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The Fallacy of the Chinese

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The Fallacy of the Chinese Superpower

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Abstract

A superpower is a country that dominates the global landscape in 4 major categories. These include military, economic, political and cultural. Superpowers have to ability to project immense power and whether it is countries that are trying to counter the impact of a superpower or gain from their strength, global hegemons are important aspects of contemporary international relations. Today, The United States is the only country that has all of these requirements and therefore, is the most powerful country in the world. However, a number of countries have begun to show potential for equaling or usurping the title of superpower. No one country exemplifies this more than China. Over the last three decades, China has grown significantly to become the second largest economy and it has begun to assert itself as a great power by exerting influence both regionally and globally. The rise of China has led many in the field of international relations, from scholars to journalists and politicians, to believe that China is poised to become the next global superpower,

However, the ability of China to become the next global superpower is far from certain. This thesis will take a closer look at case for the Chinese superpower and argue that the country will not be able claim that role. I will show that despite popular notions of China’s global rise the country will not become a global superpower. To support the argument I will use theories from the Liberal and Realist perspective. I will also be using historical and empirical data, all of which will show the fallacy of Chinese superpower status. Understanding the limits of China’s rise is very important because it can help avoid creating policies and ideologies that could have disastrous consequences for the global community. In addition, understanding this issue may also provide a deeper
understanding about how states can rise to become superpowers, as China is an evolving case.
The Fallacy of the Chinese Superpower

Chapter One: Introduction

Throughout the millennia of human civilization there have been countries that have dominated the geo-political landscape. These nations or empires were referred to as hegemons, which are states that have great influence over other countries within the region in which they are located. From antiquity to the modern era, many empires and countries rose to dominate other states in their region. Such great civilizations included Egypt, Rome, Persia, the Maurya Empire, The Ottoman Empire, and the Chinese dynasties all held sway over large areas of the globe while during the medieval era states such as the Holy Roman Empire and Spain held great influence over other nation states within Europe. In many of these cases, hegemons were so powerful that they shaped the language, culture, politics and economy of the countries around them. The Roman Empire, for instance, was such a dominant power in Europe that countries within it and surrounding regions absorbed many of the Roman ways such as the Latin alphabet and Roman code of laws. Even to this day, most of Western Europe and its former colonies use the Roman alphabet.

As stated earlier, these states were regionally powerful but lacked global power. Global dominant powers are a more recent occurrence. First of these powers was Great Britain in the 19th century and then the United States and USSR/ Russia in the 20th century. In the 21st century the United States remains the most dominant power in the world. These global hegemons have become known as superpowers, which according to Alyson Lyman Miller, Professor of National Security Affairs at the Naval Postgraduate
School, a superpower “is a country that has the capacity to project dominating power and influence anywhere in the world.”¹ Miller also states that a country must be globally dominant in four areas before it can be considered a superpower: economics, military, politics and culture.” Superpowers can also be “a state with preeminence in every domain of power--economic, military, diplomatic, ideological, technological, and cultural--with the reach and capabilities to promote its interests in virtually every part of the world.”²

Superpowers have a vast amount of influence across the globe. Whether it is countries that are trying to counter the impact of a superpower or gain from their strength, global hegemons are important aspects of contemporary international relations. Today, The United States is the only country that has all of these requirements and therefore, is the most powerful country in the world. However, a number of countries have begun to show potential for equaling or usurping the title of superpower. No one country exemplifies this more than China.

The China Case Study

Over the last three decades, China has grown significantly to become the second largest economy and it has begun to assert itself as a great power by exerting influence both regionally and globally. The rise of China has led many in the field of international relations, from scholars to journalists and politicians, to believe that China is poised to become the next global superpower, taking over from that of the United States and its role as the world’s lone global hegemon. For example, journalist Fareed Zakaria

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describes China as “the power of future.” And economist Jeffery Sachs stated that “China is the most successful development story in world history.” The growth of China is very significant, as it has altered the geopolitical landscape and shifted some of the power from west to east. This is because the country has now become a major player politically, militaristically, economically, and culturally, which is something that for the last few centuries was only held by Western nations such as Britain and the United States.

**The Proposal**

However, can China surpass or equal the superpower of the United States? The ability of the country to become the next global superpower is far from certain. This thesis will take a closer look at the Chinese superpower case and argue that the country will not be able claim that role. I will show that despite popular notions of China’s global rise the country will not be able to claim the role of a global superpower. To support my argument I will use theories from the Liberal and Realist perspective. I will also be using historical and empirical data, all of which will show the fallacy of Chinese superpower status. Understanding the limits of China’s rise is very important because it can help avoid creating policies and ideologies that could have disastrous consequences for the global community. In addition, understanding this issue may also provide a deeper understanding about how states can rise to become superpowers, as China is an evolving case.

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4 Ibid 89
Questions

As stated above China is an evolving case, in terms of its ability to achieve superpower status. Therefore, the main question this thesis will attempt to answer is whether or not China will become the next superpower? Will China surpass or equal the superpower position of the United States? What are the country’s strengths and how do it weaknesses outweigh its ability to rise to become a global hegemon? I will also answer questions such as, is China’s military capable of handling global issues? What is the country’s true economic sway within the global community? Will China be able to lead politically against major global issues? How capable is China’s soft power potential? Will its policies on human rights and the environment have an effect on China’s global legitimacy? Does China possess the long term capability to maintain its current rise? Can the Chinese government maintain its grip over its 1.3 billion people? Finally, what proper polices can be created that can help countries comprehend and deal with the limits of a rising China?

Breakdown of the Study

This thesis will be broken down as follows. Chapter 1 is The Introduction. Chapter 2, the Rise of the Superpower, is the chapter that deals with the theories behind state actions and hegemons. Here I will look at the nature of the state, how states work within the international system and why they attempt to become hegemons. I will analyze the nature of power from a realist and liberal perspective and look at the theories of balance of power, balance and threat, the security dilemma and hegemonic stability theory. All of which are necessary in helping one understand how states work and how they react to countries with hegemonic capabilities.
Chapter 3, *The Balance of Power in Asia: Theories at work*, will apply the model in chapter 2 to China. I will construct the path that China is taking to become a global hegemon and how the natural balancing effect that occurs will curtail a rising China from becoming the next global hegemon. To do this I will compare 19th century Europe to 21st century Asia and use the South China Sea as a case study towards the balancing effect. In addition, I will use models of countries that have been both successful and unsuccessful in hegemonic potential. This chapter will focus heavily on the military aspect of a superpower and how China’s ability to exert force will lead to its limit in the rise to hegemonic status.

Chapter 4 and 5, *China as the Superpower*, will be the continuation of chapter 3 with the description on limits of the Chinese hegemon. I will take a look at the China case by looking at the other important elements that make up a superpower, which are political, economic and cultural dominance. I will first give evidence that suggests a rising China within the areas stated above then I will counter argue that these inferences of China’s future power is fallible by giving empirical as well as theoretical evidence of China’s insecurities.

In Chapter 6, *Conclusion*, I make my inferences about China as a superpower and whether or not the theories and evidence that I have put forth suggest a limit to the idea of a rising China. This chapter will also take a look what the future holds for China and the role that it will play on the global stage in the upcoming decades of the 21st century. In addition, I will show what may occur if poor policies towards China are enacted, and suggest the best way states can react to a rising China.
Chapter 2: Literature Review

In international relations there are a number of theories dealing with how states interact with one another. The two major, as well as oldest, academic schools within international relations that have created an in-depth understanding of state behavior and hegemony are realism and liberalism. In this chapter, I will take a look at some of the theories that have been put forth by these two schools of thought. These theories will help in the understanding of China’s policies as well as predict the actions the country will take as this century progresses. These theories are in no way absolute but create a broad understanding of China as a case study.

Power

One of the most important concepts in the study of hegemony is power. Power according to the American Heritage English Dictionary is “the ability or official capacity to exercise control or authority.” In other words, it is having the capability to dominate someone or something. If individual A has enough power over individual B, individual A can make individual B do anything at the whim of Individual A. In a more political perspective, power means “the mutual relations of control among the holders of public authority and between the latter and the people at large” or in a more societal context, those who have the most authority hold the most power.

Power is an important concept in the field of international relations, especially to a realist, because power is a vital aspect of how a realist thinks the international system works. According to both liberals and realist we are living in a world in which the

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primary actors in the international community are states. In this system, states are absolutely free but, due to this freedom, anarchy persist. This idea has its foundation in Thomas Hobbes’ “The Leviathan.” Hobbes’ philosophy was applied to the natural state of men, which to Hobbes occurred before the creation of the state and the idea of the social contract, which is a contract between the natural man and the state that requires him/her to give up freedom for security. According Hobbes, there are three main assumptions about the natural state of man.

1. Men are all equal
2. They interact through anarchy
3. They are motivated by competition, diffidence, and glory.\(^7\)

Realist (and later, liberals) have used these suppositions and applied it to the international order. First, the nation-state has replaced Hobbes’ idea of natural man. However, like the natural man, all states are equal. This is due to the fact that there is no international authority. Therefore, states are able to do as they please without the consequences of an overwhelming authority directing them on how to act within their own borders. However, this freedom only occurs within the state’s territory and when states try to exert their interest on other states, conflict usually ensues. In addition, the fact that there is no higher power means that these states are in a perpetual state of anarchy,\(^8\) since there is no overwhelming power controlling all states. This anarchy creates a self-help system in the international community, leaving states vulnerable to other states that are either trying to protect themselves or attempting to gain power and

\(^7\) Scott Burchill, et al Theories of International Relation, (New York: 2005, Palgrave Macmillan.) P 34
influence within the anarchic system. Either way, nation states are attempting to pursue their own interest.

However, while Hobbesian anarchy seems like that of a globe in absolute chaos, contemporary realists have developed a theory in which there exists structure within this anarchic world. Developed by Kenneth Waltz, structural realism keeps the fundamental ideas of Hobbesian realism yet at the same time creates a relatable understanding of the contemporary globe. According to Waltz “States, like people, are insecure in proportion to the extent of their freedom. If freedom is wanted, insecurity must be accepted.” In other words, if countries want to be free, they must accept the fact that they live in a world in which other nations are constantly seeking their own interest, which may include the self-destruction of other states. Waltz goes on to state that the behavior of countries is based on Realpolitik. He says, “The elements of Realpolitik…are these: the ruler’s, and later the state’s, interest provides the spring of action; the necessities of policy arise from the unregulated competition of states; calculations based on necessities can discover the policies that will best serve a state’s interest; success is the ultimate test of policy, and success is defined as preserving and strengthening the state.”

Waltz argues that competition among states makes them vulnerable, countries are defined by self-interest, and the success or failure of their ability to project interest overseas, which determines the strength of the state, is within the global system. For example, if Russia decides to drill for oil in the Artic and is successful in its endeavors, the country’s interest are satisfied while also strengthening its position within the global system because it will be able to exploit the natural resources in the Artic to help grow its

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10 Waltz 117
economy or power its military. However, if Russia is not successful in the Arctic, for reasons such as poor technology or other countries preventing it from drilling, Russia’s interests are not met and its global standing declines as it is not able use the oil develop its state. These growths and declines may be insignificant or substantial but either way, gaining the states interest is paramount to every country as it is the way to gain power within the anarchic system. Interest is defined in terms of power and If your interests are met, you have attained some form of power over other states. To a realist, power becomes the end all in international politics, and is pursued by all states. No theorist within international relations has defined the nature of power and how it relates to that of states more than Han Morgenthau. In his book “Politics Among Nations” Morgenthau states, “International politics, like all politics, is a struggle for power. Whatever the ultimate aims of international politics, power is always the immediate aim. Statesmen and peoples may ultimately seek freedom, security, prosperity or power itself. They may define their goals in terms of a religious, philosophic economic, or social ideal.”

Morgenthau argues that despite the human condition, such as morality and values, a country can only be successful if it gains its interest through power. For instance, when the United States invaded Iraq in 2008, it was based on the supposition that Weapons of Mass Destruction were located in the country and America believed that it was in its interest to remove such weapons (whether the reasoning was for security or ideology, either way America used its power to further its interest). Therefore, it used its military power to overwhelm the Iraqi forces and overthrow the government. In other words, the more power a country possesses the more its ability to project interest increases. History

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is littered with examples of powerful countries exerting its supremacy over others. It does not matter the policy or the idea behind such exertions, the end result is one country succeeding or attempting to dominate another. From the Spanish invasion of the Americas to the US policy of containment, during the Cold War, countries exert power in different ways to gain and maintain their interest.

Morgenthau also concedes that not all interactions among states are based on power. He states that “many legal, economic, humanitarian and cultural activities” do not require a state’s use of power. Meaning that state’s will interact with each other despite anarchy. However, he also argues that power is the way in which countries can influence the international system, which is important if a country is to become a hegemon. Morgenthau describes that there are four distinctive forms of power. These are:

1. Power and Influence
2. Power and Force
3. Usable and Unusable Power
4. Legitimate Power and Illegitimate Power

Power and Influence deals with the ability to compel through “the promise of benefit and the threat of disadvantages.” This means that Country A can compel Country B to pursue Country A’s interests by either granting Country B’s interests or by removing something beneficial to said country. A hypothetical instance of this could be the United States wanting to build a mineral refinery in Uzbekistan. To gain such a thing the US would propose benefits it would grant to Uzbekistan, such as state development or jobs for the local population. However, if the Uzbek government refuses to allow the US to

12 Morgenthau 30
13 Ibid 31
14 Ibid 31
mine for minerals in Uzbek territory, the United States may react by threatening to cut off trade with Uzbekistan. This shows that the US has the power to influence Uzbekistan by providing either a benefit to the country or a disadvantage if the US does not get what it wants.

The second form of power is that of Power and Force. Morgenthau describes this as the act or threat of force. He states, “In international politics in particular, armed strength as a threat or a potentiality is the most important material factor making for the political power of a nation.”\textsuperscript{15} This means that a country’s real ability to exert power over another is based on its ability to literally or potentially use violence to gain its interest. While this may seem like an oversimplification of international politics, there is historical evidence to back up this claim. One such example can be seen with the US moving aircraft carriers into the Strait of Hormuz even after Iranian officials threatened to close the strait. The overwhelming powers of the United States military made Iran back off from their threats. Another example of this form of power is the Soviet Union. Towards the end of the Cold War, the United States had a gross national product (GDP) nearly twice the size of the Soviet Union\textsuperscript{16} yet the Soviet remained a threat because the country continued to spend a large amount on its military. Even after glasnost, perestroika and general easing of tensions between the two countries, USSR spending on its military continued to be high. For instance, in 1989 the USSR military spending exceeded 128 billion dollars, which made up 9\% of the country’s Gross National Product, and this led to the American

\textsuperscript{15} Ibid 31  
legislative body increasing its own military spending as reaction.\textsuperscript{17} This was despite the fact that the US had overwhelmed the USSR in other aspects.

