

A SUPERPOWER IN THE MAKING? CHINA'S PATHS TO GLOBAL INFLUENCE

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- The People's Republic of China, although planning to become one of the most influential states by mid-century, is not aiming for world leadership as is the case with the United States at present, but wishes to reform the global order by levelling the playing field to better reflect its own interests.
- Unlike the US strategy, China's influence is not based on close alliances, and hence its policies and actions usually focus on using its economic might to gain influence in places that have not benefited from economic globalisation.
- China's two simultaneous and parallel policies for changing the global economic order aim to both reform the existing international institutions and build new structures of economic governance that are less influenced by the traditional great powers.
- In its wish to socialise China more into the international community, the West has allowed the country to continue its pick-and-choose approach to global governance, an approach that China is more than willing to continue.



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INTRODUCTION

The economic, political and military rise of China, soon into its 5th decade and particularly acute since the global financial crisis of 2007–08, has led more and more people to start seeing China as the potential world leader. The shifting political currents in the West, resulting in the triumphs of anti-globalist sentiments exemplified by the Brexit referendum and the election of President Trump in the United States, have only strengthened these views, especially since China has shown new interest in the structures of global governance, and with current Chinese leaders depicting themselves as the strong defenders of international cooperation and free trade. The seemingly final proof of China's new self-confidence came during the 19th National Congress of the Chinese Communist Party in October 2017, when the President of China and the Chairman of the Chinese Communist Party Xi Jinping announced China's goal as being "a global leader in terms of composite¹ national strength and international influence" after 2049, the centennial year of the People's Republic of China.²

As the position of the most influential power in the world has already long been occupied by the United States, Xi Jinping's announcement can easily be interpreted as a threat to replace the US as the global hegemon. Becoming the next United States, however, is not China's ultimate goal. As China's near- and mid-term development concerns are still largely domestic, it is also beyond its current and near-future capabilities to become a world leader like the United States. And as a power shift of such magnitude could easily lead even to a major military confrontation,³ most of the world is generally non-receptive to such a change. Lastly, should China somehow (in an extremely unrealistic scenario) replace the United States as the

global superpower, maintaining such a position would be too expensive in economic, political and military terms without a wide network of strong allies, which is something that China still lacks.

However, it is clear that China has embarked on a mission to change the current world order to one that reflects its own values and serves its own interests better. This mission includes policies both aimed at narrowing down the relative power gap between China and the United States, as well as making the Chinese voice louder within the structures of global governance, especially concerning those issues laden with heavy normative baggage, such as the idea that liberal trade is closely connected with more general liberal values. China's aims resemble the idea of a society of independent and sovereign states cooperating willingly in order to secure peace and development in the world. The rules and norms of this future society would focus on supporting a "harmonious world" instead of trying to influence the domestic politics of its members.

This Briefing Paper analyses China's attempts to gain more power in the world and its ultimate goal to become one of the most powerful states therein. More specifically, it looks into the strategies that China has employed while trying to create a new global economic order, a key component in China's global ambitions.

CHINA'S RISE AND THE UNITED STATES

While China's development since the beginning of its "opening and reform" politics in the late 1970s has been impressive, it is still a relative newcomer in the structures of global trade and security, largely built during and after World War II. Of the major powers in the post-war world, only the United States stood mostly unscathed, which was closely reflected in the nascent global governance of that era. Through its currency, military, and its network of close allies all over the world, the United States became the basis of the post-war world order, promoting free trade and liberal democracy. This leading role became even stronger after the collapse of the Soviet Union in the early 1990s.

1 The concept of Composite (also Comprehensive) National Power (*zonghe guoli*) is a Chinese attempt to quantify different aspects of power and thus a useful tool for the Chinese leaders to "measure" the development of Chinese influence. Needless to say, a precise calculation of national power is next to impossible.

2 "Full text of Xi Jinping's report at 19th CPC National Congress," *Xinhua*, 18 October 2017. http://news.xinhuanet.com/english/special/2017-11/03/c_136725942.htm, accessed 28 November 2017.

