Received September 17, 2012

Revised December 5, 2012

Accepted December 15, 2012

China Joins the Game: Beijing's Foreign-Economic Policy Strategies in the Globalization Era*

Hieyeon Keum** and Joel R. Campbell***

Post-Maoist China has experienced a major reorientation of both economic and foreign policy. Foreign policy has been largely determined by the needs of China's economic reforms, and is intimately linked to the political economy and concomitant efforts to use globalization as a tool to attain high growth, trade, and investment. Economics determines China's foreign policy, along with its approach to the world. China has made major efforts to join international organizations and economic and political forums, and employs its new resources to remold its military forces. In this article, we examine patterns of Chinese foreign policy, the state's responses to globalization, and the potential future directions for China's emerging political economy.

Keywords: China, international political economy, globalization, hegemony, foreign policy

---

* This work was supported by the 2011 Research Fund of the University of Seoul.

** University of Seoul.

E-mail : hykeum@gmail.com

*** Troy University

E-mail : jrcampbel@troy.edu

I. INTRODUCTION

A decade ago, China and the U.S. agreed on conditions for China to be admitted as a member of the World Trade Organization (WTO). By becoming a member state, China was able to play a more active and assertive role in the world economy. Chinese leaders saw this as a good chance to participate in economic globalization, thereby maintaining steady economic growth at home, and shaping key multilateral forums to their own interests. Looking back on ten years in the WTO, Commerce Minister Chen Deming called China's participation a "win-win" development for the world. It certainly was a "win" for the Chinese: (less space)they soared from the seventh largest exporter and eighth largest importer of manufactures in 2000 to first and second in 2010 (in services, they rose from tenth and twelfth to fourth and third, respectively). America and Europe sold much more to China than in 2000, but China's numbers were significantly higher. U.S. business groups repeatedly criticized "unmet commitments" and continued "access barriers," and China was taken to the WTO in twenty-two cases, more than the next three respondents combined. American critics noted that China was still benefiting from an "undervalued" currency, and refused to crack down on "theft of intellectual property."¹ Clearly, WTO membership had not so much opened up Chinese markets as opened world markets to China.

Globalization (*quanqiuhua*) is a relatively new term to China's leaders and bureaucrats, as well as to ordinary people. Unlike terms such as economic integration (*jingji yitihua*) or global economic interdependence (*shijie jingji de xianghu yian*), globalization did not received much attention until Communist Party secretary Jiang Zemin reported in 1997 that "[o]pening to the outside world is a long-term basic state policy...we should take an even more active stance...opening up in all directions...developing an open economy, enhancing our international competitiveness, optimizing our economic structure and improving the quality of our national economy."² Chinese leadership viewed globalization in a distinctly different light than their Western counterparts: as a project that could bolster the continued rule of the Communist Party, that would link Chinese manufacturers to global production networks, and that would promote a government-controlled "knowledge economy" that would serve as a conduit for business information while not challenging the party's control of politics.³

China worked hard in the two decades following Mao's death to reintegrate into the world capitalist economy, as Deng put an end to China's isolation with his Reform and Opening policy. After the Cold War, the bipolar worldorder gave way to the more unsettled and dangerous post-Cold War order of the 1990s. China was perceived as a new player in great power politics, impressively

remaking its economy, but still a relatively poor country with an out-of-date military. The 1989 Tiananmen crackdown had resulted in downgrading of relations with the West and Japan, and China hardly seemed to be a threat to anyone. China began to actively participate in international organizations. By 2001, these included the World Bank, the International Monetary Fund (IMF), and the Asian Development Bank (ADB), the Asia-Pacific Economic Cooperation forum (APEC), the Asia-Europe Meeting (ASEM), and finally the WTO. By the beginning of the twenty-first century, Beijing was viewed by many analysts as an emerging great power, or “candidate superpower,” increasing its impact on global issues through assertive bilateral relations and robust multilateral participation in such forums.

Due to globalization, China grasps the importance of the rapid changes in the international political and economic system. China realizes that it is imperative to maintain stability in both domestic and international arenas, and has enlarged the range of its foreign policy issues to include not only political-strategic issues, but also economic and social issues (Hu Jintao’s government has focused much more than its predecessors on the creation of a “harmonious society” that would lessen the class inequalities and regional imbalances unleashed by Deng’s reforms).⁴ Reformist leaders of China have long understood that China has faced internal stability problems burdening the authority and legitimacy of the CCP, and that it is not possible to go backward, especially in thinking about the outside world. Joining such international forums as the WTO allows China to be seen as a reasonable stakeholder in international society.

This article examines the post-Maoist trajectory of China’s foreign relations, and reasons for its reorientation from isolation to active participation. China’s foreign policy is intimately linked to its political economy and that, in turn, is directly tied to China’s efforts to take advantage of globalization through global trade and investment flows. Economics shapes foreign policy, and determines China’s approach to the world. China has become a major player in international economic forums and regimes because it feels that it must do so to maintain a favorable external environment to support its internal economic development. Meanwhile, increased economic strength provides Beijing with the resources necessary to build up its military forces and rise as a major regional and global power. We address internal and external forces that have shaped the patterns of China’s foreign policies. We also outline the responses of Chinese leadership to these forces and suggest possible directions for China’s foreign-economic power.

II. CHINA’S POLICY OBJECTIVES IN THE POST-COLD WAR ORDER

The events of the late 1980s brought great uncertainty to China: the Tiananmen

Incident in 1989, the downfall of communism in Eastern Europe, and the demise of the former Soviet Union. As the Soviet Union dropped off the list of China's great power enemies, China's international position shifted. From the early 1950s to the end of the 1960s, much of the West perceived China to be part of a communist monolith headed by the Soviet Union. By the end of the 1960s, China showed sufficient independence to become a rising power in its own right.⁵ Other changes occurred internally. After a two-year power struggle following the death of Mao Zedong, Deng Xiaoping moved decisively to moderate communist ideology and reshape China's economic policy. Improved external economic ties were established, and China slowly moved toward a hybrid socialist-capitalist economy, officially labeled a "Socialist Market Economy" in 1992, to improve the efficiency and productivity of its backward command economy.

It was not until the mid-1980s that China shifted its foreign policy stance from the unworkable Maoist "center of the world" to China as potential great power ("hungry superpower") approach. This change was partially brought about by Chinese leaders' realization that successful achievement of a "Second Revolution" of reform and opening would not be possible if its domestic policy objectives (i.e., socialist industrialization) were separated from foreign policy objectives (viz., fostering of a peaceful international environment). Chinese policymakers became more pragmatic and flexible regarding shifts in regional security, or among the major powers, among which it had no immediate enemies.⁶

Since the early 1990s, China participated more actively in international and regional arenas, primarily based on three concepts: a moderate "multi-directional diplomacy," combined with "independent diplomacy" and "anti-hegemony" principles; China would not align itself with any other major powers, but would oppose any power dominating Asia.⁷ China realized that the appropriate vehicle of international partnership is neither an alliance system, nor a friendship alliance, in Chinese terminology neither a "military bloc" nor a "united front." Instead, it would build bilateral relationships based on interdependence and cooperation. Partnerships should be based on realistic, flexible interests and mutual security needs, rather than traditional or "blood-tied" (i.e., ideological) alliances. This kind of pragmatic relationship was established with South Korea: the 20-year-old partnership is a practical illustration of China's vision of establishment of a new international order (*jianli guoji xinzhixu*) within the framework of global multi-polarization (*shijie duojihua*), and concomitant rejection of "hegemonism, power politics, conflict and confrontation." Viewing the world of the 1990s as a confusing time when a new system was forming, China worried that the U.S. would take the initiative to construct George H.W. Bush's New World Order.⁸ China's basic foreign policy, particularly toward the U.S. and the Russia, would of necessity become independence and self-reliance (*du li zi zhu*).

