

Getting Global China Right

Review Article

THE THREE FACES OF CHINESE POWER: Might, Money and Minds. *By David M. Lampton.* Berkeley: University of California Press, 2008. (Tables, charts, photos.) US\$55.00, cloth ISBN 978-0-520-24951-6; US\$21.95, paper, ISBN 978-0-520-25442-8.

CHINA'S RISE: Challenges and Opportunities. *By C. Fred Bergsten, et al.* Washington, DC: Peterson Institute for International Economics; Center for Strategic and International Studies, 2008. xix, 269 pp. (Tables, figures, boxes, map.) US\$26.95, cloth. ISBN 978-0-88132-417-4.

CHINA SHAKES THE WORLD: A Titan's Breakneck Rise and Troubled Future and the Challenge for America. *By James Kynge.* Boston: Houghton Mifflin, 2006. xvi. 270 pp. US\$25.00, cloth. ISBN 978-0-618-70564-1.

CHARM OFFENSIVE: How China's Soft Power is Transforming the World. *By Joshua Kurlantzick.* New Haven: Yale University Press, 2007. xiv, 306 pp. US\$26.00 cloth, ISBN 978-0-300-11705-5; US\$17.00, paper, ISBN 978-0-300-13628-9.

CHINA'S ASCENT: Power, Security and the Future of International Politics. *Edited by Robert S. Ross and Zhu Feng.* Ithaca and London: Cornell University Press, 2008. ix. 323 pp. (Tables, graphs, figures.) US\$22.95, paper. ISBN 978-0-8014-7444-6.

THE NEW ASIAN HEMISPHERE: The Irresistible Shift of Global Power to the East. *By Kishore Mahbubani.* New York: PublicAffairs, 2008. x, 314 pp. (Illus.). US\$26.00, cloth. ISBN 978-1-58648-466-8.

A decade ago *Foreign Affairs* published an anything but satirical essay by Gerald Segal entitled "Does China Matter?" That seems a long time ago. Leaders, officials and academics around the world are now asking very different questions: What does China think? Where is it going? How should we respond? The books assembled here all argue that the strategic issue of our era is the rise of China and its implications for Asia and the broader world.

When Segal wrote his piece China already was emerging from the Asian financial crisis as a significant regional force; in the midst of our current

economic crisis, China is universally recognized as a global force. Decisions of Chinese officials, citizens and consumers have immediate impact around the world. With every global issue—climate change, environmental degradation, pandemics, non-proliferation, human security in conflict situations—the road to solutions now runs through Beijing. Ten years ago discussion focused on China in regional institutions; three years ago, on China in international forums like the G-8 or L-20; and now, on China in the G-20 or even a G-2. A G-2 scenario may be premature, but it shows how far perceptions and policy discussion have shifted in a breathtakingly short period of time.

As seen in these six books by academics, think-tank analysts and journalists, thinking, theorizing and prognostication is trying to catch up to these fast-paced and far-reaching developments. The authors do not shrink from superlatives. China is variously referred to as “a titan,” “a palpable global force,” and its rise as “remarkable,” “without precedent,” “extraordinary,” “meteoric,” “transformative,” “inexorable,” and “the great drama of the 21st century.” They all concentrate on a power shift that is reshuffling diplomatic and political influence on a global and not just Asian basis.

David’s Lampton’s *Three Faces of Chinese Power* is the best academic study of the transformative developments of what he calls “China’s resumption of a position of power and influence in the world” (xi). Lively, insightful and elegantly presented, it is an academic book with popular appeal. It is a full-bore encounter with the consequences and dilemmas of thirty years of Deng-inspired economic reform and opening.

The China of the twenty-first century is more influential and more self-confident, operates differently on the international stage, and uses a new vocabulary to express its interests and views. Its multi-dimensional participation in the world is described as a “staggering opportunity,” and the biggest challenge that it poses to the rest of the world is “in the domain of economics and ideas, not military power” (6-7). Drawing on Amitai Etzioni and Joseph Nye, he develops a three-fold conception of power that has coercive (read might), remunerative (money) and ideational (mind) dimensions.

On might, Lampton provides a balanced assessment of China’s expanding military capacity, doctrine, modernization programmes and the mix of strategies aimed at defence, deterrence, power projection and reassurance. On money he focuses on the forces and policies behind China’s economic growth and analyzes its strengths as buyer, seller, investor, donor of developmental assistance and innovator.

