Traditionally China was always a rather larger player in the global economy compared to even today. Two thousand years ago it produced a quarter of total world output, in 1820 it produced a third of world output, indeed China's relatively poor

the World Stage



Taoiseach Bertie Ahern reviews troops on his 1998 visit to China.

performance of the last two centuries has been an historical aberration, with the country falling behind Europe which learned to industrialise and develop quickly. At the height of the Industrial revolution, Britain was called “the workshop of the world.” This title surely belongs to China today. Today China is probably a little below 15% of the world’s economy.

Asia’s Century

Fareed Zakaria has noted that there have been two great shifts in global power over the past four hundred years. The first was the rise of Europe, which around the 17th

Century became the richest, most enterprising and ambitious part of the world. The second was the rise of the United States, in the late 19th and early 20th centuries, when it became the single most powerful country in the world, the globe’s decisive player in economics and politics. China’s rise, along with that of India and the continuing weight of Japan, represents the third great shift in global power – the rise of Asia. Indeed George Bush in a recent speech implicitly suggested that the 21st century could be an Asian Century.

2004 saw the full extent of this economic muscle being flexed. Hundreds of

millions of low paid workers and \$1 billion a week of foreign investment have swollen trade and affected global markets in oil, minerals, currencies and stocks. China has eclipsed Asia’s tiger economies and depressed the price of manufactured goods, a process epitomised in the \$29 DVD player sold at Wal-Mart. China is now the largest consumer of oil after the US. But while the world reverberated with a vast and newly felt presence, a debate intensified within China on the extent to which the construction boom feeding its insatiable appetite was sustainable. Long term, the need for infrastructure, factories and



Taoiseach Bertie Ahern with former Premier Zhu Rongji on his visit to Ireland in 2001.

housing is clear. Three hundred million residents of rural China are expected to move to towns and cities by 2020, according to a government estimate. But just as 19th century America was characterised by serial boom-to-bust cycles, so sceptics argue that China's current boom has been built on an irrational exuberance. Others disagree, pointing to vast pent up demand in a country of 1.3 billion people, relatively low levels of personal debt, and the dynamism of an underground economy invisible to the state's statisticians

A bubble in waiting?

It is the very diversity and size of the People's Republic of China (PRC) that in itself presents various problems for the Chinese Communist Party (CCP) in attempting to sustain the unity and cohesion of the country and its own authority and role as the sole political party. The CCP has ruled China since 1949, tolerating no opposition and often dealing brutally with dissent. Nowadays the country is actually governed by a nine member politburo on top of a pyramid of power which ultimately reaches into every village and workplace.

Separatist sentiment in outlying provinces such as Xinjiang, Qinghai and Tibet and draconian security measures, particularly in the west of the country, reflect a lack of allegiance to Beijing or the CCP. Similarly a greater amount of democracy and media freedom in Hong Kong has allowed large demonstrations against the CCP's interference in the region's affairs.

Regionalism could be the largest problem facing the regime over the long term, although with the possible exceptions of Tibet and Xinjiang, none of the provinces actually demand absolute autonomy from the central government. Regionalism in the

Chinese context rather means the move by rich and strong coastal provinces towards more autonomy. Concurrent with this, a risk for the unity of the PRC, and a direct threat to the rule of the CCP, is that a more affluent population will begin to demand political liberalisation alongside economic liberalisation.

Domestic pressure for democratisation certainly exists, and the ideology is certainly rife within sections of society, as demonstrated by the Tiananmen Square massacre and nationwide demonstrations in 1989. The delicate balance which the CCP still sees itself facing between concessions towards the democratisation movement and the requirement to retain political control of power was illustrated by the official response to the death of Zhao Ziyang in January 2005. Although Zhao died some 15 years after the events that led to his ostracism from power (he opposed the military crackdown at Tiananmen Square), the party displayed great circumspection in announcing and commemorating his death.