Commentary during the 1990s suggested that high politics concerns had become less important as interdependence, emphasizing mutual benefit and cooperation, rose in importance. Many issues were now "intermestic" (blending international and domestic aspects) in nature, and isolationism was no longer desirable. A passive outsider stance had to give way to active participation in regional relations. Continued contacts with outside world were essential to the success of China's "socialist modernization" effort. The Chinese believed that they could achieve key foreign policy goals: 1) preservation of China's territorial integrity, 2) recovery of lost territories considered to be part of the PRC, 3) recognition of the PRC as the sole legitimate government of China, 4) enhancement of China's international stature, and 5) maintenance of a stable and peaceful external environment.⁹ However, due to inside and outside pressure, not all of these could be achieved at once. China's foreign policy manifested underlying continuities, but tactical shifts in response to changes in internal and international environment would become increasingly difficult.

TABLE 1. China's Great Power Adversaries

Primary Adversarial Enemies	Approximate Years
United States	1950s
United States and USSR	1960s
USSR	1970s – mid-1980s
None	Since late 1980s

Source: Adapted from Kenneth Lieberthal, *Governing China: From Revolution through Reform*, 2nd ed. (New York: W.W. Norton & Co., 2003), p. 330-339.

What drives Chinese policymaking? Simply put, from the founding of the People's Republic, there has always been the struggle for power within the Communist Party. With the decline of ideology as a glue to bind the people and party, Chinese nationalism has replaced socialist dogma. Chinese business, involving a range of large firms running the gamut from state-owned or state-controlled, to town and village enterprises, to truly private concerns, has become a major interest group and stakeholder within the party, and business makes sure that the party knows it is in its interest to advance China's version of globalization. In China's political economy, political decision making, economic policy, and foreign policy are tightly linked. China's version of globalization has always been predicated on boosting economic growth, and thereby preserving the Communist Party's grip on power. As such, the CCP has given itself key roles in the globalization process, since party members or their family members hold powerful positions within many large firms.

What does Beijing consider most important in determining its foreign policy, and what is its basic policy orientation? As “paramount leader” in the late 1970s, Deng Xiaoping put forth the notion of a foreign policy that would create a peaceful environment in which China could safely pursue its reforms and policy of Four Modernizations. Not consumed with border or international conflict, China could focus on economic development and growth, and provide better living conditions for its people. Under Jiang Zemin and Hu Jintao, Beijing has moved beyond Deng’s breathing space foreign policy, and has made China a major player in multilateral forums and international organizations, while enhancing China’s conventional and nuclear military posture. Like other countries, China bases its policy on fundamental values and perceptions about the nature of the world in which it operates. The Chinese have a heightened sense of and pride in their history, and Chinese feelings about protecting their homeland grow from a history of imperial abuse and frequent foreign invasion. This has intensified nationalism among the Chinese people and, since the 1990s, the government has skillfully used nationalistic appeals in place of former ideological mobilization.¹⁰ This was most notable in Chinese responses to the 1999 bombing of the Chinese embassy in Belgrade, and protests against the Olympic Torch Relay in 2007-2008.¹¹ Externally, China has focused on preserving and creating a world order favorable to its national interests, and a peaceful security environment. As both a country in transition from a command economy to a mixed economy and a developing country, China has sought a stable world order in which China could enjoy the status of a great power, yet focus on its drive for economic modernization.¹²

China remains preoccupied with traditional “Sinocentrism” or a “Middle Kingdom” complex, i.e., it views itself as naturally the most important (or core) country of the East Asian region. Chinese leaders of the 1980s felt that they had lost their traditional sphere of influence in East Asia, were no longer able to easily exert their influence in the region, and wanted to restore China’s regional preeminence.¹³ Despite efforts to become a true world power, China’s status as a global actor is still limited by several factors. In the 1990s, China was still branded as an international pariah because of the Tiananmen Massacre, and it remained too weak to become one of the major powers, i.e., projecting military force beyond the region, or capable of shaping the international environment to its own interests. Nonetheless, the 1990s were a critical period in which the leadership simultaneously consolidated earlier economic reforms and rebuilt relations with the West, Japan, and much of Asia. Symbolic of these changes, Beijing failed in its 1993 bid for the Olympics, but gained the right to host the Games in 2001.¹⁴

Beginning in the mid-1990s, China’s strength and prestige soared along with

its rapid economic growth. Regardless of growing domestic unrest, bureaucratic corruption, and economic-related conflicts among classes and regions, and the Chinese government's efforts to head off calls for democratization, China stood out for its basic political and social stability, its continued dominance of the Communist Party, and its steady approach to international issues. By the first decade of the twenty-first century, China began to be taken seriously as a global player as it gradually gained control of the economic and military resources necessary to affect outcomes of international or regional issues. The "China Threat" came to be viewed as a growing reality by Western foreign policy elites. The U.S. remained preeminent, but China was emerging as its chief competitor.

Various observers argue that China is a second rank power and poses no real threat to the world. For example, Gerald Segal challenges the assumption that China is a major power, calling it instead "at best a second-rank middle power that has mastered the art of diplomatic theatre."¹⁵ Unlike the containment camp which assumes that China must be taken seriously,¹⁶ Segal and others in the engagement camp argue that "China does not matter too much" because it is still a profoundly poor country, and faces many setbacks en route to prosperity. Segal maintains that, economically, China accounts for only three percent of world trade, about the same as South Korea or the Netherlands, and has never acquired more than ten percent of Western outward direct investment. Politically, too, China's reluctance to embrace the recent global interdependence and Western-style liberal democracy increasingly makes it irrelevant as an international political power.¹⁷ There is little doubt that China has become a major power since Segal made his argument, and its capabilities and resources are likely to increase for the next few decades. Stuart, for instance, suggests that Segal's thesis needs to be amended in light of China's growing global presence in the past decade.¹⁸ Even so, China as a major power faces serious limitations. It can hardly project military power beyond its immediate Asian neighborhood. It has become seriously dependent on unstable oil supplies from volatile regions. Its efforts to gain an economic and political position in Africa, the Middle East, and Latin America have been at best a mixed success. Many Africans, for instance, perceive Chinese as merely the latest neo-imperialists to exploit the continent.

Chinese foreign policy shifts mirror international political developments of the past forty years, from hostile and revolutionary to flexible and pragmatic. However, China still followed a dual foreign policy approach until the early 2000s, i.e., while it has swiftly adjusted to a changed power structure, it still clings to its socialist ideology as an organizing principle for the state. The latter, nonetheless, is gradually and reasonably giving way to the former. Jiang Zemin's Three Represents and Hu Jintao's Harmonious International Society concepts were major departures from traditional party ideology, and clearly indicated a more

flexible approach.

Maoist and Deng era policymaking contrasts are striking. We focus on the post-Maoist period for two reasons. First, during the Maoist era, Chinese external economic activities were motivated principally by its need for natural resources, foodstuffs, and other key goods. Second, much of China's trade and aid policies were driven by its commitment to assisting developing countries and promoting "wars of national liberation" abroad. During Deng Xiaoping's time as leader, pragmatism was put in service of its economic modernization. With a cautious combination of free markets and governmental plans, China experienced one of the fastest rates of economic growth in the world, and was able to virtually eliminate absolute poverty. After Deng's death in 1997, Jiang Zemin and his successors have had to advance Deng's reform agenda without the paramount leader's guidance. As the Chinese market system gradually solidified, balancing capitalism and socialism became more difficult; capitalism won out in the overall economy, while state control remained in key industries, such as steel, aerospace, and telecommunications. To cope with changing international political climate, post-Deng China has had to become more flexible in its policy priorities. In the past, it was possible for China to remain an outsider, committed merely to promoting its brand of Communist ideology, but passivity no longer works. The current Chinese leadership recognizes that it is imperative to become a "stakeholder" in the international system and seek opportunities to advance both the domestic economic and foreign political agendas.