The section on minds is the most original in exploring the “intellectual, cultural, spiritual, leadership and legitimacy resources that enhance a nation’s capacity to efficiently define and achieve national objectives” (118). Innovation is the key. China may not yet be a comprehensive innovator like the United States, but is moving with unequalled speed to the high-tech end

of the value chain in economic and military affairs. Behind this progress is a new capacity for applied research and commercialization, mastery of transferable technology, vast improvements in education, investment in science and technology, the use and projection of Chinese culture, and the presentation of a model of development that is proving attractive in many parts of the developing world.

Lampton avoids any easy characterization of Chinese intentions or grand strategy. Instead he addresses the “complexity and indirection of Chinese thought” (18) that includes “an implicit consensus on broad goals and the means to achieve them” but that are also engendering debates about priorities and risks (25). Nor does he downplay the frailties of a country caught between limited institutional capacity and rising societal and international demands. Weaknesses abound, and include domestic institutions and decision-making systems, demographic trends, growing inequality and the pressures generated by environmental degradation, injustice and corruption, financial system reform and poor corporate governance. Integration into the global economy has produced unprecedented economic growth, but with it has come new vulnerabilities including increasing nationalism, sensitivity to volatility in global markets and energy dependence.

On the future of US-China relations, Lampton sees multiple points of tension and disagreement. But these can be mitigated by Washington’s need for Beijing’s cooperation on a host of global issues, common interests and the constraints imposed by international institutions. Other countries in Asia are using the Gulliver strategy of “entangling” China in a web of interests and constraints, something the US should encourage. Deeper integration into the global economy will bring with it more pressure for regulatory reform. China is shaping the outside world at the same time that it is being shaped by it. If the US can steer clear of containment and protectionism, the ingredients exist for a long-term partnership. Strong political leadership will be needed in both countries to overcome political anxieties about the other. In short, the game is no longer only about changing China; it is about changing America as well.

China’s Rise: Challenges and Opportunities by Fred Bergsten and his colleagues at the Peterson Institute for International Economics and the Centre for Strategic and International Studies is the third in a series of collaborative volumes in the China Balance Sheet Project. It has a sharper policy edge and is directly aimed at government officials, business, private-sector leaders and the interested public. Its focus is contemporary responses, mainly American, to global China based on political, economic and foreign policy developments within China itself.

The result is crisp analysis with some bold prescriptions. It opens with a reflection on both how much China has changed in the past 25 years, and on how much observers of China have also changed their tune. The authors “carbon date” opinions by referring to the year of first experience with China:

the earlier the experience the more likely the focus is not on China's shortcomings but on how far China has come.

In responding to China's "transformative impact not just on its own people but also on the entire global context" (3), they prescribe new tools for working with China, managing the relationship, and welcoming it further into the global community. Individual chapters look carefully at the patterns of policy debate in China; democratic and political reform in China; corruption; sustaining economic growth; energy; Taiwan; military modernization; and China's relations with the world.

Like Lampton, the authors characterize policy thinking in Beijing as sophisticated, increasingly open, and evolving at the same time that it is regressive on political reform and narrowly nationalistic. Democracy with Chinese characteristics is on a path described as "instrumental, incremental, and idiosyncratic" (5) and without the likelihood of Party collapse or a US-style model of political participation in the making. Nevertheless, China's deepening integration in the world is welcome, in part because of its potential as a partner in addressing a wide range of global problems. China and the US are not "bound for conflict" (237).

The authors encourage economic reforms in China to increase domestic consumption and in the areas of fiscal, financial, pricing and exchange rates. And they recommend more channels for dialogue with China at all levels, an attitude of cooperation, and consistent encouragement of reform.

The big-ticket proposal is a "G-2" relationship with China that involves close coordination of approaches on global governance. The motive is far from altruistic. China, like other countries, is experiencing a domestic backlash to globalization, with the forces of economic nationalism on the rise. Recognizing its vastly increased capabilities, China is now playing a passive and at worst disruptive role in the global trading system, focusing on "low quality, politically motivated" (14) bilateral and regional arrangements, rejecting the key compromises that would have made the Doha round successful, challenging the international monetary system by rejecting flexible exchange rates, distorting energy markets, and changing the rules of foreign aid by minimizing conditionality.