Growing disparities in incomes are further underlining the possible regionalisation and fragmentation of the PRC with resentment and dissatisfaction within rural areas as economic development fails to reach the countryside. Continued reform of the state sector will result in many more workers losing their jobs in the coming years and this will inevitably lead to an increase in this unrest. At least 30 million workers are estimated to be surplus to requirements in state-run firms, in addition to the 100-150 million surplus workers in China's over-manned agricultural sector. One of the phenomena of modern China is the vast internal rural migration having a steam cooker effect on urban unemployment, with as many as 70 million

rural labourers estimated to be seeking work in cities and coastal zones in 2004.

As China has developed economically, crime, especially violent and organised crime, has been rapidly increasing as greater wealth creates criminal opportunities. Lawlessness fuelled by the availability of small arms is said to be so rampant in some rural and border areas that the out-gunned police have had to call in heavily armed security forces to restore order. Parallel to this white collar crime by former State Owned Enterprises (SOE), managers and other officials may present an equal or greater threat to social and economic stability. Corruption has become endemic in official circles because of low salaries, poor internal supervisory controls, the rise of an increasingly money oriented culture and the expansion in economic activity and money in circulation.

One of the best known Chinese policies known to the outside world is the "One Child," policy adopted in 1979 with the aim of keeping the national population below 1.6 billion until 2050. Although this may have avoided resource related problems it has arguably created a "ticking bomb" within Chinese society. Firstly, stemming from Chinese cultural preferences for male offspring, a serious gender imbalance has emerged with a potential bachelor class of 30 to 40 million males who will be unable to marry. The impact of such a surplus of enforced bachelors is hard to predict, with theories projecting greater levels of crime, and a higher propensity for violence.

The Dragon and the Eagle

Many argue that for the first decade of its development during the 1980's China did not have a foreign policy. Or rather that since the grand strategy was a growth strategy, China did not openly oppose the US because it saw good relations with America as the cornerstone of its development push. This non-confrontational approach often referred to as "hiding its brightness," still lingers. Jonathan Rynhold of the Bar-Ilan University in

Israel says that China's focus is not on developing itself into a world power to rival the US, at least not now. Their main goal right now is to successfully modernise the country without losing control of what is happening inside. China's foreign policy is not driven as the Soviet Union's once was by a desire to 'chase' after the US, if anything it is a foreign policy motivated primarily by a desire to protect its oil supplies. Even now its major foreign policy moves are largely outgrowths of economic imperatives, which translates as a ceaseless search for continued supplies of oil and other commodities. An interesting example of this is China's relationship with the Sudanese regime which supplies an estimated 7% of its petroleum needs. In return China provides the Sudanese government - who the US charges is responsible for genocide in Darfur - with billions of dollars in revenue, diplomatic support and a wide range of armaments. This diplomatic cover was in evidence in

September 2004 when China threatened to cast a veto in the Security Council over a resolution calling for sanctions against Sudan for the killings taking place in Darfur. A more tepid resolution was passed instead.

Seen as a useful but rather passive mediator over North Korea's weapons programme, China's policy on the North Korean nuclear crisis is caught between its uneasy alliance with North Korea and a need for peace and stability on the Korean peninsula. Indeed China is in a unique position to pressurise the North Koreans to abandon their nuclear weapons programme and has become an "active interlocutor" in bringing together the US and a country with which the US is still officially at war. It is in China's interest not to have any US led intervention in its own strategic backyard and a North Korean collapse would cause great instability along their shared border, particularly an influx of refugees over the Yalu river. The North Koreans have proven to be an expensive ally

with China providing food aid and North Korea failing to return the rolling stock used to deliver it. The arrival of a Republican administration following the Clinton tenure closed a whole era in US - Chinese relations. Bush immediately replaced Clinton's view of China as a "strategic partner" with one of "strategic competitor." Bush continued to denounce Chinese human rights and indeed oversaw a House of Representatives bill opposing the Chinese bid for the 2008 Olympics. The April 2001 incident in which an American EP-3 surveillance plane collided with a Chinese fighter (the pilot of the latter was killed and the American crew who forced landed in China were held for several days), saw a rhetorical exchange between the two that veered between bellicosity and subtle persuasion, which saw an ultimate diplomatic solution because both sides ultimately placed great importance on the maintenance of cordial relations.





