

## China's Bid for Asian Hegemony

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by Hugo Restall

**The last time** China sought to re-establish its primacy in Asia, things did not end well. As journalist Keyes Beech described it in his 1971 book *Not Without the Americans*, “Like a man trying to fly without visible means of support, China launched itself onto the Asian and world scene with grandiose objectives that totally disregarded the realities of world power. The result was easily predictable: Peking fell flat on its face.”



HARRY HARRISON

By trying to sow his revolutionary ideology across the Third World, Mao Tse-tung ended up driving much of Asia into Washington's orbit. The worst debacle was the bloody Indonesian coup of 1965 after Beijing tried to foster the local Communist Party; in the aftermath hundreds of thousands of ethnic Chinese and suspected communists were slaughtered. Soon after, the Association of Southeast Asian Nations was formed with Indonesia at its core in order to resist Chinese influence, laying the groundwork for the Pax Americana that has made possible four decades of striking progress toward prosperity.

Now China is ready to try again. But this time the roles are somewhat reversed: The U.S. is perceived as the pushy, intrusive troublemaker in the region, making demands on a range of issue from human rights to intellectual property to the environment. Meanwhile Beijing is refraining from pushing ideology on its neighbors. Rather it is pledging pragmatic partnerships for mutual benefit while rebuilding its traditional prestige as the Middle Kingdom and capitalizing on the natural desire among Asians for self-reliance and freedom from outside interference. With the U.S. paying scant attention to the region and growing increasingly demoralized by its adventure in Iraq, the timing is perfect. This time China has earned its wings and has favorable winds.

## Hard Power

It might seem contradictory, but military might will play a prime role in this diplomatic effort. The People's Liberation Army, long shrouded in secrecy, is starting to come out from under wraps. In January, China successfully tested an antisatellite kill vehicle on one of its own weather satellites. Then in early March, the State Council announced an 18% increase in the official military budget, the largest rise in five years. The local media are splashing pictures and details of the new, domestically developed Jian-10 fighter aircraft. And naval leaders are increasingly forthright about their plans to develop a blue-water navy, including aircraft carriers.

All this hardly means that Beijing is adopting a policy of transparency about its military decision-making, which remains largely opaque. For instance, the true size of the military budget is probably more than double the official figure of \$45 billion. But these glimpses of a more capable PLA do suggest an evolving approach to foreign policy.

The question is who the buildup is aimed at. The traditional answer would have been Taiwan. And it's true that ballistic missiles, air superiority fighters and landing craft are designed to make Taipei step back from the brink of de jure independence. The navy's stealthy attack submarines and missile destroyers would make the U.S. think twice about sending its aircraft carriers into the fray in the event of an attack. Some analysts are fixated on the balance across the Taiwan Strait, predicting that the PLA will decisively outclass the island's defenders by 2010.

However, it's worth asking whether this balance will change so significantly. The mainland already has the power to wreck Taiwan's economy with missile attacks and a naval blockade. But the difficulties of conducting an amphibious landing across a 180-kilometer strait make a full-scale invasion extremely perilous, even with superior weapons and numbers. And in any case, the risk of conflict has been declining since 2003, as President Chen Shui-bian's political woes have worsened and deepening economic ties between the two sides have sapped the support of pro-independence forces.

The true value of China's expanding navy and air force will be to project power and build national prestige elsewhere in the region. The PLA does not have to be able to take on the U.S. directly in a fight in order to be effective in this mission. Indeed, its ability to project force far afield will remain limited for some time, and it is highly dependent on Russia as a supplier of sophisticated arms. But by fielding capabilities beyond the reach of its smaller neighbors in Southeast Asia, China will be able to play a similar kind of role to the U.S. as a security partner, laying the foundation for its eventual assumption of the American role of guarantor of the peace.

Thus in the coming years we should expect to see China seeking to expand ship visits and joint exercises in order to strengthen military to military ties. Paradoxically, the existence of territorial disputes over islands in the South China Sea may facilitate this

process, since engagement would hold out the tempting possibility of a compromise settlement of the rival claims.

### **Soft Power**

At the same time, Beijing has discovered the virtues of using a range of other enticements to increase its standing within the region. Under Deng Xiaoping and Jiang Zemin, China's foreign policy ethos was to hold back and never take the lead. Today the government of Hu Jintao is using the full panoply of foreign aid, trade concessions, foreign direct investment, cultural exchanges and peacekeeping to foster a more benign public image.

In his newly released book *Charm Offensive*, Joshua Kurlantzick of the Carnegie Endowment for Peace traces this back to the aftermath of the 1997 Asian financial crisis, when China received credit for holding the value of the yuan steady and so not contributing to the downward spiral of competitive devaluations.

