

Implications of China's Rise: A Liberalist Perspective

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Abstract

The biggest debate in the last decade has been how a rising China will affect the world order. Some have said China will seek to overhaul the system as it is (revisionist) while others have argued that China has thrived under the current system therefore it would be foolhardy to overhaul a system that has led to her rise. Revisionist or status quo, what has come to the fore and especially with the rise of Donald Trump, China's rise has a lot of implications. This paper seeks to employ liberalist thoughts to add into the debate. We argue that, China will seek to gain more say in global issues within the realm of institutions and not direct hard power. Completion will be there, but with rules governed by institutions, hence China will seek to use and shape these rules to better her position.

Keywords: Sino-US relations; US-China relations; Revisionism; Status-Quo; Global power politics.

1. Introduction

Francis Fukuyama proclaimed it the 'end of history', a triumph of liberal ideas over all other forms. The United States of America (US) victory over the former Soviet Union in the early 1990's was equated to triumph of western ideas, democracy and free market capitalism [14]. The collapse of the bipolar world was drastic such that scholars of international relations couldn't predict. It ushered an 'uncharted' era of a unipolar world, with other major powers as supporting cast. The US became the sole provider of public goods on the one hand, while reaping the spoils on the other. Fast forward to 2015, and the most searched news item in the internet covering over 50,000 news sources according to this author [1], as tracked by the Global Language Monitor, was the 'rise of China'.

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China is rising, this is not in question, and this has made US-China relations to be the single most important bilateral relationship in the contemporary world [3]. A deepening and positive relationship has endless possibilities of peaceful resolution of outstanding regional conflicts, sustained global economic growth, successful management of issues of global concern like terrorism and climate change. A worsening relationship on the other hand could see the return of the 'cold war', military buildup, arms race or even hard war. According to [12] what happens will depend on the role that China wants to play; supporter, spoiler or shirker and the perception that the US will have to this role.

1.1 China's Power: The Statistics

Author [11] argues that power is the ability to influence another to act in a manner they wouldn't have acted otherwise. Sources of power include population, economy size, military hardware, and culture. Militarily, with the exception of the US, China spends more money on military modernization than any other country in the world today [6]. In 2015, China's military expenditure reached a new high of US\$145.8 billion coming second only to the US at 597.5 billion. In 2002, China's nuclear arsenal was 5.3% of that of the US standing at 7,600 nuclear warheads, while its defense spending was 26% of that of the US despite it being the second in global military spending rankings [16]. It spends 2% of her GDP on military [18].

According to IMF as quoted by author [8] economically, China became the second largest economy in the world in 2010 with its Gross Domestic Product (GDP) being US\$10,380 billion in 2014 while that of the US was put at US\$17,418 billion. Position one in economic power is retained by the US. According to [18] unemployment in China in 2015 was 4%, population below the poverty line at 6.1%, budget deficit was at -3.4% of GDP, and GDP according to purchasing power parity (ppp) was at US\$19.39trillion. The US on the other hand in 2015 unemployment was at 5.3%, population below poverty line (2010 estimates) was at 15.1%, budget deficit of -2.4% of GDP, and GDP according to ppp was at US\$17.95trillion.

As the figures tell, China is firmly second and rising if the trend continues. Worth noting is that 30 years ago, it was not anywhere near its current position but a period of rapid economic growth propelled by double digit rates enabled the astonishing transformation. China's contribution to global GDP jumped from 1.6% in 1990 to 8.6% in 2009. Her share of global exports was at 8.4% in 2010 up from 1.3% 20 years ago. It is now the principal lender to Latin American countries, prime investor in African energy, largest buyer of oil in the Middle East, and with US\$1.317 in treasury bonds and notes as at July 2013 is also the single most important state with high stakes in the US economy [9]. With the exception of Organski who predicted the rise of China in his Power transition theory in 1958, most scholars did not see it coming as fast as it did.

2. The Big Debate: Implications of China's Rise

Two schools of thought have emerged from the rise witnessed. Pessimists (mostly realists and power transition theorists) view this phenomenon as the 'China threat' which might lead to confrontation, conflict and maybe even war, while optimists (mostly liberalists) argue the rise can be good for world peace and development. Historically, the 'Thucydides trap' showed during the Peloponnesian war that the growth of power in Athens

instilled fear in Sparta which made Sparta to initiate a pre-emptive strike against Athens [5]. The potential for conflict in US-China relations is present.

US leadership perception too is as varied while the Chinese leadership has tried to project a more positive image. The author will take a liberalist approach. However, for better understanding, key ideas from the realist/power transition school will be touched on.

Offensive realists and power transition theorists posit that the level of dissatisfaction with the distribution of benefits within the international system and the need to re-write the rules and norms governing the system motivate rising powers to pursue aggressive and often confrontational policies against the existing hegemon or dominant state in this case, the US being the chief architect of the system as it is. However for this to happen, perceived benefits must outweigh the costs [2].

On the other hand, a rising power which is satisfied with the international system (status quo) is less likely to cause conflict and instability [Organski 1968as quoted by 6].

