

INR491



**NATIONAL OPEN UNIVERSITY OF NIGERIA**

**SCHOOL OF ARTS AND SOCIAL SCIENCES**

**COURSE CODE: INR491**

**2 CREDIT UNITS**

**COURSE TITLE: CHINA IN WORLD POLITICS**

**INR491**  
**CHINA IN WORLD POLITICS**

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## **Introduction**

INR 491: China in Global Politics is a one-semester course in the Fourth year of B.sc. (Hons) International and Diplomatic Studies. It is a two Unit Credit Course designed to explore the development of China from a sick and dependent economy to a world power. The course begins with a discussion of the historical antecedents of China, to the various wars and challenges they had to surmount before the creation of the Republic and moved on to describe the early political systems that made up the Chinese ideology and beliefs.

INR 491 is designed to facilitate the understanding of the various factors that contributed in the development of the Chinese culture, beliefs, and systems. The course further explores the different era/periods and its influence on the relationship between China and other nations and also the peculiar ways in which they have managed to take care of their challenges and emerge a stronger more virile nation. Issues relating to the problems arising from the success of Chinese development, political and economic issues facing China and the various reform efforts made to improve on the well being of the Chinese nation were all considered in this course. The course further reviews the political changes employed to lift the standard of living of the Chinese nation.

The study units are structured into Modules. Each module comprises of 4 units. A Unit Guide comprises of instructional material and also provides a brief description of the instructional material.

## **Courses Objectives**

The main objective of INR 491 is to facilitate the understanding of the history of China, the various leaders and their thoughts which had great impact on her political ideological systems, the wars and challenges it encountered and how it overcame the factors that contributed immensely to its development and becoming a global force to be reckoned with. The objectives of each unit are specified at the beginning of each unit and are to be used as reference points and to evaluate the level of progress in the study. At the end of each unit, the objectives are also useful to check whether the progress is consistent with the stated objectives of the unit. The entire units are sufficient to completely achieve overall objective of the course.

## **The Course Material**

In all of the courses, you will find the major components thus:

- (1) Course Guide
- (2) Study Units
- (3) Textbooks
- (4) Assignments

## **Study Units**

There are 20 study units in this course: They are:

## **MODULE 1 HISTORICAL ANTECEDENTS OF CHINA**

- Unit 1** Historical antecedents of China
- Unit 2** Chaos in Asia
- Unit 3** The creation of the Chinese Republic
- Unit 4** Chinese economy-Evolution

## **Module 2 ISSUES AND PROBLEMS ARISING FROM THE SUCCESS OF CHINA'S DEVELOPMENT**

- Unit 1** Issues and problems arising from the success of China's development
- Unit 2** Political issues facing China
- Unit 3** Political reforms
- Unit 4** Social change

## **Module 3 THE RISE AND CONSOLIDATION OF GLOBAL POWER 1100-**

- Unit 1** China's place in international trade and political systems
- Unit 2** The cost of success on China-Environment
- Unit 3** Political, social, and economic implication
- Unit 4** Cultural revolution

## **MODULE 4 CHINA TAIWAN AND THE SOUTH CHINA SEA**

- Unit 1** China- Taiwan Relations
- Unit 2** The South China Sea
- Unit 3** The East China Sea
- Unit 4** Nuclear Power in China

## **MODULE 5 CHINA AND GLOBALISATION**

- Unit 1** China and Globalisation
- Unit 2** The Future of Foreign Investment
- Unit 3** Vision of Chinese Companies
- Unit 4** Fundamental Principles of Chinese Foreign Policy

From the above, we can see that the course starts with exploring the history of China, its political and economic systems, the chaos they experienced as a result of its leadership and how they overcame it. It further went on to describe the problems that arose as a result of their development, some very devastating environmental issues, the political reforms and social changes which had to occur to move them forward as a people. Also cost of success on their environment, the socio political and economic implication of this success, finally the course looked at the Cultural Revolution; the cause and effects.

The instructions given in each unit contains objectives, course contents and reading materials. In addition, there are also self-assessment exercise and Tutor-Marked Assignments. All these are intended to assist you in achieving the objectives of each unit.

### **Textbooks and References**

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## **Tutor-Marked Assignments/ Self Assessment Exercises**

There are 20 Tutor-Marked Assignments (TMAs) in this course. You need to submit at least four assignments of which the highest three marks will be recorded. Each recorded assignment counts 10 percent towards your total course grade. Three recorded assignments will thus count for 30 percent. When you complete your assignments, send them including your form to your tutor for formal assessment on or before the deadline.

Self Assessment Exercises are provided in each unit. The exercises should help you to evaluate your understanding of the materials so far. They are not to be submitted. However, answers are provided or directions given as to where to find answers within the units.

## **Final Examination and Grading**

There will be a final examination at the end of the course. The examination carries a total mark of 70% of the total course grade. The examination will reflect the contents of what you have learnt and the self-testing and tutor-marked assignments. You therefore need to revise your course materials before the examination.

## **Course Overview**

There are 16 units in this course. You are to spend one week on each unit. One of the advantages of Open and Distance Learning (ODL) is that you can read and work through the designed course materials at your own pace, and at your own convenience. The course material replaces the lecturer that stands before you physically in the classroom.

All the units have similar features. Each unit has seven items beginning with the introduction and ending with reference/suggestions for further readings.

