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CANADIAN FORCES COLLEGE

CSC 32

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China's Power Ambitions

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24 April 2006

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ACRONYMS

AWACS	-	Airborne Warning and Control Systems
CCP	-	Chinese Communist Party
DPRK	-	Democratic People's Republic of Korea
ISR	-	Information Surveillance Reconnaissance
PRC	-	People's Republic of China
PLA	-	People's Liberation Army (China)
PLAN	-	People's Liberation Army Navy (China)
PSI	-	Proliferation Security Initiative
ROC	-	Republic of China
ROK	-	Republic of Korea
SDF	-	(Japanese) Self Defence Forces
SLOC	-	Sea Lines of Communication
SOE	-	State Owned Enterprise
TMD	-	Theatre Missile Defence
UAV	-	Unmanned Aerial Vehicles
UN	-	United Nations
US	-	United States of America
USSR	-	Union of Soviet Socialist Republics

ABSTRACT

In 1978 China took the strategic decision to concentrate on socialist modernization and a “Open Door” policy. This has over the last 25 years resulted in rural and urban reforms which have invigorate China’s domestic economy and opened it to the outside world. The economic rise of China has been followed by increased national pride, combined with rising demands for being taking seriously as one of the world’s greater powers.

This essay argues that in despite of China’s recent economic and political rise, China primarily aspire to be a regional power in East Asia, and at present it does not have the economical or the political power to become a “super power”. Even if there is a long term goal to achieve "super power" status on the world arena, China’s domestic situation of demographic and regional issues is such that this must be resolved first. Secondly there are several East Asian regional issues were China and its neighbouring countries so far does either really trust each other, or has not been able to resolve old grievances. Lastly is the fact that China not now or in a foreseeable future possesses the resources needed to be able to the military gap with the world’s only superpower, the United States of America.

CHAPTER 1 - INTRODUCTION

China is one of the world's earliest centers of human civilization, and between the 7th and 14th centuries became one of the most advanced civilizations in technology, literature, and art. Regime changes and invasions took place several times, but they were all absorbed and assimilated into the Sino identity and culture. China was the dominant power in both East and Central Asia until the 19th century, when European imperialism expanded in East Asia. However it was not European and American interference that was the primary cause of the decline of the Chinese empire, but the series of internal upheavals and civil wars which ended in 1912, when the institution of the Emperor of China disappeared and the Republic of China was established.

The following three decades did not see the end of the decline of China, where first the warlords gained power and divided the country, only to be followed by Sino-Japanese War, and the Chinese Civil War. When the latter ended in 1949 the Chinese Communist Party (CCP) had gained control of mainland China, and established the People's Republic of China (PRC). At the same time the Republic of China (ROC) government of the Kuomintang fled to Taiwan, where it continued to be recognized as the legitimate government of all China by the Western bloc and the United Nations (UN) until the 1970s, when most nations and the UN switched recognition to the PRC.

In 1949 China was a war ridden, poor and undeveloped third world country, where the next three decades of Maoist communist ideology forced the country and its people in to one failed project after another with regard to development of the Chinese society. All this happened within the cult of Mao and no change was possible until after his death in 1976, when Deng Xiaoping assumed control over the CCP and China's future economic

development at the Third Plenary Session of the Party's Eleventh Central Committee in December 1978. The strategic decision to concentrate on socialist modernization was taken, and developed into rural and urban reforms which invigorate the domestic economy and opened China to the outside world. The economic rise of China was to be followed by increased national pride, combined with rising demands for being taken seriously as one of the world's greater powers.

This essay will focus on China's recent economic and political rise, exploring its power ambitions, and approach one of the main questions for the future of international security; is China aspiring primarily to be a regional power in East Asia, or is the long term goal to achieve "super power" status on the world arena? Many regard the PRC's realisation of becoming a regional hegemon is due in the near future, because of a large and stable population, a rapidly growing economy, and a rapidly growing military capability.¹ However, there are a number of economic, political, military and demographic problems within Chinese borders to contend with, in addition to the international stage where China primarily searches for both economic and political allies to be able to become an influential and important power regionally both inside and outside East Asia. This essay will approach the thesis statement in four different dimensions; the CCP's ideological transition and present political position, China's changing demographic and regional issues, East Asian regional political and military issues, and lastly China as a player at the world stage of international politics.

The CCP's ideological transition from Mao's Cultural Revolution to a market economy liberalized regime has presented the party leadership with a need to reform the basis of the

¹ John J. Mearsheimer, "China Rising," *FP special report*, January/February 2005, available from http://www.carnegieendowment.org/files/FPspecial_reportchina.pdf; Internet accessed 6 December 2005, 48.

Chinese communist ideology. It represents the foundation of the Chinese ambition to become both an important regional and world power, which will be examined within the context of Deng's four grand strategies of socialistic reforms. To be able to see the CCP transformation in perspective, a comparison with the Soviet Communist Party's failed attempt to introduce market economy in the Union of Soviet Socialist Republics (USSR) is a tool to examine the CCP change since 1978. Lastly there is a need to address the latest strategy of the party, by examining the latest promulgated policies and ambitions, and how they are being addressed.

Looking outside the ideological and political world of the CCP there exist a China where demographic and regional issues within its borders are becoming increasingly important. The Chinese history brings with it a legacy of non-resolved provincial problems which the communist regime so far has not been able to either solve or address without the use of military force. In addition to the issues of historical regional problems the liberal market economy policy has in addition created a new set of problems; changing demographics, rural and urban polarization, and regionalism. If China wants to become a major power it faces the problem of a China being threatened by strong regions with its own ambitions, social unrest and a continuing need for military solutions to important unresolved provincial problems.

This essay's third approach is China's place and status in East Asia as a regional player, including its military power projection capabilities and ambitions for building alliances. The history of East Asia in the 20th century has left the region with a legacy of unresolved nationalistic problems, where the most important and potential most dangerous part of this legacy is the question of Taiwan, the policy of "One China", and the position of the United States of America (US) as a third player. In short; both China and South Korea was occupied by Japan, whose atrocities resembles those of Nazi-Germany; China attacked South Korea

during the Korean War; and Russia has unresolved border issues with Japan. The growing Chinese nationalistic movement and the lack of Japanese political sensitivity is one of many reasons for regions lack of establishing an economic regional organization. The military security issues of the region are probably even more difficult, with some of the most rapidly expanding military forces in world being neighbours, each with different alliances with the US. China's problem though is the lack of actual power projection capabilities, and a history of non-expeditionary doctrines.

The last approach focuses on China's performance as a world player, including its ability for strategic positioning, international cooperation and economic relations. One of China's most overarching issues is the global hunt for resources, where moral imperatives are not part of the equation.² The countries China is making deals with are labelled by many as the pariahs on the international arena, such as Iraq. China is pursuing the old formula of international relations and diplomacy, where power is the ability of one state to influence other states. In this context China has lately courted countries in Africa, the Middle East and Latin America, building bilateral relationships and on several occasions giving direct aid, where all confidence building and foreign cooperation aims at enhancing China's ability to exercise influence in other regions of the world.

The CCP's problem, which is also China's problem, is that it is still divided both historically and ideologically after nearly thirty years of reforms. The transition from an ideology of strict state driven economy, and primarily a domestic political focus, to one of open market economy with gradually more global ambitions has not been without problems. The legacy of Mao is still a part of the ambitious economically reformed China.

² David Zweig and Bi Jianhai. "China's Global Hunt for Energy." *Foreign Affairs* 84, no.5 (September/ October 2005): 31-33.

Approaches to China's rise

Within the context of China's history it is possible to approach China's recent "rise", or re-emergence³, from two quite different angles. There have been formulated at two different views; a rational approach where the balance of power theory is being used or a conflict approach where the hegemonic instability theory is being emphasised.⁴ The latter is described as:

...[the] incongruity between the rising power's growing capabilities and its continued subordinate status in an international political system dominated by an erstwhile hegemon results in conflicts that are typically resolved by the fighting of a major war.⁵

In my research literature and articles there is a third approach, namely the positive one being used by the Chinese government. There are some trends with regard to which approach western authors use; the Republican side of US politics with the RAND Cooperation as its voice is predicting that the rise of China will end in conflict, however mostly other western scholars has a much more rational and fact based approach. East Asian scholars also have a rational approach, but there seems to be a legacy of East Asian history that makes them more precocious. I have used a large number of articles in my research because not many books exist with recent update of China's latest political development, and those that exist are mostly collections of earlier published articles. I have also included some newspaper articles ranging from the Economist to various East Asian newspapers. It is therefore necessary to give a more in depth description of the three approaches, beginning with the rational approach.

³ Joseph Nye, "Beware of self-fulfilling prophecies," *Taipei Times* (March 21, 2005) [article on-line]; available from <http://www.taipetimes.com/News/editorials/archives/2005/03/21/2003247210>; Internet accessed 6 December 2005.

⁴ M Brown, O.R. Cote Jr., S.M. Lynn-Jones, S.E. Miller. *The Rise of China*. Cambridge, Massachusetts: The MIT Press, 2000, 29.

⁵ *Ibid*, 29-30.

The rational approach

Joseph Nye may be viewed as an advocate with regards to keep a rational approach when assessing China's possibility of becoming the next superpower, even becoming a regional power. The size of the US economy is one important factor, twice as large as the Chinese. To be able to reach parity by 2025 China's economy must grow by 6 percent annually, while the US must remain at 2 percent. Even if economical parity is reached, China would struggle with an underdeveloped countryside, and not equal the US in per capita income until sometime after 2075.⁶

China could still challenge the United States in East Asia, including the possibility to go to war over Taiwan. Historically weaker countries have attacked when they feel cornered, as China did when it entered the Korean War in 1950. The outcome of China's military growth will depend on what the US and other countries do. The key to military power in the information age depends on the ability to collect, process, disseminate, and integrate complex systems of space-based surveillance, high speed computers, and "smart" weapons. China and others will develop some of these capabilities, but, according to many military analysts, China is not likely to close the gap with the US soon. China's inability to compete with the US on a global basis does not mean that it could not challenge the US in East Asia, or that war over Taiwan is impossible.

The positive China approach

A second approach is the positive approach, which is also the official Chinese way to portray its way to further rise. Primarily the emphasis is laid on economic development and by this way winning acceptance as a great power, where China's nationalism and pride is an

⁶ Joseph Nye, "Beware of..."

important force. Secondary China's leadership has no intention of challenging the United States militarily, even though it is recognized that friction will occur as China's regional role and "sphere of influence" develops.

The conflict approach

The third approach is within the concept of clashes of civilization. China cannot rise peacefully; the economic growth will end in a security competition with considerable potential for war. New alliances may emerge, with India, Japan, Singapore, South Korea, Russia, and Vietnam, joining a US coalition. John J. Mearsheimer at the University of Chicago has developed a theory to explain how rising powers are likely to act and how other states will react to them:

...the mightiest states attempt to establish hegemony in their own region, making sure that no rival great power dominates another region. The ultimate goal: to maximize its share of world power and eventually dominate the system.⁷

Within this approach China is likely to try to dominate not just East Asia, but the whole Asia the way the US dominates the West. There is though not one scholar or politician that seriously contemplates a China that conquers other Asian countries, but they see a China dictating the boundaries of acceptable behaviour to neighbouring countries. An increasingly powerful China is also likely to try to push US out of Asia, and by gaining regional hegemony is Taiwan is within grasps. With such an approach it is necessary to closely look at the motivation behind Deng's reform program and the CCP's evolving policy of social reforms.

⁷ John J. Mearsheimer, "China Rising...", 47.

CHAPTER 2 – COMMUNISM AND MARKET ECONOMY

The initial question when examining the transformation of the CCP communist ideology introduced by Deng in 1978 is: what was the intention behind the reforms? To understand this question it is necessary to examine the origins and development of the ideology behind the Chinese economic revolution; to have an appreciation of how China developed from the chaos of the civil war after World War II and the transition from the Cultural Revolution to today's market liberalized regime. This historical background also explains why the co-existence of a free market economic system and a communist political model has from the beginning caused tensions within the CCP, and attention abroad.

The CCP and the grand strategies

There are three main reasons for the worldwide attention given to China's rapid development; its expanding influence, expanding military muscles, and growing demand for energy sources.⁸ The origin of all this attention can be attributed to one person, Deng Xiaoping, who twice was sent in exile for his views. The foundations were laid down at the Third Plenary Session of the Eleventh Central Committee of the Chinese Communist Party held in 1978. A new strategic path – “the development path to a peaceful rise” was established with the main goal of economic development, and securing a more comfortable and decent life for the Chinese people.⁹ This was in stark contrast to Mao's romantic notion's for revolutions and his personal view that pragmatists and not idealist were becoming the driving force of the CCP.¹⁰

⁸ Zheng Bijian, “China's “Peaceful Rise” to Great-Power Status,” *Foreign Affairs* 84, no.5 (September/October 2005): 18.

⁹ *Ibid.*, 20.

¹⁰ John R. Faust and Judith F. Kornberg, *China in World Politics*, Boulder, Colorado: Lynne Rienner Publisher Inc., 1995, 37.

Mao and Deng

Mao's "Great Leap Forward" between 1958 and 1960 was a disaster for the Chinese agricultural sector; the Chinese peoples had to endure a crushing workload and a forced collectivisation, resulting in a famine that killed at least 30 million people.¹¹ Mao was forced to reverse the effects of the "Great Leap Forward", but he was an impatient man. At the Eleventh Plenary Session of the Eighth Central Committee, in August 1966, Mao initiated what would be labelled the "Cultural Revolution", where the Red Guard students were unleashed at the CCP and the country entered a period of chaos.¹² At same session Deng Xiaoping was dismissed from all his posts within the CCP and sent in inner exile as a manual labourer from 1969 to 1972. He was restored in 1973, and by 1975, as result of Premier Zhou Enlai's illness, Deng was again in charge of all the Party and state routine work.