The Chinese elite (*lingdao*) foreign policy priorities have undergone a number of shifts since the 1980s: 1) from world revolution to world peace, 2) from outsider to insider, 3) from political-military orientation to economic modernization, 4) from dogmatism to pragmatism, and 5) from liberation to "One country Two Systems" for the recovery of Hong Kong, Macau and, ultimately, Taiwan. Basic goals remain consistent in four areas. First, China continues to oppose any moves to establish regional hegemony, in the form of a U.S.-Japan axis or Russian expansion in the region. The Gulf War was a wake-up call about America's strategic recovery after the Vietnam War, and for the need for stepped-up military modernization; since the early 1990s, military budgets have increased on average ten percent per year. Secondly, China will respond quickly to external threats, especially any development that potentially endangers economic development, national sovereignty and regime survival; the Chinese are especially sensitive to international support for Taiwanese independence. Thirdly, economic modernization continues as an overriding goal. China has accomplished most of the reforms needed to create a modern industrial economy, but it still needs to consolidate its economic progress and confront the many socio-economic problems engendered by the reforms (see next section). Fourth, the Chinese

recognize the imperative for a more expansive view of national interests. Due to China's enhanced military and economic power, the leadership believes, the international political environment is becoming less friendly to China. Deng-era Chinese leaders felt that the world supported China's economic reforms, and so was less hostile to China; the establishment of mutually beneficial relations with the West and Japan was not only possible, but made eminent sense.

Beijing now faces a much more competitive world, in which China is viewed less favorably. To counter this, China is more actively taking part in regional politics, and seeks to make its "rise" more acceptable among both regional neighbors and nearby great powers. China committed to providing financial assistance to various Southeast Asian countries, rushed to help Indian Ocean countries after the 2004 tsunami disaster, and has worked hard to create free trade agreements with key members of the Association of Southeast Asian Nations (ASEAN), as well as the bloc as a whole. These nations will be critical to realization of a "Greater China," or economic superpower with an East Asian economic network, over the next half century. Beijing also helped create cooperative ties with Russia and the Central Asian republics through the Shanghai Cooperation Organization (SCO). It tries to not be perceived as an Asian "bully-on-the-block," and at every opportunity applies reassurance, yet it prefers bilateral dealings and employs economic (and occasionally military) coercion to neighboring states.¹⁹

China became the most active actor in SCO. Why was China so eager to create it? First, it helped cultivate better political, military, and economic relations with Russia. Ties with Russia are now stronger than at any time since the heyday of Soviet-Chinese cooperation in the mid-1950s. Second, bringing the Central Asian republics into the organization helps stabilize that region and promotes cooperation on a range of issues, such as combatting terrorism and Islamic extremism. Third, it assists China to make deals with these Central Asian states to obtain supplies of oil and gas. Fourth, the inclusion of Iran, Pakistan, and India as observer states allows China to build political bridges to those states, as well.²⁰

Northeast Asia is a region of overriding importance for China, and its basic strategic policy line is to oppose hegemonic dominance by any nation, and to maintain the regional status quo. China's economic development also requires a peaceful environment in the region. Chinese objectives in Northeast Asia have been shaped by four strategic goals: 1) safeguarding Northeast Asia's long-term peace and stability, and gaining cooperation of other major powers there, 2) employing foreign capital, machinery, technology, and expertise to aid China's modernization, 3) promoting peace and stability on the Korean peninsula, and 4) reunifying China, i.e., with Taiwan, and maintaining territorial integrity.²¹ China is sensitive to any hint of Japanese rearmament, to possible Russian political

instability, or to perceived American bullying. After the triumph of the American-led coalition in the Gulf War (1991), China fixed its attention on the U.S. and, especially, heightened its vigilance toward a reinvigorated Washington-Tokyo alliance. Beijing also has been concerned about the conflict on the Korean peninsula. China has to tread carefully there, so as to preserve its buffer state in North Korea and prevent its use of nuclear weapons, and to not alienate either regime.

China is at the center of most Asian territorial disputes, and has outstanding or dormant territorial issues with many of its fifteen neighbors. The Russia-China border was largely settled by a 1999 agreement, and Beijing and New Delhi reached an interim border agreement in the 1990s. China demarcated its border with Vietnam, also in 1999, yet has been unable to reach agreement with Vietnam or several other Southeast Asian nations on control of the Spratley and Paracel Islands. China and Japan both claim the Senkaku or Diaoyu Islands, located southwest of Okinawa, and this has proved the most vexing issue for bilateral ties in the past three years.

Neither overly rigid nor excessively flexible, Chinese leaders carefully weigh both global and regional issues, and calculate their interests in given situations. Since 1997, the basis of Chinese foreign policy has been the principle of "creating favorable international environment for economic development through stable domestic politics." In Gilpin's formulation, a major power seeks to change its status through territorial, political, or economic expansion until the marginal costs of further change are equal or to or greater than the marginal benefits.²² Gilpin also suggests that states can manipulate relative wealth, maintain national autonomy, and use international regimes for their own benefit.²³ In the twenty-first century, nation-states change their status in the international system by gaining greater resources including, in China's case, building of economic, production, and infrastructure capacities. They can then use those resources to build up their militaries and enhance their role in international political forums, (comma) and through multilateral and bilateral economic and political relations.

Such has been China's experience: after 30 years of reforms, China has managed to greatly expand the size of its economy and position itself as a potential regional hegemon and great power. Today, economic considerations remain paramount, and national security and political-strategic considerations are still closely connected to socialist modernization. Chinese leaders intend that nothing will disrupt the stability that makes its growth and development possible. As outlined by Zheng Bijian and others, China hoped to become mature economy (*datong*) by 2010, then double the size of its economy by 2020, and move to a mature "socialist democracy" by 2050. As it rises, Zheng insists, China will cooperate with its major international partners.²⁴ The diagram below illustrates that China will

implement an active foreign policy in order to maximize their interests, using a "multi-directional diplomacy."

FIGURE 1. China's Security Relations with Major Powers and Neighboring Countries

NOTE: the Figure below does not read well, there is layering of text

III. ECONOMIC REFORM, THE OPEN-DOOR POLICY AND CHINA'S GLOBALIZATION

Globalization and internationalization have become watchwords of the early twenty-first century global economy, which has been drastically altered by the speed and scope of transnational connections. The world now is becoming a global shopping mall in which ideas and products are available anywhere at the same time.²⁵ Globalization refers to all those processes by which the people of the world are incorporated into a single world society, that is, a global society. It is a process whereby social relations acquire relatively borderless qualities, so that human lives are increasingly lived out in the world as a single place.²⁶

The characteristics of globalization include internationalization of production, a new international division of labor, migration from poor to rich countries, a more competitive business environment that accelerates these processes, and

the internationalizing of the state, i.e., undermining the traditional state sovereignty.²⁷ China changed from being a strong opponent to being an enthusiastic proponent of globalization. In a speech at celebrations for the return of Hong Kong in 1997, Jiang Zemin emphasized the importance of opening and globalization: “We must firmly implement the policy of opening up, keep in line with economic globalization, energetically take part in international economic cooperation and competition, and make full use of various favorable conditions and opportunities brought by economic globalization.”²⁸ The Chinese Ministry of Foreign Affairs views economic globalization as directly connected to economic development. It believes that a globalized economy calls for globalized cooperation, but warns that developing countries such as China should have rights of equal participation in that global economy.²⁹

TABLE 2. Economic Policies and Strategies

		Policies	Strategies
Integration into Socialist Camp Economy	1949-1952	Rehabilitation of the Economy	Reconstruction
	1953-1957	First 5 Year Economic Plan	Communist Economy Model
	1958-1960	Great Leap Forward and People's Communes	Socialist Mobilization Model
Autarky (Self-reliance/ Self-sufficiency)	1961-1965	Readjustment and Recovery	“
	1966-1976	Great Proletarian Cultural Revolution	“
	1976-1978	CCP Leadership change Defeat of Gang of Four	Class Struggle and Mass Movement Model
	1978-1997	Four Modernizations	Mixed Economy of Market and Plan
Reintegration into Capitalist World Economic system			Largely capitalist
	1997-	Socialist Market Economy	economy with state control of key sectors

