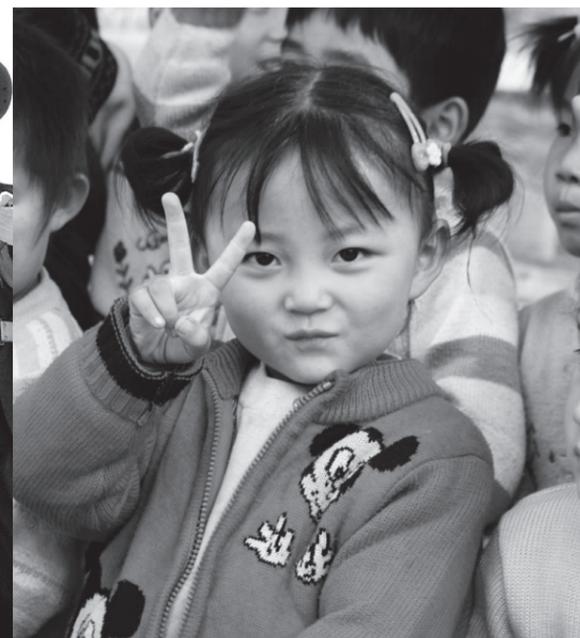


The rise of China: setting the alarm bells ringing?

Beijing's rising power and foreign policy still arouses much suspicion and mistrust. While *Rise of China* argues that there is a great risk of destabilisation and confrontation, the regional perspectives in the book offer more ground for optimism.

Bram Buijs



Hsiao, Hsin-Huang Michael and Cheng-yi Lin, eds. 2009.

Rise of China. Beijing's Strategies and Implications for the Asia-Pacific. London and New York: Routledge. 312 pages. ISBN 13 978 0 415 46882 4.

THIS MULTI-AUTHOR VOLUME provides an all-round analysis of China's rise, debating economic, political, social and military aspects. As the subtitle suggests, a particular focus is put on the regional impact and consequent responses that China's rise is causing. This important part occupies more than one-third of the book and covers the perspectives of the US, Japan, India, Southeast Asia, Hong Kong and Taiwan.

A certain alarmist flavour pervades the book, as it gives a rather critical and distrustful view on China's rise. Elements of the 'China collapse' and 'China threat' schools of thought resurface in various chapters. On the one hand, the actual success of China's development is being placed in doubt, with an emphasis on the issues of internal social unrest and the economic problems confronting China. On the other hand, China's international posture is being critically analysed. A large part of the discussion focuses on whether one can substantiate China's claim that it is pursuing a strategy of 'peaceful development'. The conclusion of the first introductory chapter gives a quite clear verdict and mentions that '...no one can really believe that China's rise could be only peaceful' and holds that 'it is unrealistic to expect China to emerge as a benign, pluralistic, and democratic state in the near future' (pp. 17-18).

China's rise as a prelude to a new Cold War

The first chapters deal with the discourse on China's rise and Chinese foreign policy. Masako Ikegami takes a quite outspoken position, arguing that 'China's grand strategy to mitigate and challenge the U.S. hegemony could eventually lead to a new Cold War'. She discards China's proclaimed 'peaceful rise' strategy as 'a mere rhetoric or a strategic propaganda' (p. 22), pointing out the destabilising nature of China's rapid military build-up and its alliances to rogue states that are upholding authoritarian regimes, 'hindering the prospect of democratization'. In a section entitled 'PLA's determined preparation for attacking Taiwan', Ikegami suggests that the PLA's quantitative and qualitative military build-up 'has reached the point to enforce unification on Taiwan' (p. 31). China's 'charm offensive' activities, such as the promotion of Confucius Institutes, are met with suspicion and are even likened to the cultural diplomacy practices of fascist Italy under Mussolini. In the following chapter, Szu-Chien Hsu discusses China's 'party-state developmental syndicate' and stresses the importance of the perception of the nature of China's rise, referring to Kenneth Waltz's *second image*. Hsu takes a more detached approach, but also concludes that 'as a developmental model, the path of China's rise has strong negative implications for international peace and stability' (p. 77).

It is quite interesting to compare these rather negative qualifications to other perceptions offered in the book. An excellent treatment of Chinese regional policy is given by Rosemary Foot. She carefully analyses the arguments that China has put forward to support its claim that its rise is going to be peaceful and not disruptive, for example by insisting that 'because of the timing of its rise to power – in a world that is now globalized and regionalized – its rise will not be like that of Japan and Germany in 1930s.' (p. 136). While not dismissing the many fault lines in the regional relations, she notes that major objectives for the Chinese leadership for the coming 10 to 20 years are to reach an 'all-round affluent society' and to keep a focus on domestic

development while avoiding regional and global tensions or conflict. The proposition that Chinese regional behaviour is, in general, quite conflict-averse is corroborated by the study of China-ASEAN relations by Carolina G. Hernandez. China's increasingly active engagement with ASEAN and the ASEAN Regional Forum (ARF) are interpreted as positive developments, underlining that China has definitely cast aside its distrust of regional associations and is instead functioning more and more like a status-quo power. Breakthroughs have been achieved concerning the maritime territorial disputes in the South China Sea by the signing of the Declaration on the Conduct of Parties, the Treaty of Amity and Cooperation and a trilateral agreement between China, the Philippines and Vietnam for the joint prospecting for oil and gas in the area. As Srikanth Kondapalli mentions in his chapter devoted to the topic: 'Overall, China has taken a modest, if advantageous, position on the territorial disputes' (p. 159). Another turning point in China-ASEAN relations has been the financial support offered to the region by China in the wake of the Asian Financial Crisis in 1997-1998. The recent proposal by China to form a China-ASEAN Free Trade Area has been a further step that created much goodwill. However, Chien-peng Chung argues that China's involvement in and influencing of regional fora such as the Shanghai Cooperation Organisation (SCO) and the ARF can also serve as evidence that 'China still feels that it might have to face a prospective policy of containment by the United States' (p. 181). Concerning China-India ties, the lingering border dispute is hampering true progress and the alleged Chinese assistance to Pakistan's nuclear programme has been seen as a 'clear message being sent to India of near perpetual hostility' (p. 241). This leads Vikram Sood to accuse the Chinese leadership of a 'long history of deceit and duplicity' and reflect upon China's rise that 'the potential for future conflict is inbuilt in this massive military and economic growth' (p. 237).