Deng's efforts to bring about stability, prosperity, unity and to develop the national economy were not well received by Mao, who did not tolerate Deng's corrections. He launched a movement to criticized Deng, supported by the Gang of Four, which sent Deng into exile again in 1975. Mao's death in 1976 changed the balance of power and the Gang of Four and ten-year "cultural revolution" was brought to an end in 1978.¹³

The rise of Deng was to mark a new period of China's history, where Deng as the new chairman was a man that had systematically observed the economic miracles taking place in both East Asia and South East Asia. His ambition for China was to emulate this economical prosperity, claiming "practice is the sole criterion of truth."¹⁴

¹¹ Roderick MacFarquhar, "China's Half Century," *Asia Quarterly*, Volume III, No. 3, summer 1999. Available from <http://www.asiaquarterly.com/content/view/40/40/>; Internet accessed 10 April 2006.

¹² John R. Faust and Judith F. Kornberg, *China in World ...*, 37.

¹³ *Ibid...*, 38

¹⁴ Roderick MacFarquhar, "China's Half...

Third Plenary Session of the Party's Eleventh Central Committee

The situation in 1976 was dismaying, the "Left" thinking which had dominated the country for years had left the economy on the brink of collapse. The question was what road should China take from now? The answer was given at the Third Plenary Session of the Eleventh Central Committee of the Communist Party of China in December 1978, where the strategic decision to embark on the "Open Door" policy was decided.¹⁵ The session marked a turning point in the CCP's history, with the rectification of the Maoist political line of isolation and self reliance.

Deng Xiaoping articulated the Four Cardinal Principles¹⁶, proposed that China should undertake reforms to adopt an open policy, and invigorate the economy. The reforms began in the countryside, in the provinces of Sichuan and Anhui, and the successful experience was soon introduced throughout the country.¹⁷ The result was an emerging productive force in a large number of village and township enterprises, and the three years later the reforms began in the cities. The urban reform was seen as more complicated, and to control it four special economic zones were established, in addition to 14 coastal cities that were opened to the outside world.¹⁸

With the principle of equality and mutual benefit, China started to expand its economic co-operation with foreign countries, which included foreign capital, advanced technologies and managerial skills. The real test came when the Asian Economic Crisis also hit China in the beginning of the 1990's, where the CCP leadership made the strategic choice to embrace

¹⁵ John R. Faust and Judith F. Kornberg, *China in World...*, 73.

¹⁶ The "Four Cardinal Principles":

1. The principle of upholding the socialist path.
2. The principle of upholding the people's democratic dictatorship
3. The principle of upholding the leadership of the Communist Party of China, and
4. The principle of upholding Marxist-Leninist-Mao Zedong thought

¹⁷ Ted C. Fishman, *China Inc.* (New York: Scribner, 2005), 46-50.

¹⁸ John R. Faust and Judith F. Kornberg, *China in World...*, 38.

economic globalization. The Chinese decided to make its economy even more open, joining the WTO and deepened the economic reforms at home.¹⁹ What became clear was that the CCP did not intend to go down the same road as its sister party in the former USSR and become irrelevant in the further development of the country.

Perestroika versus the Four Cardinal Principles

Ten years before the Berlin Wall was thorn down, in March 1979, Deng introduced his Four Cardinal Principles to maintain the correct orientation in the modernization of China. It was essential to stay on the socialist road under the leadership by the Communist Party. By 1990 the Chinese economy was already booming when the USSR fell apart. The Soviet leader Mikhail Gorbachev had introduced economic reforms, *perestroika*, in June 1987, which literal meaning is "reconstruction", referring to the restructuring of the Soviet economy. With the policy of openness, or *glasnost* in Russian, that was introduced in parallel with *perestroika*, Gorbachev opened up for criticism and reforms of the Soviet Communist Party. Deng and Gorbachev approached the ideological problems from opposite direction, where Deng saw the communist party as the solution, Gorbachev saw it as the problem.²⁰

The Collapse of the USSR

When Gorbachev introduced *glasnost* and *perestroika* in the mid 1980's the foundation of reforms was that the communist party would remain supreme, and that socialism would still be the only political orientation within the system of the Soviet Union.²¹ He had allowed an open historical debate where the true fact about how the Communist Party had exercised

¹⁹ Zheng Bijian, "China's "Peaceful ...", 20.

²⁰ John R. Faust and Judith F. Kornberg, *China in World...*, 111-112.

²¹ Adam B Ulam, "Looking at the past: the unraveling of the Soviet Union," *CurrentHistory*, October, 1992, available from <http://proquest.umi.com/pqdweb?index=3&did=1579371&SrchMode=1&sid=1&Fmt=6&VIinst=PROD&VType=POD&ROT=309&VName=POD&TS=1143943332&clientId=17116>, Internet accessed 6 March 2006, 339.

power since the revolution had two effects; it discredited the opponents of perestroika, but also caused irrevocable damage to the party. During the election in 1989 the diehard party conservatives were defeated, giving the Soviet Communist Party a vote of non-confidence.

The second problem of the communist rule also became apparent. How to handle the nationalities question became a key question very early on. Already in 1988 the Caucasus region was giving a warning and showing the first signs of the coming fragmentation of the USSR, which for seven decades held the multinational state together. Gorbachev's vision was to restructure the party state, which, at the nineteenth party conference, agreed to establish a new political system where one party rule was to be combined with democracy.²² This was in itself at best a fantasy, *perestroika* could either only move toward real democracy or end in serious trouble, in addition was the economic reforms limited and a coherent plan was never articulated.²³ After the election in 1989 a coup staged by the old communist cadre was defeated by Boris Yeltsin and his followers, the democratic elected *perestroika* followers. Gorbachev's aim of remaking the Soviet Communist Party's Marx-Leninist ideology had failed; it did not longer keep the Soviet Union together. It had lost its legitimacy as the only force that could rise above nationalism and establish a peaceful and stable state.

It is in this ideological sphere where the CCP has assessed future risks, scrutinizing the Russian collapse. The head of the Party School's Development and Reform Forum, Zheng Bijian, has contrasted the CCP and Russia's Communist Party in an interview as follows:

²² Adam B Ulam, "Looking at the...", 341.

²³ John R. Faust and Judith F. Kornberg, *China in World...*, 114.

The Soviet Union dug its own grave [by invading Afghanistan] in 1979, while that same year China began to reform and to criticize the mistakes [Mao Zedong] made in his later years. The CCP was founded on facts, not on ideology.²⁴

The CCP is aiming at preserving the communist ideology, but the means are continued reforms and a society economic liberalizing and commercializing. Mao's "Little Red Book" is not so relevant anymore; the party initiate campaigns like "stay advanced" and make sure that the new members of the party stays current.

Perestroika was an economic reform program with the main aim of bringing the backward Soviet economy out of the communist political era of non-profits and lack of initiative. The main difference in the end of the 1980's was that the Chinese markets were much more penetrated by Western economy, which made the USSR economy in contrast look overregulated and bureaucratic.²⁵ But the reforms in China has in some respect not moved very fast, Deng Xiaoping's reforms "socialism with Chinese characteristics" did not allow private entrepreneurs into the CCP ranks until 2001. Meanwhile almost three decades of economic growth cannot hide the fact that the CCP remains a Leninist-style party, with a hierarchy of a nine-person Politburo still holding the reins of Chinese political reality. The contrast to Soviet Communist Party is that the Chinese autocratic regime has managed to create a dynamic, capitalist economy. As in the Soviet Union as in China, empire and Communist autocracy is tightly related. The break up of the Soviet empire ended the Communist Party's monopoly on political power in the USSR. The former Soviet foreign secretary Zbigniew Brzezinski said that: "Russia can be either an empire or a democracy, but

²⁴ Melinda Liu, Jonathan Ansfield, Craig Simons and Duncan Hewitt, "Life of the Party," *Newsweek*. May 30 2005, Available from <http://proquest.umi.com/pqdweb?did=844085751&sid=1&Fmt=3&clientId=1711&RQT=39&VName=POD>; Internet accessed 28 March 2006, 14.

²⁵ John R. Faust and Judith F. Kornberg, *China in World...*, 116.

it cannot be both."²⁶ China has hardly begun a process where Chinese political leaders discuss the question of a transition from Communist empire to a modern democratic nation.

The CCP inner debate

Politics in China is complex, despite being dominated by only the CCP, where in-fighting is a constant feature. The present process is focusing on changes to transform the political elite, labelled "inner-party democracy", with regard to intra-party accountability and process.²⁷ The aim is to make the CCP more democratic by having a wide range of candidates for internal party elections, limited terms, and weaken the power of possible influential CCP factions. The latter is possibly the most important if the CCP are to stay in control and strengthen Beijing's control over provincial government, denying local politicians the ability to develop personal authority, like President Jiang Zemin's "Shanghai faction," which represents the biggest challenge.²⁸

Even if the CCP is trying to impose reforms and socialist modernization the party will inevitably encounter interference both from the "leftist" and "rightist". A widespread trend labelled "bourgeois liberalization", as a result of high incomes and a more individualizing western approach to life, advocates a more westernized and democratic China. The opposite is the rigid old "left" communist thinking, still represented by the older generations, as an ingrained habit of thought. The CCP's problem is to be able to maintain its course of socialist modernization and reforms, and at the same time overcome the influence of rigid "leftist"

²⁶ Ross Terrill, "What Does China Want?" *The Wilson Quarterly*, Autumn 2005, vol.29, Issue 4, available from [http://proquest.umi.com/pqdweb?did=915200821&sid=3&Fmt=4&clientId=1711&RQT=309&VName=PQD](http://proquest.umi.com/pqdweb?did=915200821&sid=3&Fmt=4&clientId=1711&RQT=309&VName=PQD;); Internet accessed 28 March 2006, 92

²⁷ Jane's, "China and Northeast Asia - Executive summary China," Jane's Sentinel Security Assessment. January 27, 2006, accessed at http://www8.janes.com/Search/documentView.do?docId=/content1/janesdata/sent/cnasu/hins010.htm@current&pageSelected=allJanes&keyword=tank&backPath=http://search.janes.com/Search&Prod_Name=CNAS&keyword; Internet accessed 6 March 2006.

²⁸ Jane's, "China and Northeast Asia..."

thinking within its party cadres and bourgeois “rightist” liberalization within the *nouvel* rich part of its population.

The essence of the CCP problem is simple; almost all of the richest countries in the world are western democracies. There has generally been a link between economic development and liberal democracy, but there exist a number of authoritarian states which suggests that greater wealth alone does not automatically lead to greater political freedom. China has shown that it is possible to evade relaxing the political control and still create economic development. Zhao Ziyang, China's premier during the 1980s, argued that, "Democracy is not something that socialism can avoid."²⁹ There is evidence that suggest that autocratic and illiberal governments of various ilks' can delay democratic reforms a very long time.³⁰ Generally autocrats have been forced to introduce political changes. Seen from the outside there seems to be no serious challenges to the party's authority, but the cadre's continuing aim for a long-term survival of the CCP there exists those who question the possibility if it has any chance of staying in power for another 35 years.

The CCP and the Peaceful Economic Rise

The CCP and China faces three big future challenges; the shortages of resources, environmental, and the lack of coordination between economic and social development.³¹ In addition there are tensions developing in several areas. One is between the high GDP growth and social progress, the second is the upgrading technology and increasing job opportunities. Keeping the development momentum in coastal areas and speeding up development in the

²⁹ Bruce Bueno de Mesquita and George W. Downs, "Development and Democracy," *Foreign Affairs*, September/October 2005, vol.84, issue 5. Available from <http://proquest.umi.com/pqdweb?did=903096591&sid=2&Fmt=3&clientId=1711&RQT=309&VName=PQD>; Internet accessed 28 March 2006, 77.

³⁰ *Ibid.*, 77.

³¹ Zheng Bijian, "China's "Peaceful ...", 21.

interior is the third and narrowing the gap between the rich and the poor and maintaining economic vitality and efficiency is the fourth.³²

China has, since 1978, experienced an annual 9.4% GDP growth, which is one of the worlds highest. Taking a global approach China accounted for less than 1% of the world economy in 1978, today's figure is 4%. Comparing foreign trade, which in 1978, was worth 20.6 billion US dollars, today's figure is 851 billion US dollars. These numbers illustrate what 27 years of reform has shown the world with regard to what the Chinese labour force has achieved in not only creativity and purchasing power, but also in commitment to development and national cohesion.³³ But there are problems ahead; the Chinese population of today is 1.3 billion and will not decline until it reaches 1.5 in 2030, any small interruption in economic or social development can cause huge problems. In addition China is still only 1/7 of US economy and 1/3 of Japan, placing China in per capita terms as a low income developing country, ranked no. 100.³⁴

To be able to keep control of all four possible areas of tensions is depending on deepening social reforms and the Chinese government's ability to preserve social stability and preserve China's unity. The CCP answer to these challenges has been to develop the "Three Grand Strategies", where the first one is to abolish the old model of industrialization and replace it by one based on technology, economic efficiency and low consumption of natural sources, low environmental pollution and optimal allocation of human resources.³⁵ The second is to not emerge as a great power by use of force, but to use ideological differences to strive for peace, development, and cooperation with all countries of the world.

³² Zheng Bijian, "China's "Peaceful ...", 21.

³³ Zheng Bijian, "China's "Peaceful ...", 19.

³⁴ Zheng Bijian, "China's "Peaceful ...", 18-19.

³⁵ Zheng Bijian, "China's "Peaceful ...", 22.