A mere five years ago, China's economic growth was viewed with trepidation in other Asian capitals. The fear was that the mainland economy would suck investment and jobs away. Instead the opposite has happened. China has become an engine for growth for the whole region. In large part this has been as a buyer of natural resources. But as supply chains have become more complex, companies ship parts produced elsewhere in Asia to China for assembly before the finished products go to the consumer, thus increasing efficiency and enmeshing the regional economies.

Meanwhile, Asean has gone from being the anti-China club to China's partner in trade. Beijing has offered the grouping preferential trading status, engaging it more closely than the U.S. as Washington's attention has been diverted elsewhere.

Of course, many in Asia are still wary of Beijing's intentions, and with good reason. Its support for repressive regimes in North Korea, Burma and Cambodia increases the risk of instability and conflict. As Willy Wo-lap Lam noted recently, often China's actions appear schizophrenic as it pursues contradictory policies. Mao called this "walking on two legs," the theory being that one can get to the destination faster using two different approaches at the same time.

However, while this might have worked when China was a relatively minor player on the world stage, the role of a great power brings with it the expectation of responsible behavior. It remains to be seen whether Beijing has absorbed this lesson. The recent personnel changes suggest that it has. Outgoing Foreign Minister Li Zhaoxing, known for his abrasive style, was abruptly replaced by Yang Jiechi. High profile visits by Party Secretary Hu Jintao and Premier Wen Jiabao to Australia and Japan respectively showed an unprecedented level of diplomatic flair and generated unexpected good will.

Nevertheless, a higher profile inevitably brings with it frictions. Already Chinese workers have become a target in Africa because of the perception that mainland

companies are exploiting natural resources without giving back enough to the local community. Should China begin to throw its weight around in the region, the same resentments felt toward the American superpower would begin to attach itself to the Chinese newcomers.

### **Political Will**

A recent bipartisan panel convened by the U.S. Council on Foreign Relations concluded that the PLA remains far behind the U.S. military in its capabilities, with “no evidence to support the notion that China will become a peer competitor of the United States” by 2030. However, it would be a mistake for American planners to derive much comfort from this.

Equally important as capabilities is the political will to use them. Fears about the U.S. commitment to the region are deep-seated, and have only intensified since the Iraq War. The election of a Democratic Congress seems to reflect the American public’s desire to withdraw from the conflict at almost any cost.

The difficulties of resolving nuclear disputes in Iran and North Korea gives Beijing yet more bargaining power. Washington’s traditional ally South Korea has already drawn closer to China through the process of the Six Party Talks. In order to gain leverage over these rogue regimes, the U.S. may have to acquiesce to a greater Chinese role in East Asia.

Another side effect of the political shift in the U.S. may be a turn toward protectionism. Through the end of the Bush administration punitive tariffs remain unlikely. But a Democratic administration might be unwilling or unable to hold back congressional pressure to “protect” American jobs from Chinese “currency manipulation.” This would have a negative effect not only on China itself, but also on the rest of Asia. The effect could be to drive Asian nations together to promote intra-regional trade.

The U.S. seems to be complacent about China’s diplomatic prospects, assuming that its rising defense spending will frighten the rest of Asia. Hence the continuous questioning of why China needs to continue to build up its military when it faces no threat? In March, the White House spokesman condemned the 18% increase as “inconsistent with China’s policy of peaceful development.”

However, within Asia the reaction has been more muted, suggested it is not so clear-cut. There is no longer a direct link between military spending and fear of Chinese intervention. The emphasis has shifted to what China and the U.S. can offer, and Washington can no longer assume that it will always be the preferred partner.

### **Offshore Balancer**

Provided China continues to play its cards right, the U.S. will have to adapt to a new role in Asia. While the alliances with Japan and Australia will likely remain strong, it will

find itself being held at arms length among the smaller countries that have to make their peace with China. They will seek to play the two off against each other in order to secure benefits, but increasingly they will have closer relations with Beijing. They will still appreciate having some U.S. presence in the region in order to prevent China from becoming too powerful, but they will contribute less and less to that partnership.

The best case scenario may be that China's resumption of its dominant role coincides with its evolution into a responsible great power. In that case, the U.S. still wouldn't be going home, and it might maintain an adversarial relationship with the PLA. But ultimately it would revert to a balancing role in Asia, preventing either China or Japan from gaining preeminent power.

At the end of *Not Without the Americans*, Keyes Beech reflected on weakening American resolve to remain engaged in Asia as the Vietnam War wound down. President Richard Nixon had articulated his Guam doctrine, which essentially said that the U.S. wouldn't do the fighting for its friends anymore. Although assailed by self-doubt and virulent anti-Americanism through the region, the U.S. could be proud that it had achieved of its aim of preserving freedom: "We had done enough for Asia. It was time Asians did more for themselves. The historians will have to decide whether Asia was a better place for our having been there. I like to think that it was."

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