These two examples show how important it is for a country to have a strong military if it wants to directly project its interest outside of its borders. If the US did not have a strong military, Iranian officials may have actually closed the Strait of Hormuz or if the Soviets had not spent that much on their military the country would not be perceived as such a threat to the United States.

Useable and Unusable forms of power deal directly with nuclear weapons. According to Morgenthau, the invention of nuclear weapons has changed the way power of force is used. “The threat of all out nuclear violence implies the threat of total destruction.”\textsuperscript{18} In other words, countries that possess nuclear weapons have power because they wield an instrument of total destruction and therefore, these nuclear countries have the ability to hold non-nuclear countries hostage, which in turn allows nuclear countries to exert their power and interest. However, this power is negated when one nuclear country threatens another nuclear country due to the fear of shared mutual destruction. This is one of the reasons why the Soviet Union and The United States never directly confronted one another during the Cold War.

The final form of power is that of legitimate and illegitimate power. Legitimate power is power that is “exercised with moral or legal authority.”\textsuperscript{19} While illegitimate power is exercised without any consideration of any virtue, instead it is based on a complete act of self-interest. Morgenthau states that legitimate power “is likely to be more effective than

\textsuperscript{17} “Soviet Military Budget: $128 Billion Bombshell,” New York Times, May 31\textsuperscript{st} 1989, Sec. A.

\textsuperscript{18} Morgenthau P 31

\textsuperscript{19} ibid 32
that of illegitimate power, which cannot be so justified.”

In other words, countries are more willing to back other countries if they view the act that exerts power as something justified. For instance, after the terrorist attacks on September 11th the United States had overwhelming support of the global community to take on Osama Bin Laden and Al-Qaeda in Afghanistan. This direct use of power was seen as justified as it was codified in the United Nations Charter under article 51, which states “nothing in the present Charter shall impair the inherent right of individual or collective self-defense if an armed attack occurs against a Member of the United Nations.” Therefore, this gave the United States the right to exert the power of force, which they used, with the support of other countries. However, the case would have been different if the US had decided to invade Afghanistan because it wanted to expand its territory overseas. Countries may have confronted the US and tried to circumvent this illegitimate form of power. However, Morgenthau also states “political ideologies…serve the purpose of endowing foreign political policies with the appearance of legitimacy.” Meaning countries would rationalize virtue to justify their use of power no matter what the cause.

Each of these forms of power is important as they help in the understanding of how states interact in the global system. As stated earlier, countries need power to pursue their interest and therefore possessing these strengths will help them in having an effect on the anarchic global system. The more power a country possesses the stronger they are among states. Hegemons and superpowers possess vast amounts of power relative to other countries. However, as the next part in this chapter will show, power can be constrained even if the country is a hegemon or superpower.

20 Ibid 32
Constraints on Power

I have shown that according to realist and liberal philosophies, countries (the primary actors in an international system) are in an anarchic world. Due to this anarchy, states are forced to seek their own interest and to do so, states require power. Power may be useable or unusable, legitimate or illegitimate but the end result is the same, it is used to promote the self-interest of state. However, power does not run rampant in the international system. There are power constraints. These constrains prevent countries from gaining their interests and weaken their influence and dominance within the system.

The first of these constraints is that states act in a rational manner. Along with state-centrism, rationality is one of the core ideas associated with realism. Realists believe that states act rationally. Offensive realist John Mearsheimer states,

States are rational is to say that they are aware of their external environment and they think intelligently about how to maximize their prospects for survival. In particular, they try to gauge the preferences of other states and how their own behavior is likely to affect the actions of those other states, as well as how the behavior of those other states is likely to affect their own strategy. When they look at the different strategies that they have to choose between, they assess the likelihood of success as well as the costs and benefits of each one. Finally, states pay attention not only to the immediate consequences of their actions, but to the long-term effects as well.

This means that states are aware of their actions and while they might be in a constant pursuit of power, states must first understand the nature and conditions of their place.

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22 Burchill 32
within the international system. In other words, due to the fact that rational actors rule countries they are constrained by how capable they are to exert power. This is because every attempt to use power in an effort to gain interest comes at a cost. Therefore, a country has to weigh the possible benefits or losses if they are to engage in the use of power. A good example of this would be the Cold War. Both the United States and the Soviet Union did not directly engage with each other. They, instead, used their power to influence other states. One of the reasons for doing this was that if either country were to attempt to exert power over the other, the cost of doing so would be too high. This situation was further complicated by the fact that both powers possessed nuclear weapons and therefore, if one country were to invade the other, the cost of shared mutual destruction was too high and so, rationally, both countries curbed exertion power.

**Balance Of Power/ Balance of Threat**

One of the major constraints to power is that of balance of power. Due to this, countries are unable to exert power without consequences and, as I will describe in the next chapter, balance of power will be one of the strongest reasons why China’s rise will be compromised. Balance of power is a realist theory with its basic tenants created by Kenneth Waltz. Waltz states that countries are “unitary actors who, at a minimum, seek their own preservation and, at a maximum, drive for universal domination.”\(^{24}\) This reaffirms the realist belief of anarchy and power in the terms of interest. He continues by stating, “A self-help system is one in which those who do not help themselves, or who do so less effectively than others, will fail to prosper, will lay themselves open to dangers, will suffer. Fear of such unwanted consequences stimulates states to behave in ways that

tend toward the creation of balances of power.\footnote{Waltz, 119} In other words, due to the unpredictability of the international system, states will engage in ways to counter the power of another country, which is the basic idea of balance of power.

Balance, to a realist, is to "impose its restraints upon the power aspirations of nations,"\footnote{Ibid, 121} which preserve the state of anarchy found in the international system and avoid the rise of hegemons. In addition, realist believes in the zero sum game, which means that if one state gains power another will lose. For example, if the United States develops a new weapon the perceived notion is that the US has gained while other states have lost. This is because the US now has something to project power over other countries. Acts such as these spur states to react to power and the more powerful a state becomes the more likely other countries will react to the superior nature of that particular state. According to realist philosophy, hegemons are fleeting occurrence within the international system as "states seek to balance power, and thus the preponderance of power in the hands of a single state will stimulate the rise of new great powers, and possibly coalitions of powers, determined to balance the dominant state."\footnote{Michael Mastanduno, “Preserving the Unipolar Moment: Realist Theories and U.S. Grand Strategy after the Cold War,” \textit{International Security}, Vol. 21, No. 4 (Spring, 1997) P54} This means that countries will react to a state becoming dominant by gaining its own power or by forming alliances to balance the powerful state. There is empirical evidence to support this. During the Cold War both the United States and the Soviet Union tried to counter the other’s power in an attempt to avoid either one from becoming a global hegemon. Both countries created a system of equilibrium in which no one state would dominate and in doing so maintained the bipolar world, avoiding a single global hegemon.
Closely related to balance of power is that of balance of threat. While balance of power deals directly with trying to restore an equilibrium, like the United States and the Soviet Union trying to circumvent the power of the other so as to defend their own interest, balance of threat deals with the alliances of states to counter rising power. Balance of threat creator Stephen Walt argues “states risk their own survival if they fail to curb a potential hegemon before it becomes too strong.”28 This relates to Waltz’s idea that countries will react to power by creating balances. However, this balance is created due to the insecurity of the international system, states will react to growing power with suspicion and view it as a threat to their existence.

Therefore, according to the balance of threat theory, countries will either create alliances to counter the rise of power or bandwagon with a potential hegemon to preserve the weaker state’s existence. However, it should be noted that Walt argues that countries tend to balance rather than bandwagon. The reason he gives is “[if states] ally with the dominant power means placing one's trust in its continued benevolence. The safer strategy is to join with those who cannot readily dominate their allies, in order to avoid being dominated by those who can.”29 In other words, countries will form alliances with weaker states as to avoid being dominated. There are examples of balance of threat actions during the two World Wars, where both, Britain and France, formed an alliance to counter the hegemonic rise of Germany.


29 Walt P5
The Security Dilemma

Another point of note with the interaction of states is that of the security dilemma. “The security dilemma exists when many of the means by which a state tries to increase its security decrease the security of others.” In other words, if a country decides to build up its defenses other states may perceive this as a threat and therefore create their own defenses. This leads to the spiraling effect, “which describes how the interaction between states that are seeking only security can fuel competition and strain political relations.” This simply means the more a state attempts to secure itself from the insecurity created by the anarchic international system, the more other states would perceive this as a threat to their freedom, leading to actions that would promote the state-centric behavior. The Security dilemma leads to actions such as arms races and the strain of political tensions among countries. The Cold War is, again, a good example of this. During this war, the United States and the Soviet Union created defenses to protect themselves from the other, leading to an arms race and nuclear proliferation within both countries. “The other major variable that affects how the security dilemma operates is whether weapons and policies that protect the state also provide the capability for attack.” In other words, the strength of the security dilemma depends on whether or not countries take on a defensive or offensive posture.

Robert Jervis in his article “Cooperation Under the Security Dilemma,” states that there are four major ways in which the security dilemma may exist.

1) Indistinguishable offensive advantage- the security dilemma is the strongest in

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31 Glaser 171
this scenario as states find it easier and more cost effective to invade and conquer other states. In this scenario states are more likely to go to war with one another because the intention and actions of states are unknown to the other.

2) **Indistinguishable defensive advantage**- Here the security dilemma exists due to the fact that each state is building its defenses and waiting for the other state to strike. Security needs become compatible and war is avoided.

3) **Distinguishable offensive advantage**- states act in an offensive way as a way to protect themselves from that of aggressor states. In addition, states are able to be warned by the actions of other states and therefore are able to react to actions of the aggressor state. In this scenario the security dilemma does not exist.

4) **Distinguishable defensive advantage**- Jervis describes this as the most peaceful outcome. In this situation the security dilemma is weak because actors will view other states in a rational manner and therefore will not result to conflict. Additionally, the advantage given to defense will cause nations to invest greater resources in defensive capabilities that do not threaten their neighbors.  

In summary the security dilemma shows how countries perceive one another as a threat due to the development of weapons. This threat may be benign since a country may just be trying to secure itself, or state actions might be an overt attempt to use military power to gain its interest. Either way, countries will react to increased spending on military capabilities leading to the rise of the security dilemma. In the next chapter I will show how a security dilemma is developing in Asia as China increases its military spending.

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33 Jervis 211
The Liberal View

Neo-liberals share a number of the aforementioned ideals with realists. Liberals view the international system as one where anarchy and state-centric behavior exists. However, liberals believe that the self-help nature that persists within the international system can be subdued or at least controlled. There are a number of tenants in liberalism, such as democracy and human rights, but I will only focus on three of these ideas, which are cooperation, free market, and regime theory. These are important because some of these tenants are what has shaped China’s policies since the Deng reforms.

Cooperation

Liberal theorists share the realist belief that the global system is anarchical and state centric. “Liberal theory seeks to generalize about the social conditions under which the behavior of self interested actors converges towards cooperation or conflict.”  

In other words, liberals believe that due to the self help nature of the international system, countries tend to react either by cooperation or warring with one another. Liberals believe conflict among countries is caused by 3 reasons, which are “divergent fundamental beliefs, conflict over scarce material goods and inequalities in political power.”  

Meaning that countries enter into conflict with one another if their ideas are severely different from one another (example the Soviet Union and United States conflicting ideas of communism and capitalism.) Conflict may also arise from the lack of resources within an area, which may lead countries to war with one another so as to gain scarce resources. Finally, conflict comes from one country having an overwhelming amount of power over others. Liberals believe that cooperation among states will help in the avoidance of state

35 Ibid 517
conflict and ease the nature of the anarchic system. Liberals believe that cooperation will help facilitate a more harmonious globe and as cooperation grows states will find that the cost of war will be too high and therefore conflict is reduce. However, how does this cooperation come about? Liberals argue, “Peace is a normal state of affairs…the laws of nature dictated harmony and cooperation between peoples.”\textsuperscript{36} Found in such writers like Kant and Paine, liberals believe that the natural state of man is that of cooperation and peace. This point of view is contradictory to Hobbes and realist who see natural-man being fickle and greedy.

Liberals argue that conflict and war are caused by the “war system, [which] was contrived to preserve power and employment of princes, statesmen, soldiers, diplomats and armament manufactures, and to bind their tyranny ever more firmly upon the necks of the people.”\textsuperscript{37} In other words, liberals believe that a certain class of people, created these issues across the globe in an attempt to preserve their power, causing conflict among states.

**Free trade**

Liberals believe that the best way to counter conflict and the war system is through democracy and free trade.\textsuperscript{38} While the role of democracy will play an important role in the upcoming chapters, my focus here will be free trade because China subscribes to a liberal form of economy.

Free trade is an important part of liberalism. “Liberals believe that unfettered commercial exchanges would encourage links across frontiers and shift loyalties away

\textsuperscript{36} Burchill 60
\textsuperscript{37} Ibid
\textsuperscript{38} Ibid 61
from the nation state. Leaders would eventually come to recognize that the benefits of free trade outweighed the cost of territorial conquest.”39 This simply means that the movement of goods, services and people among states would increase the wealth of each country and leaders would not engage in a conflict that would disrupt the prosperity of their country. In other words, countries will not go to war with one another because they believe the cost of such an action to high.

Liberals also assume that “international economic interactions can be mutually beneficial, or positive-sum game theory, if they operate freely. All states are likely to gain from open economic relation, even if they do not gain equally… all liberals believe that the international economic system functions best if it ultimately depends in the price mechanism and the market.”40 Liberals argue that if countries engage in the free trade system, every country will gain something. Even if others gain more, countries will manage to have some form of mutual benefit. This is different than the realist idea of a zero sum game in which if one country gains another loses. Liberals also believe that the market should determine the price of goods and that a country should produce something that they can either produce cheaply or uniquely. For example, if the United States, Canada and Mexico engage in free trade they will benefit because they would be able to trade with countries outside of their territory, which would give them access to markets that they would otherwise not have. In addition, these countries will also gain because they would buy goods at cheaper prices from countries that would be able to produce them at a lower cost. For instance, if Mexico can produce bananas cheaper than Canada and the US, all countries will gain because both of these countries will not waste

39 Ibid 65
resources in producing something that can be bought cheaply from Mexico, while Mexico gains access to American and Canadian markets. This ideology faces a large amount of criticism, especially from Marxists who believe “that the advanced capitalist states either under-develop less developed countries or prevent them from achieving genuine autonomous development.”\(^{41}\) Meaning industrial nations benefit the most from liberal economic policies while the third world suffers. However, these criticisms go beyond the scope of this thesis because the focus of this thesis is predicting China’s hegemonic strength and the free market system is an important part of Chinese policy.