The third is to replace outdated modes of social control and construct a harmonious socialist society.³⁶

The road ahead – the 2050 Year Strategy

The CCP answer to remain relevant and in power are strategic planning, but it will take 45 years (2050) until it can call it self a modernized, medium level developed country.³⁷ The Chinese targets for development; 2000 – 2010 double the GDP, 2020 double the GDP again, and 2050 China to be a prosperous, democratic, and civilized socialist country; and can then claim a peaceful rise.³⁸ Stalin introduced the first five year plan in 1928, and it has become a hallmark for communist governments. The CCP is in practice leaving this platform of communist legacy, approving a five-year "programme" rather than a plan in 2005.³⁹ The aim of the document was to change to a more sustainable growth model and continue to try to slow the pace of the economic growth, which was 9.5% in 2004 and 9.4% in 2005.⁴⁰

The 2050 strategy has as its first goal internal stability, and the second is closely related; a foreign policy to sustain China's economic growth, both in accordance with the legacy of Deng. But there has been a steadily fading emphasis on Marxism, which has been replaced by the goal of improved standard of living and pride in the nation. The economic achievements since 1978 when Deng Xiaoping took control, the economy has quadrupled in size, and its yearly growth has been between eight to nine percent (by government figures).⁴¹

³⁶ Zheng Bijian, "China's "Peaceful ...", 22.

³⁷ Zheng Bijian, "China's "Peaceful ...", 21.

³⁸ Zheng Bijian, "China's "Peaceful ...", 22.

³⁹ The Economist, "Five more years; China's Communist Party plenum," *Economist.com.*, October, 15, 2005, volume 377, issue 8448. Available from <http://proquest.umi.com/pqdweb?did=912829221&sid=3&Fmt=3&clientId=1711&RQT=309&VName=PQD>; Internet accessed 28 March 2006, 76.

⁴⁰ The Economist. "Five more years...", 76.

⁴¹ Ross Terrill, "What Does China...", 53.

The CCP and future challenges

The Cultural Revolution nearly destroyed the party, and it recovered only by thoroughly reinventing itself and introducing an anticommunist policy of market reforms. In a world of open market economy, where China has become an important and integral part of the stage, the CCP faces primarily three main challenges; how to continue to represent the legitimate power of the Chinese people; how to continuously change its ideological approach to the open economic market; and how to deal with party discipline and corruption.

China has remained an authoritarian state, where the CCP holds tight control with regard to future developments and ambitions. The fact that they have managed to merge two incompatible systems successfully so far, has made some people believe that economics and politics are separate issues. Others believe that the Chinese people eventually will demand more influence in the political life of the country and may lead to the eventual downfall of the Communist government.⁴²

Initially in the end of the 1970's the CCP policy of the "Open Door" was primarily focused on acting as an economic facilitator, in order to attract foreign investors to China.⁴³ As the Chinese economy expanded through the 1990's the CCP began to see its role change from being an economic suitor to seeing it self emerge as a major power, especially within the world economy context. This is best reflected in China's entry into the World Trade Organization (WTO) in 1996, where it managed to be granted favourable status as developing country.⁴⁴

⁴² Minxin Pei, "Dangerous Denials," *FP special report*, January/February 2005, available from http://www.carnegieendowment.org/files/FPspecial_reportchina.pdf. Internet accessed 6 December 2005.

⁴³ M. E. Brown, M., O.R. Cote Jr., S.M. Lynn-Jones and S.E. Miller, *The Rise of China*, Cambridge, (Massachusetts: The MIT Press, 2000), 25.

⁴⁴ M. E. Brown, M., O.R. Cote Jr., S.M. Lynn-Jones and S.E. Miller, *The Rise of..*, 26.

The contradiction for the CCP is that the party may fall victim to its own economic miracle. The post Cold War era has of many things become a post-ideological era, where the Chinese party's leadership has reduced its sole justification for its political monopoly to improve the lives of the Chinese people. The CCP's political fundament is Marxism-Leninism, but the credibility is diminishing as new Party members are now being trained in business related subjects and not the communist manifesto. What emerges is an increasingly disillusioned, cynical, and fearful party cadre, which is growing arthritic not just by age, but also with regard to promote further political development within the CCP.

The large and diverse population of China, where the number of private property owners and hard-working capitalists is rapidly growing, will probably not be content with the lack of the rule of law and the party's continuous economic meddling. In addition is the increasingly growing problem of corruption within the CCP, where Party discipline is declining and selling government appointments for personal profit has become widespread.⁴⁵ The Chinese political system's lack of a peer political competitor to oppose the CCP with the sort of political opposition seen in democracies, render the party of the necessity to continuously transform in order to be relevant. The CCP must confront the three challenges and only bold political reforms, not denial and delay, is the alternative.⁴⁶

⁴⁵ John R. Faust and Judith F. Kornberg, *China in World...*, 92-94.

⁴⁶ Minxin Pei, "Dangerous...", 58.

CHAPTER 3 – INTERNAL AFFAIRS

Moving out of the sphere of the CCP there are two main domestic issues which will affect the further rise of China to become one of the big powers. One challenge is to be able to keep China together as an entity; there is more than one province which has required the presence of the PLA to secure Chinese interest. The second challenge is created by the reforms of the CCP; the rapid economic rise has created huge changes in the demographic map of China.

The legacy of the Middle Kingdom

With the introduction of the capitalist reforms, the primary threat to China suddenly became the possibility of fragmentation of the landmass.⁴⁷ The rapid economic development has resulted in an increasing autonomy in fast-developing eastern provinces, advancing further and faster than the central and western areas. To somehow deal with this the CCP, in an effort to unite the nation and legitimise its rule, has tried to use Chinese nationalism as a mean. The problem is that there are regions which consider themselves ethnically and culturally different from the majority of Han Chinese.

A number of China's most complex domestic problems are rooted in conquests made by Chinese rulers during the 17th and 18th centuries. This includes the region of Manchuria, the Fujian province, Taiwan and Tibet. In the mid-18th century it added the Altishahr regions of Central Asia, leading to Chinese occupation of the vast, mainly Muslim regions of what is now called Xinjiang. Separatist movements in both the Xinjiang and Tibet provinces are being dealt with by the CCP with intense suppression. In all dissatisfaction with the central

⁴⁷ Jane's, "China and Northeast Asia..."

government, there is a risk of civil unrest, and there has been an increase in civilian uprising and general demonstrations.

Provinces with an agenda

It is possible to argue that China is unusual in today's world because it is an autocratic Marxist-Leninist state that rules an empire, and at the same time a part China is a modern nation. Communist China inherited the borders of the Qing Empire, which includes Tibet, southern Mongolia, and a province that was once known as East Turkestan. As Appendix A shows, China has for decenniums dominated East Asia:

All modern Chinese leaders have emphasized the restoration of the Middle Kingdom, which in ancient times included most of continental East and Southeast Asia. Even in the 1930's Mao had visions of restoring China's ancient grandeur.⁴⁸

This legacy from the long history of China poses a big dilemma; concentrate on an old empire or focus on a reformed society, better living standard and market economy? The CCP transformed from a rigid communist society to a market-economy society, based on western principles of management and education. The problem becomes how to break a two thousand year historical chain and transform the old Middle Kingdom hegemony and power based policy, in to one based on ethics, modern economy and cultural recognition. All of this is presently colliding with the old communist political paternalism of the CCP, and there are not much signs of change.

To be able to assign a direction to the future of Chinese civilization, where the Islamic western provinces may have a very different agenda than the south eastern provinces is a formidable task. The nine members of the Standing Committee of the Politburo of the CCP has not issued a white paper which gives us an answer to domestic policies, but it is possible

⁴⁸ John R. Faust and Judith F. Kornberg, *China in World...*, 39.

to say that China pursues a foreign policy that maximizes stability at home.⁴⁹ This is a common goal for most nations, but it is probably even more important for China. Control of the populace has historically always represented a challenge for all rulers of China, and it is only necessary to go a hundred year back to see that domestic troubles marked the decline of the Qing dynasty.⁵⁰ The CCP has from the beginning of its rule of China been wary of losing its grip on its many and diverse provinces.



Figure 1 – Chinese Provinces.
Source Perry-Castañeda Library Map Collection

China's three largest provinces, Xinjiang, Tibet, and Inner Mongolia, were historically not part of Chinese territory, but as Appendix A shows being conquered over the last 500 years. The inhabitants have different religions, language, culture, and typical livelihood than the Chinese people, and as such represent minorities within China's borders. The government

⁴⁹ Ross Terrill, "What Does China...", 53.

⁵⁰ David Graff, and Robin Higham, *A Military History of China* (Boulder, Colorado: Westview Press, 2002), 153-154.

in Beijing rules these provinces with semi-colonial methods and by this only achieved to fuel the demands for independence from Chinese rule. There are many examples with regard to how this imperial rule is being exercised; in Tibet higher education is open only to Chinese speakers, another is that the vast west of the PRC is all on Beijing time. Where the problem probably is most visible is in the Xinjiang province where the Muslim Uyghur population has been purposely diluted by Chinese internal immigration,⁵¹ and in Tibet.

The province of Xinjiang

Xinjiang is China's largest, westernmost province, a sleepy backwater of the Chinese empire, but has becoming increasingly more prosperous because of its resources and for being a principal gateway to the energy reserves of Central Asia.. This does not stop the Chinese government from dealing with the Xinjiang population by semi-colonial methods,⁵² using force to keep militant Muslims under control. Beijing launched in January 2000 a program aimed for the “great development of the west,” with a policy aiming at tightening central control and assimilating Xinjiang into the new China. The most debated part of the program was the encouragement of ethnic Han Chinese to emigrate to the Xinjiang province.⁵³

There exist a chasm of language, culture and religion between the Han Chinese⁵⁴ and Xinjiang's Uighurs, Kazakhs and Tajiks. There have been local uprisings by supporters of independence for the region, or “East Turkestan” as the separatists call it. Both in the 1930’s and 1940’s short lived republics were established, but since 1949 the Chinese have ruled the province. The Chinese authorities’ claims there have been more than 200 “terrorist incidents”

⁵¹ Ross Terrill, “What Does China...”, 53.

⁵² Ross Terrill, “What Does China...”, 53.

⁵³ John R. Faust and Judith F. Kornberg, *China in World...*, 176.

⁵⁴ The Han Chinese makes up more than 90% of China's population.

between 1990 and 2001, including three bus bombings in Urumqi and an explosion in Beijing that were all blamed on Xinjiang separatists.⁵⁵ Twice in 1997, Uighur and Kazakh Muslims launched separatist riots in the provinces largest city Yining, which ended in a merciless response from the Chinese government.

The influx of Han Chinese is mostly apparent in the cities, where they have the best jobs and dominate local markets, but enough of the local Muslims are getting rich and therefore do not want to disrupt the ongoing development of the province. There are those who argue that the lack of a large-scale attack on Chinese interests is that life as a Chinese subject seems to have its advantages, compared to the situation in some of the other countries in the region.⁵⁶



Figure 2 – Province of Xinjiang.

Source: The Economist

⁵⁵ The Economist, “Under the Thumb,” *Economist.com.*, (December 1, 2005). Available from http://www.economist.com/world/asia/displaystory.cfm?story_id=5252768; Internet accessed 28 March 2006.

⁵⁶ Niklas Swanström, “China and Xinjiang after September 11,” *NIASnytt* 14 no. 3, 2002, available from http://www.pcr.uu.se/publications/other_pub/Swanstrom_china_and_xinjiang_after_sept_11.pdf; Internet accessed 28 March 2006, 30.

Large and apparent social divisions, as in the rest of China, could create problems in the future, especially if growth should falter. In addition as everywhere else in China the divide between urban and rural communities is also in this province a looming challenge. China does not fear that Xinjiang descend into a Chechnya-style conflict, but after 9/11 it became politically possible to label the separatists as terrorist, and tighten the control of province:

China's possibilities to stabilize the region are either to exterminate all the minorities – clearly an impossible solution – or to decrease the separatist tendencies in Xinjiang by peaceful means. The September 11 bombings may have created new opportunities for suppression, but very few opportunities for dialogue and peaceful coexistence.⁵⁷

For China's government the Xinjiang province coal, oil and natural gas resources, represents all the rest of China is lacking. In addition the province is strategically important with its borders with Kazakhstan, Kyrgyzstan, Tajikistan and Pakistan, making it possible to build an oil pipeline from Kazakhstan to Xinjiang, which is soon to be complete, and expanding this project by exploring the feasibility of a natural-gas pipeline.⁵⁸

The Chinese faces three challenges in Xinjiang; a growing gap between rich and poor which could provide new fuel for religious and ethnic hatred, smuggling of firearms and a possible build up of separatist movements, and a chance to a return to 1997-style violence. China has so far, with a combination of brutal pacification and economic development, managed to prevent the province to become a security nightmare as the Russian's is facing in Chechnya.

Tibet

The Chinese government position in the Tibetan's quest for independence is one of historic legacy and the CCP's agnostic stance against the Dalai Lama:

⁵⁷ Niklas Swanström, "China and Xinjiang...", 14.

⁵⁸ The Economist, "Under the..."