## **Course Marking Scheme**

The table below shows the breakdown of how the students course assessment is done

Assignment	Marks
Assignment : There are 16 assignment	Four assessments, best three marks out of four count @ 10% each = 30% Course Marks
Final Examination	70% of overall Course Marks
Total	100% of Course Marks

## **Summary**

INR 491: INR 491 is designed to facilitate the understanding of the various factors that contributed in the development of the Chinese culture, beliefs, and systems. The course further explores the different era/periods and its influence on the relationship between China and other nations and also the peculiar ways in which they have managed to take care of their challenges

and emerge a stronger more virile nation. Issues relating to the problems arising from the success of Chinese development, political and economic issues facing China and the various reform efforts made to improve on the well being of the Chinese nation were all considered in this course. The course further reviews the political changes employed to lift the standard of living of the Chinese nation. Upon completion, the student should be able to:

- Describe in details the growth of the Chinese economy from premedieval time till date.
- Discuss in detail, two major effects of the cost of growth on the Chinese environment.
- Discuss the consequences of success in China, how far it outweighs the benefits.
- Discuss the “Three Represents” in details
- Describe in detail the Goals and aims of the political reforms
- Discuss two political issues facing China and recommend solution to them.

Assessment	Marks
Four assignments (the best four of all the assignments submitted for marking).	Four assignments, each marked out of 10%, but highest scoring three selected, thus totaling 30%
Final Examination	70% of overall course score.
Total	100% of course score.

### COURSE OVERVIEW

Units	Title of Work	Week Activity	Assignment (End-of-Unit)
Course Guide			
Module 1	Historical Antecedents of China		
Unit 1	Historical antecedents of China	Week 1	Assignment 1
Unit 2	Chaos in China	Week 2	Assignment 1
Unit 3	Cultural Revolution	Week 3	Assignment 1
Unit 4	Political Social and Economic Life		Assignment 1

Units	Title of Work	Week Activity	Assignment (End-of-Unit)
Module 2	Issues and Problems Arising From The Success of China's Development		
Unit 1	China's place in international trade and political systems	Week 4	Assignment 1
Unit 2	Rise to World Class Competitor	Week 5	Assignment 1
Unit 3	China and Asia today		Assignment 1
Unit 4	The Cost of Success on China-Environment	Week 6	Assignment 1
Module 3	The Rise and Consolidation of Global Power 1100-		
Unit 1	China's Role in the Cold War	Week 7	Assignment 1
Unit 2	Cold War Issues	Week 8	Assignment 1
Unit 3	The United States and China during the Cold War	Week 9	Assignment 1
Unit 4	China in Africa	Week 10	Assignment 1
Module 4	China Taiwan and the South China Sea		
Unit 1	China- Taiwan Relations	Week 11	Assignment 1
Unit 2	The South China Sea	Week 12	Assignment 1
Unit 3	The East China Sea		Assignment 1
Unit 4	Nuclear Power in China	Week 13	Assignment 1
Module 5	China and Globalisation		
Unit 1	China and Globalisation	Week 14	Assignment 1
Unit 2	The Future of Foreign Investment	Week 15	Assignment 1
Unit 3	Vision of Chinese Companies	Week 16	Assignment 1
Unit 4	Fundamental Principles of Chinese Foreign Policy	Week 17	Assignment 1
	Revision	Week 18	
	Examination	Week 19	
	<b>Total</b>	19 Weeks	

### **Facilitators/Tutors and Tutorials**

The course provides fifteen (15) hours of tutorials in support of the course. You will be notified of the dates and locations of these tutorials, together with the name and phone number of your tutor as soon as you are allocated a tutorial group. Your tutor will mark and comment on your assignments, and watch you as you progress in the course. Send in your tutor-marked assignments promptly, and ensure you contact your tutor on any difficulty with your self-assessment exercise, tutor-marked assignment, and the grading of an assignment. Kindly note that your attendance and contributions to discussions as well as sample questions are to be taken seriously by you as they will aid your overall performance in the course.

### **Conclusion**

This is a theoretical as well as empirical course and so, you will get the best out of it if you can read wide, listen to as well as examine materials on China, its people, culture economy etc. You will also get to know the relationship between China and other world powers, their place in global trade and politics'

### **Summary**

This Course Guide has been designed to furnish you with the information you need for a fruitful experience in the course. In the final analysis, how much you get from it depends on how much you put into it in terms of learning time, effort and planning.

I wish you all the best in INR 491 and in the entire programme!

## **MODULE 1 HISTORICAL ANTECEDENTS OF CHINA**

- Unit 1** Historical antecedents of China
- Unit 2** Chaos in Asia
- Unit 3** The creation of the Chinese Republic
- Unit 4** Chinese economy-Evolution

## **Module 2 ISSUES AND PROBLEMS ARISING FROM THE SUCCESS OF CHINA'S DEVELOPMENT**

- Unit 1** Issues and problems arising from the success of China's development
- Unit 2** Political issues facing China
- Unit 3** Political reforms
- Unit 4** Social change

## **Module 3 THE RISE AND CONSOLIDATION OF GLOBAL POWER 1100-**

- Unit 1** China's place in international trade and political systems
- Unit 2** The cost of success on China-Environment
- Unit 3** Political, social, and economic implication
- Unit 4** Cultural revolution