**Regime Theory**

Regime theory, like that of the free market, helps in facilitating cooperation among states and reduces the likelihood of conflict. “Regimes can be defined as a set of implicit or explicit principles, norm, rules, and decision-making procedures around which actor’s expectations converge in a given area of international relations.”\(^{42}\) Regimes are agreements among countries in areas of mutual interest these may be of an economic, military or social nature.

Regimes are comprised of principles, norms, rules and decisions. “Principles are beliefs of facts and causations and rectitude.”\(^{43}\) This is the structure of the regime, its core ideal, whether it is to promote economic liberalization or to stop nuclear proliferation, is to promote the mutual interest of the states in the system. “Norms are standards of behavior defined in terms of rights and obligations”\(^{44}\) or what the regime is expected to

\(^{41}\) Cohn 100
\(^{43}\) Ibid
\(^{44}\) Ibid
accomplish. “Rules are specific prescriptions or proscriptions for action.”

45 This is what states are allowed do within the regime and the role each state has to play. “Decision-making procedures are prevailing practices for making and implementing collective choice.”

46 In other words, how decisions are made to accomplish the goals of the regime.

Regional economic institutional integrations is a good example of how regimes work. “Europe, for example was inspired by the belief that conflict between states would be reduced by creating common interest in trade and economic collaboration among members of the same geographical region.”

47 Today the European Union has 28 member states many of which share a single currency as well as trade, environmental and social policies. The EU has become one of the most integrated and interdependent examples of how regimes and institutions can work.

It is important to understand Regime theory because China is a part of several regimes such as the World Trade Organization, which will show how the country’s economic growth will be slowed by such interdependence.

**Hegemonic Stability**

Hegemonic Stability is a fusion of multiple international relations schools of thought, which include realists and liberals. The “theory of hegemonic stability [explains that ] hegemony can facilitate a certain type of cooperation.”

48 In other words, hegemons can use their power to influence states to cooperate with one another. “The basic contention of the hegemonic stability thesis is that the distribution of power among states is the primary determinant of the character of the international economic system. A

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46 Ibid
47 Burchill P66
hegemonic distribution of power, defined as one in which a single state has a predominance of power, is most conducive to the establishment of a stable, open international economic system.”49 In other words, the overwhelming power possessed by the hegemon helps in the promotion of stability within the international order. However, hegemonic stability does not use hard power to coerce states to follow their ideals but instead uses soft power to gain their interest. The reason why hegemonic systems become cooperative is because “essentially it implies soft rule within and through co-operative arrangements based on a long-term strategy.”50 This relates back to idea that realists hold that hegemons are fleeting in existence as when an overwhelming amount of power is held by a single state causes a reaction of balancing among countries. Hegemonic stability is a way in which hegemonic states can prolong their status by acting as a benign power by allowing countries their freedom and by cooperating with weaker states. Hence avoid the balancing affect which according to the realist would be inevitable. Hegemons must have the resources as the will to engage with other states according to stability theory.

An example of hegemonic stability in action would be that of the United States after the World War 2. During this period the US used soft power to consolidate its power while at the same time attempted to cooperate with its allies. Take for instance, the Marshall Plan, which was “a post World War 2 program of massive economic assistance to Western Europe, inspired by the fear that those war devastated countries were ripe for

communist-backed revolutions. After the war the United States remained the only industrial power intact with an overwhelming power over the rest of the globe. Instead of using military power to preserve its position the United States engaged in cooperative hegemonic power to gain its interests. In the case of the Marshall Plan both the hegemon and other states benefited. The US avoided the spread of communism in Western Europe, hence preserving its power, while countries that agreed to the terms received massive economic support to rebuild and recover from the devastation of the war.

**Adding to the Literature**

Finally, this thesis attempts to add to the literature by taking the case study of China and applying it to the theories and ideas that govern the field of International Relations. It uses these theories to predict with some certainty how states will react to the rise of China and how current trends can predict the future of China’s potential to become a superpower.

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51 Thomas M. Magstadt, Understanding Politics Ideas, Institutions and Issues, (Belmont:2003 Wadworth/Thomson Learning) P591
Chapter 3: The Balance of Power in Asia: Theories at Work

In the introduction, I stated that for China to become a global superpower it must dominate certain areas. One such area is that of military power. Military dominance is one of the most important aspects of any superpower. This idea can be related back to Morgenthau’s view of power. According to Morgenthau a country’s ability to project force onto another country is the most important factor “for the political power of a nation.”\footnote{Morgenthau 31} Having military dominance means a country can project power unconditionally over other states.

A good example of how important military power can be, one only has to take a look at the Soviet Union. The Soviet Union, “with its development of an industrial economy, its military stature in World War II, and its growing sphere of regional control, the USSR emerged as a global superpower.”\footnote{Mark Kesselman, Joel Krieger, William A. Joseph. Introduction to Comparative Politics (New York:2004 Houghton Mifflin Company) P353} However, due to poor economic planning and rampant corruption, the country’s strength as a superpower declined. “From the late 1970s…economic growth rates declined, and improvements in the standard of living were minimal. Many consumer goods were still in short supply, and quality was often mediocre…to maintain the Soviet Union’s superpower status and competitive position in the arms race, resources were diverted to the military sector.”\footnote{Ibid 354} While one can argue that the Soviet’s massive spending on its military was one of the major contributors to the country’s collapse, the country’s military helped it maintain the role of a superpower during the Cold War. For instance, during the 1980s the Soviets deployed “mobile, inter-
mediate-range missiles, building new long range missiles, and modernized its nuclear submarine fleet. It also continued to assist Marxist forces in Afghanistan, Angola, Kampuchea (Cambodia) and Ethiopia.”

This was despite the fact that the country was suffering internally from economic and social issues. The Soviets still projected power and hence maintained the role of superpower while at the same time keeping the globe bipolar state. This was seen in the 1980s by the US response to the USSR increased military build-up. “The Regan administration’s initial strategy was to refocus US policy on the Soviet threat. It set out to ‘win’ the arms race…Secretary of State Alexander Haig acknowledged a tougher line in 1981 when he described the “threat of Soviet military intervention colors attempts to achieve international civility.”

In other words, despite the United States having an “economic and technological superiority,” the Soviet Union remained a major rival, due to its military capability.

Therefore, China needs to have a globally dominant military or at least have equivalent military capabilities to that of the United States, if it is to achieve the role of global hegemon, and as this chapter progresses one will see the limits in China’s military power projections.

The Rise of the Chinese Military

Like all of the aspects that will be described in this thesis, there are elements that demonstrate that China is heading towards a dominant role in the global system and its military is no exception. While the United States remains the most powerful military in the world, China has begun to show its growing strength. “For two decades China has

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56 Ibid
57 Ibid
been adding a large number of warships, submarines, fighter jets and — more significantly — developing offensive missiles capable of knocking out U.S. stealth aircraft and the biggest U.S. naval ships including aircraft carriers.” China has also been modernizing its military with studies finding “China developing anti-ship ballistic missiles and stealth fighter-jets earlier than the United States expected.” On top of this, China has a military of 2.3 million personnel, and has increased its defense and weaponry budget by double-digit percentages annually. In fact, China’s defense budget has increased upwards of 10% per year for over a decade. Rising from 30 billion dollars in 2000 to 120 billion dollars in 2010 with some experts believing that this figure was too low, suggesting that China was spending upward of 160 billion dollars on military funding. These massive amounts of military spending has led China to develop highly technological capabilities, an example of this, is the “carrier killer,” an anti-ship missile with enhanced targeting capabilities facilitated from space. “China launched its own Beidou Positioning System, challenging the monopoly of the US Global Positioning System (GPS).” This means that China has the ability of precise targeting against its enemies.

All these examples show how China is growing its capability to project power with the use of force overseas, and as Table. #1 show’s, that combined, India and Japan, China’s closest military rivals in Asia, only spend slightly more than what China spent in 2013 on its military.

60 “The dragon’s new teeth A rare look inside the world’s biggest military expansion” The Economist, 04/07/2012 <http://www.economist.com/node/21552193> 04/09/2012
Table 1 Top ten Countries Military Spending in 2013

<table>
<thead>
<tr>
<th>Country</th>
<th>Spending in Billions</th>
<th>World Share, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>618.7</td>
<td>49.5</td>
</tr>
<tr>
<td>China</td>
<td>171.4</td>
<td>13.7</td>
</tr>
<tr>
<td>Russia</td>
<td>84.9</td>
<td>6.8</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>62.8</td>
<td>5</td>
</tr>
<tr>
<td>France</td>
<td>62.3</td>
<td>4.9</td>
</tr>
<tr>
<td>Japan</td>
<td>56.4</td>
<td>4.5</td>
</tr>
<tr>
<td>Britain</td>
<td>56.2</td>
<td>4.5</td>
</tr>
<tr>
<td>Germany</td>
<td>49.3</td>
<td>3.9</td>
</tr>
<tr>
<td>India</td>
<td>49.1</td>
<td>3.9</td>
</tr>
<tr>
<td>Brazil</td>
<td>36.2</td>
<td>2.9</td>
</tr>
</tbody>
</table>

China Compared.

One can argue that these examples shown in the previous section demonstrate China heading towards the direction of becoming a military hegemon. However, for one to understand the true potential of China’s military strength there must be a comparison to the current global hegemon, the United States. Currently, the US outspends, as well as, out-guns China (as table 2 shows). The US’s spending on its military is nearly 4 times

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62 Thomas C. Frohlich and Alexander Kent, “10 Countries Spending the Most on the Military” 24/7 Wall Street 07/10/2014 [http://247wallst.com/special-report/2014/07/10/10-countries-spending-the-most-on-the-military/#ixzz3Kg3LJwYM](http://247wallst.com/special-report/2014/07/10/10-countries-spending-the-most-on-the-military/#ixzz3Kg3LJwYM) 07/10/2014
that of China. In addition, the United States has a military power, in terms of weapons and technology that dwarfs that of the Chinese. In 2011, Chinese General Chen Bingde stated that China is “still 20, 30 years behind the United States, no matter how much we have developed.” As Table# 2 shows below the United States will remain the global military power for decades to come.

Table#2 Military assets of China and The United States in 2012

<table>
<thead>
<tr>
<th></th>
<th>China</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defense budget 2010-2011 in billions</td>
<td>89.8</td>
<td>739.3</td>
</tr>
<tr>
<td>Active personnel in Millions</td>
<td>2.3</td>
<td>1.6</td>
</tr>
<tr>
<td>Intercontinental ballistic Missiles launchers</td>
<td>66</td>
<td>450</td>
</tr>
<tr>
<td>Modern main battle tanks</td>
<td>2,800</td>
<td>6,302</td>
</tr>
<tr>
<td>Aircraft carriers</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>Nuclear powered submarines</td>
<td>5</td>
<td>57</td>
</tr>
<tr>
<td>Heavy medium transport aircraft</td>
<td>57</td>
<td>847</td>
</tr>
<tr>
<td>Tanker aircraft</td>
<td>13</td>
<td>550</td>
</tr>
<tr>
<td>Cruisers/ destroyers</td>
<td>13</td>
<td>83</td>
</tr>
<tr>
<td>Heavy unmanned aerial vehicles</td>
<td>n/a</td>
<td>370</td>
</tr>
<tr>
<td>4th generation tactical aircraft</td>
<td>747</td>
<td>3,092</td>
</tr>
<tr>
<td>Nuclear Powered Submarines with Ballistic missiles</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>Heavy/medium transport helicopter</td>
<td>57</td>
<td>847</td>
</tr>
</tbody>
</table>

64 “The Dragon’s New Teeth”
The Balancing Affect

Currently China is still far behind in becoming a military superpower. However, with its annual increased spending on defense, future projections show that the country may eventually surpass the United States. On the other hand, as China increases its military power, the likelihood of a balancing affect also increases. “China's path to regional hegemony would be more difficult than America’s path had been, because there were no other major powers in the Western hemisphere and no strong obstacles to U.S. expansion across North America.” In other words, unlike the United States, which has 2 oceans on its eastern and western borders as well as weak powers in the north and south of the country, China is located in a geographical area that would be prone to other countries balancing against its rising power in the region. “There are several significant medium powers in China's neighborhood. A key question, therefore, is whether other Asian states are likely to balance against China’s rising power, or whether they will choose to "bandwagon" with it.” The question is, will countries accept China as a dominant military power or react to it by allying themselves to weaken China’s influence?

States will balance against another in an attempt to avoid a single state gaining a preponderance of power. There are historical examples that one can use in helping predict whether or not a balancing affect will take place in Asia. These two examples help provide historical evidence on predicting whether or not countries will balance against China growing power, in both Asia and globally.

66 Ibid
One such example is the balance of power exercised against Germany during the late 19th century leading up to the First World War. After the Napoleonic wars, Europe went through a period of prolonged peace in which the balance of power among the great European States was kept in check. However, as the century wore on the continent began to go through social and political change. Countries such as Germany and Italy were unified, while old empires, such as the Ottomans and Austro-Hungarians began to decline. In addition, the competition for colonies outside of Europe led to the shifts in power. No one country exploited this more than that of the newly formed German state, which emerged mid to late 19th century. “Ever since the emergence of the modern state system in Richelieu’s time, the powers at the edge of Europe—Great Britain, France and Russia—had been exerting pressure on the center. Now for the first time, the center of Europe was becoming sufficiently powerful to press on the periphery.”67 In other words, prior to the creation of the German state, Germany was controlled by the great powers in Europe but after being unified, it shifted power from periphery to the center of Europe. At first under Otto Von Bismarck, the German state managed to avoid provoking its neighbors. However, by the 1870s, “the French Foreign Office put out the story that, in a conversation with the French Ambassador, the Tsar of Russia had indicated he would support France in a Franco-German conflict. Great Britain, ever sensitive to the threat of a single power dominating Europe began to stir.” 68 This shows that despite German attempts at preserving peace its growing influence and power in the continent made its neighbors suspicious of its intentions leading to a the foundations of a balancing affect.

68 ibid. 147
This problem was further exacerbated in the early 20\textsuperscript{th} century with the dismissal of Bismarck’s German foreign policy from trying to avoid provoking its neighbors to the exertion of power in the continent. This led to a consolidation of alliances against Germany. By 1908, old enemies, such as France, Britain and Russia had formed alliances against the rising German power.\textsuperscript{69} This led to a build-up of armaments in each country with threats and counter threats thrown among the great powers and as the alliance of France, Britain and Russia solidified war was inevitable. The breaking point came in 1914 when the “confrontation between Germany and Austria-Hungary on one side and the Triple Entente on the other, had turned to deadly earnest,”\textsuperscript{70} which eventually led to the First World War. This example shows how countries would react to power no matter if the intention of the country is being peaceful. Great powers will always avoid domination by other great powers, which leads to the rise of alliances. In this case the old enemies of France, Britain and Russia aligned themselves with one another. In addition, this example shows that if a country feels threatened in may react by building up armaments and alliance (as all of the great powers have done leading up to war), in an attempt to preserve their own existence.