It is known to all that Tibet was officially incorporated into China's territory as early as more than seven hundred years ago, and China's successive central governments have been exercising sovereignty over Tibet ever since. Tibet area has never been an independent country. The titles of the Dalai Lama and the Panchen Erdeni were granted by the Chinese central government respectively in mid-17th and early 18th century[...] The 14th Dalai Lama now in- exile succeeded to be ordained after the approval by the then Chairman of the National Government of China in 1940. Therefore, Tibet has been part of China all through the ages.⁵⁹

Beijing views the Dalai Lama, who has lived in exile in India since 1959, as the main source of the Tibetan effort to separate Tibet from China. This has resulted in Chinese measures to limit the number of monasteries and monks, a thorough vetting of all applicants for the monkhood, and a general interference in all sides of religious life. In addition there is an ongoing reeducation campaign with the aim of crushing the Dalai Lama and his followers. One clear example is when the chairman of the Tibetan Autonomous Region in July 2005 announced that next Dalai Lama would be appointed by the Chinese authorities.⁶⁰

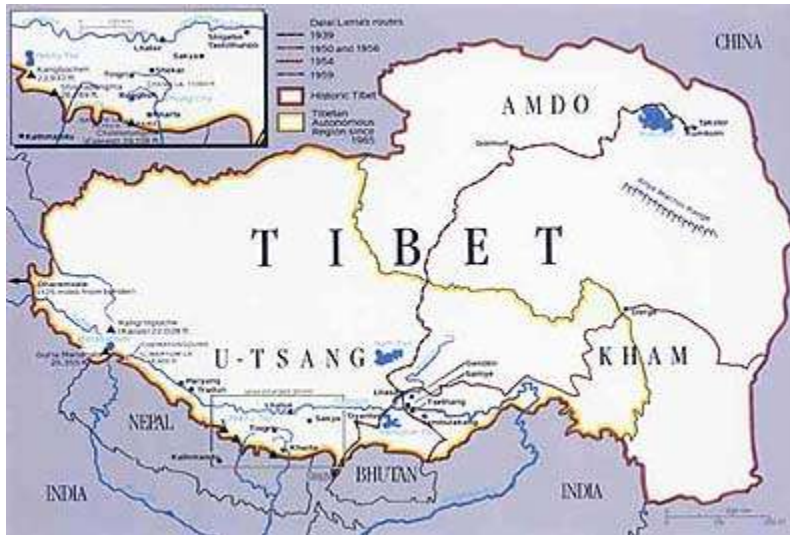


Figure 3 – Map of Tibet.
Source: The Friends of Tibet

⁵⁹ People's Daily, "China Opposes European Parliament Resolution on Issue of Tibet," *People's Daily Online*, Sunday, July 16, 2000. Available from http://english.people.com.cn/english/200007/16/eng200007_16_45588.html; Internet accessed 28 March 2006.

⁶⁰ Human Rights Watch. "China." *Human Rights Watch World Report 2005*. January 18, 2006. Available from <http://hrw.org/english/docs/2006/01/18/china12270.htm>; Accessed 9 April 2006.

The situation in Tibet may serve as a well documented example of how Chinese rule is manifested in the three provinces of Xinjiang, Tibet, and Inner Mongolia. Tibetan separatists or suspect separatists are routinely imprisoned or in preventive detention, and all signs of demonstrations are efficiently dealt with by the People's Liberation Army (PLA) soldiers. The Chinese also limit the use of the Tibetan language, the study of history and culture, and not to mention the non-tolerance of privately-run Tibetan schools. As the map on page 26 shows there is also a dispute with regards to where the true borders of Tibet goes, where it from a Tibetan perspective includes a couple of other Chinese provinces. For the Chinese government the Tibetan question has been a constant problem since the CCP came to power in 1949, but it is not the only demographic problem facing the Chinese authorities.

Changing demographics

There are two main dynamic forces which influence the changing demographics of China; clusters of vigorously developing cities and a surplus of rural workers.⁶¹ At the beginning of the economic reforms in 1978 it seemed self-evident that for China to become a modern society, it would not happen without social and population constraints. Even when considering China's relative economic growth, there are still those who argue for a more reserved prediction about China's progress.⁶² There are still areas where progress lacks, and social stability is not to be taken for granted. There have been several rather large, though isolated, disturbances, demonstrations and protests. A rather recent example is when a

⁶¹ Zheng Bijian, "China's "Peaceful ...", 22.

⁶² Fareed Zakaria, "Big Enough to Know Better," *Newsweek*, December 26, 2005/January 2, 2006, vol. 146/147, issue 26/1. Available from <http://proquest.umi.com/pqdweb?did=948566451&sid=3&Fmt=3&clientId=1711&ROT=309&VName=POD>; Internet accessed 28 March 2006, 45.

Shanghai suburb exploded into riots over environmental problems, industrial conditions and official indifference in July 2005.⁶³

South and east vs. north and west

China today is divided between the export-oriented southern and eastern coast, and the poorer industrial based north and the impoverished west. With the introduction of Deng Xiaoping's 1978 economic reforms the CCP relaxed the central control of the command economy and the market economy was to be the main instrument. This resulted in a weakened control over the coastal provinces, which developed stronger economic links with external trading partners than with the other Chinese provinces.⁶⁴

David Lampton, a professor at Johns Hopkins University, was visiting the Quangxi province in June 2005. It is regarded as one of China's poorer provinces, lagging at least twenty years behind the coastal areas in terms of both economic development and popular outlook. He points at one overriding reality:

China can be weak and strong simultaneously. A population of 1.3 billion, with a middle class perhaps numbering 250 million-300 million, can simultaneously be an enormous competitive force, a global economic engine and also have one billion less-fortunate people who are a huge developmental and humanitarian challenge.⁶⁵

A Chinese report made the demographic problem visible by describing the big rich cities have a “European” standard and the surroundings as an “African belt of poverty.”⁶⁶ The truth is that no Chinese city has western European levels of development, and the poverty of

⁶³ David M Lampton, “Paradigm lost: the demise of “weak China,” *The National Interest*, Fall 2005, available from http://www.findarticles.com/p/articles/mi_m2751/is_81/ai_n15753419; Internet accessed: 29 March 2006.

⁶⁴ Jane’s, “China and Northeast Asia...”

⁶⁵ David M Lampton, “Paradigm lost: the...”

⁶⁶ The report echoed the findings of an Asian Development Bank study published in 2005, where it said the belt consisted of 32 counties, mostly to the north and north-west of Beijing and Tianjin, with an impoverished population of 2.7 million living in nearly 3,800 villages. Poverty is defined as an annual income of less than 825 yuan (\$102). The average urban income in Beijing last year was 17,653 yuan a year. The Economist, “Poor peasants surround Beijing,” *Economist.com*, March, 16, 2006, Available from http://www.economist.com/displaystory.cfm?story_id=E1_VGPGQGD; Internet accessed: 29 March 2006.

Africa is rarely seen in China.⁶⁷ This gap is though very real and growing and critics of China's imbalanced development see it is an alarming situation, where also the leaders of the CCP have stressed the need to narrow regional imbalances. It represents a clear and present danger to the communist regime and was the major theme of the annual ten-day session of China's parliament, the National People's Congress in March this year. The delegates approved a budget that aims at creating a “virtuous synergy” between the wealthy seaboard, the central China and the poor western regions.⁶⁸

The poverty problem is not only a north-west problem, the province of Hebei has been officially designated as a “poor county” and probably more people are living in poverty there than in any other eastern province.⁶⁹ Hebei has no port cities as Shanghai or Shenzhen in its nearby provinces, where these thriving port cities has provided its hinterland with lots of opportunities for economic development. In addition Hebei has a bigger state-owned sector which represents no recipe for fast development. Political provincial status and advantages like cities of Beijing and Tianjin receive more favors, and this is combined with the Central governments focus on assistance to China's west and the north-eastern rust belt.

Rural versus Urban

The Economic growth and large regional differences is developing into a internal security problem. Rural areas are lagging behind coastal regions in wealth, which is creating a sense of resentment and potential for social unrest. There have been introduced programmes to moderate the rate of China's economic growth, and introduction of measures to spread the benefits to the poorer segments of Chinese society, but the dissatisfaction with CCP rule in

⁶⁷ The Economist, “Poor peasants ...”, 1.

⁶⁸ The Economist. “Planning the new socialist countryside.” *Economist.com*. March, 9, 2006. Available from http://www.economist.com/displaystory.cfm?story_id=E1_VGDJDRN; Internet accessed 28 March 2006.

⁶⁹ The Economist, “Poor peasants ...”, 2.

impoverished rural regions threatens to become a chronic problem.⁷⁰ Corruption has, in addition, severely damaged the party's relationship with the rural population, where land seizures and embezzlement by local party cadres has weakened the CCP credibility. In 2004 there were approximately 74,000 protests and riots throughout China, involving more than 3.7 million people, some have led to shootings of protestors.⁷¹

In addition unemployment continues to rise in the northeastern provinces of Heilongjiang, Jilin and Liaoning, representing urban areas where the transition from a command to a market-driven economy has proved the state's inability to provide employment. This is the area which is dominated by the State-Owned Enterprises (SOEs), and it contributes significantly to the high levels of non-performing debt on the balance sheets of Chinese banks.⁷²

In the annual state-of-the nation address China's prime minister, Wen Jiabao, this March put forward a “major historic task”. The aim was to bring about rapid and significant change in rural areas, to build what is described as a “new socialist countryside”. With a countryside that lags far behind the booming urban cities represents a problem of growing unrest, but not even the Prime Ministers speech can hide the fact that the new five-year plan does not presents a practical solution to the problem and therefore the rural-urban divide may not only remain just as wide as it is today, but even widen at the end of the decade. The statistics shows that the measures being taken do not represent any remarkable policy shift⁷³ and there still exists a divide between central and local governments at various levels if the extra

⁷⁰ Jane's, “China and Northeast Asia...

⁷¹ Jane's, “China and Northeast Asia...

⁷² Jane's, “China and Northeast Asia...

⁷³ Central-government spending on the countryside will still amount to only 8.9% of total government expenditure, up from last year's 8.8% but down from 9.2% in 2004. The abolishment of the agricultural tax and other fees imposed on peasants will save each rural dweller an average of 156 yuan (\$19) a year—about 4.8% of net income

The Economist, “Poor peasants ...”, 1.

money will make up for the whole shortfall. The system of inter-governmental fiscal transfers place enormous burdens on low-level governments to finance public services, being aggravated by a system that shares tax revenues between central and provincial governments to the benefit of the richer regions.

At the countryside the peasants are at a further disadvantage by not having clear legal title to their fields, making them vulnerable to the whims of developers. There are estimates that approximately 200million rural Chinese have little or no work.⁷⁴ China's leaders and representatives from the big cities are making restrictions fearing that if barriers on migration were the cities would not be able to deal with all the people which would flee the impoverished country side. There exists a plan for only a modest increase in officially allowed migrant numbers, from an annual average of 8m in the last five years to 9m in the next. This is only one small escape valve in the great political pressure-cooker at China's troubled countryside, where new United Nations Human Development Report on China concludes that "its urban-rural income inequality gap is perhaps the highest in the world."⁷⁵ That people there are not tolerant of large income inequalities is proved by Chinese government figures showing about 74 000 local protests in 2005, which is about 200 a day, representing almost seven times more than 10 years ago. These are local protests about specific issues and not general attacks against the Communist Party. The protesters are still small in relative numbers, with an estimated 3 million people involved in total, but these protesters are a new force on the countryside. The Communist Party is by its new initiative trying to make its officials more attentive, responsive and media friendly in their posture. Beijing knows that it needs to open up, not crack down, but can an autocratic Marxists

⁷⁴ The Economist, "Poor peasants ...", 1.

⁷⁵ Fareed Zakaria, "Big Enough to ...", 45.

system responds political correctly when dealing with protesters. There have been incidents where local authorities responded to protests by shooting people and then trying to cover up the incident. As Fareed Zakaria, Editor of Newsweek International, formulates it; “Beijing has somehow found a way to do centrally planned capitalism. But now it seems to be attempting something far more complex: centrally planned pluralism.”⁷⁶

Developmental and humanitarian challenges

The Chinese history of non-resolved provincial problems has by the CCP so far not been able to be solved or addressed seriously without the use of military force. When looking at China without focusing on ideological and political issues it exists a reality where demographic and regional problems within its borders is becoming the most important problem to solve. With this background the next Chinese drama will probably not be a crisis within the sphere of foreign relations, but a domestic one. With a steadily growing middle-class which demands property rights, a rural population whose discontent has already been demonstrated, and a staggering figure of 150 million unemployed lingering at the countryside, all bringing financial and social strains which will put the combination of communism and market economy to the its most dire test. The combination of heading down one road in economics and very different one in politics makes it difficult to predict which destination the Chinese society is heading for.

The contradiction between politics and economy will determine China’s role and its ability to play at the world stage. In essence China remains a one-party state which lacks democratic institutions, is the world leader in executions, aggressively censors all independent information sources and represses minorities. The Chinese authorities in Beijing

⁷⁶ Fareed Zakaria, “Big Enough To Fareed Zakaria, “Big Enough To..., 45.

are facing a growing social unrest and an emerging probability of social un-stability. The post-Mao economic reforms have presented the CCP with two big challenges; an urban coastal area which has benefited most from foreign trade and technology, to farmers that initially did well and have since lagged substantially behind the city dwellers. So, even with a socialist program founded on Marxist-Leninism, China faces serious challenges from a growing difference between rich and poor, urban and rural populations, and provinces with separate agendas.

CHAPTER 4 – CHINA AND EAST ASIA

There is not only China's rise in the East Asian region which attracts attention world wide. Japan's internal reforms and reinforcement as East Asia's most powerful economy after the economic setbacks of the 90's, together with Russia's growing economy due to surge in world energy prices, the world experience that closer diplomatic and economical cooperation in eastern Asia is speeding up.⁷⁷ There are really only two worrisome security problems; Taiwan and North-Korea. To be able to see this in a context it is necessary to see this in a historical perspective to be able to understand today's progress, or in some areas lack of such, in East Asian relations.

In addition to the countries in East Asia the US play an important part in this region of historical importance. The United States has attempted over the last decade to re-engineer all of its different alliances in the Pacific. There has been a change from seeing China as no threat militarily, to one where Washington is portraying China as a regional competitor. This has resulted in initiatives such as trying to convince Japan, Australia, South Korea and the ASEAN states to consider that it exists an unnamed "over-the-horizon" threat, where just not North Korea is being named, but clearly implying China as well.⁷⁸

History and today's regional political situation

The China of today can be recognizably traced back to the late 16th century and the waning years of the Ming dynasty. This includes China's earlier Korean War, in 1592 against Japan. After numerous engagements on both land and sea, the Sino-Korean forces prevailed, and in late 1598 the Japanese withdrew fearing that their Sea Lines of Communications

⁷⁷ Wang Jisi, "China's Search...", 46.