## **MODULE 4 CHINA TAIWAN AND THE SOUTH CHINA SEA**

- Unit 1** China- Taiwan Relations
- Unit 2** The South China Sea
- Unit 3** The East China Sea
- Unit 4** Nuclear Power in China

## **MODULE 5 CHINA AND GLOBALISATION**

- Unit 1** China and Globalisation
- Unit 2** The Future of Foreign Investment
- Unit 3** Vision of Chinese Companies
- Unit 4** Fundamental Principles of Chinese Foreign Policy

## **MODULE 1 HISTORICAL ANTICEDENTS IN CHINA**

### **INTRODUCTION**

China's economic strength has made her a nation with a voice in the international forum. These economic strength didn't come cheaply. Prior to 1949, Chinese economy was stagnated. Foreign military imposed unequal treaties reduced China's sovereignty levels and the international economic environment was characterized by predatory trade practices of the European Imperialist powers. These two factors reduced the opportunities for China to economically develop through interaction with the global environment.

Before 1800, Imperial China under the Qing dynasty was a major world economic power, accounting for about 32% of the world's economy (Maddison, 1998). From 1800 on, China's economic growth began to stagnate and grew at less than 1% annually until 1949. By 1949, China's share of an expanding world economy had shrunk to 5% and China was seen as one of the poor countries of the world, the "sick man of Asia" with a per capita annual income of about US\$50 (Naughton p 50). China's economic stagnation from 1800 to 1949 and its economic success thereafter, raise two questions. First: what factors prevented a major economic power in 1800 from maintaining its important economic position in the world economy from 1800 to 1949? Second: What factors helped impoverished China of 1949 to achieve sufficient levels of economic growth, particularly after 1978 to make China a major world economic power again, becoming the third largest economy after United States and Germany by 2004.

**UNIT 1** Historical Antecedents of China

**UNIT 2** Chaos in Asia

**UNIT 3** Cultural Revolution

**UNIT 4** Political, Social and Economic Life

## **UNIT 1 HISTORICAL ANTECEDENTS OF CHINA**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 The Historical development of China
  - 3.2 Chinese culture and writing
  - 3.3 Ways of Life: Daoism (Taoism) And Confucianism
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 References/Further Readings

### **1.0. INTRODUCTION**

China's economic strength has made her a nation with a voice in the international forum. These economic strength didn't come cheaply. Prior to 1949, Chinese economy was stagnated. Foreign military imposed unequal treaties reduced China's sovereignty levels and the international economic environment was characterized by predatory trade practices of the European Imperialist powers. These two factors reduced the opportunities for China to economically develop through interaction with the global environment.

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An answer to these questions will help us to understand the nation China, the roles played by domestic China and global factors in the stagnation and subsequent economic advancement of the nation.

### **2.0 OBJECTIVES**

At the end of this unit, students should be able to

1. Describe the historical development of China
2. Explain the major factor that made it possible for the Shang culture to be adopted as Chinese culture

3. List and explain the two main schools of thought that influenced the Chinese.
4. Discuss the factor that contributed to the geographical enlargement of the socio-political reach of the Shang culture

### **3.0 MAIN CONTENT**

#### **3.1 HISTORICAL DEVELOPMENT OF CHINA**

The origin of the Chinese State:

The birth of philosophical thought in China took place during a period when political and social structures that had been long established were subject to acute stress. Pre-historic China was a political entity that was characterized by the gradual development and spread of a single dominant cultural strain that brought a certain degree of social unity to a broad region, originally peopled by tribes of various very different cultures. It was the dissolution of social and political stability during the period after 800BCE that led to the emergence of systematic reflective thinking about society, nature, and the supernatural about three centuries later.

During the second millennium BCE, one of the many local cultures of the prehistoric Chinese mainland, sometimes called the Shang culture, began to absorb its neighbours into a type of loose polity that became the ancestor of what we now think of as China. Although this marked the Chinese State as a relatively late arrival compared to Mediterranean States such as Egypt and Babylonia, the growth of China during second millennium was striking and led to a marked span of unity and stability during the period 1000-800.

#### **3.2 CHINESE CULTURE AND WRITING**

The Shang culture became literate sometimes during the period 1500-1250 by employing the system of ideographs that we refer to today as Chinese characters.

Because characters differ from an alphabetic script in that they convey meaning without necessary reference to phonetics, the powerful tool of written language was diffused relatively easily among the various linguistic communities that occupied China at that time, enhancing early trends towards political coherence. This phenomenon may have contributed to the geographical enlargement of the socio-political reach of the Shang culture, as the diffusion of literate culture reinforced military and diplomatic efforts to create an extended State.

The apparent linguistic homogeneity of the Shang political sphere, provided by the written rather than the spoken language fostered a strong concept of cultural unity. The people of the Shang culture viewed the expansion of the State not as an imperial process of conquest, but as a process of cultural diffusion and increasing inclusiveness towards the inevitable future of a universal state.

If we trace the Chinese society back to its earliest ancestral culture, we see a variety of features that are distinctive of the social environment in which philosophy emerged in China. These include 1: the belief in the normative goal of creating a universal culture subsuming all pre-literate and non-agricultural peoples within the Chinese cultural sphere, 2: the associated notion that the Chinese cultural sphere is a natural socio-political unit, 3: the existence of a sharply stratified class society with power concentrated in walled urban nodes, 4: the dominance of



lineage structures and family-centered personal values, 5: the centrality of ancestor worship and the suffusion of religious ritual throughout society.