3 See, for example, John J. Mearsheimer (2010) "The Gathering Storm: China's Challenge to US Power in Asia," *The Chinese Journal of International Politics* (3), 381–396; Graham Allison (2015) "The Thucydides Trap: Are the U.S. and China Headed for War?" *The Atlantic*, 24 September. <https://www.theatlantic.com/international/archive/2015/09/united-states-china-war-thucydides-trap/406756/>, accessed 28 November 2017.

While China started to criticise the unipolar, “hegemonic” world order as soon as that order emerged in the aftermath of the Cold War, for a while its critique seemed unable to influence the global structures, since it was too weak in most aspects of power, measured as influence over other countries. China, while growing, was still economically well behind the leading powers. Its military was overstaffed and under-equipped, and even its nuclear arsenal was considered mediocre. China was, and still is, a permanent member of the United Nations Security Council, but it rarely used its veto and preferred abstaining in controversial issues. China’s only official ally, North Korea, left without the support of the disintegrated Soviet Union, was ravaged by the famine of the mid-1990s, and China itself was ostracised after the 1989 violence towards the Tiananmen Square demonstrators.

But China was quick to learn. Embarking on a path of multilateral and regional cooperation, it established new and joined some already existing international organisations, such as the Shanghai Cooperation Organisation (SCO), the Association of Southeast Asian Nations (through the ASEAN+3 framework) and the Forum for China–Africa Cooperation (FOCAC). With its continuously growing economy, it was able to provide economic assistance and opportunities for other developing or emerging countries, learning to convert economic cooperation into political goodwill. Later, in the 2010s, China has shown that even after achieving a much more influential position, it has continued to rely on this same method.

After surpassing Japan to become the world’s second largest economy in 2010, estimates of China catching up with the United States were continuously updated to show an ever-smaller gap between the two. Boosted by this, in 2013 Xi Jinping suggested a “new great power relationship” between itself and the US.⁴ The suggestion illuminates China’s view of the future world: China and the United States standing apart from the other, smaller powers. These other powers could include, in addition to the traditional great powers, some emerging economies like India and Brazil. But while emphasising equality among states and democracy in

international relations,⁵ the system suggested by China would include a more prominent position for the top two. However, due to the Cold War legacy as well as the emphasis on the abovementioned “democracy in international relations”, China is unwilling to frame this future world order in terms of bipolarity, but instead remains – at least rhetorically – committed to the idea of a multipolar world.

President Barack Obama showed no interest in such a reshaping of the global order. The position of the United States is largely dependent on its network of allies all over the world, many of which (especially in East Asia) are wary of the rising China. Moreover, China’s pick-and-choose attitude towards the existing structures of global governance had not gone unnoticed in Washington, and neither had the fact that China has been one of the biggest beneficiaries of economic globalisation. Thus, the message from Washington to Beijing has long been that China needs to be a responsible member of the international community, with the “responsibility” defined by the West.

PARTNERS, NOT ALLIES

For a traditional great power, China has several weaknesses and shortcomings, such as the lack of close allies, difficult relations with most of the existing major powers, an opaque political system that causes concern especially among liberal democracies, as well as limited military capabilities and the lack of a blue-water navy, which restricts most of China’s actions to its own near-abroad. However, the world in the 21st century is notably different from what it used to be, especially due to economic globalisation. And of all the countries in the world, it is China that has arguably benefited the most from globalisation. This, according to Martin Jacques, for example, has given China an opportunity to use its economic power to gain other forms of influence, political and military included.⁶

It is clear that China’s economic rise has afforded it influence especially among developing countries that are on the look-out for alternative models of

⁴ The idea of a “new great power relationship” is akin to the previously introduced concept of the G2, which was met with a notable lack of enthusiasm in Washington.

⁵ In the official Chinese rhetoric, “democracy in international relations” refers to a situation in which the sovereignty of different political systems is respected and attention is also paid to the interests of small states. The concept leaves a lot of room for interpretation with regard to the roles of great powers, for example.