⁷⁸ Chung MinLee, "China's rise, Asia's dilemma," *The National Interest*, Fall 2005, available from http://www.findarticles.com/p/articles/mi_m2751/is_81/ai_n15753421; Internet accessed: 29 March 2006, 1.

(SLOC) would be cut off.⁷⁹ Also the Chinese retreated, and that was one important marker for the future: China itself would not try to conquer Korea, but China would react against another power if it interfered in the Korean peninsula. Such interventions by China occurred a second time in the face of renewed Japanese aggression in the Sino-Japanese War of 1894-95,⁸⁰ and a third time when United Nations (UN) forces was sent to check the North Korean invasion of South Korea in 1950. It may be said that China's current diplomatic role in the six-party talks regarding the North Korea's nuclear programs has a historical lineage more than 400 years old.

Another part of East Asia which has always been of Chinese interest is Taiwan, originally a part of the Chinese Empire. The island was first lost to the Japanese in Sino-Japanese War of 1895-96, and then to the Chinese Nationalists in 1949. Taiwan now represents one of Asia's most dangerous potential flash points, involving not just China and Taiwan, but also the US as the most important guarantee for Taiwan's independence. The US was both militarily and economically present in China during the last 70 years of the Qing Dynasty, even though must the Sino-US relationship in a Chinese historical perspective be seen as extremely brief.⁸¹ It was only after the Cold War that the Sino-US relationship became of vital importance to both countries.

Foreign policy in East Asia and the balance of power

Beijing's foreign policy after 1980 has been to maintain a peace with its 14 neighbours, in contrast to PRC's first 30 years, when it went to war five times.⁸² China's has "adopted a

⁷⁹ David Graff, and Robin Higham, *A Military History...*, 93.

⁸⁰ *Ibid.*, 159.

⁸¹ *Ibid.*, 155.

⁸² See Appendix A.

foreign policy of omni-directional smiles, labelled a “policy of peace and independence”.⁸³ This has resulted in improved relations first with the Soviet Union, later with Russia, established normal relations with Indonesia, and recognized South Korea as a state and lastly becoming the only player that is able to shake some reality into the North Korean regime. The simple fact is that today China has no enemies, following Deng’s legacy to avoid conflicts and focus on economic development.⁸⁴

This policy was well within the context of the “Five Principles of Peaceful Coexistence,⁸⁵ formulated already in 1954. The problem with today’s Chinese regime is its lack of clearly stated goals, both within both foreign and military policy. There are indications that China aims to replace the US as the dominant power in East Asia. China's rapid military modernization has especially caused alarm, but it does not presently possess the capacity or power projection tools needed. Even if the Chinese military investment is huge, it still is just one fifth of the US. In addition Japan, the primary ally of the United States in East Asia, has experienced six decades of peace, stability and growth. Japan would not let China take control of the region without a fight.

Because of China’s dramatic economic growth since the late 1980s most of the countries in the East Asian region have focused their attention on how to manage their commercial ties with China. Little effort has in effect been devoted until recently towards how a more military and political potent China might affect just not the geopolitical situation, but also the regions strategic position. Because of the regions historical legacy, especially Japan’s

⁸³ Ross Terrill, “What Does China. . .”, 58.

⁸⁴ Mahbubani, Kishore. “Understanding China.” *Foreign Affairs* 84, no.5 (September/October 2005): 55.

⁸⁵ 1-Mutual respect for each other's territorial integrity and sovereignty. 2-Mutual non-aggression. 3-Mutual non-interference in each other's internal affairs. 4-Equality and mutual benefit. 5-Peaceful co-existence. John R. Faust and Judith F. Kornberg, *China in World...*, 207.

conduct during its occupation of China and Korea, and later the Korean War, the region does not have institutions or an organization to deal with potentially negative situations for Asian security and stability. Because of China's both economic and political ambitions is becoming more and more important to understand the strategic capabilities and intentions of China, to be able to employ both realistic and effective policies toward China.

One possible way of understanding the rise of China and the strategic development in East Asia is by seeing it from three different angles:

The first is that Asia's relative strategic weight in the global balance of power is once again becoming equated with that of China's own strategic disposition.[..] Second, rarely (if ever) has the rise of a great power posed such promises and hazards at the same time. [...] Finally, the forging of viable coalitions to deny, delimit or even contain China's power projection capabilities and potentially irredentist strategies has so far proven illusory.⁸⁶

China's rise and East Asia's future is increasingly intertwined, which in the next turn just not become China's problem, but also East Asian and Asian problems. Every country in East Asia has joined the Chinese economic bandwagon, including Taiwan, without regard for Chinese political and military issues, and only recently has it become evident that efforts to counter-balance China's strategic ambitions is becoming increasingly more difficult. Even if several countries in the region possess the means to apply pressures on China, no country is likely to contest China directly because it may result in lost trade ties. An example is the

⁸⁶ Chung MinLee, "China's rise, Asia's...", 2.

Chinese ambition to mount a blue-water navy, contesting Japan as the only real blue water navy in the region.⁸⁷

Taiwan

ROC or Taiwan is de facto an independent nation, and represents one of the most prosperous territories in Asia on a per capita basis. The problem is that it is not recognised internationally as a separate political entity, where the PRC's view of Taiwan as a renegade province and the last symbol of Chinese defeat.⁸⁸ What adds to this is Beijing's threat to use force if necessary to prevent Taiwan from formally and permanently separating from China. Taiwan has combined the support of the US, and growing economic linkages with mainland China to dampen the possibility of conflict in the short term. The present pro-independence movement of President Chen Shui-bian have raised concerns in both Beijing and Washington, and are by many seen as an unwise move.⁸⁹ The US official position is one that opposes Taiwanese independence and recognizes mainland China and Taiwan as one entity.

At a time when political relations between US and China are basically stable and economic and trade links are expanding, Taiwan remains a major source of unease. Both sides will avoid war over Taiwan, but there are three different forces at play.⁹⁰ One is the US Congress' continued press for Taiwanese independence; the second is the Chinese stance that Taiwan remains an intern matter; the third is Taiwanese separatism. Only by coordinating its US policy with its policy against Taiwan can Beijing curb both US Congressional pressure

⁸⁷ Massimo Annati, "China's PLA Navy, The Revolution," *Naval Forces*, no. 6 (2004): 66-72.

⁸⁸ Mahbubani, Kishore. "Understanding...", 55.

⁸⁹ Ibid., 56.

⁹⁰ Wang Jisi, "China's Search for Stability with America," *Foreign Affairs* 84, no.5 (September/October 2005), 45.

and Taiwanese separatism. At the same time has US leaders asked Beijing to talk directly to Taipei's leaders.⁹¹

Economic links between the two countries are growing stronger, and Taipei has attempted to follow a policy of “constructive engagement” with Beijing. There is one clearly articulated Chinese foreign policy goal, or an “internal” affair as seen by the PRC regime, to “regain” territories that rightfully belong within the PRC. The list of territories includes Taiwan, a large number of islands in the Yellow Sea, South China Sea, and East China Sea. The aim is to create a more favourable climate for a take over, which has been played out by China where a campaign to win hearts and minds on Taiwan has been more important than military deterrence.⁹² This has resulted in more employment opportunities for Taiwanese people on the mainland, a more liberal regime with regard to import of Taiwan's agricultural products and there has even been mentioned a Chinese need for restraint in missile deployments in the area of the strait.⁹³

Japan

In East Asia Japan represents a stable democracy, based on ideas of peace and security after its defeat in the World War II, and is only second to US when it comes to national economy.⁹⁴ The US - Japanese security alliances has been strengthening over the last years, at the same time as Japanese-Sino relations cooled down significantly the last years over different issues ranging from WWII issues to disputed areas in the China Sea. The US has pulled Japan further away, where a common concern over the “Chinese threat” has been one

⁹¹ Wang Jisi, “China’s Search...”, 46.

⁹² Mahbubani, Kishore. “Understanding...”, 56.

⁹³ David M Lampton, “Paradigm lost: the...”,

⁹⁴ John R. Faust and Judith F. Kornberg, *China in World...*, 185.

important issue.⁹⁵ In addition Japan has not responded warmly to China's sponsorship of a more institutionalized economic cooperation within the Eastern Asia hemisphere, proclaiming that cooperation within any regional structure that excludes the US is not optional.⁹⁶ In the post 9/11 security environment Washington is expecting an increasing physical contribution from Japan on the wider "war on terror."⁹⁷ To do so Japan debates over changing its constitution to allow its armed forces to participate in military operations involving. Japan's close ties to the US have over the years worsened its position in Asian forums, and its relations with its near neighbours. The strained relationships with its regional neighbours China and South Korea have become increasingly common over the last years. The problems ranges from territorial disputes with South Korea, China and Russia; competition for energy resources in the South China Sea; and arguments over the delimitation of sovereignty within the seas close to Japan.⁹⁸

Historical issues with particularly China and South Korea has further complicate relations between Japan and its neighbours, and the lack of Japanese domestic sacrifices necessary to allow for positive change, rather the opposite. For Japan and the rest of the world it was a shock when tens of thousands of anti-Japanese demonstrators in April 2005 took to the streets of the largest Chinese cities for several days of violent anti-Japanese protests.⁹⁹ The reasons for demonstrations were the Japanese Prime Minister Koizumi's visit to the shrine in Tokyo commemorating Japanese war dead, which also honours Japanese war criminals. The memory of Japanese atrocities such as the Rape of Nanking in 1937 is still vivid in China.

⁹⁵ Wang Jisi, "China's Search...", 43.

⁹⁶ Wang Jisi, "China's Search...", 44.

⁹⁷ Jane's, "China and Northeast Asia..."

⁹⁸ Denny Roy, "The Sources and Limits of Sino-Japanese Tension," *Survival* 47, no.2 (Summer 2005): 199.

⁹⁹ *Ibid.*, 191.

The visit to the shrine coincided with the publication of Japanese history textbooks minimizing these war crimes.

Over the last years there has been no significant change in the Sino-Japanese relationship, it continues to develop in familiar patterns, where both countries not really wants dramatic improvements or serious deterioration in the relationship.¹⁰⁰

North Korea

North Korea has become the primary focal point in Chinese-US foreign relation. Possibly being the world's last hardline communist regime, the Democratic People's Republic of Korea (DPRK), is just not being viewed by the US to be a serious liability in the East Asian theatre, but also China has reached the same conclusion.¹⁰¹

China has tried to dissuade North Korea to develop nuclear weapons through the six party talks, and has publicly denounced the programme.¹⁰² If the six party talks and China's pressure fails, and North Korea develop nuclear weapons, the US will call for much tougher actions which will narrow China's options. The result will inevitably be friction between US and China. If the talks succeed it may develop in to a permanent East Asian security arrangement, but currently the changes are small.¹⁰³ In essence North Korea represents a menace to regional security in East Asia, and both China and the US share a common goal of keeping the Korean peninsula nuclear free.¹⁰⁴

¹⁰⁰ Denny Roy, "The Sources and...", 210.

¹⁰¹ Denny Roy, "China's Reaction to American Predominance." *Survival* 45, no.3 (Autumn 2003): 67.

¹⁰² *Ibid.*, 67.

¹⁰³ Wang Jisi, "China's Search...", 45.

¹⁰⁴ Adam Ward, "China and America: Trouble Ahead?" *Survival* 45, no.3 (Autumn 2003): 48.

South Korea

The Republic of Korea (ROK) or South Korea represents one of those East and South East Asian countries Deng was looking at when he decided that things had to be changed in China. Seoul's policies toward Beijing initially were driven by economics, continuing to view the alliance with the United States as its basis for national security; the only real change is Seoul's posture toward Pyongyang which has increasingly coincided with Beijing's views rather than Washington's.¹⁰⁵ The need for a more independent shaping of foreign and national security policy is now being balanced against its alliance with the United States and the historical legacy of ties with China.

For South Korea, China is the only country that exerts real influence over North Korea. Realising this South Korea has avoided all policies that could upset China, including not joining in on the TMD study in 1998 and by not joining the PSI.¹⁰⁶ With Pyongyang's announcement on February 10 2005 that it had nuclear weapons, South Korea told the US that overt pressure would probably backfire and that the best solution to resolve the nuclear issue was by diplomacy and enhanced inter-Korean economic linkages. Since the June 2000 inter-Korean summit South Korea has consistently downplayed North Korea's military intentions and capabilities, refusing to join the US for contingency planning with regard to actions against North Korea.¹⁰⁷

In the Chinese, South Korean and Japanese triangle there exist a South Korean suspicion of a more robust Japanese security strategy, and has for the East Asian region resulted in trilateral security coordination. Many South Koreans believe that China is the key toward

¹⁰⁵ Lee, Chung Min. "China's rise, Asia's dilemma." *The National Interest*. Fall 2005. Available from http://www.findarticles.com/p/articles/mi_m2751/is_81/ai_n15753421; Internet accessed: 29 March 2006.

¹⁰⁶ Ibid.

¹⁰⁷ Ibid.

reunification and that its role is going to become progressively important. The long-term view is that South Korea's balancing act will face a critical point if China begins to exploit its favourable situation on the Korean peninsula.