Prior to the classical era, the cultural sphere we retrospectively identify as China had been characterized by long stretches of time during which the appearance of political stability had been provided by the existence of a single royal clan which provided a dynastic succession of ruling kings. The classical Chinese understanding of the past identified three dynasties prior to the classical age: The Xia, The Shang (or Yin) and The Zhou (or Chou). At present, historicity of the Xia Dynasty is uncertain (it would have been a preliterate political entity, and if such a dynasty existed, it left no written record proclaiming itself). The Shang royal clan ruled the polity embracing what we have termed Shang culture from 1500 to 1045. At that time, the Shang royal house was toppled by the dominant clan of a fringe member of the Shang polity, the tribe of Zhou. The Zhou royal house succeeded the political influence of the Shang and ruled over an expanding state with considerable success until 771, at which time the Zhou capital was sacked by nomad invaders from the Western regions and the Zhou king killed. The Chou dominated the other states for some eight hundred years, though, even so, there was much fighting between these small scattered, almost independent kingdoms

### **SELF ASSESSMENT EXERCISE**

What major factor made it possible for the Shang culture to be adopted as the ‘Chinese Culture’

### **3.3 WAYS OF LIFE: DAOISM (TAOISM) AND CONFUCIANISM**

At this time, the people were using iron for their farm implements and weapons, and had developed large scale water control systems to irrigate their fields. The States had the noble families at their heads and were armed and fortified. Some built long walls to guard against attacks by groups of nomads from the North. Trade grew between cities and new settlements spread beyond the original heartland, south wards towards the middle Chang Jiang and eastwards towards Mongolia.

There were long periods of settled life, the richer families had the leisure to create, or commission, fine works of art or craft. There were great social differences between the noble families, the middle class officials were able to use the pictograph Chinese characters for writing, the skilled potters and metal workers, the peasant families and the merchants scholars found time to consider how people should live together in society and behave towards each other to their best advantage. The thoughts and saying of two of them had especially influenced the Chinese through the centuries, and still do today.

Lao Zu (Lao-tzu) , who was born about 600 BC, considered that people who were part of the natural world, should be free to organize themselves to act together for the good of all, He also saw that in the cause of struggling to organize others and through seeking power, people could lose there natural goodness. He suggested a way (DAO) to live in harmony with nature by being loving, honest, seeking, learning and being charitable. From such thoughts people developed Daioism as a form religion.

About a hundred years later, Confucius, a wandering scholar, suggested how each group in society should behave. The rulers should be kind and sincere, the subjects loyal, the scholars honest in their thinking; and the young respectful to their elders in fact, strong, obedient family life, with reverence for ancestors was already part of Chinese life and remained so through the ages. This kind of Confucian thinking, with everyone playing his proper role in society, was used later to maintain traditional customs and order in China with people looking upward, through ranks of officials to the emperor at the top, and through him only to the worship of heaven. Two hundred years after Confucius, when the States were quarrelling and breaking away from the rule of the Chou dynasty, the scholar Mencius went further and suggested that people had a duty to rebel against a wicked ruler.

#### **4.0 CONCLUSION**

From 1800 to 1949, the global economic environment was characterized by European-led industrialization, as well as intensive European colonization activities. Many European countries made great strides in industrialization and also carried out the colonization of much of Asia, the Middle East, and Africa. Consequently, these non-western countries and regions lost their sovereignty as well as the opportunity to carry out economic development under their own ownership and control and for their domestic benefits. Only China, Thailand and Japan in Asia, Ethiopia in Africa and Afghanistan, Iran and Turkey (as part of the Ottoman Empire) in the Middle East were able to keep at least nominal independence.

#### **5.0 SUMMARY**

The pre-1949 global economic environment, in theory, presented opportunities for non-western countries that remained independent to economically develop. There were international markets for many non-western commodities and products, such as tea and silk, and western industrial and military technology was available to independent non-western countries that had the desire and the financial resources to purchase industrial technology. But to be successful at economic development, a country needed to have enough sovereignty to keep control of its economy and foreign trade, and the leadership to design a plan for economic development in a non-western country. It often was a part of an overall effort at ‘defensive modernization’, designed to keep the threatened country from becoming a colony. ‘Defensive Modernization’ was however very difficult to achieve, of the few non-

European countries that did manage to keep their independence from the 1880s till World War I, only Meiji Japan and to some extent Ottoman Turkey were able to also carry out successful economic development. Qing China tried to carry out economic development, but the results were mixed, mainly because the unequal treaties militarily forced on Qing China made China semi-sovereign, thereby depriving it of important areas of sovereignty and placing obstacles in the path of Chinese economic development efforts.

#### **6.0 TUTOR MARKED ASSIGNMENT**

1. What factor made it possible for the Shang culture to be adopted as ‘Chinese Culture?’
- 2: Examine the philosophical thoughts of scholars like Lao Zu and Confucian.

## **7.0 REFERENCES AND FURTHER READINGS**

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Quick Access to The Peoples' Republic of China-The First Sixty Years( 1949-2009) Foreign Language Press, Beijing China,2010.

## **UNIT 2        CHAOS IN ASIA**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 The First Chinese Empire
  - 3.2 The Han Dynasty
  - 3.3 China and Western Influence
  - 3.4 The Taiping Rebellion
  - 3.5 The Boxer Rebellion
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 References/Further Readings

### **1.0. INTRODUCTION**

In this unit, we will examine the various dynasties that ruled China in its early days and their contributions to the state, the various challenges, wars, troubles and rebellions which she had to surmount to arrive to its present state.