While some of China's criticisms of the institutions and practices of the global system are presented as legitimate, the key point is that they are now based on hard interests and rational calculations rather than ideology. And unlike earlier challengers to the international order, China has the potential to create an alternative order, one that is also built on market forces. It already presents a distinct alternative to Western democracies as a model for developing states and is beginning to undermine America's role as guarantor of security in Asia.

Rather than focusing on bilateral irritants or punishing Chinese transgressions, the US should strive for "a true partnership with China to provide joint leadership of that system, even if the system requires substantial

modifications to persuade China to play that role” (22). They see no reasonable alternative to engaging and enfranchising 1.3 billion people. This is not bringing China into an existing international order but working with China to create a new one:

The presumption that there is room for China in the US-defined and US-led global world order has proven to be flawed. China’s economic, political and security rise has been so meteoric that it no longer comfortably fits into the global architecture in which the United States has at least fitfully tried to make a place for it. China has definite equities in global economic, security and political matters. But the architecture through which to engage China, and to demand China’s responsibility as a stakeholder, does not now exist. (238)

This goes far beyond the “simple engagement” of the kind Richard Nixon, and Pierre Trudeau before him, initiated in the early 1970s. It indicates how far and fast thinking is moving in liberal America, even as China generates deep anxiety in many quarters in Asia and North America, where memories of the EP3 and Impeccable incidents, fear of rising Chinese military power, fear of job losses and value differences abound.

James Kynge, former Beijing bureau chief for the *Financial Times*, is the author of *China Shakes the World*, a title surreptitiously borrowed from Jack Belden’s 1948 on-the-scene report on the coming Communist victory in the Chinese civil war. In his book, Kynge offers an informed and balanced account of China’s rise as a “palpable global force.” Kynge claims that the fundamental issue now is how China is affecting the world, rather than the reverse. He dates the emergence of global China to the year 2004, based on the disappearance of manhole covers around the world that were part of the record prices for scrap metal generated by China’s insatiable demand. Viewed from Beijing, new cars, marketing campaigns and traffic congestion were signs that “China had shifted from being a bystander to being an actor ... a source of major change in the world” (xiii).

The book fills in the personal stories that ground the broader propositions in academic and think-tank writing. This is well-informed journalism replete with tales of factories and their dynamic managers, restaurant owners and staff, migrants legal and illegal inside China and in foreign countries, Chinese business people in Europe, rags-to-riches entrepreneurs, cities in transition and coal mines. In one delightful anecdote he retells his experience standing outside a Walmart in Rockford, Illinois and asking customers if they felt like saying thank you to Chinese workers for reducing the prices of what they were purchasing. Few did.

The stories reveal what can be described as the good, the bad and the ugly of China as the shop floor of the world, again with a keen sense of its many domestic frailties, including the environment, collapsing public health system, weak financial system, rampant piracy and corruption, and what he

calls the “crisis of trust.” And he adds some cautionary tales of the manipulation of foreigners by interactions with *waishi* Chinese interlocutors that are structured, disciplined, programmed and scripted. China pundits, beware.

He foretells of trouble ahead, in part because of the kinds of domestic pressures that the Bergsten and the Lampton books point out but also because new channels of political participation must include democracy if China wishes to run an increasingly sophisticated capitalist economy. And in the West it is now more difficult to ignore China’s weaknesses and differences than when it was a distant presence rather than a fact of daily life. Public anxieties will be hard to allay on both sides. It is far from certain, he concludes, that “the Western world will be able to accommodate the manifestations of extreme strengths and profound weaknesses that are emanating from this vastly different presence in its midst” (xvi).

Joshua Kurlantzick, another journalist though one with more of an academic turn, is also on the trail of global China as seen in first-hand accounts from Asia, Africa, Latin America, China and the United States. *Charm Offensive* is a nicely presented and well-researched account (42 pages of footnotes!) of the concept and exercise of China’s soft power diplomacy. He uses a narrower definition of soft power than Lampton and employs the Nye definition that concentrates on the ability to shape the preferences of others by leading by example and attracting others to do what you want.

His is the story of Chinese diplomacy that in the past five years is no longer stiff and wooden, but subtle, informed and increasingly effective. As an international power and a global presence, Beijing is wielding unprecedented influence and doing so “responsibly,” joining multilateral institutions, supporting peacekeeping, powering economic growth, fighting drug and human trafficking, mediating disputes, and pressuring dangerous countries (xi).