Asymmetrical Superpower

Influential Washington neo-conservatives see these trends as lending weight to their long standing argument that China will present the greatest strategic threat to US dominance of a unipolar world. The State Department counter-argument is reflected by the "supply chain" theorists, who contend that the growing economic interdependency of the US and China would trump any moves towards conflict. In a paper entitled "The Beijing Consensus," Joshua Cooper Ramo provides a blueprint for what he believes is China's new foreign policy. "Rather than building a US style power, bristling with arms, and intolerant of others' world view," he writes, "China's emerging power is based on the example of their own model, the strength of their economic system, and their rigid defence of national sovereignty." Instead he contends China will be an "asymmetrical superpower," that will use its economic dominance and political skills to achieve its objectives true to the adage of the oldest Chinese strategic thinker, Sun Tzu, who argued that "every battle is won or lost before it is ever fought."

Another fascinating insight into the Chinese psyche is their burgeoning defence relationship with Israel; the latter considered to be the staunchest of US allies. Here again the Chinese bring to the relationship no historical baggage and engage on a purely quid pro quo basis. This despite the fact that in 2000, under enormous American pressure, Israel cancelled the billion dollar Phalcon early-warning and control system (AWACS) deal. The final step on the toe seemed to be Israel's refusal, again under American pressure to upgrade Chinese Harpy drones in January 2005. (Israel originally sold the drones to China in 1994). Yet, still relations

with China, according not only to Chinese and Israeli diplomats, but also interested observers, are on the upswing. Israel's arms exports to China are second only to those of Russia at an annual average of \$526 million. Reuven Merhav, a former Foreign Ministry director-general who pioneered Israeli Chinese relations in the late eighties sees good Israeli relations as serving a number of key Chinese strategic interests. The Chinese, Merhav maintains, bring three perspectives to the table when interacting

“ Some 50% of China's energy needs now come from the Middle East. Stability here is turning into a vital Chinese strategic interest ”

with the nations of the world; how it fits in with their view of themselves as a superpower; how it fits in with their self-perceived role – by virtue of their being one of the five permanent UN Security Council members and what is the nature of the bilateral relations. Some 50% of China's energy needs now come from the Middle East. Stability here is turning into a vital Chinese strategic interest. Concurrent with this China has recently inked a £75 billion multi-year energy contract with Iran. In return the Chinese provide Tehran with nuclear technology a cause of ongoing concern to the US.

China's Taiwanese tribulations

In a 2004 a Chinese Defence White Paper declared it a "sacred duty" to crush moves towards independence by Taiwan. This was enunciated in an anti-secession law which threatened the use of armed force should the island initiate moves towards independence. For China this is the last litmus test to resolve as it emerges onto the world stage. Reclaiming this large island on the country's south-eastern coast has been part of the central creed of the Communist party ever since it fought its way to power in 1949, driving its nationalist opponents to seek refuge there. Almost every other policy has been turned on its head, but the threat to use force to win back China's "renegade province," remains. An attack on a prosperous democracy of 23 million people would hardly tally with the Communist mainland's plan for a "peaceful rise" to great power status. But for most ordinary Chinese on the mainland this is seen as a touchstone issue in what is perceived as part of the humiliations that China endured in the past. The US has a defence pact with Taiwan and continues to supply Taipei with arms including an \$18 billion sale in 2004.