For china to take this route, it will therefore depend on whether she is dissatisfied with the status quo enough to have motivation of re-writing the rules of the international system once she has the capability (power) to do so. Indeed, while the rise of the US was smooth, some have been violent as witnessed by the rise of Germany and Japan in the late 19th Century and early 20th Century. However, power transition theorists argue that dissatisfaction with status quo alone might not necessarily lead to conflict.

Power parity has to be present also for the challenger to feel powerful enough to challenge the dominant state [15]. Otherwise, the challenger might hide her true intentions to avoid attracting counter balancing efforts of the hegemon.

According to [15], the best way to deal with a rising power is to incorporate it into the system and give her the benefits in order that she may like the status quo. Gilpin [1981,pp 23-24] as quoted by [8] gives three ways to identify a revisionist or s quo state; level of support for existing rules of international system, regional security institutions, international economic institutions amongst others; satisfaction with the global distribution of power; and how the leaderships speaks and act regarding hierarchy and prestige in the system.

The central question for this paper is therefore, does China's rise threaten the US (and by extension world peace and stability)? Put simply, is China a revisionist or status quo state?

Though it is difficult to gauge the true intentions of a state (to determine whether its revisionist or otherwise), the author intends to use evidence from the liberal point that would suggest China is indeed a status quo state (and at least in the near future it will continue to be).



Figure 1: Quotes from US and China

Source: Gries, 2009

3. Liberalism and the Rise of China

Most liberalists are optimists as they believe in the pacifying power of the 3 causal factors of economic interdependence, international institutions and democratization process [3].

3.1 Economic interdependence

Liberalists argue that the greater the trade volume between 2 countries, the more groups in both countries will have strong motivation to avoid conflict and war. For the case of US and China, since the introduction of market changes in china in the 1970's, economic exchanges have soured and continue to thrive. Trade and foreign investment made China become more integrated into the global economy [6]. When China moved from a planned economy to a socialist market economy in 1978 and trade grew from US\$ 1 billion to US\$ 120billion in 2000, and US\$ 245billion in 2004 [3]. Economic interdependence between US and China has led to changes in attitudes between them. China remains reliant on US technology and expertise, and is predominantly an export market hence she is structurally reliant on international trade for economic development [14]. Indeed, cross border trade between China and her neighbors have led to improving relations as witnessed in Vietnam [16].

Steinfeld in his book 'Playing our game' (2010) as quoted by [9] posits that China's rise is centered on international trade, production, investment and market system. It makes no sense to pursue confrontational policies which might rid all these benefits. Her participation in an international system created by the West in terms of regulatory rules, norms and systems makes her a 'capitalist enabler' and status quo state and not a threat. Chinese firms, he argues, do not make the rules of economic and trade transactions but simply follow and implement them, made and designed by the US.

Integration into the international economic system has made China to adopt and localize these norms domestically through socialization. An example is the protection of individual rights, rise of legal system, and protection of intellectual property rights. In essence, China is attaching into the system to reap the benefits (economic growth) and not to fight it. Since joining the World Trade Organization (WTO) in 2001 for instance, China has revised some 3000 laws, regulations and rules to conform to international cooperation [13]. Her admission into the WTO itself was centred on adoption of neo-liberal policies which moves the US and China closer together in recognition of neo-liberal ideas [14].

3.2 Democracy

Liberalists believe that democracies rarely go to war with each other; hence democracy is a factor for peace. As many countries around the world become democracies, peace will be the resultant effect. For China, liberalists are optimistic that democratization is underway courtesy of economic development and socialization in the international system. Indeed, Chinese leadership refers to the communist system as 'democracy with China's characteristics' or 'Chinese democracy'. The term democracy has crept up in official documents like the white paper, a central document on China's domestic and foreign policy. For liberalists, the growing middle class in many states has pushed for democracy and expected the same to be replicated in China. Worth noting is that all other developed economies are democracies and therefore China has no option but to follow suit if it's to attain

levels attained by other advanced industrial societies. When this happens, tension with the US will go down and global peace will result. Indeed, former President George W. Bush was overt in choosing engagement as opposed to containing China, ‘economic freedom creates habits of liberty, and habits of liberty create expectations of democracy...trade freely with China, and time is on our side’[3]. It’s the view of this author that, while the democratization process might be slow, it will happen.

3.3 International Institutions

One core pillar of liberalism is institutions. Author [7], a core proponent of the Liberal Institutionalism school of thought writes in his essay *Twenty Years of Institutional Liberalism* argues that, “Institutions and rules can facilitate mutually beneficial cooperation within and among states”. This theory arose as a reaction from the dominant realist school which , based state to state relations as influenced by power games and power distribution in the international system. While acknowledging that the world is characterized by anarchy and self-interests, liberal institutionalists take a more optimistic stance towards relations amongst states, in as far as human welfare and security achieved through a peaceful and free community of nation-states is concerned.