China believes that this opening to the world has been different from previous efforts, as China determines the conditions under which it participates in the global economy. Beijing took a major step towards economic globalization by entry into the WTO, and joining the world trade body put Chinese manufacturers and traders on an equal footing with counterparts in America and Europe. Even so, it has been a difficult adjustment, as 44million state enterprise workers lost their jobs, and 25 million manufacturing jobs disappeared. Previous experience of opening to the global economy was anything but positive for China. It encountered its frustrating process of integration with the world over a century ago. The Qing dynasty, which had been implementing a closed-door policy,

was forced to open its doors to Western trade and investment. Jiang Yanfu notes in *Modern History of China* that, beginning with the Opium Wars, “the western imperialists’ invasion and plunder of China...turned the country into a semi-colonial one, and they declined to give us equal treatment.”³⁰

However, Western learning had offered opportunities for the Chinese Communist Party (CCP) members to study in France and other countries when they were young. When Mao Zedong declared the founding of a New China in 1949, the world was experiencing the Cold War. China emerged from its civil war as an extremely underdeveloped nation which had to face its major economic and social backwardness in near-isolation. The world was dividing into two blocs, and China inevitably decided to “lean to the Soviet Union” which, for the time being, was its only powerful friend and source of know-how. Economic transactions were limited to the socialist East Bloc, i.e., the Soviet Union and Eastern European countries.

During the first decade of the PRC (1949-1959), China maintained diplomatic and commercial relations only with the Soviet Union and the Eastern European satellite states. There was very little trade between China and the United States and other Western capitalist countries. Although post-war China started as a communist state loyal to the Soviet Union, a split between Moscow and Beijing in the 1960s was followed by the Cultural Revolution, marked by a large-scale political campaigns and purges, and accompanied by international isolation.³¹ The Sino-Soviet dispute briefly isolated China from most of the international community, and Beijing simultaneously faced both the Soviet Union and America as potential enemies. While this never became complete autarky, Maoist aspiration for self-reliance profoundly shaped trade policy, especially with Western market economies.³²

China normalized diplomatic relations with the U. S. and other western countries during the late Maoist era. It was not until after the initiation of the “Reform and Opening” policies in 1978 that China’s international trade began to rapidly expand. The rapid growth of foreign trade after 1978 was the result of a new Open Door policy adopted by the party in December, 1978 (at the Third Plenum of the Eleventh Central Committee). This was a complete reversal of the Maoist policy of seclusion for the previous two decades. Reformist leaders led by Deng realized that China could not develop in isolation and that it must adopt a more pragmatic world view and undertake more realistic developmental strategies. China needed more foreign science, technology, capital, and management skills.

Two interdependent elements in the economic adjustment and reform program of post-Mao reform-minded leaders were: 1) an economic opening to the West to facilitate the building of a more modern industrial structure, and 2) reorganization of the domestic economy.³³ Success in achieving a political opening to the West could be measured by the extent it contributed to economic restructuring, and

the reorganization of the domestic economy requires closer political-economic links with industrial countries which could provide technology, capital, and managerial skills.³⁴

This change resulted from perceptual changes among the leadership. First, reformist leaders realized that China was a “hungry superpower” and understood that an autarkic, isolationist strategy of development would leave China poor and weak. Second, they knew that China’s efforts to boost its national economy and enhance the standard of living of people had to take precedence over playing an aggressive role in the world politics. Third, they understood that China’s isolation from the world capitalist economic system during the 1960s and 1970s, when most of the rest of East Asia experienced rapid economic growth, caused China to lag further behind Japan, the Newly Industrializing Economies (Korea, Taiwan, Hong Kong, and Singapore), and emerging Southeast Asian economies (Thailand, Malaysia and Indonesia). The only way to catch up with these countries was to participate more actively in the international economy.

Equally importantly, the adamant reformist stance of Deng played a vital role in forcing consensus on policy. Those seeking to maintain protectionist policies insisted that the world was divided into two blocs, capitalist and socialist, and the former still dominated the international economic order. The world capitalist system thus was structurally detrimental to the economic development of poor countries. The leading “conservative” of the 1980s, Chen Yun, put forth his “Bird Cage Theory”: the Chinese economy should be like a bird in a cage, free to fly within limits, but unable to fly away. If it were fully opened to the outside world, China’s economy would be dominated by more powerful capitalist market economies. Reformists rejected such ideas, and Deng warned that China should not “adopt a closed-door attitude and refuse to learn good things of the foreign countries.” He cautioned that “any country that closes its door to the outside world cannot achieve progress.” By the early 1990s, Deng and his allies had gradually won the argument.

Post-1978 reforms broadened the range of international economic relationships that China considers acceptable. China began to accept foreign aid, loans and credit from foreign governments, international organizations, and commercial banks. China adopted a number of measures to attract foreign capital and investments, including opening of five special economic zones and fourteen coastal cities, hosting international business conferences, granting local authorities the power to bring in foreign investments (through the town and village enterprises, or TVEs), drafting laws and regulations on taxation and liability, clarifying arbitration procedures and labor compensation, and repatriation of foreign companies’ profits. Deng pointed out in 1979 that “so long as China seeks development and expects to get rid of poverty, [it] must open its door to the outside world.”³⁵ China ushered

in a series of significant economic changes but, despite tinkering with norms, left domestic politics mostly as they were.

There were many differences between Maoist and Dengist policies, as noted above. The most basic difference was the abandonment of world revolution as a top priority foreign policy goal in favor of the maximization of China's national interest. Even though Mao Zedong Thought was still part of the official ideology, Deng and reformist leaders shelved Mao's doctrine of continuous revolution based on class struggle. Mass movements, politics-in-command, and redness (*hong* or ideological commitment) were declared *passé*. Instead, efficiency, productivity, and economic development were emphasized, while "seeking truth from the facts," and "economics-in-command" became popular slogans in the 1980s. Reforms were based on a single critical assumption: that China could not modernize rapidly or effectively unless it expanded economic relations with the world.

Growth of China's international trade since 1978 has been one of the most notable features of its transition from a centralized to market economy, and helped improve efficiency and equity. Foreign trade expanded rapidly in the 1980s, beginning with the need to obtain new capital equipment and technology. Until the early 1980s, China was not fully willing to adopt the full range of practices that characterize modern economic relations, but it gradually acquired advanced technological know-how and managerial skills through widened of international contacts. Since the 1980s, however, China has continuously liberalized its foreign trade regime, and developed the most robust manufacturing trade among East Asian economies.³⁶

Foreign trade and investment reforms amounted to an ideological shift, but the creation of an "Open Door" policy did not mean the end of foreign trade controls. Although Chinese policy became committed to expansion of international trade, decision-making and trade mechanisms of the pre-reform period continued in a modified form for several years, and were still most evident in licensing controls, an undervalued and untradeable currency, and visible also in continued protectionism for many industries.³⁷

China's future is dependent upon whether it can succeed in forming a new order in East Asia, and upon the degree of globalization that will characterize the future Asian economies. As Fernandez notes, globalization is about the proliferation of transnational networks and the development of economic activities that escape the control of states.³⁸ In spite of difficulties resulting from the three-decade long reform and opening policies, China can still develop into a formidable economic power and eventually emerge as a major economic competitor and player in Asia-Pacific and the world. The changes brought about by the first two reform decades made China into a source of trade conflict with the West. Further integration of China into the global economy, along with

consolidation of reforms, is beginning to diversify the economy along the lines of Western countries in the early twentieth century. Already, major industries are relocating from the over-developed coastal belt to inland areas, such as Sichuan and Hunan provinces. China's future industry will encompass not only traditional labor-intensive industrialization (LII), but also capital-intensive industrialization (CII) and even technology-intensive industrialization (TII), which were once the monopoly of Western countries and Japan.