Another example of the balance of power that one can use as historical evidence, is that of the Cold War. I believe this is one of the most relevant arguments as balancing did not only occur within a fixed geographic region but was facilitated and maintained by countries located in different hemispheres. While there were many balance of power examples one could draw on during the Cold War the most important and prolific example occurred in Europe. After World War II the globe had shifted from being a

\textsuperscript{69} Ibid 172
\textsuperscript{70} Ibid 201
multi-polar system to a bi-polar one, with both the United States and Russia becoming superpowers. However, due to a number of economic, social and political reasons, both countries became fierce rivals trying to prevent each other from dominating the globe.

The United States created a number of policies that would contain and balance Soviet global influence. Two such things were the formation of North Atlantic Treaty Organization (NATO) and the Marshall Plan. “The Atlantic Alliance served as a military bulwark against Soviet expansion, while the Marshall Plan strengthened Western Europe economically and socially.”71 This was a policy with a mixture of both hard and soft power. NATO would work as a form of collective defense, meaning if one country were attacked there was collective action by all members in the alliance. This was done to halt the sphere of influence of the Soviets, which by the 1950s had consumed all of Eastern Europe. The Marshall Plan was created to financially support countries in Europe, most of who had been destroyed by World War II. This also countered the Soviet encroachment, as Western European economies would be able to take on communist movements on their own borders. These communist movements were powerful in places like France and Italy and the fear was that these elements “might be able to capitalize on the demoralization of the general populace and, with the covert backing of Moscow, seize power in Paris and Rome as had done in”72 other countries after World War II.

These two strategies became a part of a wider policy known as containment. Created by George F. Kennan, containment became the main strategy the United States would use to balance against the USSR. Kennan wrote “the main elements of the United States policy towards the Soviet Union must be that of a long-term, patient but firm and

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71 Ibid 473
72 Thomas M. Magstadt, Understanding Politics: Ideas, Institutions, and Issues (CT: Cengage Learning, 2012), 519
vigilant containment of Russian expansive tendencies…Soviet pressure against the free institutions of the Western World is something that can be contained by adroit and vigilant applications of counter-force at a series of shifting geographical and political points.” In other words, the policy of containment was meant to reduce the influence of the Soviet Union by containing the power that communism would have. Containment would eventually spread beyond Europe and was successful in helping bring down the USSR. This example is important because it shows balancing can be initiated and supported by a country outside of a geographical area. It also shows that balancing does not have to end in conflict, as we saw with the German example, and proper policies taken can bring about the end of a rival without any direct conflict, which represented the Cold War. Neither the Soviet Union nor the United States engaged in a conflict directly with one another. Instead both countries used periphery states to gain a strategic advantage over the other.

There are distinct differences between these two examples and China. Unlike Germany and the Soviet Union, China’s military capability is nowhere near competing with the United States. Secondly, countries in the contemporary globe are extremely interdependent, with China and many of the potential balancers, being a part of a number of international institutions, organizations and treaties. In addition, unlike the Soviet’s economy, which stagnated and eventually collapsed, China’s economy continues to grow so it can increase its military spending without affecting other vital services. Penultimately, unlike Germany, which saw other European powers as an existentialist threat, as it had been conquered and reshaped by the great powers throughout the

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73 Charles Gati, Caging the Bear: Containment and the Cold War (Indianapolis: Bobbs-Merrill, 1974) P 18
centuries. China for millennia has been a dominant power the region, which makes it difficult to predict how other countries might react to its growing power in the region. Finally, China has not, for over a decade, directly engaged militarily with any of its neighbors. All of this being said, there are two examples in which a balance of power will occur against a growing Chinese military power. These are the case of the Indian Ocean and the South China Sea.

The Indian Ocean Case

One of the places where China will face a balancing affect is in the Indian Ocean. In this scenario there is one country that will attempt to balance against China, and that is India. The Indian Ocean is important to both countries economically and strategically. For instance, in India’s case, “more than 95 percent of its exports are shipped through the surrounding waters. Up to 81 percent of the oil volume that India consumes is provided via the Arabian Sea. India actually drills up to 70 percent of its hydrocarbons in offshore blocks.”

While in the case of China “approximately 62 percent of the country’s exports and 90 percent of its oil imports are shipped through the Indian Ocean. The Ocean also acts as a conveyor belt for other natural resources that are excavated in China’s new-found mining empire in Africa.” In addition, the Indian Ocean has large deposits of oil and gas, as well as minerals that range from titanium to iron, all of which are necessary in continuing industrialization of these two countries.

These factors show that both countries have self-interest in this area, and due to the fact that both China and India do not know the intentions of each other, the Indian

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75 Ibid 22
76 Ibid 18
Ocean has the potential to play out as a case of a classic security dilemma. Currently while both countries have claimed that their intent in the region is nothing more than peaceful, there are elements of a security dilemma beginning to grow. For instance, “Beijing is deeply concerned about India's growing naval clout”\(^{77}\) in the region. India has in recent years begun to spend more on its naval power and has also increased its presence within the region. India has “developed nuclear-powered submarines, armed with nuclear-tipped cruise or ballistic missiles, to ensure credible second-strike capabilities. The P-15A Kolkata, a class destroyers will be armed with 16 BrahMos cruise missiles, increasing air defense and anti- submarine warfare systems. The stealthy P-17 Shivalik frigates are only frigates in name. These ships’ fire power equals that of a destroyer and enables them to engage in both defensive and offensive tasks.”\(^{78}\) The country has also increased its military spending by 17% to about 40 billion dollars.\(^{79}\) This build up in the region will lead to China fearing that India is attempting to hold its economic growth hostage. Beijing would be at the whims of the Indian government, as India would have hegemonic control in the Indian Ocean, which as stated earlier, is of overwhelming importance for China’s trade and oil imports.

India, on the other hand, is worried about China gaining an advantage using “a string of pearls” strategy, which means that China would set up a number of ports all over the Indian Ocean encircling India. Evidence of this can be seen with China developing deep-sea commercial ports in Indian Ocean countries such as Burma, Bangladesh, Sri


\(^{78}\) Hoslag 19

\(^{79}\) “Shopping spree Countries are buying lots of weapons, but does it count as an arms race?” The Economist, Mar 24th 2012 http://www.economist.com/node/21551056 4/04/2012
Lanka, and Pakistan. This problem was further exacerbated when India’s chief rival in the region, Pakistan, asked China to build a naval base in one of its port cities. If encircling is China’s plan, India would be surrounded by a number of Chinese military bases, which will fuel tension between the two countries. India knows that whatever power controls the Indian Ocean also has India’s independence and economic growth in its hands, as it was last seen with the British Empire in the 19th and early 20th century whose naval power dominated the Indian Ocean and forced the subcontinent to become a colony for almost a hundred years.

It should be noted that neither country has overtly tried to antagonize the other. Both China and India have maintained peace within the region. However, the security dilemma remains a strong possibility because, as I have shown with the German example, countries will balance against one another despite peaceful intention. The region is extremely important to both countries’ continued growth and prosperity, which makes a balancing effect very likely. That being said, if an arms race is to occur between these two countries, it will be China that suffers a much bigger cost. Even though China is militarily more powerful than India, India is located in a geographically strategic area, since the Indian Ocean would be easy for the country to defend and hold. Even if China were to set up naval bases all over the Indian Ocean, these bases would be “thousands of miles away from home, and within easy striking distance of India’s powerful air force.” This means that China would over extend itself just trying to secure and defend these bases.

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81 Hoslag 14
82 ibid 26
83 Rahman
bases, weakening the country’s ability to exert power elsewhere.

On top of this, the United States would support India in its attempts against China. This would substantially increase India’s chance of successfully balancing against China. The United States would support India because it is the weaker of the countries, which means it would not be a threat to US dominance in the region. In addition, balancing against China would hamper the country’s ascendancy to superpower status hence keeping the United States as the lone dominant power in the globe. Finally the US would support India because both countries share similar ideals of democracy and a war on terrorism. There is evidence to support this claim that America would align itself with India. For instance, the US and India have conducted naval exercises together in the Indian Ocean region.\(^8^4\) In addition, in 2010 the United States threw its support for India getting a permanent seat in the United Nations Security Council.\(^8^5\)

**The South China Sea Case**

Unlike the Indian Ocean case the South China Sea already shows elements of balancing against China. This is because, in this case, China has begun to exert its power in the region causing states in and outside the South China Sea region to react. Currently these countries are not bandwagoning with China but showing a potential, with the help of the United State, of balancing against China.

The South China Sea area consists of seven states, which include China, Vietnam,

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Indonesia, Singapore, Taiwan, Philippines and Malaysia, with each of these countries having vested economic and strategic interest in the region. China however, claims a historical assertion over the heart of the South China Sea, which is “from China's Hainan Island at the South China Sea's northern end all the way south 1,200 miles to near Singapore and Malaysia.”86 (See Fig # 1)

Beyond the historical claim, China also has important interests in the region. First of these is the economic potential of the South China Sea. The Region has “oil reserves of 7 billion barrels and an estimated 900 trillion cubic feet of natural gas, a potentially huge bounty.”87 This is not only important to China but also to the six other states in region, as having access to this large deposit of natural resources can help fuel their growing economies. However, having access to this oil supply would mean that, China would not be so dependent on oil from the Middle East. In addition, the South China Sea is the gateway to 80% of China’s crude oil imports. Other countries like Japan, South Korea and Taiwan, also use this waterway as a way to gain their oil imports.88

87 Kaplan
88 Ibid
Therefore, controlling and securing the region would make these countries dependent on China’s benevolence. In addition, the South China Sea is an integral part of the Chinese military wartime strategy, which is broken down into 4 parts. “1) Securing sea approaches to Taiwan; 2) conducting operations in the Western Pacific to deny enemy forces freedom of action; 3) protecting Chinese sea lines of communication; and 4) interdicting enemy lines of communication.” All of this has fueled tension among countries all over Asia and some experts have claimed that the South China Sea may be a region for conflict in the future.

China’s assertiveness in the region has already led to a reaction from some states. For instance Vietnam, which some believe is likely to have an armed dispute with China due to the fact that both countries have engaged in military action against the other over

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91 Kaplan
the region, once in 1974 and again in 1988. In addition, the Vietnamese people are growing wary of China’s assertiveness in the region. This has led to an anti-China backlash, which has “spread from the political fringe to the political elite who questioned the state’s (Vietnam) perceived inadequate response to the increased Chinese assertiveness in the South China Sea.” Politically the South China Sea is a major issue in Vietnam, with the Vietnamese people believing that their government is not doing enough to reduce China’s influence in the region. In response to public outcry, the Vietnamese government has already stepped up action against China. In 2011, “it conducted live-fire military drills and announced details of who would be exempt from a military draft if hostilities broke out.”

Another example of China’s assertiveness being met with resistances is the reaction of the Philippines. Both the Philippines and China have claimed that the Scarborough Shoal Islands and Spratly Islands as a part of their territory. Fueling the tension between these two countries is the fact that a large reserve of natural resources has been discovered in this area. This has led to a number of incidents with the two countries. China has moved fishing vessels and surveillance ships to this area, as well as harassed Philippine research ships. This has led to the Philippine government sending war ships in the area and launching formal diplomatic complaints. In addition, like the Vietnamese, Filipinos feel like they are being bullied by China and a rising anti-Chinese

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94 Ibid
95 Kaplan
sentiment is taking place in the country. Public opinion is forcing the Filipino
government to take a much more aggressive stance against China.97

China’s assertiveness in the South China Sea has also led to reactions among
states outside of the South China Sea. For instance Japan, which is the second largest
military spender in Asia and is also heavily dependent on the region for its oil imports,
began to increase its defenses by enhancing its intelligence and surveillance operations
along the Ryukyu island chain (located south of the country), and reinforcement of its
submarine fleet.98 In fact, the entirety of Asia has increased its military spending, from
South Korea to the small city state of Singapore.99 While this can be argued as a
modernization of Asian countries’ militaries, one also has to admit that as China’s
assertion in the region becomes more widespread countries have also increased defense
spending, suggesting that Asian countries are reacting to China’s increased attempts to
dominate the region.

China’s power exertion in the region has led to the United States getting involved,
increasing the chance of balancing against China. President Obama stated, “It (China)
may not be quite appropriate to intensify and expand military alliances and may not be in
the interest of countries within this region.”100 This suggests that US will not allow China
to dominate the region. This sentiment was also echoed by former US Secretary of State
and current presidential candidate, Hillary Clinton, who said in 2010, “the peace and
freedom of navigation in the South China Sea is in the US national interest, and she not

97 Jason Miks, “China Philippine Standoff,” The Diplomat, April 11th 2012, http://the-diplomat.com/the-
editor/2012/04/11/china-philippines-in-standoff/ 04/19/2012.
98 Kotani
99 “Shopping spree Countries are buying lots of weapons, but does it count as an arms race?” The
100 “Obama visit: Australia agrees US Marine deployment plan,” BBC online, November 16th 2011 <
http://www.bbc.co.uk/news/world-asia-15739995> 04/19/2012
too subtly called on China to resolve its territorial disputes with its neighbors through peaceful means and according to international laws.”\textsuperscript{101} These statements have been put into action such as the US placing Marine forces in Australia, strengthening diplomatic relationships with countries in the region and also increasing its presence in the Pacific despite the fact that the United States has reduced its military spending.\textsuperscript{102} All of this suggests, the US wants to reduce the potential influence that China may have in the region, which will rein in the country’s attempt in exerting power unconditionally.

Tension between the United States and China could potentially deteriorate because of Taiwan. Taiwan is considered by China to be a rogue state and has declared that if Taiwan tries to seek formal independence, China will use its military to stop such actions.\textsuperscript{103} While diplomatic tensions have thawed between China and Taiwan since the anti-secession law passed in 2005 by the Chinese government, a threat of the Chinese invasion of the island still looms. However, if China does use military action against Taiwan it is all but ensured that the elements of balancing that are occurring now in Asia will be solidified, further strengthening America’s power in the region and costing China its bid in becoming a military hegemon as it may find itself surrounded by hostile neighbors.