### **2.0 OBJECTIVES**

At the end of this unit, the students should be able to describe

1. What common factor plagued the various dynasties that ruled China
2. Critically analyse the reasons behind the 'Opium' war. State if and why the war was justified.
3. Who are the 'boxers'? What was their main objective?

### **3.0 MAIN CONTENT**

#### **3.1 THE FIRST CHINESE EMPIRE**

##### **THE QING DYNASTY**

Fighting increased among the States until by 221 BC, the Qing (Chin) people from the south-west, crushed the rest. Their ruler Qing Shi Huang Di, proclaimed himself the "First Emperor". Shu Huang Di, like most strong rulers, did both good and bad things. He forced Hundreds of Thousand to labour on the immense task of linking and then extending the old State walls. The result was a great wall which ran for some 2250 km from Northwestern borderlands eastwards to the sea. Thousands died in the process. Among other things he did, He established governors over States, and broke the power of their ruling families, But when scholars supported the families, he ordered the destruction of all scholarly writings. After the Death of Shi Huang Di, came the Han Dynasty from 206 BC to 220 AD.

### 3.2 THE HAN DYNASTY

Under the Han dynasty rule, Chinese settled far to the south, about the Xi river and in Indo-China. New trade routes were established as merchants linked with merchants along this “Silk Route”, as camels, mules, horses, and yaks carried silk to the West and brought back precious Stones and metals.

In China, there was a revival in education. The brush pen began to be used, there were many practical advances, many large canals were linked for irrigation and navigation etc. During this period, agriculture benefited from the large scale irrigation works and dyke building, fertilizers were used extensively, wheelbarrows and seed drills were adopted, use of animal and water power for milling and so on. But, even so, conditions of life varied with a person’s position in society. Although the State expanded and prospered and large land owners became rich, the poor peasant farmers were burdened by the high taxation and were called up to serve in the Han armies, which controlled the new territories. They were the first to suffer from the floods and droughts which continued to devastate parts of China through the ages.

**Buddhism Arrives:** Under the Han dynasty, men had travelled to India to collect holy Buddhist writings. When the Han dynasty broke into three separate kingdoms, Buddhism was officially recognized in the north which was controlled by the Tartans from central Asia, and was followed by larger numbers of people. Despite these divisions, the Chinese ways of life continued, and monastic temples and pagodas first formed part of the landscape. These became even more numerous under the Tang dynasty which followed, and which once more united China. The code of Confucius and control of everyday life by scholar-officials remained; yet both Buddhism and Daoism were accepted and borrowed ideas and practices from each other.

### 3.3 CHINA AND WESTERN INFLUENCE THE OPIUM WAR

Under the Ming emperors, Chinese fleets had sailed south to Malacca and into the Indian Ocean to Sri Lanka (Ceylon) and East Africa. Chinese merchants began to trade in Malacca and in the East Indian Islands of Java and Sumatra. During the sixteenth century, Portuguese ships visited south eastern ports of China and in 1557 Portugal was allowed to set up a small trade colony on the Macao peninsula. The Dutch established a base on the large island of Taiwan, but were ousted in 1683, when for the first time; it became part of the Chinese empire. Luxon in the Philipines has become an important trading base to which many Chinese migrated.

European merchants were keen to trade with china, and during the eighteenth century, ships of many nations faced the hazards of Japanese pirates to visit ports in southern china, especially Guangzhou (canton)

The emperor and court were in fact, against trade with the west and informed foreign official that China lack nothing and had no need for outside manufacturers. Chinese traders at Guangzhou had to obtain conditions for trade from Beijing, which took many weeks.

However, the British, especially had begun to make great profits by trading in opium, grown in India and other parts of the British Empire. In 1800, the Chinese empire banned the importation of this drug which was harmful to the people and draining silver bullion from the country. The

British persisted and in 1839, Chinese officials burnt merchant stocks at Guangzhou, fighting broke out when attempts were made to block the British ships engaged in the trade. This led to the opium war of 1840-1842. In 1842, Chinese was forced to negotiate the treaty of Nanking, when Britain gained colony of Hong Kong and the right to trade in the treaty ports- Guangzhou, Xiamen (Amoy), Fozhou (Foochow), Ningbo and Shanghai. Soon France, the USA, Italy and Germany acquired similar right.

### **3.4 THE TAIPING REBELLION:**

Living conditions continued to be desperately poor for most of China's growing peasant population. Land shortages, high taxes and severe floods had brought misery to millions of Chinese, most of whom resented Manchu rule. In 1850 rebellion broke out in South –central China, and for fifteen years the people fought to overthrow Manchu domination. The uprising, known as the “Taiping” rebellion proved that peasants would wield power, even though the horrific number of twenty million people perished in the long struggle. In 1856, the British fought the Manchu government over interference with commerce and forced them to yield more trading rights and to make opium trade legal.

The Rebellion had weakened the imperial army, and in 1860 the emperor fled from Beijing. The French and British preferred a weak Manchu rule to the unknown, so the European powers helped the emperor to enforce a peasant surrenders in 1864. They had gained new rights to open up China to foreign trade, and the number of treaty ports increased.