China joins the world as a strategic competitor, if not rival, of the United States. Debates over the nature of the Sino-American rivalry center on whether each perceives the other as a possible threat. American realists such as Mearsheimer believe that China's rise portends inevitable geopolitical conflict. Others, such as Mann and Cohen, note that the relationship has matured and deepened as it has grown since the 1970s.³⁹ American presidential candidates often engage in "China bashing" during election cycles but, once in office, work to maintain the relationship. The relationship remains oddly complementary: America depends on China for debt financing, and China depends on the U.S. for foreign investment.

Could China become the next hegemonic power, assuming the U.S. loses that position in the coming decades? Currently, one would have to doubt the Chinese ability to take America's place. First, China is not a military superpower, and will not become one for some time. Second, China lacks a convertible or widely accepted currency with which it can dominate global finance. Third, like Japan before it, China has so far been reluctant to take on the burdens of providing international public goods as hegemons have been expected to do. Fourth, though China may be developing economic "sticky" power, it is still limited to providing cheap manufactured goods, not innovative products, services, or know-how. Fifth, China lacks the range of soft power or magnetic attractiveness that made, first, Great Britain and then America, models for the rest of the world.

IV. CONCLUSION

With great fanfare, China and ASEAN signed a Framework Agreement on Economic Cooperation at the end of 2002. This was followed by agreements on trade in 2004, services in 2007, and investment in 2009. China also agreed on mutual reductions of tariffs with seven of the ten member countries of ASEAN. Meanwhile, Beijing joined the ASEAN Regional Forum (ARF), signed the regional organization's prized Treaty of Amity and Cooperation, and was very active in ASEAN+3 meetings throughout the past decade. China also participated eagerly in the Chiang Mai Initiative, a series of debt swap agreements designed to prevent a repeat of the Asian Financial Crisis (1997-1998); most of the early

money for the swaps came from Japan, but China became a major contributor by 2009. China's active participation in Asia helped assuage some Southeast Asian concern about its rising economic power, i.e., that it would use its manufacturing strength to flood Asian markets with cheap goods or take over export markets in Western countries. As with its WTO membership, China was using its improved economic ties with Southeast Asia to show that it was a responsible and trustworthy partner, all the while enhancing its own international clout.⁴⁰ Meanwhile, improved ties with Russia and Central Asia through SCO provide stability to its northern and western borders, while giving Beijing valuable strategic friends.

A policy of internal reform and external opening (*gaige kaifang*) was Deng Xiaoping's most dramatic contribution to China's economic growth and development. This policy represented a rejection of the inward-looking developmental strategies of the previous two decades. Adoption of an open-door policy and implementation of series of globalizing national economic development transformed China into a new regional and world competitor. One of the most significant elements of China's post-Mao reform movement was the renunciation of its "self-reliance" policy and recognition of China's need for interdependence and cooperation with the outside world. Beijing realized that foreign trade, investment and technology are vital to bring about "socialist modernization." The post-Deng leaders, Jiang Zemin and Hu Jintao, reaffirmed that China, while remaining a socialist state, should integrate its economy with an increasingly competitive world system. The remaining parts of the command economy, along with Marxist principles of economic and political organization and decision-making, would be discarded gradually.

China's foreign economic policies can be examined in terms of Gilpin's three political economy archetypes: Liberal, Marxist, and Mercantile. The liberal approach adheres to Ricardian laissez-faire doctrines such as free trade and invisible hand, or market forces, and seeks to create a global economy based on free market principles. The Marxist view sees class struggle as a key structural element that dominates foreign and domestic economic relationships. The mercantilist view is suspicious of free international markets, and allows the state to employ its powers to influence trade and investment for national development.⁴¹ China's foreign policies bolster its gradual conversion to capitalism, even though Chinese officials insist that the final destination of the reform is not capitalism.

It is clear that post-1978 China fits neither the Marxist nor liberal foreign economic policy approach. Instead, since the late 1970s, China has pursued a clearly mercantilist path to development, similar to that followed by other East Asian countries since the 1960s. Before the reforms, the government emphasized the dangers of economic exploitation, along with spiritual and moral

corruption, that might follow from economic opening and foreign contacts. They saw capitalism at the root of foreign attempts to destroy China, and foreign capitalist and multinationals as deceptive and dangerous.

China's approach does not match liberal theory because China is still reforming within the socialist system rather than reforming the system itself. Trade opening has been limited to readjustment of economic regulations and organizations, and clearing up the division between private and public spheres; there is still little transparency in decision-making, and government maintains strong control over the macro-economy. Foreign investors still need to negotiate entry into the Chinese market under narrowly defined guidelines, while the state keeps protectionism and heavy subsidies for state-owned enterprises (SOEs).

Post-Maoist China does not accord with a Marxist perspective, either, since it now embraces many elements of capitalism. Autarky and self-reliance, commonly part of the Communist credo, have been long ago discarded (though protectionism, currency control and favoring of Chinese businesses remain). Class struggle is obviously no longer served by national economic policies, and Chinese society has recently experienced as much inequality as any other Asian state. Interdependence, (commas) rather than exploitation, has become the norm of economic cooperation.

The Chinese mercantilist path has allowed the nation to achieve sustained economic growth rates unmatched in any non-oil producing developing country since 1978. China built its modern industrial economy by drawing on the best practices of its Japanese, Korean, and even Taiwanese neighbors, yet it did so with a state-directed, not Japanese-style corporate-centered, industrial policy. It is not merely a cliché to suggest that China's political economy is now at a crossroads: the efficacy of a state-led approach may weaken going forward, while a more thoroughly market-driven and transparent economic system could, ironically, allow China to develop a more balanced domestic economy, one not so dependent on export-oriented manufacturing and heavy foreign investment. Halper suggests that China has created an alternative economic model for the developing world, a "Beijing consensus" to rival the Washington consensus of the past thirty years.⁴² As this model is adopted by other major developing economies, though, it may be in need of a major upgrade at home in China. A maturing China economy will no longer be able to put off dealing robustly with the corruption, lack of transparency and accountability, and pervasive cronyism and nepotism at the heart of its corporate governance.

The international political system of the twenty-first century is not likely to look exactly like any of its manifestations over the past two centuries. If it is more multipolar and less unipolar, it will not be the military power-driven multipolarism of the nineteenth century. If the unipolar moment continues for

a time, it will exhibit less of the American preeminence of the early post-Cold War world. Three forces are likely to shape much of this emerging world: a tempered globalization, a rising environmental consciousness, and a return to geopolitical concerns on a regional level.

While Chinese leaders may occasionally fear Western culture and foreign influence, they have adopted the kinds of economic policies that over time turned their Asian neighbors (the Four Tigers, and Southeast Asian tigers) into full-blown democracies. China has adapted the kind of successful government intervention practiced by these countries, and became as neo-mercantilist as they are. It has dropped the Marxist view that trade equates to exploitation of poor countries, and believes that developing states such as China can negotiate directly with richer countries to obtain favorable trade and investment terms. China is inexorably moving away from its Marxist ideology, replacing it with an unprecedented mixture of capitalism, national mercantilism, and perhaps French-style corporate socialism.

Globalization has served China well, but many observers debate whether it can continue on the high growth path indefinitely. Serious socio-economic problems bedevil China's model of economic development, including endemic corruption, widespread civil disturbances, growing inequality, massive environmental degradation, and dependence on a cheap labor model of industrialization. China responded quickly to the 2007-2009 global financial crisis, and used its stimulus program to enhance its infrastructure, but it did so by heavy state borrowing. The Chinese leadership feels that, as long as the Chinese economy continues to produce rising standards of living and increased individual opportunities, the people will remain generally supportive of the regime. The growing protests throughout the country are mostly economic in nature and, as yet, uncoordinated. Even so, the slightest hint of organized political protest brings a heavy-handed response, as when online activists' calls for an Arab Spring-style "Jasmine Revolution" brought a major crackdown last spring. Should growth slow as China's economy matures and export markets saturate, will ordinary Chinese remain politically quiescent? Will China's dirty, energy-intensive, cheap labor model of development fall apart over time? Chinese leaders believe that their commitment to globalization will see them through to the broad uplands of a developed economy and "socialist democracy." If China in 2050 bucks the skeptics and becomes all that Zheng Bijian and others in the foreign policy elite say it will be, China will have accomplished a great deal.