Inevitable conflict, but with whom?

Yet apart from the improving Chinese relationship with Southeast Asia, some ground for optimism is derived from other developments. Hong Kong citizens' approval ratings of the central government in Beijing did increase in recent years after they had hit a low point in 2004. China-Taiwan relations entered a more stable phase after the turbulent 1990s. Quite remarkably, given the analysis of China's rise at the start of the book, the most optimistic contribution comes from Bruce Cumings who analyses the American perspective on China's rise. In an eloquent and rather kaleidoscopic chapter Cumings argues that, in the end, an American business coalition is driving engagement with China, which already for a quarter century is based on 'peaceful cooperation and competition' (p. 192). 'Underpinning this business/politics coalition is a relatively simple fact, namely, that China does not even remotely threaten the United States technologically, commercially, financially, or militarily.' Concerning the military build-up vis-à-vis Taiwan, Cumings maintains that 'the seemingly absurd truth is that China's capabilities to invade and take over Taiwan are not relatively much better today than they were in June 1950' and assures that 'Americans should rest easily about Chinese military capabilities' (p. 206).

What is most striking in the analysis of China's rise in the light of recent events is the discussion on the domestic challenges, especially those of economic nature. The chapter on increasing social unrest and protest groups by Chih-Jou Jay Chen gives a thorough treatment on the subject, yet is not able to confirm that social unrest is actually starting to pose a significant threat to the Chinese regime. Challenges to China's continuing economic development are discussed by To-Far Wang. Wang's chapter seems slightly imbalanced as it does not really take into account Chinese efforts to change the structure of the economy to the manufacturing of higher value-added products

Left:
A Chinese military honour guard.

Right:
A child at a kindergarten in the farming village of Buyan, China shows the peace sign during a performance.

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and to strengthen the capacity for innovation, research and development. Instead, his treatment of the subject treads mostly on familiar problems such as the untrustworthiness of GDP and unemployment statistics, overheated investment, trade friction and corruption. Chang Ching-his from the National Taiwan University is quoted as stating (in 2006) that 'China's economy is already on the verge of a breakdown, and a hard landing is bound to happen at any moment.' (p. 188) Although Wang does not go as far as to say that an economic collapse is imminent, he nonetheless advises the Taiwanese government to take precautions against the negative impacts of a downturn of the Chinese economy.

The interesting part, however, is that some of the issues mentioned have (re)gained a new poignancy in the unfolding of the financial and economic crisis that started in 2008. Wang mentions the unnatural dominant position of the 'Big Four' state-owned banks in China in controlling the country's banking assets and their lingering problems regarding non-performing loans. This issue has returned back to the top of the agenda now the government has been pressuring the state-owned banks to ease their lending conditions as part of the national economic stimulus package. Wang also presciently remarks that 'China's overdependence on the international market and unrestrained manufacturing sector put it at risk of falling to an international recession, meaning that once the international market slows, China's economy is bound to plummet' (p. 119). Another striking observation is made by Yoshifumi Nakai discussing the attitudes of the Japanese Ministry of Finance (MOF) towards China. China is considered a high-risk market since 'the Chinese bubble economy, the overheating of the real estate market, and the oversupply of buildings in the major cities, will collapse sooner or later. [...] the accumulation of bad loans will cripple the national banks and the securities market. The MOF is familiar with all these troubles in Japan, and finds no reason why these troubles will not trouble China soon.' (p. 220)

Overall evaluation

The *Rise of China* volume is edited by Hsin-Huang Michael Hsiao and Cheng-yi Lin, both associated with the Academia Sinica in Taipei, Taiwan. In total more than half of the contributing authors come from academic institutes either in Taiwan or Hong Kong. Although a fully integrated, comprehensive and shared vision can not be expected from a volume written by 17 authors, the striking contrast in perspectives between some chapters, as apparent in the case of Cumings versus Ikegami, hampers the book in making a strong case for an overarching view on China's rise and should be considered a serious flaw. A second noteworthy observation is that both Korea's are lacking a specific treatment and get sparse attention in the whole book, despite the regional focus and despite their importance for the regional political balance.

All in all, the book falls in a category in which competition is particularly fierce. *China's Rise and the Balance of Influence in Asia* edited by William Keller and Thomas Rawski received a quite positive review (in *IJAS Newsletter* No. 50, Spring 2009). One of the hallmark publications in this field, which shares a similar structure to *Rise of China*, is David Shambaugh's *Power Shift. China and Asia's New Dynamics* (University of California Press, 2005). In terms of research and insights offered, *Rise of China* cannot match the, admittedly high, standard set by Shambaugh. Nonetheless, the volume consists of a good number of very informative chapters, and would be a valuable addition to the library of any researcher or layman interested in this field.

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