Russia

The Sino-Russian relationship has always been one of fluctuation between strategic partners, to a common fear of each others political motives. During the Cold War the relationship went from good to seriously bad. It is often forgotten that China has harboured aspirations for territories on its northern flank. Mao said this in 1964:

About 100 years ago, the area to the east of Lake Baikal became Russian territory, and since then Vladivostok, Khabarovsk, Kamchatka, and other areas have been Soviet territory. We have not yet presented our account for this list.¹⁰⁸

Mao even complained in 1973 to secretary of State Henry Kissinger, that the Soviet Union had stolen one and a half million square kilometres from China. The CCP claimed in the 1960s and 1970 that parts of today's Kazakhstan, Tajikistan, and Kyrgyzstan was Chinese territory. Even if the relationship between Russia and China is good, it exist a growing influx of Chinese people which cross the borders in the north and settles down on Russian territory. This is probably minor problems in a Sino-Russian context, where both in today's strategic environment has a common vision of a multipolar world.¹⁰⁹ The relationship is still one of suspicion, and should Russia's ability to exercise power and control in the east be weakened China may "present its account" for a portion of Siberia.¹¹⁰

¹⁰⁸ Ross Terrill, "What Does China...", 57.

¹⁰⁹ Adam Ward, "China and America...", 40.

¹¹⁰ Ross Terrill, "What Does China...", 58.

Military Power Projection

There are worries in Washington that China might challenge US military dominance in East-Asia and the risk for destabilizing the region is rising. China's boom can no longer be understood at regional terms alone, China's international political influence grows and its potential for military power is steadily being developed. Therefore there are those who argue that the US must make room for a rising giant with growing pains; otherwise war will become a serious possibility.¹¹¹ Both China and the US share an interest in viable oil prices, secure SLOC's, and a stable international environment, all of which can help sustain their economic prosperity. One area where China could intervene with armed forces is if there were interruption in Chinese trade routes and supplies (oil).¹¹²

China has limited naval resources for blue water operations, but is in the process of boosting its naval capacity to safeguard SLOCS/choke points. In addition it is building relations to secure transport of oil/resources, which makes China heavily depend on diplomacy and cooperation.¹¹³ But China's increasingly more sophisticated force structure, which includes nuclear submarines and modern aircrafts, and an official defence budget of \$30 billion which by external estimates place China's actual defence budget in the range of \$50 billion to \$80 billion, means that China over the next two to three decades may be able to come close to becoming a so-called "theatre peer" of the United States.¹¹⁴

The Chinese armed forces still has a long way to go, the Chinese Army has spent a lot of money primarily on structural reforms, maintenance and welfare. The development of a Chinese aircraft carrier capability has not yet been realized and PLA still lacks amphibious

¹¹¹ David Zweig and Bi Jianhai. "China's Global Hunt ...", 26.

¹¹² David Zweig and Bi Jianhai. "China's Global Hunt...", 33.

¹¹³ David Zweig and Bi Jianhai. "China's Global Hunt...", 35.

¹¹⁴ Chung MinLee, "China's rise, Asia's...", 1.

capabilities. South Korean reports on Chinese Navy capabilities simply points out the lack of a carrier-capable aircraft, and sophisticated anti-submarine and anti-aircraft capabilities to protect a carrier.¹¹⁵

A regional relative military comparison

With the exception of the continuing US military and economic presence in East-Asia, China and Japan account for nearly three-quarters of the region's economic activity and in addition more than half of the region's military spending. The Sino-Japanese relationship is increasingly strained, marked by dangerous nationalistic ambitions. Because of China's emerging economy and influence, nuclear weapons and intercontinental ballistic missiles, and a military budget which has grown by double-digit rates for 17 consecutive years, it has recently become more proactive.¹¹⁶ The regional relative military balance in numbers has changed dramatically the last ten years, and East-Asia has some of the largest military forces in the world.

Country	Total armed forces	Main battle tanks	Combat aircraft	Major combat vessels
China	2 300 000	6 990	2 104	158
Japan	234 680	1 100	512	109
Mongolia	7 650	650	21	None
North Korea	1 173 000	3 150	862	31
South Korea	672 000	2 253	688	55
Taiwan	236 500	774	507	24

Table 1 - Relative comparison of conventional military forces

¹¹⁵ Philip Dorsey Iglauer and Jung Sung-ki, "Korea Feels Ripple Effect in Chinese Navy's Wake," *The Korea Times*, March 03, 2006, Available from; http://search.hankooki.com/times/times_view.php?term=korean+navy++&path=hankooki3/times/lpage/nation/200603/kt2006032717491911990.htm&media=kt; Internet accessed 28 March 2006.

¹¹⁶ Calder, Kent E. "China and Japan's Simmering Rivalry." *Foreign Affairs*. Mar/Apr 2006, vol.85, Issue. 2. Available from <http://proquest.umi.com/pqdweb?did=996893031&sid=5&Fmt=3&clientId=1711&RQT=309&VName=POD>; Internet accessed 28 March 2006.

Source: Jane's 27 January 2006.

Not only the economy has grown in East Asia, also its share of world military spending has more than doubled over the decade, from 10% to 21%, with an annual growth rate of 3.4%.¹¹⁷ China represents the primary cause in this significant increase in military spending, which accounted for nearly half of the region's total. The average annual growth rate has been 5%, rising from an estimated \$54 billion in 1989 to \$89 billion in 1999. But also Japan's real expenditures in 1999 were 20% higher than a decade earlier, Taiwan's were 80% higher, and South Korea's, 25%. High annual growth rates in the latter half of the decade were registered by China (10%), Taiwan (7%), and Singapore (10%), while North Korea had an estimated declining rate of 11%. The largest military spenders in this region were:

Country	Billions of \$ 1999	Growth rate (%)	
		89-99	95-99
China	88.9	5.1	10.1
Japan	43.2	1.8	1.3
Taiwan	15.2	6.1	7.1
South Korea	11.6	2.4	2.0
North Korea	4.3	-4.1	-11.1
USA	281	-3.2	-1.3

Table 2 - Military expenditures

Source: World Military Expenditures and Arms Transfers" February 6, 2003, US Department of State

China

In 2001 China's publicly-acknowledged defence budget of over \$17 billion was higher than the defence budgets of neighbouring countries as India, Taiwan, and South Korea. The increase was a reaction to the war in Kosovo in 1999. Official defence spending increased

¹¹⁷ Jane's, "China and Northeast Asia..."

300 per cent from 1996 to 2005¹¹⁸, and total expenditure is now estimated to range between \$50 billion and \$70 billion. The expenditure increases are paying for large numbers of modern foreign and domestic weapons. China is on its way to acquiring over 300 Sukhoi fighters, 12 Kilo-class submarines, four Sovremenny-class destroyers and hundreds of S-300 anti-aircraft missiles from Russia.¹¹⁹ New indigenous systems include over 20 intercontinental ballistic missiles (ICBM), over 500 short-range ballistic missiles, two second-generation nuclear attack submarines, and four air-defence destroyers and over 1,000 modern main battle tanks.

Year	US dollar	Increase in defence spending
2000	14.6 billion	17.7 %
2001	17.0 billion	17.6 %
2002	20 billion	17.6 %
2003	22 billion	11,1 %
2004	24.6 billion	11.6 %
2005	29.9 billion	12.6 %

Table 3 – Chinese defence budgets 2000 - 2005

Source: World Military Expenditure

The extensive programme of modernizing the PLA has made China able to compete for regional military dominance, but still lack the ability to project force against an advanced opponent.¹²⁰ The transformation has been, since the era before the 1990s, from a personnel-intensive and defensive people's war doctrine of attrition, to a strategic doctrinal shift towards emphasising greater power projection and sophisticated weaponry. The result is a decrease of troops from over three million in 1990 to approximately 2,300,000 in 2005, with

¹¹⁸ The real spending is perhaps two or three times higher than the official defence spending figures. Jane's, "China and Northeast Asia..."

¹¹⁹ Massimo Annati, "China's PLA Navy...", 67.

¹²⁰ Jane's, "China and Northeast Asia..."

further rationalisation taking place.¹²¹ Other important changes are the weakening of the traditional dominance of the army; the naval modernisation; and aim of having a force of approximately 50 effective nuclear and conventional attack submarines.¹²² What China does not possess is the ability to wage a rapid, joint-service operation lacking strategic lift and amphibious capabilities. Even the extensive hardware and software investment and modernisation, investment in a professional military force, China's PLA is and will remain 20 years behind the US military.¹²³

Japan

Since WWII the US's primary military allied in East Asia has been Japan, a relationship that has shaped Japan's foreign and national security policy, including Tokyo's broader ties with China. It has been the core in Japan's security interests to maintain a robust alliance with the United States. After 9/11, Tokyo has sided even more decisively with the United States it is little doubt that the Japan sees no viable alternative to the US-Japanese alliance.¹²⁴ The main difference is that Japan has not officially overemphasized the China threat as the US has; still an overt Japanese tilt toward China is unthinkable.

There are areas of Japan's security policy which clearly opposes China's surge for dominance in the region; joining the US Theatre Missile Defence (TMD), the participation in the Proliferation Security Initiative (PSI) and its efforts to stem North Korea's illicit hard currency earnings.¹²⁵ The Japanese Self Defence Forces (SDF) has seen its task broaden, where legislation such as the 1992 Peace Keeping Operations law have seen the forces

¹²¹ Jane's, "China and Northeast Asia..."

¹²² Massimo Annati, "China's PLA Navy...", 69-70.

¹²³ Jane's, "China and Northeast Asia..."

¹²⁴ Chung MinLee, "China's rise, Asia's...", 4.

¹²⁵ Ibid., 4.

deployed in multinational operations is probably the most important one. The anti-terror and contingency legislation has increased the SDF powers at home. The public opinion is in favour of an increase in SDF powers.

The SDF weapon and equipment is modern and based on the best of US technology. It includes AEGIS cruisers and destroyers, airplanes and the latest in air defence missiles. Of all the East Asian countries Japan is the only nation which possesses a blue water navy, with the ability to project power outside its own hemisphere.

Taiwan

Taiwan faces China's growing economy and increasing military capacity, being already in the range of hundreds of short- to medium-range ballistic missile and bomber aircraft. In addition the China's People's Liberation Army Navy (PLAN) has the capacity to enforce a blockade by use of a modern submarine fleet. The modernization of the PLAN represents a steadily increasing of the risks for any intervening US forces, which remain Taiwan's most important security insurance.¹²⁶ The four main factors in the future of Taiwan is; "its emphasis upon independence as a political entity, internal stability within China, energy security, and regional or extra-regional power balances."¹²⁷

Taiwan has a high-technology tri-service military, which is trained and educated by the US military, and in addition been a major purchaser of advanced US military equipment and weaponry. It has a military force that has been capable of deterring a Chinese invasion since 1948. Its strength is larger than most of the other regional militaries, but with China's recent

¹²⁶ Jane's, "China and Northeast Asia..."

¹²⁷ Jane's, "China and Northeast Asia..."

plans, policies and investments the military balance with China is expected to tip decisively in China's favour between 2010 and 2015.¹²⁸

Taiwan has a large indigenous defence industry, sophisticated research and development programmes and a stated “self-reliance” policy where only certain major items of US military equipment are being purchased abroad. This policy has prevented the government from passing a special budget for the procurement of anti-missile systems, submarines and anti-submarine aircraft that the Ministry of National Defence feels would be critical for fending off a potential Chinese invasion.

South Korea

The ROK armed forces have initiated a program of procurement of military material that significantly will modernize its capabilities. These investments are also part of a strategy to support the national aerospace and defence industry.¹²⁹ The program includes enhanced amphibious capability, new air defence systems and probably most important improved Information Surveillance Reconnaissance (ISR) systems.

The 2006-20 Mid-term plan calls for a \$54 billion dollars of investments, with emphasis on establishing a robust intelligence collection capability. The procurement plan includes such expensive assets as Airborne Warning and Control Systems (AWACS), Unmanned Aerial Vehicles (AUV) and Satellite systems. The South Korean Armed Forces has forwarded a very ambitious plan where defence expenditures will increase with 11.1% every

¹²⁸ Jane's. “China and Northeast Asia - Executive summary Taiwan.” *Jane's Sentinel Security* .September 16, 2005. Available from http://www8.janes.com/Search/document_View.do?docId=/content1/janesdata/sent/cnasu/taiws010.htm@current&pageSelected=allJanes&keyword=tank&backPath=http://search.janes.com/Search&Prod_Name=CNAS&keyword; Internet accessed 6 March 2006.

¹²⁹ Military Technology, “The ROK Defence Market - An Overview,” *Military Technology* no.29 (2005): 82.

year until 2016, where total number will be \$281 billion.¹³⁰ This will almost be equal to the Chinese forecasted military expenditures in the same period.

The US military presence

The US possesses military powers with no peer competitor; its budgets double those of France, China, Great Britain, Germany and Russia.¹³¹ Being the technological most advanced force, and on the leading edge in innovation, the US lead in research and development makes it questionable if China ever will manage to close the present gap. The fact is that the US is spending more than three times in this area than the next six countries combined.¹³²

The important part then becomes the US military posture in East Asia. In turn, for the past decade, the United States has attempted to re-engineer its key alliances in the Pacific. The new emphasis and renewal of "the America's Asian Alliances" began in the mid-1990s, but an important shift has occurred after the Republican's won the elections in 2000. Washington is now trying to push Japan, Australia, South Korea and various ASEAN states to consider unnamed "over-the-horizon" threats, clearly implying China.¹³³ This has not diminished China's perception of the US as a potential security threat.

Nuclear weapons

China has been accused of aiding nuclear and missile technology proliferation to countries like Iraq, at the same time as being concerned by the spread of nuclear weapons within Asia. In particular North Korea has become a security issue at its own border which has been highlighted by the current impasse in six-nation negotiations with North Korea. A

¹³⁰ Military Technology, "The ROK Defence Market - An Overview," *Military Technology* no.29 (2005), 84.

¹³¹ Denny Roy, "China's Reaction to...", 58.