China's post-1978 opening to the outside world has proven to be among the most remarkable events in post-World War II political economic history. It was accompanied by the creation of a mixed capitalist and planned economy, by the adoption of marketization and privatization, and by granting more personal

economic autonomy. Together, these may serve as a non-Western model of economic management for much of the developing world. China takes a business-like approach to foreign and economic policy, combining bilateralism and multilateralism, and so has moved from an outsider to insider in international relations. China is among the most vigorous participants in international relations, and could become a global power before mid-century. So, it is appropriate for China's adversaries and partners to study what kind of power it wants to be, and what hopes to accomplish in the international system.

REFERENCES

- Ackerman, P. 1993. The Economic Aspects of Pacific Security: A Reply. *Adelphi Paper* 33(275): 31-35.
- Albrow, M. 1990. Introduction. In *Globalization, Knowledge and Society*, eds. M. Albrow and E. King. London: Sage.
- Babones, S. 2011. The Middling Kingdom. *Foreign Affairs* 90(5): 79-88.
- Baylis, J. et al., 2008. *The Globalization of World Politics: An introduction to international relations*. Oxford: Oxford University Press.
- Bhagwati, J. 2007. *In Defense of Globalization*. New York: Oxford University Press.
- Blecher, M. 2010. *China Against the Tides: Restructuring through Revolution, Radicalism and Reform* 3rd Ed. New York: Continuum Publishers.
- Burnstein, R and Monroe, R. M. 1998. *The Coming Conflict with China*. New York: Vintage Books.
- Chang, P. H. 1993. Beijing's Policy Towards Korea and PRC-ROK Normalization of Relations. In *The Changing Order in Northeast Asia and the Korean Peninsula*, Eds. M. Lee and R. W. Mansbach. Seoul: The Institute for Far Eastern Studies, Kyungnam University.
- Chen Zhimin. 2005. Nationalism, Internationalism, and Chinese Foreign Policy. *Journal of Contemporary China* 14(42): 35-53.
- Chia Siow Yue "ASEAN-China Free Trade Area," AEP Conference, Hong Kong (April 12-13, 2004). <http://www.hiebs.hku.hk/aep/Chia.pdf> (accessed 11/3/11), pp. 1-4.
- "China and the WTO: 10 Years Later," *Financial Times*, September 16, 2011. <http://www.theglobeandmail.com/report-on-business/international-news/global-exchange/financial-times/china-and-the-wto-10-years-later/article2168463/> (accessed 11/2/11), pp. 1-2.
- "China's Implementation of its World Trade Organization Commitments: An Assessment by the U.S.-China Business Council," U.S.-China Business Council, October 6, 2010. http://www.uschina.org/public/documents/2010/10/wto_commitments_

- testimony.pdf (accessed 11/2/11), pp. 1-65.
- "China's Principles of Foreign Policy," Asia for Educators, 2009. http://afe.easia.columbia.edu/special/china_1950_forpol_principles.htm (accessed 11/1/11), pp. 1-2.
- "China Speeds Up Globalization Drive," Xinhua. December 3, 2000. <http://202.84.17.11/english/htm/20001203/248929A.htm>.
- "China will Keep its Door Open Forever," *The China Times*, October 14, 2011. <http://www.thechinatimes.com/online/2011/10/1657.html> (accessed 11/2/11).
- "China View on Globalization," Ministry of Foreign Affairs, February 25, 2001. <http://www.fmprc.gov.cn /eng/4497.html>.
- Cohen, W. I. 2010. *America's Response to China: A History of Sino-American Relations*. New York: Columbia University Press.
- Cox, R. 1999. Multilateralism and the Democratization of World Order. Paper for International Symposium on Sources of Innovation in Multilateralism, May 26-28, 1994. In *The Globalization of World Politics: An introduction to international relations*, Eds. L. Switzerland. Cited from John Baylis and Steve Smith. Oxford: Oxford University Press.
- Dreyer, J. T. 2010. *China's Political System: Modernization and Tradition*. 7th Ed. New York: Longman, 2010.
- Deng Yong and Wang Feiling. 1999. *In the Eyes of the Dragon: China Views the World*. Lanham, MD: Rowman & Littlefield.
- Economy, E. and Oksenberg, M. 1999. *China Joins the World: Progress and Prospects*. Washington, D. C.: Council on Foreign Relations.
- Eckaus, R. S. 1999. China. In *Going Global: Transition from Plan to Market in the World Economy*, Ed. P. Desai. Cambridge, MA: MIT Press.
- Fernandez, Y. et al. 1998. China in East Asia: From Isolation to a Regional Superpower Status. Institute of International Economic Relation, <http://www.rrojasdatabank.org/china16.htm>
- Germanovich, G. 2008. The Shanghai Cooperation Organization: A Threat to American Interests in Central Asia? *China and Eurasia Forum Quarterly* 6(1): 19-38.
- Gilpin, R. 2001. *Global Political Economy: Understanding the International Economic Order*. Princeton, NJ: Princeton University Press.
- Gilpin, R. 1987. *The Political Economy of International Relations*. Princeton, NJ: Princeton University Press.
- Glover, J. R. 2006. China's Trade and Standards Policy Review, August 2, 2006. <http://www.strategicstandards.com/files/ChinaTrade.pdf> (accessed, 11/2/11), pp. 1-14.
- Grewal, D. S. 2009. *Network Power: The Social Dynamics of Globalization*. New Haven: Yale University Press.
- Gries, P. H. 2004. *China's New Nationalism: Pride, Politics, and Diplomacy*. Berkeley, CA: University of California Press.

- Harris, S. 2003. Does China matter? The global economic issues. Working Paper (Canberra: RSPAS, 2003), pp. 1-23.
- Halper, S. 2010. *The Beijing Consensus: How China's Authoritarian Model Will Dominate the Twenty-first Century*. New York: Basic Books.
- Han Zhenshe. 1995. Some Views on Future Security of Northeast Asia. Paper presented at the conference on Major Powers and Future Security in Northeast Asia, May 25-26, Seoul.
- Harry Harding. 1987. *China's Second Revolution: Reform After Mao*. Washington, D. C: Brookings Institution.
- Jiang Zemin, "Hold High the Great Banner of Deng Xiaoping Theory, Carrying the Cause of Building with Chinese Characteristics to the 21st Century," Xinhua, September 21, 1997, in FBIS-CHI-97-266.
- "Jiang Zemin's speech at public gathering to celebrate Hong Kong's return," Xinhua, July 1, 1997, in FBIS-CHI-97-182.
- Kanter, R. M. 1995. *World Class: Thriving Locally in the Global Economy*. New York: Simon and Shuster.
- Lampton, D. M. 2008. *The Three Faces of Chinese Power: Might, Money, and Minds*. Berkeley, CA: University of California Press.
- Lees, F. A. 1997. *China Superpower: Requisites for High Growth*. London: Macmillan Press.
- Lieberthal, K. 2007. China's Strategies and Goals toward Northeast Asia. *Asia Policy* 3: 65-70.
- Mackerras, C. et al. 1994. *China Since 1978: Reform, Modernization and 'Socialism with Chinese Characteristic'*. New York: St. Martin's Press.
- Mann, J. 2000. *About Face: A History of America's Curious Relationship with China, from Nixon to Clinton*. New York: Vintage Press.
- Mearsheimer, J. J. 2003. *The Tragedy of Great Power Politics*. New York: W. W. Norton & Co.
- Moore, T. G. 2000. China and Globalization. In *East Asia and Globalization*, Ed. S. S. Kim. Lanham, Md: Rowman and Littlefield Publishers.
- Nathan, A. and Ross, R. 1997. *The Great Wall and the Empty Fortress: China's Search For Security*. New York: W. W. Norton.
- Overholt, W. 2005. China and Globalization, Rand Corporation Testimony, May, 2005. http://www.rand.org/pubs/testimony/2005/RAND_CT244.pdf (accessed 11/2/11), pp. 4-5.
- "Overview," China FTA Network, 2010. <http://fta.mofcom.gov.cn/topic/chinaasean.shtml> (accessed 11/3/11), p. 1.
- Rourke, J. T. 1990. *Making Foreign Policy: United States, Soviet Union, and China*. Pacific Grove: Brooks/Cole.
- Rourke, J. T. 1996. *Taking Sides: Clashing Views on Controversial Issues in World Politics*. 7th Ed. Guilford, CT.: Brown and Benchmark.
- Rourke, J. T. 2010. *Taking Sides: Clashing Views in World Politics*. 14th Ed. New

York: McGraw-Hill.