Its foundations are a strong economy, growing self-confidence and a more cosmopolitan and open intellectual class. And its tools are cultural promotion embedded in public diplomacy, the availability of diplomats with deep knowledge of the countries to which they are assigned, increasing budgets, Chinese studies abroad, increasing numbers of foreign students in China, special programmes for ethnic Chinese, large-scale foreign investment, and two-way tourist flows, bilateral and regional FTA’s and “early harvest” trade concessions, as well as an aid programme, involvement in UN Peace Keeping Operations and mediation of international disputes.

The impact, he claims, has been substantial. China’s image abroad has soared, particularly in the developing world but also in countries like Australia and Korea. Analysts have begun to speak of a “Beijing Consensus.” Immigration to China is increasing. China is playing a more influential role in international organizations. Taiwan is more isolated than ever before.

Efforts to censure China's human rights record or to promote democracy are more easily deflected. From a geo-strategic perspective, China has begun creating an alternative pole to Western democracies in international organizations and global diplomacy, eroding American power, and occasionally driving a wedge between the US and its allies. China's success mirrors America's "soft power deficit" in the Bush era.

But how long can it last? As Kurlantzick notes, the honeymoon is ending in several developing countries, especially in Latin America, in a backlash against the export of China's domestic problems including labour and environment standards and opaque business practices. Its primary appeal in the developing world is narrowly economic. In the field of values and domestic institutions, China's model is still far less compelling than America's. If once under the radar screen, Chinese practices are ignored no longer. The Obama administration has been listening and the soft-power competition is heating up.

China's Ascent, co-edited by Robert Ross at Boston College and Zhu Feng at Peking University, is a multi-national academic undertaking with a heavy theoretical focus. It is a direct response to the arguments in US academic circles in the 1990s about a democratic peace and power transition that put China and the United States on an inevitable collision course.

Its dozen essays by leading political scientists in the US, China, South Korea and Japan reflect not only discomfort with a focus on a single variable and the idea of inevitability, they reveal a new humility about the complexity of the issue and the failure of existing theories to account for a major transformation in the international system.

Power transition theory aims to connect the redistribution of power to instability and conflict. The authors are virtually unanimous in concluding that the outcome of China's rise is not predetermined, that there are multiple variables in play that make simple predictions impossible, that the non-democratic status of China is only one attribute that will explain future developments, and that a Sino-American military conflict is possible but not likely. While there will be more clashes of interest between China and the US, "there is also the likelihood that China and the United States can avoid a destructive power transition war" (8).

The chapter by Avery Goldstein delivers a judicious analysis of a battery of concepts including anarchy, polarity, technology, geography, historical legacies of imperialism, world order, and domestic forces including nationalism, civilian economy and multi-ethnicity. He concludes that the forces at play in China's rise are simply too complex to permit any easy predictions, going no further than saying that China's rise is not likely to be as smooth as America's a century earlier but will likely be easier than Germany's or Japan's before WWII. The outcome of China's rise, the pattern of conflict and cooperation, will depend on leadership and be determined by decisions not yet made.

On the role of international institutions, John Ikenberry observes that China's rise is not just confronting the US but an international order supported by other capitalist democracies. The chance of a direct US-China military confrontation is reduced by the moderating influence of international institutions to which they belong. And a more responsible America in these institutions would constrain China and reduce its anxiety.

In looking at Chinese perspectives and thinking from the inside-out, what they call "process-oriented constructivism," Qin Yaqing and Wei Ling come to the blunt conclusion that "[t]he policy choices of China cannot be adequately explained by any of the major international relations theories" (136). The clear inference is that something new is needed and that Chinese theories and theorists need to be a bigger part of the mix.

The policy prescriptions point in the same directions as those offered by Bergsten and Lampton. Ideas matter and it behooves analysts to watch very carefully the evolving pattern of thinking in China. Multilateral efforts led by the US will be necessary to encourage China to stay on the integration path. The increasing integration of the US and Chinese economies will increase the points of rivalry and conflict but also make direct military conflict less likely. Good policy choices can make the difference: history is not fixed and, in the words of Robert Art, "power is not destiny" (289).

What about the view that democracy in China, whether desirable or inevitable, is a precondition for a peaceful transition? Ross and Zhu are direct: "A democratic China might well contribute to a peaceful power transition. But in the context of heightened Chinese nationalism, the political transition to democracy in China could well contribute to an unstable international power transition ... an interest in a peaceful transition tempers the interest in a democratic China" (305).