The influence of the Western nations was now strong. They could use the rivers and build railways. They divided parts of China into trading areas, where each nation has special influence. Thousands of missionaries came from Europe and America, many hoping to promote welfare as well as Christianity; they made conversions but were distrusted by most of the people. China lost Vietnam to the French in 1885, upper Burma to the British in 1886. A dispute with Japan over Korea led to war in 1894, China lost, the victorious Japan took Taiwan and other Islands and Korea became independent. Millions of Chinese emigrated to seek laboring jobs in South-East Asia, America and Australia

### **3.5 THE BOXERS REBELLION**

In China there was naturally, a great anti- foreign feeling in 1900, a society known as the Boxers who called for the people to destroy foreigners killed many missionaries and convert, entered Beijing and set siege to the foreign legations. The old dowager empress, CI XI(Tz'uHsI), who had been the power behind the Manchu throne since 1861, allowed soldiers to take over from the Boxers. The siege lasted 55 days, until international forces relieved defenders. The foreign powers took even firmer control, not only through the military, but by running banks, shipping, insurance, railways, and mining companies. The dowager empress died in 1908, and the powerless emperor was killed by intrigue so that her two years old nephew, Pu Yi became the last emperor until Manchu dynasty ended in 1912.

#### **4.0 CONCLUSION**

Various kingdoms and dynasties ruled over the nation of China. From the first Qing empire, under whom thousands died, to the Han dynasty who revived the educational sector and made progress in farming systems, to the Tang and Song dynasties under whom trade, commerce and industries progressed. One thing is common to all the dynasties, the poor got poorer and the rich richer.

#### **5.0 SUMMARY**

The Chinese nation had its troubles. It seemed as if it was unending as each one gave rise to another but one thing they were united against was colonization by the westerners. Though it was inevitable, the westerners didn't just ride over them. Their nationalist posture gave them audacity.

#### **6.0 TUTOR MARKED ASSIGNMENT**

- 1: What common factor plagued the various dynasties that ruled China
- 2: Critically analyze the reasons behind the Opium war and state if the war was justified.
- 3: Who are the 'boxers'? What was their main objective

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**UNIT 3 CULTURAL REVOLUTION**

## 1.0 Introduction

## 2.0 Objective

## 3.0 Main Content

## 3.1 Build up to the Cultural Revolution

## 3.2 Descent into chaos

## 3.3 Return to order

## 3.4 The later years of the Cultural Revolution

## 3.5 End of the Cultural Revolution

## 4.0 Conclusion

## 5.0 Summary

## 6.0 Tutor marked assignment

## 7.0 References/ Further Readings

**1.0 INTRODUCTION**

The “Great Proletarian Cultural Revolution,” usually known simply as the Cultural Revolution (or the Great Cultural Revolution), was a “complex social upheaval that began as a struggle between Mao Zedong and other top party leaders for dominance of the Chinese Communist Party (CCP) and went on to affect all of China with its call for “continuing revolution.” This social upheaval lasted from 1966 to 1976 and left deep scars upon Chinese society. The roots of the Cultural Revolution date back to the early 1960s. After the catastrophic Great Leap Forward, in which more than 20 million people died, Chairman Mao Zedong decided to take a less active role in governing the country. More practical, moderate leaders, such as Vice-Chairman Liu Shaoqi and Premier Zhou Enlai, introduced economic reforms based on individual incentives—such as allowing families to farm their own plots of land—in an effort to revive the battered economy. Mao detested such policies, as they went against the principles of pure communism in which he so firmly believed. Nevertheless, China’s economy grew strongly from 1962 to 1965 with the more conservative economic policies in place. At the same time, Mao started to worry that local party officials were taking advantage of their positions to benefit themselves. Rather than resolving such cases internally to preserve the prestige of the CCP, Mao favored open criticism and the involvement of the people to expose and punish the members of the ruling class who disagreed with him; he framed this as a genuine socialist campaign involving the central struggle of the proletariat versus the bourgeoisie.

**2.0 OBJECTIVE**

At the end of this unit, the student should be able to

- 1: give a historical account of the Chinese Cultural Revolution
- 2: describe the major ideology behind the revolution
- 3: discuss the effect of the Cultural Revolution on modern China