- Roy, D. 1994. Hegemon on the Horizon? China's Threat to East Asian Security. *International Security* 19(1): 149-168.
- Karl Rusnak, 2011. China Gets an Unearned 'A+' from the WTO Director-General. Economy in Crisis, October 18, 2011. <http://economyincrisis.org/content/china-earns-wto-director-general> (accessed 11/2/11), pp. 1-2.
- Segal, G. 1999. Does China Matter? *Foreign Affairs* 78(5): 24-36.
- Shirk, S. 2008. *China: Fragile Superpower*. New York: Oxford University Press.
- Subramanian, A. 2011. The Inevitable Superpower. *Foreign Affairs* 90(5): 66-78.
- Sutter, R. G. 2010. *Chinese Foreign Relations: Power and Policy Since the Cold War*. 2nd Ed. Lanham, Md: Rowman and Littlefield Publishers, Inc.
- Sutter, R. G. 2010. *U.S.-China Relations: Perilous Past, Pragmatic Present*. New York: Rowman and Littlefield.
- Wu, J. 2005. *Understanding and Interpreting Chinese Economic Reform* Mason, OH: Thomson South-Western.
- Yongnian Zheng and Sow Keat Tow. 2007. "'Harmonious Society' and 'Harmonious World': China's Policy Discourse Under Hu Jintao." China Policy Institute, University of Nottingham, Briefing Series 26, October, 2007. <http://www.nottingham.ac.uk/cpi/documents/briefings/briefing-26-harmonious-society-and-harmonious-world.pdf> (accessed 11/3/11).
- Zheng Bijian. 2005. China's 'Peaceful Rise' to Great Power Status. *Foreign Affairs*, September/October, 2005. <http://www.irchina.org/en/news/views.asp?id=397> (accessed 11/3/11), pp. 1-5.

ENDNOTES

- ¹ "China and the WTO: 10 Years Later," *Financial Times*, September 16, 2011. <http://www.globeandmail.com/report-on-business/international-news/global-exchange/financial-times/china-and-the-wto-10-years-later/article2168463/> (accessed 11/2/11), pp. 1-2; "China's Implementation of its World Trade Organization Commitments: An Assessment by the U.S.-China Business Council," U.S.-China Business Council, October 6, 2010. http://www.uschina.org/public/documents/2010/10/wto_commitments_testimony.pdf (accessed 11/2/11), pp. 1-65; Karl Rusnak, "China Gets an Uneared 'A+' from the WTO Director-General," *Economy in Crisis*, October 18, 2011. <http://economyincrisis.org/content/china-earns-wto-director-general> (accessed 11/2/11), pp. 1-2.
- ² He spoke at the 15th National Party Congress. Jiang Zemin, "Hold High the Great Banner of Deng Xiaoping Theory, Carrying the Cause of Building with Chinese Characteristics to the 21st Century," *Xinhua*, September 21, 1997, in FBIS-CHI-97-266.
- ³ Thomas G. Moore, "China and Globalization," in Samuel S. Kim, ed., *East Asia and Globalization* (Lanham, Md.: Rowman and Littlefield Publishers, 2000), pp. 105-128.
- ⁴ Yongnian Zheng and Sow Keat Tow, "'Harmonious Society' and 'Harmonious World': China's Policy Discourse Under Hu Jintao." China Policy Institute, University of Nottingham, Briefing Series 26, October, 2007. <http://www.nottingham.ac.uk/cpi/documents/briefings/briefing-26-harmonious-society-and-harmonious-world.pdf> (accessed 11/3/11).
- ⁵ John T. Rourke, *Taking Sides: Clashing Views on Controversial Issues in World Politics*, 7th ed. (Guilford, CT.: Brown and Benchmark, 1996), p. 105; John T. Rourke, *Taking Sides: Clashing Views in World Politics*, 14th ed. (New York: McGraw-Hill, 2010), pp. 96-97.
- ⁶ June Teufel Dreyer, *China's Political System: Modernization and Tradition*, 7th ed. (New York: Longman, 2010), p. 327-331.
- ⁷ China has implemented a foreign policy focused on two basic goals: 1) maintaining friendly relationship with global and regional powers, such as the U.S., Japan and Russia, and 2) successful achievement of its Four Modernizations program. Jiang Zemin, in his work report at the 14th Party Congress in 1992, suggested that China must be adhere to the following basis of foreign policy, to implement its policy goals: 1) independence and self-reliance, 2) peaceful coexistence, 3) maintenance of friendly relationships with neighboring states, and 4) comprehensive diplomacy. "Secretary General Jiang Zemin's Work Report at the 14th Party Congress," *Ren Min Ri Bao*, October 21, 1992. See "China's Principles of Foreign Policy," Asia for Educators, 2009. http://afe.easia.columbia.edu/special/china_1950_forpol_principles.htm (accessed 11/1/11), pp. 1-2.
- ⁸ Chinese Foreign Minister Qian Qichen, for instance, expressed his apprehension of the U.S., stating "[i]n the past there were two super powers, but now is only one....It's dangerous that the world is being controlled by only one superpower." *Beijing Review*, April 23, 1991. p. 13.
- ⁹ Dreyer, op. cit., p. 327.
- ¹⁰ John T. Rourke, *Making Foreign Policy: United States, Soviet Union, and China* (Pacific Grove: Brooks/Cole, 1990), p. 55; Chen Zhimin, "Nationalism, Internationalism, and Chinese Foreign Policy," *Journal of Contemporary China*, February, 2005. Vol. 14, No. 42, pp. 35-53.
- ¹¹ Peter Hayes Gries, *China's New Nationalism: Pride, Politics, and Diplomacy* (Berkeley, CA.: University of California Press, 2004), pp. 13-29, 69-85.
- ¹² Deng Xiaoping once stated that "Faced with the gigantic task of speeding up our socialist construction, We in China urgently need a long period of peace." *New York Times*, November 3, 1987, p. A8.
- ¹³ For example, many of the countries in Asia follow their own independent foreign policies, while others are closely associated with the U.S., such as South Korea. Others try to negotiate directly with the U.S. and Japan, as has North Korea--or the Soviet Union/Russia, as has Mongolia and Vietnam.
- ¹⁴ Collin Mackerras, et al., *China Since 1978: Reform, Modernization and 'Socialism with Chinese Characteristics'* (New York: St. Martin's Press, 1994), p. 224; Robert G. Sutter, *Chinese Foreign Relations: Power and Policy Since the Cold War*, 2nd ed. (Lanham, Md.: Rowman and Littlefield Publishers, Inc., 2010), pp. 18-24.
- ¹⁵ Gerald Segal, "Does China Matter?" *Foreign Affairs*, Vol. 78, No. 5 (September/October, 1999);