\textbf{Chapter Conclusion}

China’s growth in its defense spending suggests that the country is attempting to have an advanced military which may become equivalent or even surpass that of the

\textsuperscript{101} Pei


United States. However, the country is still decades off from accomplishing this, as America’s military strength will be dominate for years to come. In addition, the fact that China has increased its military spending has made its neighbors very anxious, causing them to increase their own military spending leading to potential arms race in Asia. On top of this, China’s attempt to exert control over the South China Sea has led to the involvement of the United States, which, in an attempt to preserve its status as the global hegemon, would try to weaken China’s influence in the region. This means that if China continues its military build-up and assertiveness in the region, the country would find itself surrounded by hostile neighbors as most countries seem, for now, preferring to balance rather than bandwagon. In addition, China’s assertiveness has led to the US gaining more influence in the region, “strengthening its own alliances with Japan, Australia, South Korea, and the Philippines, the US also has taken steps towards closer relations with Vietnam, a country that, despite its communist government, has a long history of animosity towards China.” All of this suggests that a rising China will have fierce opposition in trying to become a military superpower. However, China’s military is not where the country has its greatest potential in becoming a superpower. China greatest strength is that of its economy, which is what I will take a look at in the next chapter.

\[104\] Ibid
Chapter 4: The Real Power of China’s Economy

China’s economy is maybe the most frequently designated aspect which many experts have used to determine whether or not the country will become the next superpower. Economic power is important in contemporary international relations because, like that of military power, the size of a country’s economy will allow it to project power. Countries with large economies are capable of spending more money on the military while maintaining stability within their own borders. Countries that possess economic power also have the ability to influence countries around the globe. This again leads back to the Morgenthau concepts of power, particularly that of power and influence. “If a nation cannot or will not conquer a territory…it can try to achieve the same end by establishing its control over those who control the territory.”\textsuperscript{105} In other words, a country with a large economy can still project its power over another country by using monetary influence to change another country’s policies.

Economic power is an important factor especially since the capital market flow is so prolific within the global system, that each country is tries to gain as much prosperity as possible, giving large economies a stronger say in global affairs, as they gain more power relative to smaller countries. This leads into the Marxist idea of dependency theory, which suggest because of the capitalist system countries on the periphery will be dependent on wealthier countries at the center for their development. While dependency theory has valid criticism against it, the idea of large economies holding power is true. Take for instance, the G-20, which is a group of 19 of the largest economies and the European Union who gather to discuss and determine the policies of the international financial system. The G-20 “represents around 90% of global GDP, 80% of global trade

\textsuperscript{105} Morgenthau 71
and two thirds of the world’s population.” This means that these countries control the global financial system as polices developed by the G-20 will affect all the nations around the globe. This shows how important economic power is in the international system.

The largest of these economies is that of the United States with a GDP in 2014 of over 17.42 trillion dollars. America is therefore the perfect example of why economics are an important way in which a country can project power. For instance, The US used its economic superiority to control the Central American Republics during the Cold War. Making these countries economically dependent on American exports and imports meaning that these countries could not pursue “polices of any kind, domestic or foreign, to which the United States would object.” If the United States decided that these Central American countries were creating policies that were against American interest, the US could cut its economic ties from these countries crippling their financial capabilities. In other words, these Central American countries would conform to whatever policies Washington wanted. Even today the American economy remains an important factor in international relations. For instance, most analysts link the catastrophic global financial crisis of 2009 “to the sub-prime mortgage business, in which US banks give high-risk loans to people with poor credit histories. These and other loans, bonds or assets are bundled into portfolios - or Collateralised Debt Obligations (CDOs) - and sold on to investors globally.”

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108 Morgenthau 71
109 “Timeline: Credit crunch to downturn,” BBC Online, August 7th 2009.
economy is, as economic issues within its borders will have a global impact. Therefore, for China to become a superpower, it must have an economic dominance over the global system, which would make countries all over the globe sensitive to China’s economic power.

**China Growing Economic Dominance**

One of the strongest arguments for China’s ability to become the next superpower is its economy. In the last three decades the country’s rise has been nothing short of spectacular. For example, its annual economic growth rate from 1990-2009 was on average 9%. This has led to a doubling of its Gross Domestic Product (GDP) every eight years. Currently China stands as the second largest economy in the world with a GDP of over 9 trillion dollars, surpassing other major industrial countries such as Japan and Germany. In addition, current trends suggest that the country is scheduled to continue to grow every year for the next two decades with its GDP expected to exceed that of the United States. China has already surpassed the United States in its Purchasing Power Parity or PPP (see fig.3), listed at over 17.6 trillion dollars with the United States close behind with 17.4 trillion.

http://news.bbc.co.uk/2/hi/7521250.stm 04/21/2012
In addition, China is the largest exporter and second largest importer behind the United States. The country has also amassed a vast amount of foreign capital reserves, more than that of any country in the world and it is also continuously modernizing its infrastructure.\textsuperscript{116} For instance Hong Kong contains the most skyscrapers in the world, having over 1,200, which is more than double the amount found in New York City.\textsuperscript{117} The Country has also raised over 660 million people out of poverty since the 1980s.\textsuperscript{118}

\textbf{Fig.3 Top 20 Countries Based on PPP}\textsuperscript{115}

<table>
<thead>
<tr>
<th>Country</th>
<th>PPP</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>17,632.00</td>
</tr>
<tr>
<td>United States</td>
<td>17,416.30</td>
</tr>
<tr>
<td>India</td>
<td>7,277.30</td>
</tr>
<tr>
<td>Japan</td>
<td>4,788.00</td>
</tr>
<tr>
<td>Germany</td>
<td>3,621.40</td>
</tr>
<tr>
<td>Russia</td>
<td>3,558.60</td>
</tr>
<tr>
<td>Brazil</td>
<td>3,072.60</td>
</tr>
<tr>
<td>France</td>
<td>2,586.50</td>
</tr>
<tr>
<td>Indonesia</td>
<td>2,554.30</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2,434.90</td>
</tr>
<tr>
<td>Mexico</td>
<td>2,143.50</td>
</tr>
<tr>
<td>Italy</td>
<td>2,065.90</td>
</tr>
<tr>
<td>Korea</td>
<td>1,789.80</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>1,651.70</td>
</tr>
<tr>
<td>Canada</td>
<td>1,578.90</td>
</tr>
<tr>
<td>Spain</td>
<td>1,533.60</td>
</tr>
<tr>
<td>Turkey</td>
<td>1,512.10</td>
</tr>
<tr>
<td>Islamic Republic of Iran</td>
<td>1,283.60</td>
</tr>
<tr>
<td>Australia</td>
<td>1,100.40</td>
</tr>
<tr>
<td>Nigeria</td>
<td>1,057.80</td>
</tr>
</tbody>
</table>

\textsuperscript{115} Ibid
\textsuperscript{116} Susan L Shirk, \textit{China Fragile Superpower} (Oxford: Oxford University Press, 2007), P20
\textsuperscript{118} Charles Kenny, “Onward and Upward” Foreign Policy, March 12\textsuperscript{th} 2012, <http://www.foreignpolicy.com/articles/2012/03/05/onward_and_upward> > April 22nd 2012
This growth has led the country to spread its economic strength overseas. For instance, China now holds about 1 trillion dollars of American treasury bonds, which is being done for a number of reasons “but a main one is to keep their own currency undervalued as a kind of export subsidy. By buying U.S. Treasuries, China’s leaders are pushing up the value of the dollar versus the Yuan and thereby making U.S. exports more costly and U.S. imports of Chinese goods and services less expensive. In effect, they are devaluing their own currency.”\textsuperscript{119} This is a direct showing of China’s economic power. By amassing such a large amount of American bonds, it is in effect making its goods cheaper, hence making countries more dependent on China.

Another example of the growing Chinese economic power is the country’s investments in Africa and Latin America. “China is Africa’s biggest trading partner and buys more than one-third of its oil from the continent. Its money has paid for countless new schools and hospitals.”\textsuperscript{120} This means that countries in the African continent have become dependent on China as an important economic investor. In addition, “China has boosted employment in Africa and made basic goods like shoes and radios more affordable.” In addition, “China has given more loans to poor countries, mainly in Africa, than the World Bank.”\textsuperscript{121} This leads to a comparison of the United States and its relationship to the Central American countries during the Cold War. As China invests more in these African states, Beijing may demand that these countries only follow Chinese approved policies, which could economically cripple these African states if they do not.

\textsuperscript{119} Clyde Prestowitz, “Let them Eat Dollars,” Foreign Policy August 8\textsuperscript{th} 2011 <http://prestowitz.foreignpolicy.com/posts/2011/08/08/let_them_eat_dollars> April 22\textsuperscript{nd} 2012
\textsuperscript{120} “The Chinese in Africa Trying to pull together” The Economist, April 20\textsuperscript{th} 2011 <http://www.economist.com/no_de/18586448> April 22\textsuperscript{nd} 2012
\textsuperscript{121} Ibid
In Latin America, “China is Brazil and Chile's main trading partner, and in 2009 and 2010, the China Development Bank agreed to lend more than $35 billion to borrowers in Argentina, Bolivia, Brazil, Ecuador, and Venezuela.”¹²² These economic ties in Latin America have broader implications, as the region is the United States’ “backyard” meaning it is a part of the US’s sphere of influence. As China’s economic clout continues to grow in the region, the United States ability to project economic power in Latin America may decline. This could increase China’s ability in becoming an economic superpower, as countries in this region become more dependent on Chinese investments. However, as I will show in the next section, China’s economic capabilities may be deeply overestimated.

**Structural issues of the Chinese Economy**

The arguments given in the previous section show that China has reached great power status and also makes a compelling case for the China as an economic superpower. Yet they fail to acknowledge that the Chinese economy is built on a flawed foundation, meaning the country lacks the potential for complete economic dominance.

One such criticism is the repressive policies of the Chinese government. For instance, most firms within the country have very few opportunities to share new ideas with one another. This suppression of social organization means that the country will not be able to fully create commercially viable products and services, understand evolving market trends, and respond rapidly to changing consumer demands.¹²³ In other words, due to China’s political policy of social repression, the country’s ability to become a

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global competitor is severely hampered by the fact that many of its firms are unable to communicate and coordinate with one another, and both of these aspects are important for companies to innovate products. Let us say that, company A and B produces computers. Company A is innovative with hard drives while Company B is innovative with motherboards. If these two companies were to communicate and coordinate with each other they would be able to produce a superior product, hence becoming the market trendsetter and causing other companies to look to them as the gold standard to which they will try to emulate. However, in China, companies are either dissuaded or completely denied this capability, making their firms unable to compete on a global scale. This, historically, is necessary for a country to become a superpower. For instance, of the 10 largest companies in the world, the United States has five while China has none.\(^{124}\)

The United States has produced globally dominant firms such as Google, Apple and Microsoft while China has yet to produce a company equivalent to any of these giants.

One can argue emerging trendsetters such as Alibaba, which had the largest Initial Public Offering (IPO) with 168 billion dollars in its initial offering\(^{125}\) shows a global confidence in the Chinese economy. These are assumptions based on a short-term view. If one looks at the long-term, Chinese firms in global markets usually decline or stagnate after their initial offering. The counter to this might be market correction but there is a trend of Chinese IPOs declining in value. “The 53 [Chinese] companies that completed IPOs in 2010, 2011, and [2012] were down 38 percent from their offer prices, compared


with a 9.9 percent gain for other [non Chinese] IPOs.”

This means that confidence in Chinese firms on a global scale is absent despite successful companies such as Alibaba. The reason for these issues is that “Many stocks of Chinese companies that went public abroad since 2010 have been plagued by accounting problems and profit warnings that have sent their stocks plunging and poisoned the market for new listings.” Chinese firms that go public usually suffer scandals such as claiming higher growth rates and larger revenues than what is actually reported. This has left investors wary about Chinese firms. For evidence one just has to look at the current situation affecting the Chinese stock market, which by July 2015 had lost one third of its value and, as the writing of this thesis, continues to suffer volatility and declines.

In addition, compared to the US and other industrialized countries, Chinese technological firms have not been able to successfully compete in global markets. While some firms such as Huawei and ZTE have emerged, these companies produce cheap products and are marketed to the lower spectrum of the market. These companies are unable to compete with other major international firms. In addition, Chinese firms are built on the economic culture in which they favor “short term gains, over long-term investments.” In other words, due to China’s economic culture the country is unable to innovate or create technological advancements. For instance, on a list of 100 of the most innovative companies, compiled by Thomson Reuters, a well known information-services provider, no Chinese firms made it, while on that same list 27 of the companies were


127 Ibid


129 Gilboy page 42

130 Ibid Page 42
from the United States and 11 were from Japan.\textsuperscript{131} Innovation is necessary in the 21\textsuperscript{st} century for a country to be economically dominant as having such innovation puts a country ahead of other nations, and while the same report states that China is leading the world in patents, it also states that “volume, quantity does not equate to influence and quality.”\textsuperscript{132} In other words, despite its push for inventions, China is still unable to produce something, that is technologically, distinctively Chinese. Instead China has remained dependent on foreign technology.

This leads to the second structural issue within China’s economy, which is its dependence on foreign technology and innovation. Chinese industrial firms are deeply dependent on designs, critical components, and manufacturing equipment they import from the United States and other advanced countries.\textsuperscript{133} In addition, these Chinese firms do little to absorb or distribute the technology that they import.\textsuperscript{134} This weakens China’s ability to become a global competitor, as the country is heavily dependent on the relationship that it has with industrialized countries, meaning it will not truly be able to exert any type of economic power because this will upset its foreign investors. In other words, China’s dependency gives foreign firms a strong influence in what economic policies the Chinese government will adopt. In fact, half of all trade that the country had in 2011 was based on foreign investments.\textsuperscript{135} Chinese leaders understand this and are investing billions of dollars in an attempt to produce more innovative ideas titling it

\textsuperscript{131} “Where Innovation Lies,” The Economist Online, November 16\textsuperscript{th} 2011, <\texttt{http://www.economist.com/blogs/dailychart/2011/11/innovation}> April 22\textsuperscript{nd} 2012
\textsuperscript{132} Ibid
\textsuperscript{133} Gilboy Page 38
\textsuperscript{134} Ibid P 38
“indigenous innovation.” However, this has proven to be somewhat in vain due to the fact the Chinese government has control over what types of technologies are manufactured in China. On top of this, most of the money has gone into development and not into research.\textsuperscript{136} This means that China’s political system is hampering the country’s ability to innovate, as Chinese firms have not been able to compete with other major international companies.

Another issue with the Chinese economies is that of the State Own Firms (SOEs). There are two theoretical approaches to economic development private enterprise driven, which is the theory that the US has used, and then there is extreme state driven development, which is what China subscribes too. Unfortunately, China SOEs—which are the leading producers of domestic industrial and technological goods—have proven to be inefficient and corrupt.\textsuperscript{137} Yet these state companies receive large amount of capital and subsidies from the government,\textsuperscript{138} and while it can be argued that the United States has the same problem with its SOEs, they make up a very small portion of the US economy. In China however, about 15 trillion dollars has been invested in SOEs.\textsuperscript{139} In addition, the fact that Chinese State Own Enterprises have “preferential access to markets and resources has blocked the rise of private industrial firms.”\textsuperscript{140} This means that due to the preferences given by corrupt government officials to Chinese SOEs private Chinese companies have suffered because of their inability to gain access to capital. In fact SOEs dominate key areas in China’s economy. Things such as finance, banking, energy,

\begin{itemize}
\item \textsuperscript{136} “Innovation in China From brawn to brain” The Economist, March 12\textsuperscript{th} 2012, <http://www.economist.com/node/21549938> April 29\textsuperscript{th} 2012
\item \textsuperscript{137} Eve Cary, “Reforming China’s State-Owned Enterprises,” The Diplomat, last modified June 19, 2013, http://thediplomat.com/2013/06/reforming-chinas-state-owned-enterprises/, (April 9\textsuperscript{th} 2015)
\item \textsuperscript{138} Ibid
\item \textsuperscript{139} Victor Shih “China’s Highly Unequal Economy,” The Diplomat February 24\textsuperscript{th} 2011, http://thediplomat.com/2011/03/chinas-highly-unequal-economy/> April 28\textsuperscript{th} 2012
\item \textsuperscript{140} Gilboy 44
\end{itemize}
telecoms services, and natural resources, steel and automobile are all under government control while the business climate for dynamic private firms has deteriorated significantly.  