⁶ Jacques’ view follows the idea of an “Asian Century”, predicting a paradigmatic shift of global power to the Asia-Pacific.

development other than the (often destructive) “Washington Consensus”, calling for privatisation and the opening of their national economies. For a long time, China was unwilling to acknowledge that its own development could be used as an example for other developing economies. However, some countries, such as Ethiopia, are clearly trying to imitate the Chinese combination of authoritarian political rule and state-controlled economic reforms. Moreover, in the CCP 19th National Party Congress, Xi Jinping made it clear that China is now more willing to provide such countries with an alternative model, or path, of development.

China has become increasingly interested in areas of the globe where its presence has thus far been minimal: Africa, Latin America, the Arctic, as well as many parts of the EU, especially in Eastern Europe. The aim is often just to find new markets for Chinese goods and to secure the steady supply of energy and food, as well as other resources increasingly demanded by the Chinese economy, but links to wider political issues are visible, too. As a great power, China aims for a global presence, and while it traditionally does not build alliances, it is clear that it is interested in the possible political support of those it calls its “partners”. This can be seen, for example, in how many African countries support China in the United Nations,⁷ and in how Greece and Hungary have already prevented the EU from being “too critical” of China.

But none of these partners are allied with China the way numerous countries in the world are allied to the United States. China has already started to withdraw from its alliance with North Korea by announcing that it would not help its isolated neighbour in the event of a war initiated by the latter. And the Shanghai Cooperation Organisation, the much-discussed “NATO of the East” between China, Russia and four Central Asian states, has no collective security mechanisms in place. At the moment there is no country that would rush to assist China in the event of military conflict, and nor is China committed to helping other countries militarily, apart from North Korea in the case of a direct attack.

Furthermore, the position of the United States has been built up over a long period of time and is secured through complex networks of dependencies that would

be very difficult to undo, especially if those countries see China’s rise as a threat. And no new power, regardless of its economic resources, can be a world leader without significant help from other countries or institutions, as was also acknowledged by Xi Jinping at the CCP 19th National Congress. In fact, China’s traditional unwillingness to create alliances can be seen as making a virtue out of necessity, as other countries have not been flocking to ally themselves with it.

In any case, the situation has left China with limited options regarding its goal of becoming the most influential country in the world. However, the approach it successfully adopted as early as the 1990s, that is, reshaping the global network of international institutions, has now proved useful on a larger scale.

CHINA AND INTERNATIONAL INSTITUTIONS

China has traditionally been suspicious of international institutions, and for good reason: the earliest attempts to create global or regional institutions were often indifferent and sometimes openly hostile to Chinese interests. The League of Nations was not able to prevent or stop Japanese aggression in China’s Northeast in the 1930s, the United Nations did not even accept the People’s Republic of China as a member until 1971, and regional organisations such as SEATO and early ASEAN were explicitly built to check the spread of communism in Southeast Asia.

Against this backdrop, China’s shift from resisting international organisations by being a passive member during the early years of reform and opening era from 1978 onwards, to an active participant and even a reformer and rule-maker in the 2000s, is nothing short of remarkable. There are multiple reasons behind this change, such as the ideological shift away from Maoist radicalism as well as the pragmatic economic reforms of Deng Xiaoping that necessitated better external relations in order to attract the much-needed foreign direct investments.

The change was by no means easy, and resulted in both economic and political upheavals in the China of the 1980s. But in general, once the Chinese leaders had set their sights on making China more committed to global governance, the country’s course has faltered only slightly. However, the last stage of this development in

⁷ The case of many African countries is slightly different from the rest, as Sino-African links reach all the way to the era of de-colonization when newly established communist China, through its South-South diplomacy, often supported the liberation movements of Africa.

particular has met with significant institutional inertia as well as outright resistance. This has become clear in Chinese moves to reform the International Monetary Fund (IMF) and the World Bank, or to gain the status of a market economy in the World Trade Organisation (WTO).⁸ Nevertheless, China has been able, with the support of other developing and emerging economies, to slowly change the voting quotas and agenda-setting in international institutions such as the IMF. But these organisations are still firmly controlled by the Western developed economies, and thus, according to China, poorly reflect the needs and interests of less developed countries. In many cases this view is justifiable, as China's voting power (and that of many other former and current developing countries) is still smaller than what could be expected based on the size of their economies. Thus, China has embarked on another mission to influence global governance by building new, parallel institutions that complement and perhaps in the future compete with the existing ones.