### 3.0 MAIN CONTENT

#### 3.1 BUILD UP TO THE CULTURAL REVOLUTION

Overall, Mao began to fear that the CCP was becoming too bureaucratic and that Party officials and planners were abandoning their commitment to the values of communism and revolution. Since the Great Leap Forward, he believed that he had been losing influence among his revolutionary comrades, and thus, the battle for China's soul. Some members of the Communist leadership argued for a new campaign of radicalism to overcome what they perceived as the stagnation of the country. Mao's wife Jiang Qing and other officials argued that artistic and cultural works were beginning to criticize communism and should focus more on promoting a revolutionary spirit. Lin Biao, the head of the national army (called the People's Liberation Army or PLA), was perhaps Mao's strongest ally. Lin organized hundreds of Mao's quotes into a book called *Quotations from Chairman Mao*, better known as the "Little Red Book." Lin required every soldier to read the book and emphasized adherence to the Party line and loyalty to CCP leaders in the Army. Mao praised the PLA as an example for the Chinese people, and Mao's status and image reached new heights when all Chinese began to study his book of quotations and memorize passages of the book; Mao became a prophet-figure in the minds of many Chinese. The Beginning of the Cultural Revolution When Jiang Qing and her allies complained in late 1965 that various cultural productions were openly criticizing the Communist leadership, Mao decided that China needed a new revolutionary movement. Beginning in May 1966, Jiang Qing's allies purged key figures in the cultural bureaucracy and criticized writers of articles seen as critical of Mao. That same month, the top party official in Beijing University's Philosophy Department wrote a big character poster, or dazibao, attacking the administration of her university. Faculty at the country's other universities soon began to do the same, and radicals among faculty and students began to criticize Party members. This wave of criticisms spread swiftly to high schools in Beijing. Radical members of the leadership, such as Jiang Qing, distributed armbands to squads of students and declared them to be "'Red Guards—the front line of the new revolutionary upheaval.'" Mao endorsed the revolutionary discourse and the attacks on authority figures, which he believed had grown complacent, bureaucratic, and anti-revolutionary. Local Red Guards attacked anyone whom they believed lacked revolutionary credentials, and then turned on those who simply failed to wholeheartedly support their efforts.

In August 1966, the Central Committee issued a directive entitled the "Decision of the Central Committee of the Chinese Party Concerning the Great Proletarian Cultural Revolution" (a.k.a. the Sixteen Points) in an effort to define the revolution's goals. Later that month, Mao began to greet huge parades of Red Guards holding aloft the "Little Red Book." However, despite official directives and encouragement from the Party leadership, local forces were left to act according to their own definitions, and many of them ended up inflicting violence upon their communities and clashing with each other. Nobody wanted to be considered a "reactionary," but in the absence of official guidelines for identifying "true Communists," everyone became a target of abuse. People tried to protect themselves by attacking friends and even their own families. The result was a bewildering series of attacks and counterattacks, factional fighting, unpredictable violence, and the breakdown of authority throughout China. Some believe that this chaotic, violent response stemmed from the two decades of repression that the Party had imposed on China. Two particularly effective methods by which the CCP controlled the Chinese population were assigning class labels to each person, and giving the boss of each work unit nearly unlimited

control over and knowledge of the lives of all the workers accountable to him or her. As a result, freedom of expression was denied, people were totally dependent on their bosses and were obliged to sacrifice and remain completely obedient to the Chinese nation, and only Party members exercised direct influence over their own lives. Thus, to the youth of the day, the Cultural Revolution represented a release from all their shackles, frustrations, and feelings of powerlessness. It also gave them the freedom to enact revenge on those whom they believed exercised undue influence over them or whom they had been told were “class enemies.”

## **SELF ASSESSMENT EXERCISE**

What was the major rationale behind the Cultural Revolution?

### **3.2 DESCENT INTO CHAOS**

The chaos and violence increased in the autumn and winter of 1966, as schools and universities closed so that students could dedicate themselves to “revolutionary struggle.” They were encouraged to destroy the “Four Olds”—old customs, old habits, old culture, and old thinking—and in the process damaged many of China’s temples, valuable works of art, and buildings. They also began to verbally and physically attack authority figures in society, including their teachers, school administrators, Communist Party members, neighbors, and even their friends, relatives, and parents. At the same time, purges were carried out in the high ranks of the Communist Party. On New Year’s Day 1967, many newspapers urged coalitions of workers and peasants to overthrow the entire class of decision makers in the country. The Red Guards were instructed to treat the Cultural Revolution as a class struggle, in which “everything which does not fit the socialist system and proletarian dictatorship should be attacked.” Radical revolutionary groups responded with fervor, attempting to gain control over local organizations. However, the end result was that local authorities and Party leaders were now dragged into the fighting that was quickly enveloping the rest of society. In the absence of coordination, rival “revolutionary units” fought Party leaders and each other, and the unending series of local power struggles multiplied even further. Overall, the Red Guards and other groups of workers and peasants terrorized millions of Chinese during the 1966-1968 periods. Intellectuals were beaten, committed suicide, or died of their injuries or deprivation. Thousands were imprisoned, and millions sent to work in the countryside to “reeducate” them by laboring among the peasants.

The breakdown of order reached its peak in the summer of 1967: opposing worker and student factions clashed throughout the country, with particularly intense violence in Beijing and Guangzhou, and massive fighting between local militant groups and the PLA in Wuhan led to the deaths of more than a thousand protestors. In perhaps the final straw, radicals assumed control of the Ministry of Foreign Affairs in August 1967 and began to appoint their own radical diplomats to Chinese embassies around the world.

### **3.3 RETURN TO ORDER**

At this point, most party leaders, including Zhou Enlai, Mao Zedong, Lin Biao, and Jiang Qing, agreed that the disorder was becoming too widespread to control and the country was in serious