On top of this, SOEs alongside the state-run financial system have also helped in the creation of massive inequality in China. This inequality has left China with a small upper class while the rest of the population reaps very little from China’s growing economy. This dynamic has been created partly due to the financial sector taking money from foreign exchange earnings and individual savings and giving it to SOEs controlled by central or local governments. Chinese citizens have to put their savings into state owned banks, which set fixed interest rates that are below inflation leading to many Chinese finding that their savings are eroding, producing the growing inequality. On top of this, these inefficient SOEs can borrow money with very low interest rates. This means that the financial system in China is funneling money from the average household to a small class of well-connected individuals. Another issue with the state-run system is that China’s local officials have the ability to confiscate real estate and land holding with very low compensation to individuals. All of this means that while China is expected to grow for years to come, a large section of its population will not see much benefit. This financial system is not sustainable and as the inequality grows, so does the chance for political and social upheaval both of which would weaken China’s economic stability and its ability to have the world’s largest economy.

142 ibid
143 Ibid
144 Ibid
The effects of rising inequality has begun to have political ramifications in China. In an attempt to maintain political cohesion, and the absolute power of the Chinese Communist Party over the state, Chinese officials are beginning to invest heavily in welfare. These state sponsored social services include government sponsored housing, education, healthcare and social security.\textsuperscript{145} This means that the Chinese government is beginning to shift its economy from export driven to domestic base, hence slowing the economy’s growth in the next few years. Meaning that China’s ability to catch up with the United States may take even longer than what certain experts believe.

Since economic reforms began in the late 1970s, China has managed to become the world’s largest exporter, which has been the driving force for the country’s meteoritic growth. One of the major reasons for this success is that Chinese officials have manipulated the country’s currency keeping the Yuan weak against other currencies, which in turn make Chinese products more competitive within the global market. However, this has led to a continuous growth in inflation rates and more importantly, after the 2008 financial crisis, China’s export driven economy and its manipulation currency, has been blamed for global imbalances and weakening the economies of its trading partners.\textsuperscript{146} In response some countries have created protectionist measures. For instance, in the United States a bi-partisan bill was passed, which places tariffs on Chinese goods that were heavily subsidized by its government. According to Dave Camp, the former head of Ways and Means Committee in the US House of Representatives, “China distorts the free market by giving enormous subsidies to its producers and

\textsuperscript{145} Jiakun Jack Zhang, “Beijing's New Deal for China's 99 percent,” \textit{Foreign Policy}, March 22\textsuperscript{nd} 2012, <http://eurasia.foreignpolicy.com/posts/2012/03/22/beijing_s_new_deal_for_china_s_99> April 29\textsuperscript{th} 2012.

\textsuperscript{146} Minxin Pei, “China Not a Superpower” \textit{The Diplomat}, January 7\textsuperscript{th} 2010 <http://apac2020.thediplomat.com/feature/china%E2%80%99s-not-a-superpower2/> April 29\textsuperscript{th} 2012.
exporters, and our companies and workers should not be expected to compete against the
deep pockets of the Chinese government.” This bill proposed by the US house of
representative was a reaction China’s exports driven economy and a counter to the
successful litigation that China brought against the United States with World Trade
Organization (WTO) in 2008, in which Chinese officials claimed that the United States
had broken trade agreements because it was placing duties on certain Chinese goods.
This show that even with the backing of international organization such as the WTO,
countries will enact measures to counter China’s trade imbalance. If China continues to
manipulate its currency more countries may institute tariffs on Chinese forcing Beijing to
be bogged down in litigation while at the same time slowing down the economic growth
of the country.

However, if China allows its currency to be determined by the market it will have
a negative economic impact on the country. This is because as the Yuan strengthens the
price of goods produced in China also increases, making them less competitive on the
global market. This in turn reduces China’s export surplus and also decreases its growth
because China’s domestic markets has not matured enough to be a supplement for the
country’s export driven economy. In 2010, the country’s Domestic Consumption (DC)
made up only 35% of its GDP while in other modern markets domestic consumption
makes up 65% of the GDP. Chinese domestic consumption at that time was so low that
other developing countries such as India and Brazil have higher DC. In 2013, if one

http://www.nytimes.com/2012/03/07/business/house-approves-bill-that-would-impose-duties-on-
imported-goods.html> April 29th 2012

148 Doug Palmer, "Bill Targeting Chinese Subsidies Goes to Obama," Reuters, last modified March 6, 2012,
http://www.reuters.com/article/2012/03/06/us-usa-china-trade-idUSTRE8251FA20120306.

149 Ethan Devine “The Japan Syndrome,” The Diplomat, September 30th 2010 <
were to exclude state led projects, domestic consumption only rose to 36%. This shift has also been directly correlated to the slowdown in Chinese growth, which in 2010 was 10.4% but in 2013 China’s growth had slowed to 7.7%, with Chinese officials expecting that country may grow only by 7% in 2015.

Even if China does manage to shift to domestic consumption and successfully surpass the US economy, China’s per capita income is roughly under $4,000, this is ten times smaller than that of the United States and Japan. This means that despite having a larger PPP the Chinese market will not be able to consume as much as other countries, especially when it comes to high end goods, such as cars and computers. This will further slow the country’s growth as its shifts from an export to domestic based market. In addition, if China successfully implements welfare and other economic reforms, which seems unlikely considering the wide spread corruption in its financial system, it will take decades before the country’s domestic market will be able to equal with its exports based GDP. As pressure mounts from other countries, China will have to implement these policies or suffer from an economic balancing, as seen with the protectionist measures implemented by the US government, or uncontrolled inflation rates, which may have deep effects, economically, socially and politically.

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153 Pei
China’s Demographic Crisis

Beyond its structural issues, China has a problem with an ageing population. China’s major resource is its people. The country provides a large and cheap labor force to the rest of the globe. It is the country’s most important capital and was the major facilitator of the country’s sudden economic rise. In fact, in 2000 over 70 percent of China’s total population was able to work.¹⁵⁴ In addition, China’s population grew from 1.27 billion in 2000 to 1.34 billion in 2010.¹⁵⁵ China remains the country with the largest population and the country is scheduled to grow for the next few years. However, by 2025 the population will begin to slow and will eventually decline.¹⁵⁶ Current trends show that the number of elderly individuals will reach over three hundred and fifty million in 2030. This will put a large drain on China’s healthcare and pension system, which will definitely slow China’s economic growth. On top of this, by 2065, over 54% of the population will be over the age of sixty and only 22% of China’s people would be able enter the workforce.¹⁵⁷

The reason for this massive growth in China’s elderly in the upcoming decades is because of their “One Child Policy.” Instituted in 1980, China’s leaders saw that they needed to curtail the country’s growing population in order to help facilitate economic growth. Hence they created a system in which a family can only have one child. This

¹⁵⁴ Shirk
¹⁵⁶ Shirk 20
¹⁵⁷ Ibid P 20
became known as China’s “One Child Policy.” The policy has proven very successful in slowing the population growth from 1.07% in 2000 to that of 0.57% 2010.\footnote{Page “China’s One-Child.”}

This success however, will slow China’s economic progress as it will be unable to capitalize on its largest resource, its labor force. This will lead to a shift away from China as the world’s factory, to countries like India or Africa, where there is no One Child Policy and the population continues to grow. This may be detrimental to China’s economic future as it is so heavily dependent on foreign investors, who come to China for its cheap labor. Simply put a shrinking labor force means less foreign investment in the Chinese economy.

One can argue that China’s population is still growing and therefore will still have a chance to economically dominate globally. However, this is not the case, since China’s workforce is scheduled to begin declining as early as 2016, and by 2050 its working population will shrink from 72% to 61%.\footnote{Page “China’s One-Child.”} In an attempt to circumvent current trends China’s leaders have changed the one child policy slightly by allowing individuals who were born to single children homes to have more than one child.\footnote{Ibid} However, even if China did away with its one child policy the country would not be able to recover. This is due to the huge gender gap that was created over the years. Due to China’s low birth rate and preference for sons, some areas in China now have a male population that is 20% greater than that of its female population. This means that for every one hundred females there are a hundred and twenty males.\footnote{Page “China’s One-Child.”} A current trend suggests that China’s demographic problem is only increasing. For instance in 2010 Shanghai one of China

\begin{flushleft}
\footnotetext[158]{Page “China’s One-Child.”}
\footnotetext[159]{“China’s Achilles Heel,” The Economist, April 21st 2012 http://www.economist.com/node/21553056}
\footnotetext[160]{Ibid}
\footnotetext[161]{Page “China’s One-Child.”}
\end{flushleft}
most successful industrial city saw a birth rate of only 0.6% making it possibly one of the lowest birth rates on the planet.\textsuperscript{162}

**China’s Environmental Degradation**

Another issue facing China’s economy is the destruction of the country’s environment. Historically, countries that have gone through industrialization have done damage to their environment. However, China’s growth has been unprecedented which in turn has led to a destruction of the country’s environment on an unparalleled scale. The country faces a host of issues such as air pollution, water shortages and disease. In Shanghai, for instance, only 1% of the country’s surface water is drinkable while other major cities are facing massive water shortages due to the amount of pollution.\textsuperscript{163} On top of this over 500 million people lack access to safe drinking water.\textsuperscript{164}

China is also the world’s largest consumer of fossil fuels, particularly coal, hence making it the largest producer of green house gases.\textsuperscript{165} Pollution on the whole has begun to affect the Chinese people. Cancer is now the leading cause of death in China.\textsuperscript{166} Many Chinese cities are often consumed by a toxic gray shroud. Only 1 percent of the country’s 560 million city dwellers breathe air considered safe by the European Union.\textsuperscript{167} In China’s major industrial cities people rarely see the sun and children are killed or sickened by lead poisoning or other types of local pollution. The coastlines are so swamped by algal red tides that large sections of the ocean can no longer sustain marine

\textsuperscript{162}“China’s Achilles Heel”
\textsuperscript{163} Harry Harding “Think Again: China’s Biggest Risk are Economic?” Foreign Policy, Feb 14\textsuperscript{th} 2007 http://www.foreignpolicy.com/articles/2007/02/14/think_again_china April 29th 2012
\textsuperscript{166} Khan and Yardley “Think Again”
\textsuperscript{167} Ibid
“Life expectancy in the north has decreased by 5.5 years due to air pollution, and severe water contamination and scarcity have compounded land deterioration problem.” In other words, because of China’s push for growth resources which are required for a sustainable environment have been sacrificed.

It should also be noted that Chinese officials have pushed for cleaner energy sources and has pledged up to 300 billion dollars to cut its carbon output. However, policy implementation has been inconsistent, and because of the scale of environmental degradation, current trends show that China’s healthcare costs are rising as more people become ill. In addition, because of water shortages the country’s agricultural production will be affected, which can lead to food shortages for its 1.3 billion people, and in turn may lead to economic instability. On top of all of this, the costs to clean up these environmental problems will affect China’s economy. Currently, it will take 8% of China’s GDP to clean up these issues and an additional 1.5% to maintain environmental stability. To put this into perspective, it will cost China close to a trillion dollars just to maintain a livable environment. This will affect China’s ability to economically dominate because the country will have to spend a significant amount of its annual GDP to clean up, protect, and preserve its environment.

Chapter Conclusion

China has the world’s second largest economy and has had double-digit growth rates for decades. These things make China a viable contender in becoming an economic superpower. However, the country is still years from equaling the US GDP. The country

168 Ibid
169 Xu, “China Environmental Crisis”
170 Ibid
171 Harding “Think Again”
172 Pei “China’s Not a Superpower”
also suffers from major structural issues such as a lack of innovation, which has led to the
country being dependent on foreign technology and investment. In addition, the country
lacks a truly liberalized economy as it gives preference to SOEs over private firms. These
SOEs have proven to be both inefficient and corrupt and have led to the growing
inequality in the country. On top of this, China’s export driven economy has led to an
increase in inflation and a backlash from countries that blame China’s exports for the
weakening of their own economies. This has led some countries, such as the United
States, to enact protectionist measures. However, even if China switches from an export
to domestic driven market the country’s DC is still too poor and its per capita income is
too low to sustain current growth levels. China’s economy also has long term issues such
as an aging population that will lead a reduction in its labor force by as early as 2016. In
addition, environmental degradation caused by years of unscrupulous polluting, will lead
to massive spending on environmental clean-up, further weakening China’s economic
growth in the coming years.

China’s economy faces other evolving issues, which in the future may have negative
consequences for the country’s economy. These include a housing bubble and higher
wages leading to the end of cheap labor in China. These issues have already begun to
take a toll on China’s economy. In March 2012, China’s Prime Minister Wen Jiabao
stated that China’s economy would only grow by 7.5% in 2012, which is less than in
2011 when the economy grew by 9.2%.173 Since then growth has continued to slide, in
2015 the country is only expected to grow by 7% the, lowest in 25 years, with recent

173 Michael Wines “Chinese Congress Opens With Upbeat Economic Assessments, and Eyes on the Top”
April 30th 2012.
indication suggesting an even slower growth rate in the upcoming years. These economic issues also have much greater consequences for the country’s political system, which is what the next chapter will explore.
In order to become a superpower, China must also gain legitimacy among the nations-states of the world. In other words, how other nation states see China in terms of being a global leader, this comes in the form of two aspects: political and soft power projection. This refers back to Morgenthau’s view of legitimate power. Morgenthau states that legitimate power has a better chance to influence the will of its objects than an equivalent amount of the illegitimate power.\textsuperscript{174} If a country possesses supreme political and soft power legitimacy it will be able to project power without suffering the consequence that would occur if it were seen as an illegitimate power. For instance, if a country invades another country with due cause this would be seen as a legitimate act, while doing the same thing without a justifiable cause would be seen as an act of war, and may lead to retaliation by other countries. In addition, possessing such legitimacy would mean that a country could project power without much cost, as having such validity would mean that a country will not need to solely depend on its economy or military power to gain its interest.