- Andrew Nathan and Robert Ross, *The Great Wall and the Empty Fortress: China's Search For Security* (W. W. Norton, 1997); Stefan Halper, *The Beijing Consensus: How China's Authoritarian Model Will Dominate the Twenty-first Century* (New York: Basic Books, 2010); Susan Shirk, *China: Fragile Superpower* (New York: Oxford University Press, 2008).
- ¹⁶ For the original argument, see Deng Yong and Wang Feiling, eds. *In the Eyes of the Dragon: China Views the World* (Lanham, MD.: Rowman & Littlefield, 1999); Elizabeth Economy and Michel Oksenberg, *China Joins the World: Progress and Prospects* (Washington, D. C.: Council on Foreign Relations, 1999); Richard Burnstein and Ross H. Monroe, *The Coming Conflict with China* (New York: Vintage Books, 1998); and Denny Roy, "Hegemon on the Horizon? China's Threat to East Asian Security," *International Security* (Summer 1994). More recently, see Arvind Subramanian, "The Inevitable Superpower," *Foreign Affairs*. Vol. 90, No. 5 (September/October, 2011), pp. 66-78. He faces off against Salvatore Babones, "The Middling Kingdom," *Foreign Affairs*. Vol. 90, No. 5 (September/October, 2011), pp. 79-88.
- ¹⁷ Segal, *passim*
- ¹⁸ Stuart Harris, "Does China matter? The global economic issues." Working Paper (Canberra: RSPAS, 2003), pp. 1-23.
- ¹⁹ David M. Lampton, *The Three Faces of Chinese Power: Might, Money, and Minds* (Berkeley, CA.: University of California Press, 2008), pp. 164-206.
- ²⁰ Gene Germanovich, "The Shanghai Cooperation Organization: A Threat to American Interests in Central Asia?" *China and Eurasia Forum Quarterly*. Vol. 6, No. 1 (2008), pp. 23-27, 32-36.
- ²¹ Han Zhenshe, "Some Views on Future Security of Northeast Asia," paper presented at the conference on *Major Powers and Future Security in Northeast Asia*, May 25-26, 1995, Seoul; Parris H. Chang, "Beijing's Policy Towards Korea and PRC-ROK Normalization of Relations," in Manwoo Lee and Richard W. Mansbach, eds., *The Changing Order in Northeast Asia and the Korean Peninsula* (Seoul: The Institute for Far Eastern Studies, Kyungnam University, 1993), pp. 156-157; Kenneth Lieberthal, "China's Strategies and Goals toward Northeast Asia," *Asia Policy*. No. 3 (January, 2007), pp. 65-70.
- ²² Peter Ackerman, "'The Economic Aspects of Pacific Security': A Reply," in *Asia's International Role in the Post-Cold War Era: Part I*, Adelphi Paper 275, IISS (March 1993), pp. 31-32; Robert Gilpin, *Global Political Economy: Understanding the International Economic Order* (Princeton University Press, 2001), pp. 15-23.
- ²³ Robert Gilpin, *Global Political Economy: Understanding the International Economic Order* (Princeton: Princeton University Press, 2001), pp. 77-93.
- ²⁴ Zheng Bijian, "China's 'Peaceful Rise' to Great Power Status," *Foreign Affairs*, September/ October, 2005. <http://www.irchina.org/en/news/views.asp?id=397> (accessed 11/3/11), pp. 1-5.
- ²⁵ Rosabeth M. Kanter, *World Class: Thriving Locally in the Global Economy* (New York: Simon and Shuster, 1995); Jagdish Bhagwati, *In Defense of Globalization* (New York: Oxford University Press, 2007), pp. 28-36, 106-121.
- ²⁶ Martin Albrow, 'Introduction' in Martin Albrow and Elizabeth King, eds., *Globalization, Knowledge and Society* (London: Sage, 1990); David Singh Grewal, *Network Power: The Social Dynamics of Globalization* (New Haven: Yale University Press, 2009), pp. 17-43.
- ²⁷ Robert Cox, "Multilateralism and the Democratization of World Order," Paper for International Symposium on Sources of Innovation in Multilateralism, 26-28 May, 1994, Lausanne. Cited from John Baylis and Steve Smith, eds. *The Globalization of World Politics: An introduction to international relations* (Oxford: Oxford University Press, 1999), p. 15; John Baylis, et al., *The Globalization of World Politics: An introduction to international relations* (Oxford: Oxford University Press, 2008), pp. 252-255.
- ²⁸ "Jiang Zemin's speech at public gathering to celebrate Hong Kong's return," *Xinhua*, July 1, 1997, in FBIS-CHI-97-182.
- ²⁹ "China View on Globalization," Ministry of Foreign Affairs, February 25, 2001. <http://www.fmprc.gov.cn/eng/4497.html>; William Overholt, *China and Globalization*, Rand Corporation Testimony, May, 2005. http://www.rand.org/pubs/testimony/2005/RAND_CT244.pdf (accessed 11/2/11), pp. 4-5.
- ³⁰ "China Speeds Up Globalization Drive," *Xinhua*, December 3, 2000. <http://202.84.17.11/english/htm/20001203/248929A.htm>. See Wen Jiabao's speech in favor of the Open Door policy. "China will Keep its Door Open Forever," *The China Times*, October 14, 2011. <http://www.thechinatimes.com/>

- online/2011/10/1657.html (accessed 11/2/11).
- ³¹ Yolanda Fernandez, et al., *China in East Asia: From Isolation to a Regional Superpower Status*, Institute of International Economic Relation, 1998. <http://www.rrojasdatabank.org/china16.htm>
- ³² Richard S. Eckaus, "China." In Padma Desai, ed., *Going Global: Transition from Plan to Market in the World Economy*. Cambridge, MA.: MIT Press, 1999., pp. 418; Marc Blecher, *China Against the Tides: Restructuring through Revolution, Radicalism and Reform*, 3rd ed. (New York: Continuum Publishers, 2010), pp. 45-61.
- ³³ Francis A. Lees. *China Superpower: Requisites for High Growth*. Macmillan Press, 1997, p. 12.
- ³⁴ Ibid., p. 12; Jinglian Wu, *Understanding and Interpreting Chinese Economic Reform* (Mason, Oh.: Thomson Southwestern, 2005), pp. 43-89.
- ³⁵ Helen Louise Noyes, "United States-China Trade," *China's Economy*, II, 343.
- ³⁶ Harry Harding, *China's Second Revolution: Reform After Mao* (Washington, D. C.: Brookings Institution, 1987), p. 132; Jacqueline R. Glover, *China's Trade and Standards Policy Review*, August 2, 2006. <http://www.strategicstandards.com/files/ChinaTrade.pdf> (accessed, 11/2/11), pp. 1-14.
- ³⁷ Eckaus, op. cit., p. 419; Glover, op. cit., pp. 1-5.
- ³⁸ Yolanda Fernandez, "China in East Asia: From Isolation to a Regional Superpower Status," p. 25.
- ³⁹ John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York: W.W. Norton & Co., 2003), pp. 373-377, 396-400; James Mann, *About Face: A History of America's Curious Relationship with China, from Nixon to Clinton* (New York: Vintage Press, 2000), pp. 369-376; Warren I. Cohen, *America's Response to China: A History of Sino-American Relations* (New York: Columbia University Press, 2010), *passim*
- ⁴⁰ "Overview," China FTA Network, 2010. <http://fta.mofcom.gov.cn/topic/chinaasean.shtml> (accessed 11/3/11), p. 1; Chia Siow Yue, "ASEAN-China Free Trade Area," AEP Conference, Hong Kong (April 12-13, 2004). <http://www.hiebs.hku.hk/aep/Chia.pdf> (accessed 11/3/11), pp. 1-4.
- ⁴¹ Francis A. Lees, op. cit., p. 14; Robert Gilpin, *The Political Economy of International Relations* (Princeton, NJ: Princeton University Press, 1987), pp. 25-64.
- ⁴² Stefan Halper, *The Beijing Consensus: How China's Authoritarian Model Will Dominate the Twenty-first Century* (New York: Basic Books, 2010), pp. 103-134.