Author [7] and his fellow liberal scholars believe that institutions are a key means through which peace can be pursued and promoted, as they have a role to play in changing state preference from pursuit of power and self-gratification, to a more inclusive perspective. They argue that institutions play a mediating role between diverse interests by providing common grounds for cooperation amongst states. Accordingly, author [10] says the institutions become the independent variables, having considerable influence over state behavior.

Cooperation, it is argued, is made easy where states find common interests and less divergent interests. In the anarchy that exists in the system, interacting states cannot be sure of other state(s)’ intentions and motivation to cheat is high. Cooperation is difficult to attain when states are looking for relative gains. This is why; cooperation is easy on economic matters and environmental issues, than security matters [7, 10]. This is because; defeat resulting from cheating in economic matters is less costly than a defeat from a military and security matter. The latter can have costly ramifications; hence states generally are wary of cooperating in this aspect.

Institutions offer platforms where states can cooperate through an array of shared interests and goals, while at the same time tame cheating behavior of these states. In essence, the institution becomes an arena where political games like the famous “prisoner’s dilemma” are played out. Ultimately, the cost of fooling another state or “sucker” is higher than if states choose to cooperate, though this might not be the preferred best course of action or outcome for individual states, they choose it as it is the second best looking at the consequences of not cooperating.

International institutions help to improve communication between states, reduce uncertainty about intentions and improve capacity of governments to make credible binding commitments with each other.

3.4 China and International Institutions

China is a member of regional and global institutions. These include Asia Pacific Economic Cooperation forum (APEC), the ASEAN Regional Forum (ARF), ASEAN (Association of South East Nations) +3, East Asia Summit, Forum for China Africa Cooperation (FOCAC), Shanghai Cooperation Organization (SCO), Nuclear Non-Proliferation Regime, World Trade Organization (WTO), and the United Nations (UN). China's membership to international institutions grew from 21 to 52 in 1996 alone.^a In many of these, she shares membership with the US. Worth noting is that, one of the indicators of a status quo nation is the level of membership in organizations where both the rising and established powers are members. These organizations cover an array of issues, from trade, environment, to security. With contact between China and US enhanced, communication is made easy, trust issues reduce, and so do the chances of conflict with the US. In the UN alone, China has become active and is now the largest contributor of peacekeeping forces of all the permanent members of the UN Security council. She has signed more than 300 international conventions, and participated in 18 UN peacekeeping operations, sending over 16,000 troops abroad [15].

4. Soft Balancing and Power Politics within International Institutions

Fearing to provoke the superpower, or out of pursuit of peace, China has propagated, 'peaceful development' model (*heping fazhan*). In this, she has employed soft balancing through international institutions, chief being the UNSC. In a unipolar system dominated by the US, with time, the hegemon has become aggressive in pursuing its agenda. Trying to challenge the dominant state can be costly to the weak states, both economically and militarily. Most weak states prefer to band wagon with the US in the hope of receiving favors from her. Rivals therefore find it hard to pursue alliances. Only soft balancing is a viable option.

China, as a veto wielding permanent member of the UNSC has used this forum to counter US-led initiatives. Author [19] says 'China needed the UN more than ever before to handle and balance the threat from USA and its allies'. With the threat and or use of veto, China has sought to influence US behavior towards a more 'acceptable' norm which is less threatening to China's own national interest. China's push for the UNSC to be the avenue where decision making with regards to matters of international peace and security are made and respected by all states, can be argued to seek to balance against the unilateralist tendencies exhibited by Washington after the end of the cold war. France, Germany and Russia's opposition to invasion of Iraq in 2002-2003 coupled with China's abstention, effectively balanced US power to use the UNSC to attack a sovereign state. Though ultimately the US leading a coalition of allied forces invaded Iraq, this was not through the UN as a body. Some scholars have in fact argued that, China's veto is the only 'equal' that she has with the US. Whether this is true or false is beside the point. What is clear is that, with competition and power games played within these institutions, diplomacy and ultimately peace prevails.

5. Conclusion and Recommendations

While it is difficult to gauge the true intentions of nation states, China's behavior and from the evidence as seen above, can be seen to be a status quo state. She has benefited immensely from the international system as it is and therefore has motivation not to cause chaos. This does not mean in any way that priorities will remain the

^a Freidberg, 2005

same in future. Whether this stance is taken until such a time she is fully developed and can openly challenge the US, it remains to be seen. Evidence suggests that her behavior is consistent with the proclamation of peaceful development espoused in her foreign policy. Though existing in an anarchical world, the international institutions and economic interdependence increase avenues for states to cooperate. Having various issue areas means the US and China can solve most areas of conflict and disagreements while leaving out contentious issues for a later time. An example is agreeing on the agreement on nuclear non-proliferation, UN peacekeeping, while the Taiwan issue and South China Sea disputes are left for another time. Competition within the framework of international institutions is also healthy as it tames aggressive state behavior. The result is world peace.

It is therefore the recommendation of the authors that the US and China need to effectively use the available institutional frameworks in order to engage and settle any disputes that may and will arise now and in the future.

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