In terms of political legitimacy, and its necessity for a rising superpower one can use the constructivist point of view. Constructivists believe that systems of shared beliefs and values have a powerful influence on social and political actions.\textsuperscript{175} In other words, countries will view other countries as politically legitimate because they share similar ideas and values. For instance, liberal democracies view other liberal democracies as legitimate because these countries have shared ideals such as a capitalist market system.

\textsuperscript{174} Morgenthau 31
\textsuperscript{175} Burchill 220
and universal suffrage. However, it should be noted that the economy and military component do play an important role in a country having supreme political legitimacy. For a country like Luxembourg, for instance, it does not matter how many ideas and values it shares with other democracies, it does not have the political clout that a country such as the United States has due to its bigger economy and military. Therefore, some form of political power comes from the ability of a country to project power either militarily or economically.

The United States currently is the country that has the most widespread form of political legitimacy. One such form of legitimacy was seen by the US-led sanctions on Iran. In an attempt to stop what the US believed was Iran’s attempt to acquire nuclear weapons, the United States and its allies placed strong economic and political sanctions against Iran. In order to convince a number of nations the United States showed that if Iran got nuclear weapons it would be detrimental to global peace and security. This is despite the fact that Iran claimed that its nuclear program was for peaceful purposes. This display of political clout shows the power the US has to sway global opinion. The United States successfully pushed within the UN Security Council for the sanctions to cripple the Iranian regime and managed to convince a number of countries to impose sanctions on Iran. Japan, Belgium, the Czech Republic, France, Germany, Greece, Italy, the Netherlands, Poland, Spain, and the United Kingdom, all signed on to US-led sanctions against Iran. In addition, the United States also managed to convince permanent members of the UN Security Council, which includes China, to place sanctions onto Iran to curve Iran’s nuclear capabilities. This is despite the fact that China depends heavily on

Iranian oil exports to help fund its growing economy. While it can be argued that countries such as China and Russia have “watered” down these sanctions, the fact remains that America’s political pressure managed to convince these countries of the danger of a nuclear Iran.

Soft power is also a necessary aspect for a country to become a superpower, because it means that a country can project its power by using the influence of its culture. According to political scientist and former Dean of the John F. Kennedy School of Government at Harvard University, Joseph Nye, “Soft power is the ability to get what you want by attracting and persuading others to adopt your goals. It differs from hard power, the ability to use the carrots and sticks of economic and military might to make others follow your will. Both hard and soft powers are important…but attraction is much cheaper than coercion, and an asset that needs to be nourished.”\footnote{Joseph Nye,“Propaganda Isn't the Way: Soft Power,” International Herald Tribune, January 10th 2003. \textit{http://belfercenter.ksg.harvard.edu/publication/1240/propaganda_isnt_the_way.html} September 13, 2014.} In other words, soft power is an inexpensive way a country can get what it wants without spending blood and treasure, which can be both expensive and at times ineffective. Hence China possessing a strong soft power is important to becoming a superpower.

Soft-power in itself is varied and takes on many forms. To understand it one must take a look at how it works in the current superpower. According to Nye, “Soft power grows out of both U.S. culture and U.S. policies. From Hollywood to higher education, civil society does far more to present the United States to other peoples than the government does. Hollywood often portrays consumerism, sex and violence, but it also promotes values of individualism, upward mobility and freedom (including for women).
These values make America attractive to many people overseas. To put this in broader terms, soft power requires a country to have values and ideals that people around the world want to have, whether it is social mobility, freedom of speech, or simple human rights. The success of soft-power is based on what the dominant country has to offer the world beyond its economic and military capabilities. Having these things will grant them a sense of legitimacy within the global society making it easier for such a country to exert power with little effort or cost.

**China Political and Cultural Power**

China’s rise to great power status has led it to evolve its form of political power. The county has used its growing economic strength to sway countries politically. One such example is China loaning nine billion dollars to the Nigerian government for the rebuilding of an entire railway system. This was despite the fact that the World Bank was negotiating with the Nigerian government for a loan of five million dollars. This shows that China is willing to undermine international organizations to politically gain influence in different parts of the world. This power is already beginning to show in Indonesia in which some schools have begun to teach Mandarin as a compulsory subject. In addition, the former president of the Philippines Gloria Arroyo stated, “we are happy to have China as our big brother.” China also has major roles in important institutions, for instance, the country is one of the five permanent members of the United Nations Security Council. Due to its large economy the country is also a part of the G-20, meaning it helps in the shaping of economic policies that the rest of the globe will follow.

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178 Ibid
179 Zakaria 117
181 Zakaria 120
On top of this, the country’s introduction into the World Trade Organization over a
decade ago had a major impact on the global economy, which helped in the country gain
more political influence around the world. In fact, according to Fareed Zakaria’s, “the
Post-American World,” in 2007 polls done in some of America’s traditional allies, such
as Indonesia and Thailand, show that respondents prefer China to the United States in the
wielding of global power.  

On the other hand, China’s soft-power projections are still very much in its
infancy. However, there are some instances where China is making an effort to develop
its soft-power dominance. In 2010, China launched a 24-hour English news network,
which was broadcasted all over the Asia and in certain parts of Europe. The country
also has a thriving movie industry which made over 1.5 billion dollars last year, which is
third only to that of America’s Hollywood and India’s Bollywood. On top of this,
China exports thousands of individuals a year all around the world who take their culture
with them, which changes the dynamic of these countries. An example of this is found in
Africa where over 750,000 Chinese immigrants have moved into the continent between

**China as a Global Leader**

Can China have the widespread legitimacy that the United States currently
possesses? The answer to this question remains uncertain but China’s current situation

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182 Zakaria 118
183“China to launch 24-hour English TV news network,” USA Today, May 6th 2010,
184 “Jackie Chan, Zhang Ziyi Kick Off Inaugural Beijing Film Festival,” The Hollywood Reporter, April
185 Andrew Malone, “How China is taking Over Africa and Why the West Should be VERY Worried.” The
taking-Africa-West-VERY-worried.html (May 6th 2012)
suggests that the country will not be able to gain real legitimacy among countries around the world.

However, due to China’s growing economy and military influence, the potential for the country becoming the next superpower is strong. Nevertheless China’s political system has lagged behind. Unlike the United States, which has a fixed democratic ideology with a liberal market system, China does not have one fixed philosophy as “it believes in neither communism nor liberal democracy.”\textsuperscript{186} The country does not follow Maoist or Communist ideology and while China may possess a liberal market it does not have an open society. These fragmented political ideals means that countries will not try to emulate China. In addition, while China’s economic power has afforded it some political influence, China remains politically weak compared to the United States. For instance, beyond economic policies countries rarely engage with China on other terms. With the exception of Pakistan, which has both strategic and economic support from China, few other countries engage with China on multiple issues.\textsuperscript{187}

In Asia, many countries have become wary of China’s power and the country’s recent assertiveness in regions like the South China Sea and the Indian Ocean. Many countries in the region have strengthened their alliance with the United States. On top of this, some countries have historical military conflicts with China. India for example was invaded my Maoist China in 1962, while Vietnam was invaded by China 13 times throughout the country’s history. These incidents have made these countries extremely suspicious China’s role in the region.\textsuperscript{188}

\textsuperscript{186} Pei “China not a Superpower”
\textsuperscript{187} Minxin Pei, “The Loneliest Superpower,” Foreign Policy, March 20\textsuperscript{th} 2012 \url{http://www.foreignpolicy.com/articles/2012/03/20/the_loneliest_superpower}, May 6\textsuperscript{th} 2012
\textsuperscript{188} Zakaria 120
Even supposed natural allies like North Korea and Russia have been inconsistent with their support of China. Despite the fact that China is North Korea’s only real ally, the leadership in Pyongyang has engaged in talks with Washington and has constantly sold its ‘friend’ out to the “highest bidder,” as the US offers the isolated North Korea more incentives than China to disarm its nuclear program. In addition, the fact that North Korea may possess a nuclear bomb worsens the security situation for China. As the country borders North Korea any fall out with the nuclear program will definitely affect China. Russia on the hand like India and Vietnam has also had a military conflict with China, along its shared border in 1969. In addition, Russia fears that China’s 1.3 billion people may move into territory of Russia’s sparsely populated eastern region. It must be noted that the two countries share common interests and do agree with one another to counter the West’s domination of international institutions such as the UN Security Council. More recently both countries engaged in naval military exercises in the Mediterranean Sea. However, both countries are “allies by convenience.” Russia in recent years has pulled back ties with China. For instance, Moscow has reduced the amount of weapons that it was selling to Beijing. In the early part of the last decade the number of weapons that Russia sold to China reached 2 billion dollars but by 2006 that number had reached zero.

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189 Pei, “The Loneliest Superpower”
190 Ibid
This can be considered by Russia as an act of self-preservation, as China becomes more powerful its ability to dominate its neighbor to the north becomes more and more likely. Therefore, Russia withholding weapons technology from China reduces the speed in which China’s military will modernize and its ability to dominate the region. However, beyond weaponry technology both countries have a number of issues that may fuel tensions. These include competition for energy, water resources and illegal migration from China. In 2008, a strategic affairs analyst from the University of Perth stated “there is this debate about whether we should arm the Chinese when they may eventually use them against us.” This suggests that Russian policy makers are wary of their alliance with China. There is evidence to support Russia’s caution related to China. For instance, China began to push into Eastern Europe by offering up low interest loans to countries such as Ukraine and Belarus. China has also pushed itself into Central Asia. China recently ousted Russia as the largest trading partner in Central Asia and has begun to spend billions of dollars for new infrastructure in the region. These countries have been in Russia’s sphere of influence for decades and a push by China may lead to increased tensions between the two nations, which will further weaken any political advantage that China will gain from having Russia as an ally.

With Western sanctions against Russia in full affect, due to Russia’s annexation of the Crimean peninsula, Russia may be looking for allies. However, both China and Russia have not deepened ties beyond economic and military sphere, and even with these

193 Ibid
194 Ibid
two factors the two countries are not fully immersed. While Russia has a bilateral trade agreement with China that is expected to reach 100 billion dollars in 2015, both countries are more dependent on the United States and the European Union for their economic growth.\(^{197}\) In addition, despite deepening financial ties between these countries neither of them is willing to become economically dependent on the other, with Russia making economic deals with countries like India and Japan,\(^ {198}\) both of which are rivals to Chinese power in the region. On top of this, despite the naval exercise that the two countries have engaged in and the fact that Russia has resumed selling arms to China, Russia seems to also be very wary of China’s military capabilities. Russia has also sold weapons to Vietnam. These weapons are technologically more advanced than what Russia has sold to China.\(^ {199}\) This suggests that Russia is attempting to balance China’s power in the region by helping China’s rivals grow their economy and military.

Beyond Russia and North Korea, China has very limited to no political respect among other great powers. This is particularly true for democracies. Currently 60\(^{\%}\) of all nation-states are democracies.\(^ {200}\) Neo-liberal theorist Francis Fukuyama stated a world made up of liberal democracies should have much less incentive for war, since all nations would reciprocally recognize one another’s legitimacy.\(^ {201}\) Fukuyama also states that dictatorships are weaker than liberal democracies which remain the only coherent political ideology that spans “different regions and cultures around the globe.”\(^ {202}\) While realists would argue that these statements are an oversimplification of realpolitik, two


\(^{198}\) Ibid

\(^{199}\) Ibid

\(^{200}\) Pei “Loneliest Superpower”

\(^{201}\) Francis Fukuyama, The End of History and The Last Man, New York: 1992, The Free Press XX

\(^{202}\) Ibid xiii
major factors remain true: firstly, in the last 150 years democracies have rarely ever gone
to war with another democracy, and secondly, most of the world’s major powers are
liberal democracies. In fact, of the 20 nations that make up the G-20, only 3 (Russia,
China and Saudi Arabia) are not democracies. In addition, of the 10 countries with the
largest GDPs, only one (China) is non-democratic. Furthermore, even Fukuyama
concedes that while democracies are generally peaceful with one another, they will go to
war with countries that are not democratic. There is historical evidence to support this,
with World War I, World War II, The Korean War, The Cold War, The Falkland War,
The First Gulf War and the 2003 Iraq War all as examples of democratic countries
warring with non-democratic nations. All of this does not bode well for China’s ability
to become a political superpower. Unlike the United States, China is not ideologically
similar to that of many worlds’ great powers and therefore will not be seen as a legitimate
political leader. A perfect example of this can be seen with the Europe Union banning the
sale of arms to China, which was put in place after the massacre that occurred in
Tiananmen Square.

The ideological difference of the major powers and China may not be the only
reason why China will not gain political legitimacy. The country also suffers from
systemic internal political issues. These internal problems range from poor economic
planning to social repression. For example, Beijing has much less knowledge and control
of the rest of China, something that it would not like an “outsider to recognize.”

203 Ibid
204 Richard Weitz, "EU Should Keep China Arms Embargo," The Diplomat, last modified April 18, 2012,
205 Fukuyama 95
China in recent years has seen a rise in social unrest. In 2009, the Chinese Academy for Social Science stated that social unrest in China was on the rise, this in spite of the country's fast economic growth.\(^\text{206}\) Due to the fact that China considers protests to be crimes, according to the British Broadcasting Network, an estimated four million criminal cases were reported in 2009, up 15% from 2008.\(^\text{207}\) In 2010, China saw 180,000 “protests, strikes and other mass disturbances.”\(^\text{208}\) On top of this, social experts expect unrest to continue to rise as inflation and the increase in prices of basic goods are going to cause economic pressure especially on the hundreds of millions of poor people that live in the rural areas of the country.\(^\text{209}\)

The current slowing of the economy will further exacerbate the issues that are already brewing in China. In 2014, according to Bloomberg Business, China surpassed the United States as the country with the largest income inequality in the world. This increases the likelihood of upheavals because, unlike the United States, China does not have a very well developed safety net.\(^\text{210}\) According to Ding Shuang, senior Chinese economist at Citigroup Inc. in Hong Kong “If the disparity continues to increase, that is not only bad politically -- it will definitely affect social stability, but is also bad for the economy …People(in China) are increasingly aware of their rights, including migrant workers and farmers.”\(^\text{211}\) The reasons for these social upheavals are due to the poor


\(^{207}\) Ibid


\(^{209}\) Ibid


\(^{211}\) Ibid
distribution of wealth, with many in urban areas enjoying wealth created by the economic reforms while a large section of China remains in abject poverty. Estimates shows that 82 million Chinese are living on less than a dollar a day while about 200 million or 15% of China’s total population is living on less than $1.25 a day.212

Even within the urban areas, inequality has begun to breed resentment as corruption of top officials continues to be wide spread. For instance, many of China’s government officials have been known for embezzlement, contract fixing and nepotism.213 The best example of this can be seen with the case of Bo Xilai who was stripped of his post in Chongqing due to corruption. While Bo was pushing a Maoist ideology on his official salary of about $1,600 per month, his son was renting a presidential-style suite at Oxford and driving a Porsche at Harvard. At the same time, Bo's elder brother adopted an alias to control $10 million worth of shares at the Hong Kong-listed subsidiary of a state-owned bank. And Bo's wife, Gu Kailai, was convicted of murdering her English friend Neil Heywood after a falling out over money.214 This is not a unique case, as experts in Chinese affairs say that such cases can be seen “all over the country.”215 Even the highest of officials have relatives with questionable behavior.