Kishore Mahbubani's *The New Asian Hemisphere* is far less nuanced in rejecting democratic fundamentalism. A former Singaporean diplomat, combative author, and now dean of the Lee Kuan Yew School of Public Policy, he uses a bigger canvas, a broader brush and more vivid colours to analyze a "plastic moment" in which world history is being remade—for the better. Think Huntington with a twist in which the peoples of non-Western civilization are no longer the objects of history but *are already* the movers and shapers of history. The West may attempt to use international institutions, military power and economic resources to maintain its dominance, interests and values, but the West is losing and China's rise, closely integrated into broader developments in Asia, is transforming the global balance of power.

Mahbubani ranges widely over contemporary Asia, where "China has traveled the furthest the fastest" (131). He speaks of the liberation of the Chinese mind dissolving the myth of Western superiority, the profound revival of Chinese civilization, the fact that "unfree" Chinese are happy, that freedom to think is as important as freedom of expression, and that China has overcome old cultural constraints better than Europe and is "providing

global inspiration, if not leadership” (238). Its rise is producing more cooperation than conflict.

His fulsome critique of the West reflects his earlier writings. He dismisses the idea of the international community as “less a global community of opinion than a self-selecting club” (130). He pillories Western leaders for their management of the Middle East, free trade, global warming, non-proliferation and Iran. Having only 12 percent of the world’s population, and declining economic weight, it is losing its dominance despite strong domestic political institutions and the world’s best universities.

His account of the power shift and the failings of the West is more compelling than the accompanying claim that Asia is superior in the use of market economics, science and technology, meritocracy, a culture of peace, rule of law and education. Is the management of Japan-China relations really a sign of high Asian competence?

The value of the book is not its Asian triumphalism, which is both overstated and premature. Rather he exposes a raw nerve in reopening a new set of questions about the civilizational and cultural underpinnings of China’s, and Asia’s, rise. If international institutions reflect power, what will be the impact of Chinese power? Mahbubani admits that China is not yet ready to present an alternative international order and is generally content with the current one. But this is destined to change. Where will China lead?

All six books were in print before the full force of the current economic crisis hit in late 2008. The crisis is painful for China and has precipitated a rebalancing of the trans-Pacific economy that had been a cornerstone of China’s dynamism and growth. But there is little in the crisis to suggest that China and a rapidly integrating Asia will emerge from it more slowly, or more battered, than North America and Europe. To the contrary, the crisis appears to be accelerating the global power shift. China and several of its Asian neighbours are not only likely to be the first out of the crisis, the painful adjustments they are making in boosting domestic consumption and increasing productivity will make them comparatively stronger parts of global production and value chains.

Considering the tectonic scale of the forces in play, the speed at which they are unfolding is unparalleled in a peacetime setting. Even a year ago the idea of a G-2 sounded whimsical and few believed that the US financial system was more vulnerable than China’s.

All of the authors are cautiously optimistic that wise and forward-looking leadership can overcome the risks and conflicts inherent in this great transformation without a military confrontation or the destruction of an open economic order. Their liberal internationalist views on the importance of soft power, the prospects for cooperation, the commonality of interests, the mutual need for stronger multilateral institutions, and the prospects for joint contributions to the solution of global issues, appear to be the foundations of the China policy of the new administration in Washington.

It remains to be seen if this move beyond “simple engagement” can withstand fierce domestic opposition and the vagaries of events. The intellectual debate is just beginning and against the liberal internationalist strain stands a host of analysts skeptical that the US and the West are losing primacy, unwilling to cede economic and political leadership to a non-democratic country, and advocating policies of containment and hedging in slowing China’s rise. Will anxious publics agree that a rising China is indeed a “staggering opportunity” rather than a mortal threat and peer competitor to the domestic economies, international institutions and moral order that they value so highly? Could an inadvertent Sino-US military encounter or deeper economic crisis change the whole dynamic?

Responding constructively to global China will continue to demand strong political leadership. It will also demand deeper public understanding and new forms of scholarship. In its strengths and frailties, China has never been more complex or more directly connected to the world outside. And never before have there been more purveyors of information, analysis and knowledge looking at China from so many angles and with the opportunity to view China up front and personal.

Academics are just one caste in this deepening sea of China expertise. The hidden beauty of these six books is that they indicate just how interdisciplinary and cross-sectoral our new understanding of China is becoming and must be. China is too important to be left to China specialists and too difficult to be understood without them. The next frontier of scholarship is to better integrate views from within China into the picture.

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