Good examples of such institution-building include the Asian Infrastructure and Investment Bank (AIIB), Belt and Road Initiative (BRI, formerly known as One Belt, One Road) as well as institutions funding these, such as the Silk Road Fund and the New Development Bank. While some of them, such as the Silk Road Fund, are Chinese state-owned and controlled, others, such as the AIIB, are open to members outside Asia. Moreover, in the case of the latter, China lacks the number of votes that would guarantee it an effective veto, a signal to other members of the openness of the organisation and as such a veiled criticism of the role of the United States in the IMF, for example. However, it is clear that China's influence surpasses that of the others in these organisations and that they are unlikely to go against China's wishes.

China is also supporting free-trade initiatives such as the Regional Comprehensive Economic Partnership (RCEP) as well as the Free Trade Area of the Asia Pacific (FTAAP). While China is not always a leading power in these (especially the planned free trade areas), it is clear that in the absence of the United States it is by far the biggest participating economy and would thus enjoy considerable influence within them. This has not prevented many traditional allies of the United States from joining: for example, the AIIB that already has

almost 60 member countries, including most of the EU member states as well as Australia, and over 20 prospective members, including Canada.

The interest of many traditional allies of the US in these Chinese-led/initiated institutions is understandable. The current size and continuous growth of the Chinese economy mean that being close to it provides opportunities that are not open to those that give China the cold shoulder. Moreover, the nativist and anti-globalist rhetoric of the current US administration, together with its continuous criticism of international institutions, has not gone unnoticed. Even the remote possibility of the United States withdrawing from its global commitments would mean a major boost for Chinese influence. Thus, for many countries, it is only prudent to show at least mild interest in the Chinese initiatives. And for the moment, this is precisely what China expects of them.

THE PARADOX OF SOCIALIZATION

China's drive for a reformed global order is clear. What is unclear, however, is the exact nature of the order China wishes to create. While China is clearly benefiting economically from economic globalisation supported by global free trade, at the same time it wants to reshape it. This can partly be seen as a way to secure China's future interests, as at the moment it is (in its own view) too dependent on the rules and norms created by other nations. On the other hand, it can be seen as a natural outcome of China's new position as a great power: by definition, great powers are capable of global influence, and inherent in that capability is often the need to make use of it. Lastly, the structures of global governance still favour the developed countries and many developing countries see China as their champion, an emerging power that will bring a more just economic order to the world.

Since the opening and reform policies of China began in the late 1970s, the issue of the country's socialisation process into the wider international community has been a topic of discussion among academics and policymakers alike. Many have seen China's entry into the global community as being key in resolving the threat of conflict between itself and the United States. But until recently, this discussion took place mostly in terms of the speed and depth of China becoming socialised

⁸ For example, the IMF reform was decided within the organisation back in 2010, but was delayed in the US Congress until late 2015. The US voting power is capable of blocking the 85% supermajority needed to change the voting quotas within the IMF.

into the international system. Now it has become clear that China will not only join the global governance, but while being socialised, China will socialise the system as well: China has become too powerful to quietly acquiesce to the rules and norms made in its absence. The fact that China has been allowed by the current, Western stakeholders of the global economic order to continue its peculiar “pick-and-choose approach” to global economic cooperation (such as portraying itself as a champion of free trade while engaging in heavily protectionist policies at home) serves as a case in point. In essence, China has exploited the weaknesses in global economic governance by making the rest of the world dependent on it way past the point of no return. However, this has not happened without making China itself vulnerable to the events taking place outside its control. Today’s China is intrinsically tied to the global economy.

China is indeed challenging the leading position of the United States in the world. However, in so doing, it does not see itself as attempting to replace the US as the global hegemon. The world order that China is endeavouring to create is a more complex one, involving different kinds of sovereign states interacting in what China likes to call “democratic international relations”. As discussed above, this has very little to do with Western liberal democracy and supranational institutions, for example, approaching instead the idea of intergovernmental management of the international order between sovereign states, as exemplified in the G20. In such a setting, the future China would have more influence than others, but still less than what the United States possesses in the post-Cold War world.