11 Will China Dominate the Century?

When in 1964 China first tested a nuclear weapon, the West had every reason to be worried. Here was a country that had recently fought the United States in Korea, had threatened countries as far afield as India and Indonesia and had supported revolutionary movements all over the Third World.

But today, the threat of Chinese military domination should worry the West very little. Its nuclear arsenal is rather small: a mere 24 intercontinental nuclear missiles that are able to reach the United States; no aircraft carrier battle groups for projecting its power; and very few destroyers. China is constructing no long-range bombers and has no military bases abroad. Its 70 submarines rarely venture outside Chinese territorial waters. Even vis-à-vis Taiwan, against which it has deployed 750 short-range missiles, China does not have the makings of an invasion force that could overwhelm Taiwan’s defenses.

Nevertheless, both the White House and a majority in the US Congress continue to act as if the United States must contain China militarily, even while professing engagement.

John Mearsheimer, professor of political science at the University of Chicago, argues, “China cannot rise peacefully” and there is “considerable potential for war”. In Tokyo early last year, Secretary of State Condoleezza Rice, when asked to defend the presence of such a large number of US troops in Okinawa, replied that they were there to balance the rise of China. Later in the year, during a visit to Indonesia, she said that the US had an “interest in building up [Indonesia] as a major commercial and military power ... to help counter the growing influence of China”. (Yet three years ago in a speech to the International Institute for Strategic Studies she condemned “balance of power” politics as outmoded and dangerous. She said,” We tried this before; it led to the Great War.”)

The assumption seems to be that the economic juggernaut will in the long run turn into a military threat. But it does not follow that an increase in China’s regional power and influence will translate into a reciprocal decrease in American power nor wealth. The cake can grow for both. It is not a zero-sum game.
Why Washington feels that the United States’ longtime presence in East Asia is threatened by China owes more to paranoia than good sense.

Often overlooked is what Foreign Minister Tang Jiaxuan of China told former US Secretary of State Colin Powell, that China “welcomes the America’s presence in the Asia-Pacific region as a stabilizing factor.”

China’s success has been grossly over hyped. China still accounts for only a small proportion of world trade, and even in its region the latest figures show that China is a long way from dominating East Asian trade. Total regional imports from China are about 9 percent compared with Japan’s 17 percent and America’s 18 percent. Although Germany is Europe’s biggest exporter to China, its exports there are only 7 percent of its total; Britain’s are 2%.

The apparent high flow of foreign investment into China is used to trumpet China as the wave of the future. But most of that flow comes from ethnic Chinese. And much of the so-called investment from East Asia originates in China and makes a trip via places like Hong Kong only to come back as foreign investment to attract tax concessions.

China, unlike India, still does not yet have enough ingredients for long-term success. It does not have any world-class companies of its own. Its legal framework is rickety, and there is no guarantee that a dictatorial political system will have the flexibility to contain the stresses and strains of economic expansion pursued at the current rate.

In terms of literature, films or the arts in general, China is overshadowed by much smaller Chinese communities – in Hong Kong, Taiwan and Singapore.

It is probably only a matter of time before the faddish fascination with China switches to booming India. Once it does, it is unlikely ever to switch back, as investors realize what it is like to have a haven where the law works, albeit too slowly, and democratically elected politicians are not just accountable, but persuadable and approachable.

I was becoming impatient. I had sent both Sonia Gandhi and Manmohan Singh messages by all sorts of different routes but, once the astonishing election results were known in mid-May (2004), Indian politics was a 20 hours a day affair – the principals barely had time to sleep, much less grant an interview to a foreign reporter. For the first few days the question was, would the communists, who had won 7 per cent of the vote, surpassing their own best expectations, join the Congress party in forming a government of the left? Despite arguments in favour by communist heavyweights such as the new speaker of the Lok Sabha (lower house), Somnath Chatterjee, the communists decided against. They would support a Congress government, but from the outside.

Following the announcement that they were staying out – and therefore perhaps making mischief – the Indian stock market had its worst day in its 129-year history. Congress realized that to stop the rot it had to take over the reins of government. To calm the markets, Manmohan Singh, author of In-