¹³² Ibid., 59.

¹³³ Chung Min Lee, "China's rise, Asia's dilemma," *The National Interest*, Fall 2005, available from http://www.findarticles.com/p/articles/mi_m2751/is_81/ai_n15753421; Internet accessed: 29 March 2006.

collapse of North Korea and the likelihood of a worst-case scenario where a nuclear neighbour directs the population's attention away from internal problems and uses nuclear weapons as a last resort. This nuclear threat is probably more imminent than the one presented by the US.

The US nuclear weapon capability outsize China's, but none of the Asian powers, with the notable exception of India, has indigenous nuclear forces to match China's. The Chinese nuclear arsenal consists of relatively inaccurate long-range missiles with the potential to hit a few cities in the US.¹³⁴ China does not have the ambition to achieve nuclear parity, but are steadily increasing its capabilities in order to increase its strategic room for manoeuvre.

The Chinese security situation and the East Asian region

From Chinese perspective economy interdependence among nations, and economic development, together with scientific and technological progress, and enhancement of overall national strength are the main strategic trends of all countries.¹³⁵ It also focuses on the post 9/11 situation where the major countries, without naming them, both cooperates and seeks support from each other, are at the same time checking on and competing with one another. China has consistently pursued a national defence policy that is defensive in nature. China's place and status in East Asia as a regional military power and the military security issues of the region is complicated, as table 1 and 2 shows some of the most rapid expanding military forces in world are neighbours. To complicate matters even more, all of them have different alliances with the US. In this picture China's problem becomes very apparent; the lack of actual power projection capabilities, and a history of non-expeditionary doctrines.

¹³⁴ Denny Roy, "China's Reaction to...", 62.

¹³⁵ Government of China, *China's National Defence in 2002...*

In its 2002 white paper on defence China emphasised that it has consistently pursued a national defence policy that is defensive in nature. This is true if seen from a 1978 perspective, but China has several times since 1949 waged war against its neighbours. China defines its primarily national interests as follows:

..., safeguarding state sovereignty, unity, territorial integrity and security; upholding economic development as the central task and unremittingly enhancing the overall national strength; adhering to and improving the socialist system; maintaining and promoting social stability and harmony; and striving for an international environment of lasting peace and a favourable climate in China's periphery.¹³⁶

Beijing has continuously downplayed its size of the defence budget where external estimates, including U.S. intelligence assessments, estimates China's actual defence budget double the official numbers given. With PLA emphasis on modernization and procurement of high tech weapons and equipment, which includes a more robust submarine forces and a new generation of fighter aircrafts, China may have acquired the means to become a so-called "theatre peer" of the United States within the next two to three decades.¹³⁷

The autocratic Chinese communist regime's domestic problems and use of the PLA to maintain control over its own people and the troublesome provinces, it may be said they lack the moral appeal to lead East Asia. Within the East Asian hemisphere of long historical relationships between the different countries it is possible to forward the following argument:

...the traditional Chinese empire of centuries past was a stabilizing force, but in the 21st century, any bid by China for extension of its empire, or even for a long continuance of its present multinational realm, is more likely to be destabilizing.¹³⁸

In the complicated East Asian relationship between Japan, China and South Korea the Japanese policy toward the Korean Peninsula remains a critical facet of Tokyo's balancing

¹³⁶ Government of China, *China's National Defence in 2002...*

¹³⁷ Chung Min Lee, "China's rise, Asia's..."

¹³⁸ Ross Terrill, "What Does China...", 57.

posture vis-à-vis Beijing. If the US manages to maintain a robust Washington-Tokyo-Seoul strategic triangle, it does not only serve to coordinate policies toward North Korea, but also represents a counterweight to China's increasingly dominant posture in northeast Asia.

CHAPTER 5 – CHINA AND THE WORLD SYSTEM

China has based its modernization process mainly on domestic resources. Pursuing the goal of peaceful rise, the Chinese leadership has strived to improve foreign relations. China's emergence so far has been driven by capital, technology and resources acquired by peaceful means.¹³⁹ Ideologically has the CCP demonstrated that a by domestically improving peoples economic situation and emphasizing the principles of sovereignty abroad, non-interference and territorial integrity while calling for a multipolar international system that challenges the US-led international order, which favours democracy, human rights and humanitarian intervention.¹⁴⁰

Chinese and foreign politics

The last ten years has seen a China much more involved at the world stage compared with any other time in the history of the PRC. The first main change came in the early 1960s after the break between Moscow and Beijing. During the Cultural Revolution in the 1960s Mao seems to aim left, right and center, and seemed rather irrational. Surprisingly in 1971 Beijing indicated to President Nixon “its desire to lean to the American side to counterbalance the (assumed) coming eclipse of the United States by a rising Soviet Union.”¹⁴¹

After two decades of steady economic rise China's foreign goals is hard to read, and as during the Cold War Kremlinology became a profession, Beijingology or Sinology has become the new one. With the collapse of the Soviet Union and a steadily more democratic

¹³⁹ Zheng Bijian, “China’s “Peaceful ...”, 20.

¹⁴⁰ Chietigj Bajpae, “China stakes its Middle East claim,” Asia Times Online, March 14, 2006, available from <http://www.atimes.com/atimes/China/HC14Ad01.html>; Internet accessed 28 March 2006.

¹⁴¹ Ross Terrill, “What Does China...”, 51.

world, China is an anachronism: economic success under a Communist regime. Despite enhanced influence and a more active posture on the world stage Beijing still seems to be cautious. It may also be labelled defensively in three fundamental respects:

It sees itself as recovering from economic backwardness; it copes in quiet frustration with its relative weakness as compared with the strength of the United States; and it participates in a great number of international organizations for the limited purpose of keeping their agendas from inconveniencing China.¹⁴²

Unlike the United States, and other democracies, which clearly forward with its goals, China somehow keeps its intentions under wraps. When reading speeches, or White Papers issued by the Chinese government, continued “peace and development” seems to be the obvious goals of Chinese foreign policy. In parallel China has approached international cooperation, bilateral agreements and security issues with an unprecedented historic flexibility.¹⁴³

International organizations and cooperation

Chinese foreign politics has over the last 20 years more and more being framed within the realm of the international system of institutions, rules and norms. It is a member of the International Monetary Fund and the World Bank (1980), and has ratified several arms control and non proliferation treaties as some examples. All this marks the general change since Deng introduced the “Open Door” policy in 1978, China has now become an adept and capable player on the international stage of diplomacy.¹⁴⁴

Expanding its influence within Asia, the annual meetings with the Association of Southeast Asian Nations (ASEAN) since 1995, and recently the a more deepened participation in the Asia-Pacific Economic Cooperation, makes it evident that China is

¹⁴² Ross Terrill, “What Doe China...”, 51.

¹⁴³ Evan S Medeiros and M. Taylor Fravel, “China’s New Diplomacy,” *Foreign Affairs* 82, no.6 (November/December 2003): 24.

¹⁴⁴ *Ibid.*, 23.

actively trying to improve its ties with other Asian countries. Within this context it has settled several territorial disputes with countries like Vietnam, Russia and Laos, some of them on less-advantageous terms.¹⁴⁵

The other area where the Chinese foreign office has been very active is making bi-lateral agreements and giving substantial aid to poor underdeveloped African and Asian countries. In Asia this has included funding of infrastructure projects, and in return China has been able to either establish bases or listening stations. Burma and Laos are two South East Asian countries inside this Chinese sphere of influence which has received substantial funding, in addition to its recent agreements with Pakistan. In this context there is a discernable pattern, which involves the only Asian competitor, both on the economical and power in the Asian sphere, India.¹⁴⁶

India

As China in the post-Cold War era India has experienced the same economic growth, but there are two very big differences; as the worlds largest democracy India has expanded its number of "strategic partners" and has clearly stated its ambitions to be the undisputed sub-regional hegemon.¹⁴⁷ Both countries are nuclear powers, where India in addition has a long term relationship with the US as a strategic partner in the South Asian sphere. China's attempt to broaden its strategic footprint into the Indian Ocean through Burma and Pakistan has made alarmed India. China's support for the construction of a new naval base in the Pakistani port of Gwadar is coinciding with increased Chinese activity in Bangladesh, Cambodia and Indonesia.

¹⁴⁵ Evan S Medeiros and M. Taylor Fravel, "China's New...", 26.

¹⁴⁶ Ross Terrill, "What Doe China...", 57.

¹⁴⁷ Chung Min Lee, "China's rise, Asia's..."

China's need to import oil from the Middle East has resulted in an increased Chinese maritime traffic in the Indian Ocean. The Chinese Navy has ambitions to protect key SLOCs to China, in so planning to station naval vessels in Pakistani, Burmese and other ports. This will contest India's ability to retain sea control in the Indian Ocean, becoming an area where Sino-Indian relationship may be strained. Both countries are working within bilateral trade and through negotiations to conclude a free trade agreement, and possibly most important to avoid hostile energy competition and military conflicts. But still India treats China with cautiousness and strategic calculations that is always guiding India's policies toward China.¹⁴⁸

In order to pre-empt a Chinese expansion into the Indian Ocean and the South Asian theatre, India has decided to build two indigenous aircraft carriers by 2011. The question remains if India's growing power-projection capabilities in the Indian Ocean will be enough to counter-balance China; it may though be argued that:

...the theory of a nuclear-armed, militarily robust and economically growing India is one of the least complicated ways to effectively counter-balance Chinese expansion in Southeast Asia and the Indian Ocean.¹⁴⁹

China and soft power

China is ambitious, and its expansionist policy may be transparent and unique among today's powerful nations. But the Beijing regime lacks the communism's sharp political edge, the Maoist sense of mission which attracted attention all around the world through the 60's and 70's.¹⁵⁰ Chinese nationalism lacks the potent Maoist political slogans, which may imply that Chinese soft power has no real political message, but it will be wrong to assume that the Chinese government is passive with regard to its use.

¹⁴⁸ Chung Min Lee, "China's rise, Asia's..."

¹⁴⁹ Ibid.

¹⁵⁰ Ross Terrill, "What Does China...," 61.

At the home front it is extremely occupied with controlling all aspects of Chinese life, from access to the internet to movies and all other aspects of culture life. It is ambitious for a sphere of influence abroad, but faces a formidable list of powers such as the United States, Japan, Russia and India. Still it has managed to export movies, exhibitions of Chinese ancient cultural, and books with a remarkable success.

China's image and capacity to be the new East Asian, Asian or global hegemon in the soft power area was severely damaged during the tsunami disaster of December 2004. Beijing did not have the ability to project its power far even in to the Indian Ocean; no substantial relief effort was put forward.¹⁵¹ In this context China then faces a problem of reach; does China possess the skills and capacity to have any impact in its new regions of interest, as in Africa or Latin-America. In contrast has the US culture an impact all over the world, even if the countries are an ally or not, they are all heavy influence in the soft power arena of the worlds only superpower.

China and the US

The US is the only country with capacity and ambition to exercise global primacy, and will be that for a long time. At the same time Beijing has refrained from identifying US as an adversary, even though many Chinese sees US as a threat to security and domestic stability.¹⁵² On the other end of the Pacific opinion polls conducted in America has found that a large percentage of Americans has agreed with the statement, "China will soon dominate the world."

¹⁵¹ Ross Terrill, "What Doe China...", 60.

¹⁵² Wang Jisi, "China's Search ...", 39.

When President Richard Nixon went to China in 1972, at the last stage of the Cultural Revolution, there was established a "weak-China paradigm."¹⁵³ The US and international general perception of China was a large country with a weak, developing, politically fragile and transitional economy. When Deng launched his reforms it probably was not until the mid 1990's before the rest of the world even to begin to conceive of China in terms of strength. This shift in perception of China in the last few years, is threatening to substitute "one flawed framework (a "weak China") with another (a "China on steroids")."¹⁵⁴ These perceptions have led many Americans, including members of the US Congress and the US Defense Department, to view China as a modern, highly competitive, rising power. When Americans realized that China held more US debt instruments than any other foreign country, except Japan, it suddenly changed its view on how to deal with this new economic power house.

The US is more and more focused on even terms, but as President Bush said at a press conference in May 2005:

...the relationship with China is a very complex relationship, and Americans ought to view it as such. China is an emerging nation. It's an amazing story to watch here. I mean, it's consuming more and more natural resources; it is generating jobs and exporting a lot of goods; it's a massive market. And so, on one hand, we ought to look at China as an economic opportunity, and the best way to deal with China is to -- is to say, look, there are some rules, and we expect you to abide by the trade rules. And as this -- as she grows and as trade becomes more complex, you'll see more and more instances where the United States is insisting upon fair trade.¹⁵⁵

Still the fact is that China needs US for their modernization efforts, since the US is the global leader in education, economics, culture, technology, and science. At the same time the US need China on counter terrorism, non-proliferation, the reconstruction of Iraq, and the

¹⁵³ David M Lampton, "Paradigm lost: the..."

¹⁵⁴ David M Lampton, "Paradigm lost: the..."

¹⁵⁵ George W Bush, "President's Press Conference," 31 May 2005, available from <http://www.whitehouse.gov/news/releases/2005/05/20050531.html>; Internet; accessed 2 April 2006.

maintenance of stability in the Middle East.¹⁵⁶ To understand the forces governing Sino-US relations, the Chinese view, that the US will decline as power, not in short term, but there will be a transition to a multipolar world. The main Chinese problem with such a view is that the US will probably continue to lead other developed countries in economic growth, technological innovation, productivity, research and development, and the ability to cultivate human talent.¹⁵⁷

Economic relations

The Americans are increasingly accusing China for stealing jobs and keeping the Yuan undervalued, the problem is that the charges have little merit. The fact is that 60% of Chinese export to the US is owned by foreign companies, firms that have moved to China to lower production costs, in order to give higher returns to shareholders and lower consumer prices.¹⁵⁸ The same goes for US companies operating in China.