Russia has declared a strategic alliance with China, the advantage for the Chinese being the supply of sophisticated weaponry allied with the need to maintain good relations with economically strong commercial allies. Russia and China have been able to evolve a common goal in seeking to contain Islamic fundamentalism and revisionism in the former Soviet central Republics. The attempt to form a power bloc in Central Asia reflects a common international position asserted by both China and Russia since the 1990s, highlighting each country's keenness to promote a "multi-polar" world. However the inherent fragility to the Sino-Russian entente highlighted by diverse interests, ancient suspicions and the relatively young nature of the alliance also hampered by the potential for either to outflank the other by cultivating Washington. Similarly Sino-Japanese relations are coloured by a history of antipathy. The Chinese are wary of the ongoing close Japanese-US alliance and each have competing strategic objectives in the Pacific Rim. The Japanese are fearful of a 'rising' China while amongst the Chinese population at large there is still simmering resentment of the actions of the Imperial Japanese army in China during the Second World War and what the Chinese see as attempted Japanese



revisionism of history that downplays their role in that conflict. This manifested itself in widespread anti Japanese protests in many Chinese cities in April 2005 which the authorities were relatively slow to reign-in.

Europe has no commonly agreed policy concerning the Asia-Pacific region. Its governments pursue bilateral initiatives to accommodate national interests and, although members of a potentially influential power bloc have made no cohesive impact to date. Beijing has been lobbying the European Union to lift its arms embargo on China, in place since the killings near Tiananmen Square. Although China buys most of its military hardware from Russia, it is currently trying to improve the quality of its armed forces and is interested in high technology systems from Europe, especially those designed for command and control. The Chinese envisage a weaker military defeating a superior one by attacking its space-based communications and surveillance systems. While Chinese military modernisation remains very much a work-in-progress, the Peoples Liberation Army (PLA), is receiving further resources to accomplish what it calls 'transformation.' A number of European states, led by France and Germany feel that the embargo is out of date. They argue that circumstances have changed since 1989. The prospect of Airbus deals is also a large motivating factor. The French Defence Minister, Michele Alliot-Marie, said recently that by selling certain systems to the Chinese, the EU could prevent China from developing them itself!! The Pentagon has reacted angrily to EU moves to lift the ban, painting the spectre of Communist

China using European supplied arms to attack a major US ally. China says publicly that it will spend about \$30 billion this year on its military, but this is still spending a fraction of what America does, at most 10% of the Pentagon's bill.

But in preparing for a "Taiwan scenario," the Chinese have a focused objective, which allows them to channel their spending towards specific, rather than contingency plans. According to Yitzhak Shichor, a China expert at Haifa University, when the Chinese embarked on their modernisation process 25 years ago, it was not for the sake of challenging the US, "but you might see a self-fulfilling prophecy at work, as the US continues to portray them as a threat, the Chinese will invest more and more in their military and the end result may be that they will eventually be a threat". Ironically, the US with a \$90 billion trade deficit with China, is involuntarily helping to pay for the modernisation of the Chinese military, since a huge economy creates the means that can then be diverted to the military. Schicor doesn't think that the US perception of the Chinese threat is justified, as the Chinese have still not developed any "projection capability". For example, the Chinese have no aircraft carriers, a prerequisite for projecting power abroad. Harvey Feldman, who spent 18 years as a US diplomat in Asia, says the US is paying the price for too conciliatory an

approach towards China while Elizabeth Economy of the Independent Council on foreign relations says Mr. Bush has to fend off his rightwing critics and not make the mistake of returning to "China bashing and to a strategy of containment." While Mr Bush and the Chinese premier Mr Hu have established a framework for discussions, the reality is that the US has a limited impact on China. Inevitably the Chinese challenge looms largest for the US. Historically, when the world's leading power is challenged by a rising one, the two have had a difficult relationship. In its quest for increased global dominance, Economy posits that China "no longer needs the United States to support its engagement in the international community."

These complex and interlinked factors have created a confused and muddled political picture. The Dragon is rustling its wings, when they are fully spread it may cause an eclipse on the geopolitical stage.

Comdt Rory Finegan BA MA MSc at time of writing was serving as a Military Observer on the Golan Heights with UNTSO, stationed in Tiberias as part of Observer Group Golan.