Another reason for the upheavals in China is the repressive and paranoid nature of the government. In recent years, in an attempt to preserve their total control over the Chinese people, the government have instituted policies that restrict freedoms that are

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214 Ibid

basic in most democratic countries. Their suppression of Tibet and Tibetan culture is one of the most famous examples. “The Tibetans, who are mostly Buddhist, feel their religious freedom and ethnic identity is under threat and that they are economically and socially marginalized under Communist Chinese rule.”

China has also referred to the Dalai Lama, the Tibetan spiritual leader, as an enemy of the state. This is despite his constant attempt to negotiate with the Chinese government and his declaration of non-violence and peace.

Another example of the Chinese government’s repressive policies was its crackdown on dissidents. This action was taken to preserve political stability after the Arab spring in the Middle East sparked calls for protest against the Chinese government. During this time the Chinese government rounded up dozens of lawyers, journalists, bloggers and other activists all in reaction to appeals for protest, which began circulating online, the early parts of 2011. This was the latest—and in some ways the broadest—in a series of periodic clampdowns on those whom the China’s Communist Party sees as a “threat to its rule.”

Even more recently, protest in Hong Kong, a semi-autonomous city of China, and also one of the financial capitals of the world, brought global attention to China’s restrictive policies. This protest began in September 2014, as a result of Beijing denying the democratic process to Hong Kong. The Chinese government only allowed party approved candidates to be voted into office in the city. This led to, at its peak, over 100,000 people protesting Beijing and demanding a more transparent democratic


process. While to date there have been no political concessions to the Hong Kong protestors this mass reaction is evidence of how fragile the political system in the country really is. The Chinese government is in constant fear of losing power, and as the Chinese people become more and more aware of their rights as individuals one can argue that much more disruptive protests may be in store for the future of China.

This fear will counter any political influence that the country has made across the globe. Due to the autocratic nature of China’s Communist Party it is constantly dealing with internal issues and therefore, China is unable to project any real political power overseas. This problem will further be exacerbated as more and more Chinese citizen get access to the Internet and other forms of media. Such effects are already beginning to take hold. According to a Beijing polling company, confidence among Chinese with their government has “fallen 10 percentage points to 60%” in 2012. This decline is fueled by the over 513 million micro bloggers in China who share information through Internet sites such as weibo. News that a few years ago would have been relatively easy for local officials to suppress, downplay or ignore is now instantly transmitted across the nation. Local protests or scandals to which few would once have paid attention are now “avidly discussed by weibo users.” The Chinese government has tried to rein these actions in but this has found very little success as “circumventions are easily found.”

All of this adds up to the political instability of the country.

In terms of soft-power the country also severely lagging behind. In the case of

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219 “A dangerous year Economic conditions and social media are making protests more common in China—at a delicate time for the country’s rulers” The Economist, January 28th 2012 http://www.economist.com/node/21543477 June 15th 2012
220 Ibid
221 Ibid
China’s 24-hour English news network, which was mentioned earlier, the only reason why the channel was launched was because “Chinese authorities expressed disapproval of much of the international coverage of sensitive events in China such as human rights. They accuse international media organizations of being biased and focusing on negative news, (about the country).” The Chinese news network is a propaganda vehicle for the Chinese government, which many of its critics have stated, and is suffering from declining ratings. Secondly, of the 1.5 billion dollars made by the Chinese movie industry over 90% of it was made in the Chinese mainland, suggesting that contemporary Chinese culture has yet to have any real global impact. In addition, the movement of Chinese immigrants has begun to have political consequences. For example, China was “once feted as saviors in much of Africa. Now Chinese have come to be viewed with mixed feelings. African attitudes have changed…Chinese goods are held up as examples of shoddy work. Politics has crept into encounters and the word “colonial” is bandied about. Children jeer and their parents whisper about street dogs disappearing into cooking pots.” This shows how Chinese culture is not being absorbed into these countries and is beginning to be interpreted as a new form of colonialism.

China also does not have one distinctive cultural identity but is made up of a number of different cultures, ethnicities, religions and languages some of which are very distinct from region to region. This is different from the United States, which may be diverse but still has universal features such as the English language, democracy and

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222 “China to launch 24-hour English TV news network,”
223 Ibid
224 “Jackie Chan, Zhang Ziyi Kick Off Inaugural Beijing Film Festival,”
certain inalienable freedoms. However, in China there is no such thing as a single identity. This is because to preserve unity in the country the federal government allows local government leaders autonomy, which has preserved the local culture and ideology.\textsuperscript{226} Therefore, choosing one cultural identity to project internationally for the purpose of dominance would lead to a backlash internally as many people in China would be alienated and marginalized.

Beyond China’s cultural and ethnic dynamic, its political situation will hamper the country’s ability to expand its soft power on a global scale. To understand what this means, one has to look at China’s recent past. Before the reforms under Dao Xioping, which led to China’s economic explosion, the country was poor. During this period, China’s leader, Mao Zedong created a number of policies to promote the communist philosophy. It is two of the policies he pursued that has and will affect China’s ability to project soft-power. These policies are known as the “Great Leap Forward” and the “Cultural Revolution.” The Great Leap Forward began in 1958, the policy to place Chinese peasants into large collective farms in an attempt to make China wealthy quickly, by industrializing its infrastructure to compete with the West. Instead this campaign created by Mao, led to immense chaos and the greatest famine in the twentieth century with the death of over 25 million Chinese citizens.\textsuperscript{227} The effects of this policy hardly rescinded before China would go through another chaotic period in the form of the Cultural Revolution, which has had a lingering effect into the 21\textsuperscript{st} century. The Cultural Revolution in itself is a multifaceted event. Created by Mao who sought to purge the Chinese Communist Party of its capitalist elements through violent revolution by

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\textsuperscript{226} Zakaria 119
\textsuperscript{227} Shirk 18
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inspiring idealistic Chinese youths, known as the red guards, to rebel against the systems and purge the party of its bourgeoisie elements. The events of the revolution “caused millions of deaths and left some 100 million people scarred victims.”

The Cultural Revolution led to the denunciation, torture and imprisonment of millions of Chinese. However, the most lingering effect of the revolution was what it did to the Chinese culture. The revolution sought not only to purge the aspects of capitalism from the Chinese Communist Party but also eliminate aspects of Chinese culture that Mao deemed were holding back the country. This included destroying a lot of Chinese heritage and ancient culture such as, removing Confucian philosophy from the Chinese educational system, raiding temples, and either destroying or making illegal ideas and philosophies that were distinctively Chinese. Intellectuals, teachers and even parents were commonly attacked and tortured for promoting revisionist theories of Communist Revolution. Many Chinese schools were closed and university graduations dropped heavily. All of this has had a continued effect on modern day China. “Teaching methods in China also tend to be outdated by Western standards, and seem ill suited to producing either the entrepreneurs or the socially adept managers that multinationals covet.” In other words, China currently lacks the educational competitiveness that a number of Western academic institutions enjoy. More importantly, the cultural impact of centuries of Chinese history were destroyed, forgotten or are still illegal.

230 Xing Lu, Rhetoric of the Chinese Cultural Revolution: The Impact on Chinese Thought (Univ of South Carolina Pr, 2004), 2
However, the Cultural Revolution is only partly to blame for this lack of soft power projection. China’s modern day political system is also partly at fault for the country’s inability to project soft power. China’s Communist Party, in an attempt to maintain power, has hampered aspects of Chinese society from truly flourishing and this is especially true when it comes to the country’s cultural projection. They have done this by banning anything that would be perceived as political. Examples of these bans range from the outlawing of the Tibetan Flag, to practice of Ramadan and even religious movements such as Falun Gong have all been suppressed in Chinese society. Artist and authors, who speak out against the government either have been arrested or had their works banned. The most famous of whom is Ai Weiwei, who is now confined mostly to his house and cannot leave China, all due to his criticism of the CCP. This severely curtails China’s ability to project a cultural supremacy, as ideas, philosophies and even art must first pass the test of whether or not they politically challenge the Communist Party.

Finally, “China does not have cultural industries like Hollywood, and its universities are far from the equal of America's. It lacks the many non-governmental organizations that generate much of America's soft power.” In other words, China lacks the infrastructure and organizations that would make its soft-power attractive to countries around the globe.

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Chapter Conclusion

Due to its economic and military power China’s political influence has also begun to grow. China is currently one of the five permanent members with the power of veto on the United Nations Security Council. In addition, due to its growing strength, China also plays an important role in a number of institutions such as the World Trade Organization as well as the G-20, two organizations that play an important role in the economic welfare of the globe. However, can China usurp or equal the political influence that the United States currently holds? The answer to that question may be left to history but current trends suggest that China will not attain such a status. First off, beyond economic realms countries rarely ever engage with China. Even countries that do engage beyond economics do so in a very cautious way, and in some cases, such as Russia, seems to also be actively balancing against it. China does not also possess the political ideology that many of the great powers possess, which is that of an open and democratic society. In addition, the autocratic nature of the Chinese Communist Party means that the political stability of the country is constantly being tested, and as more and more Chinese citizens become aware of their rights these upheavals have the potential to cause widespread instability throughout the country.

On top of this, despite China’s miracle growth in the last few decades, the country has not been able to produce something that it can argue is a part of the modern-day Chinese culture. The repression by the Chinese government to anything that it see as a challenge to its power, the inability of the country to find a single identity, and disastrous policies of the Great Leap Forward and the Cultural Revolution all suggest that China’s ability to project any soft power is critically limited. While one can argue the country has made great strides, China is still in a primitive state compared to the US soft-
power dominance.

It should be noted that the Chinese government up to this point has managed to keep a very politically stable society. This is due to controlling almost all aspects of citizenry while at the same time maintaining economic growth. However, as political issues both internally, and externally, become more prevalent the possibility of China becoming the next global political leader becomes less and less.
Conclusion

Have the theories and evidence in this thesis proven that China is incapable of becoming the next global superpower? Despite the popular point of view of a Chinese superpower, current trends suggest that China will not dominate the four aspects of military, economic, political and soft power, all of which are required for a country to become a superpower.

In terms of China becoming a military superpower, the country is located in a region surrounded by a number of other rising powers, like India and Vietnam, and any military projection will lead to a balancing effect against China. The historical precedent of Germany during the lead up to World War I and Russia during the Cold War provide substantial evidence in support of the balancing effect. In both cases countries reacted to a powerful state’s military by allying themselves against the threat. This does not bode well for China’s military dominance as many countries in the region have already begun to be wary of China’s excursion in areas like the South China Sea and Indian Ocean.

Even China’s economy, the strongest factor in it becoming a superpower, has critical aspects that will not allow the country to have economic dominance. The repressive nature of the Chinese government has led to companies being unable to communicate with each other. This leads to China lagging behind in technological advancements and in its ability to innovate. To date China does not have a single company like Google, Apple or Microsoft. Its State Own Enterprises will also hamper China economy. These companies are usually inefficient and corrupt yet they get access
to credit and governmental backing before private industries. In addition to these structural issues, China also has to deal with a massive demographic issue, which due to its one child policy, will eventually lead to the country’s workforce declining. This will end China’s ability to provide a large and cheap labor force. Some estimates suggest that the working force will decline as early as 2017. China’s massive elderly population and lack of a real safety net will help aggravate the situation leading to potential socio-economic issues becoming even greater and more widespread. China also has to deal with the environmental degradation caused by decades of unscrupulous polluting, which means the country needs to spend large amounts of capital to maintain a habitable environment. On top of this, evolving issues such as a housing bubble and the end of cheap labor all show trends to long-term issues with China’s economy.

However, China’s real weakness comes from its inability to project political legitimacy and soft power. In terms of political legitimacy, most countries do not engage with China beyond the economic realm, and even countries such as North Korea and Russia, which are seen as natural allies, view China cautiously. On top of this, unlike most of the great powers, which are democratic and open societies, China has an autocratic and repressive regime. Democratic countries will not see China as having global political authority. In addition, because of this repressive nature, China’s long-term stability comes into question as many Chinese citizens are becoming more and more aware of their rights. This oppressive nature, as well as disastrous policies such as the Cultural Revolution and the Great Leap Forward, is also why China has lagged behind the projection of its soft power.

These issues that I have detailed in my thesis suggest that China is unable to
become a superpower. So what is the conclusion can one draw in understanding the limits of the rise of China? For one, countries, particularly great powers like the United States, can develop policies that do not put China in a position in which Beijing feels threatened. These include not creating laws that alienate China from the global community, such as protectionist measures directed solely at China, or providing resources to countries that want to balance against China while at the same time alienating China’s security and economic needs. Enacting these positive policies is beneficial to the global community. China is, after all, the world’s second largest economy and currently has the largest population, meaning that despite its inability to become the next global superpower, the country still has a lot of clout when it comes to global affairs. Actions and policies enacted by countries that attempt to weaken China’s influence may lead to global conflicts, which may in turn lead to a weakening of the global economy and stability, as we saw with the decades long conflicts during the Cold War. Having positive policies on the other hand may lead to China becoming a more open and democratic society as it becomes more integrated with the global system, which is dominated by democracies. This would lead to a more stable global structure.

However, China itself should understand its limits. This may allow China to become a much more cohesive society as it will not spend its accumulated wealth on projecting power but instead will focus on more pertinent things that would help it achieve a much more stable society. Instead of the country spending billions on advancing it’s military, an act that many of China’s neighbors are beginning to see as hostile, the country can try to help create better ways to produce a cleaner environment or help in the cleaning up of extreme degradation caused by decades of unscrupulous
polluting. In addition, instead of the country aiming for vast economic growth, it can place such momentum on fighting the corruption of its SOEs and invest in private research and development, which would change the current Chinese culture of short-term gains into that of long-term ones. More importantly the Chinese government should understand that its repressive policies are detrimental to Chinese society and the stability of the country in the long-term, as these oppressive policies will only be met with resistance from a new generation of Chinese citizens who have access to more information than that of older generations. If these repressive policies are not reduced or removed mass protests and disruptions, such as what was seen in Hong Kong, may become the norm of Chinese society, which will not bode well for the Chinese state as a whole. On the other hand, if China decides to become a more open and free society, other countries will try and emulate it, raising China’s profile beyond its economic strength.

The evidence that this thesis provides demonstrate clearly that China will not rise to superpower status anytime in the near future. However, while many aspects show the potential for a Chinese superpower, theoretical, historical, as well as current trends suggests that the popular idea of China’s dominance is exaggerated.


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