A recurrent issue over the years has been the dollar – yuan relationship. There is evidence that the Yuan value is not the cause of US trade deficit, but long term global trade trends. The problem with understanding this has been the stability of the Chinese currency, which relies heavily on price and capital controls, therefore no/low inflation because both output and prices in key sectors are regulated.¹⁵⁹ Alan Greenspan said before he retired that it would be no good to let the Yuan to float, it would just introduce more risk and instability than Chinese leaders would tolerate.¹⁶⁰

¹⁵⁶ Wang Jisi, “China’s Search...”, 40.

¹⁵⁷ Wang Jisi, “China’s Search...”, 42.

¹⁵⁸ Neil C Hughes, “A Trade War with China?,” *Foreign Affairs* 84, no.4 (July/August 2005): 94.

¹⁵⁹ Neil C Hughes, “A Trade War...”, 96-97.

¹⁶⁰ Neil C Hughes, “A Trade War...”, 97.

The hunt for resources

One of the latest US concern with regard to Chinas growing clout in the world economy is its adoption of a global strategy of securing natural resources, and investment in foreign production facilities.¹⁶¹ This strategy has taken China to some of the lesser regarded regimes as Iraq and Sudan. This new energy policy almost reflects the US position of reliance on imported oil from unstable regions. China's dependency on energy-import, together with Beijing's near obsession with securing sources of energy and alternative supply routes, is becoming one of the principal Achilles' heels of China.¹⁶² China's growing need for energy resources has given China's the position as the second-largest oil consumer after the United States.¹⁶³

Initially China based its economical rise on its own natural resources, but over the years has the scarcity of energy, raw materials and water, and a low percentage of recycling, forced the leadership of the CCP to aggressively seek out new partners. The need for resources is now driving and having serious implications on China's foreign policy.¹⁶⁴ Table .. illustrates the problem when comparing China with the rest of the world, it becomes even worse when environmental issues is brought in to the equation.

Type of resource	Percentage of world average per capita
Water	25 %
Cultivated farmland	40 %
Oil	8.3 %
Copper	4.1 %
Aluminium	9.7 %

Table 4 – Percentage of resources per capita in China

¹⁶¹ Neil C Hughes, "A Trade War...", 105-106.

¹⁶² David M Lampton, "Paradigm lost: the..."

¹⁶³

¹⁶⁴ David Zweig and Bi Jianhai, "China's Global Hunt ...", 25.

Source: Zheng Bijian.¹⁶⁵

Twenty years ago China was East Asia's largest oil exporter; today it is the world's largest importer, accounting for 31% of global growth in oil demand.¹⁶⁶ Chinese politicians have called for cut in consumptions, without managing to stop the demand, but it has managed to adapt its foreign policy to its relatively centralized, government driven economy. Not only the Foreign Affairs, but also business leaders influence foreign policy. Beijing encourages state-controlled companies to secure exploration and supply agreements with states that produce oil, gas and other resources.¹⁶⁷ By striking deals with regimes that do not respect international laws, there is not much room for morality within this global energy hunt; China has struck deals with internationally "pariah" states as Iran and Sudan. In addition China is exploited untapped resources in undeveloped countries, creating worries in some governments as Beijing enters their sphere of influence or strikes deals with states they have tried to marginalize. Chinese dependency on foreign resources has produced a new sense of insecurity vis-à-vis the US, being afraid that the US might resort to economic tactics to contain China, and try to block its purchase of natural resources.¹⁶⁸

Trading Partners

Because of the lack of raw material Beijing has courted governments aggressively; building goodwill and strengthening bilateral trade, and has won accesses to key resources in Bolivia, the Philippines and Ecuador.¹⁶⁹ To further emphasis this China has increased its trade with Australia and Canada substantially the last years, two nations which traditionally have been regarded as within the US sphere of influence. The most significant and recent trading

¹⁶⁵ Zheng Bijian, "China's "Peaceful ...", 19.

¹⁶⁶ David Zweig and Bi Jianhai, "China's Global Hunt...", 25.

¹⁶⁷ David Zweig and Bi Jianhai. "China's Global Hunt...", 26.

¹⁶⁸ David Zweig and Bi Jianhai. "China's Global Hunt...", 27.

¹⁶⁹ David Zweig and Bi Jianhai. "China's Global Hunt...", 26.

partner is Russia, where both countries just not focus on trade, but more and more on an active co-operation in areas as military and diplomatic positions. This has been very evident on sensitive issues such as Iran's nuclear programme, where a joint Sino-Russian position has been in opposition to the Western calls for tough action against Iran by the UN Security Council.

The old ties between Moscow and Beijing have re-emerged and both countries see the benefits of co-operation as never before, decades of mutual hostility has been turned in to a common understanding an aim; both nations sees themselves as resurgent powers and alternatives to the US as the world dominant power in international affairs. But first and foremost it is energy and raw material that China needs and there are plans for new oil and gas pipelines, coal and electricity supplies and greater co-operation over nuclear power.

Ambitions and reality

Outside the economic sphere the CCP has changed its foreign policy, as Appendix A shows China was engaged in several conflicts on the Asian continent in the period from 1949 to 1979. After 1979 China has not been involved in any military conflicts, but tried to transform the PLA from a quantitative force to a qualitative contemporary force. The CCP kept the PLA budgets low during the 1980's as the domestic economy picked up, but since 1989 a steady increase in the defence budget has modernized Chinas military forces. The Chinese white paper on defence issued in 2004 gives one indication: "China will unremittingly put the new security concept into practice, oppose all kinds of hegemonism and power politics,..."¹⁷⁰

¹⁷⁰ Government of China, *China's National Defense in 2002*. (China 12 September 2002) available from <http://www.china.org.cn/e-white/20021209/index.htm>; Internet: accessed 6 December 2005, chapter 1.

The main problem is the last six-seven years has not been the lack of official documents, statements and policies, but how to interpret them. There has been forwarded a method of how to interpretation based on “informal ideology” of the PRC, based on the emergence of Chinese nationalism:

1. The Chinese are a great people, and China is a great nation.
2. The Chinese nation deserves a much better fate than that which it has experienced in the modern world.
3. China should be accorded compensatory treatment from those powers which has insulted or injured it in the past.
4. As a great nation, China naturally occupies a central position in world affairs and must be treated as a great power.¹⁷¹

China's Asian neighbours and the rest of the world cannot ignore China's 21st-century strategic ambitions; but as many examples have shown, China has in the later years pursued a less threatening and more pragmatic conduct of foreign policies. Everyone wants to exploit the benefits from China's rapid economic expansion, but at the same time not only East Asian countries ensures that China's diplomatic and military forays are kept in check, also nations as India and the US are part of this equation. This has resulted in that most of Chinas “allies” are weak or failed states as Burma, Sudan or Pakistan. At the same time the US faces a difficult dilemma; on one side investors are occupied with making profit for its shareowners and on the other side the government has been labelling Chinese policies as aggressive. On the Asian side it India appears to be pursuing a policy that might be labelled "stealth constraint", rather than overtly attempting to contain China's enlarged strategic footprints.¹⁷²

¹⁷¹ Heller, Eric Nathaniel. “The Prospect for Power Projection of the People’s republic of China.” *Defense and Security Analysis* 19, no.4 (December 2003): 356.

¹⁷² Chung Min Lee, “China's rise, Asia's...

CHAPTER 6 – CONCLUSION

When Deng introduced the “Open Door” policy in 1978, and as one measure allowed Chinese television station to show how the American way of life was, he had more success in transforming the Chinese society than it was possible to imagine. If the research at Peking University is becoming reality, China’s economy will grow with 9% each year for the next 20 years, and continued economic growth is the cornerstone of Chinese social stability and has become the most important factor for survival of the CCP.¹⁷³ China is maybe one of the world’s great powers, but the fact that the number of domestic issues that needs to be resolved somewhat limits China’s ambition in foreign affairs. These issues range from human rights, domestic regional politics, Taiwan, political stability, and increasing need for natural resources. The Chinese leadership is aware of these issues and tries to develop and implement strategies to deal with the hurdles. This is why Chinese foreign policy stresses the fact that the main goal is internal stability and prosperity, otherwise the CCP and the world could face a disintegrated China.

Even if there are several recent studies that proves that the link between economic growth and western style democracy is actually quite weak and may even be getting weaker, it still remains a fact is that it may appear that the CCP as the single political party in China faces no serious challenges to its authority. There are though looming problems like the party's unwillingness to establish the rule of law, broadening the scope of private property and refrain from economic meddling may become the party’s biggest problem in the near future. The CCP’s best card in this complex economic-communist ideological struggle is the remarkable growth of the last decade. It may also become the reason for its downfall; if the

¹⁷³ David Zweig and Bi Jianhai. “China’s Global Hunt...”, 25.

economic growth is sustained for the next 35 years the number of professionals, private property owners, and hard-working capitalists will number in the hundreds of millions. The question then will be how an authoritarian regime can to retain power in such a modern society. And if economic success does not end one-party rule in China, corruption probably will. To maintain a stable and favourable situation at home, the CCP has in parallel worked on its foreign relations with its neighbouring countries, maintained peace, expanded trade relations and slowly emerged as a regional power in East Asia.

A regional power is a term used in the field of international relations to describe a state with power and influence that is to some extent limited to its region of the world. It exist though a growing acceptance of Chinese influences in the both the East Asian and the South East Asian region. Countries that are suspicious about China's longer-term strategic ambitions, including India, Japan, Vietnam and Indonesia, have chosen not to include a "China threat" as part of defence strategy. China's military modernization programs and growing presence in the South China Sea, and its blue water navy ambitions with a potential breakout into the Indian Ocean, is causing concern among Asian countries. There are though different views with regard to the Chinese rise in Asia; would China seek to return to a past imperial primacy in Asia or join in within the framework of the "international community." The confrontational researchers and analyst on Chinese politics emphasis that China is playing for time, and hiding plans that for now seem too hard to pull off.

The expanded influence abroad can though not solve China's domestic challenges which have become a legacy created by Deng Xiaoping opening up of China's economy more than 25 years ago. The initial assumption that political reforms would follow in the wake of economic liberalization, in accordance with conventional wisdom has not happened, but the

economic growth will produce an educated and entrepreneurial middle class that, sooner or later, begins to demand control over its own fate. What is predictable is that China will experience a steady economic and trade growth over the next 30 to 40 years, building a solid foundation that will enable it to flourish as a credible contending force in the East Asian region. If it will be able to become a peer militarily competitor with the USA in the region is probable, but China possess no goal to become the next superpower.

APPENDIXES

Appendix A – Chinese Military Conflicts

1368 – 1644 Ming Dynasty

Chinese merchants explored all of the Indian Ocean, reaching East Africa, with the voyages of Zheng He between 1404 and 1433 as the most important one. Kubilai Khan attempted invasion of Japan both in 1274 and 1281, and Vietnam in 1282 and 1287. China strenuously tried to extend China's influence beyond its borders, including campaign deep in to Mongolia. In addition it gained influence over Turkestan.

1644–1911 Qing Dynasty

By the year 1700 the Qing Dynasty consolidated control of some areas originally under the Ming, including Yunnan. They also stretched their sphere of influence over Xinjiang, Tibet and Mongolia. In addition was Tibet invaded, and Burma, Vietnam and Nepal had to pay tributes. During the 19th century, Qing control weakened. China suffered massive social strife, economic stagnation, and Western penetration and influence.

1840 First Opium War.

Britain and other Western powers, including the United States, thereupon forcibly occupied "concessions" and gained special commercial privileges. Hong Kong was ceded to Britain in 1842.

1860 Second Opium war.

1883 -1885 Sino-French War.

1894 -1895 Sino-Japanese War.

Qing's armies were soundly defeated in the both wars due to official corruption, cynicism, and imperial family quarrels, leaving the most of the military reforms useless.

1911 The Wuchang Uprising

The uprising was a revolutionary military action, inspired by the revolutionary ideas of Sun Yat-sen. The provisional government of the Republic of China was formed in Nanjing on March 12, 1912 with Sun Yat-sen as President. The last Chinese emperor Yuan abdicates and dies in 1916, leaving a power vacuum in China, ushering in the era of the "warlords" when China was ruled by shifting coalitions of competing provincial military leaders.

1920s Sun Yat-Sen establishes a revolutionary base in south China, and set out to unite the fragmented nation, entering into an alliance with the CCP. In 1925 Chiang Kai-shek seizes control of the Kuomintang Nationalist Party and succeeded in bringing most of south and central China under its rule in a military campaign known as the Northern Expedition, defeating the warlords in south and central China. In 1927, Chiang begins his war against the CCP, and

in 1934 drives them from their mountain bases and the CCP embarks on the Long March across China's most desolate terrain to the northwest, where they established a guerrilla base at Yan'an in Shaanxi Province. The war between the KMT and the CCP continues all through the 14-year long Japanese invasion

- 1937-1945** The Sino-Japanese War.
- 1945-1949** Chinese Civil War.
- 1950** The PRC reassert control over Tibet by force of arms.
- 1950-1953** The Korean War.
- 1954** Chinese bombardment of Taiwanese offshore islands.
- 1958** Chinese bombardment of Taiwanese offshore islands.
- 1960's** Large military deployments in to Vietnam.
- 1960** Incursions in to Burma.
- 1961** Continued incursions in to Burma.
- 1962** Chinese-India War. Lasted from 20 October to 21 November.
- 1969** Border skirmishes with the USSR.
- 1970's** Continued large military deployments in to Vietnam.
- 1974** Seizure of the Parcel Islands.
- 1978** Standoff with Japan over the Senkaku Islands.
- 1979** Chinese attack into Vietnam.
- 1988** Seizure of islands in the Spratley Archipelago.

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