danger of falling into anarchy. They began to emphasize studying Mao's works rather than attacking class enemies, used workers' groups to control student groups, and generally championed the PLA while denouncing "ultra-left tendencies." Nevertheless, armed clashes continued until the summer of 1968, when Mao called on troops to quell an uprising at Qinghua University in Beijing. Five people were killed and 149 wounded in the confrontation, including workers who were shot by students. After this final gasp of violence, a semblance of order returned to the country: "Revolutionary Committees" consisting of representatives from the PLA, "the masses," and "correct" Communist Party cadres were established to decide on leadership positions and restore order. Although its most chaotic phase had ended, the Cultural Revolution officially continued, and with it the unpredictable persecution of many Chinese. For example, the "Campaign to Purify Class Ranks," which lasted from late 1967 until 1969, attempted to rid the Party of those with "bad" class backgrounds. Its goal was to identify Communist Party cadres who had ties to the West or to landlords or rightists and subject them to psychological pressure in group sessions to confess their mistakes. Ironically, this led to the persecution of many of the most militant Red Guards: these were people who had tried to abandon their poor class background and prove their "Redness" by acting militantly during the Cultural Revolution. Despite their previous revolutionary fervor, they were now tortured and banished from the CCP. Many Chinese accused of being counterrevolutionaries were sent to the countryside to engage in hard rural labor as a complement to their political indoctrination. They were urged to praise Mao and Lin Biao and to condemn Liu Shaoqi as a revisionist bourgeois. Their conditions were extremely basic, and many who were old or weak suffered from the demanding labor and lack of comforts. Lin Biao was named Mao's successor at the National Party Congress. The same year, Soviet troops clashed with Chinese troops on China's northern border, leading to widespread support of the PLA, which Lin Biao led. However, in 1970, Mao began to criticize some of Lin's top officers and changed the constitution so that Lin could not ascend to a higher post. Then, in late 1971, the CCP announced that Lin had attempted to assassinate Mao due to frustration over seeing his political ambitions blocked. Lin had then tried to flee China with his family in a plane, which crashed in Mongolia in September 1971, killing all on board. This story was impossible to prove, and many believe it was fabricated. Nevertheless, the Party now painted Lin Biao as a "renegade and traitor" and condemned him as an enemy of the people. However, after revering Lin Biao as one of the country's greatest heroes for nearly a decade, the about-face caused many Chinese to doubt, perhaps for the first time, the honesty of the Communist Party and its leaders. Most historians believe that Mao felt threatened by Lin's growing power and popularity and began to worry that Lin would overthrow him. Thus, Mao eliminated Lin to consolidate his role as uncontested leader of the Party.

### **SELF ASSESSMENT EXERCISE**

The 'class' system was a mere tool employed by Mao Zedong to keep the Chinese masses loyal to his group. Discuss

### **3.4 THE LATER YEARS OF THE CULTURAL REVOLUTION**

The early years of the Cultural Revolution had left the educational system in disarray. High schools and universities were gradually reopened in the late 1960s and especially the early 1970s, but it wasn't until 1973 that examinations for entrance into universities were reinstated. These examinations replaced "revolutionary purity" as the basis for college admissions. Overall,

it is estimated that some 16 million urban Chinese youth had been sent to work in the countryside during the Cultural Revolution. While they were supposedly there to develop solidarity with the peasants and contribute their labor to the revolution, they were also relocated to ease the overcrowding of Chinese cities. Years of living in the countryside meant that this generation lost out on educational opportunities and that its intellectual capacity was underdeveloped. Another result of the 1969 border clashes with the Soviet Union was China's quest to find friends abroad. China reestablished ties with the West after President Richard Nixon's 1972 visit to China and signed trade deals with Western nations. To ensure that the influx of elements of Western culture would not dilute the Cultural Revolution's ideals, Mao simultaneously launched the "Anti-Lin Biao Anti-Confucius" campaign, urging Chinese to stay true to Marxist values.

### **3.5 END OF THE CULTURAL REVOLUTION**

By 1974, China's two most powerful leaders, Zhou Enlai and Mao Zedong, were chronically ill and unable to govern effectively. The four main remaining leaders of the Cultural Revolution, led by Mao's wife Jiang Qing, engaged in an internal power struggle with more moderate, pragmatic Party members like Deng Xiaoping. Zhou Enlai died in January 1976. Many Chinese deeply mourned his death because they believed that he was a moderating force who had put the well-being of the Chinese people before all else. On April 5, 1976, thousands of Chinese gathered in Tiananmen Square to commemorate Zhou and to ask for "more openness in government, an end to dictatorship, and a return to the true spirit of Marxism-Leninism." As with all previous such requests under the CCP, these demonstrations were suppressed. Chairman Mao Zedong, China's supreme leader for 27 years, died on September 9, 1976. The entire country entered an extended period of grief over Mao but did not protest as they had after Zhou's death. Hua Guofeng, the CCP's second-in-command, seized power and arrested the four remaining leaders of the Cultural Revolution, labeling them the "Gang of Four." They were accused of dozens of crimes, including masterminding most of the mistakes of the Cultural Revolution against Mao's wishes. They made handy scapegoats for the excesses of the Cultural Revolution, leaving Mao's reputation officially unblemished. The arrest of the Gang of Four on October 6, 1976, is thus considered by many to mark the end of the Cultural Revolution. The reversal of the extreme policies of the Cultural Revolution continued in December 1978, when a conference of Party leaders declared victory in the struggle against Lin Biao and the Gang of Four and proclaimed that China could now progress to "socialist modernization," which in practice meant opening up to the West and transitioning to capitalism. In 1979, Deng Xiaoping became the undisputed leader of China. He led the country down a definitive road toward capitalism, greater economic freedom, and stronger links with the outside world. The Cultural Revolution had ended, and in its place was something quite nearly its opposite: pragmatism, interdependence, openness to outside influences, and capitalism. The CCP's monopoly on power and attempts to control the population remained, but the Cultural Revolution had severely damaged the CCP's legitimacy, and it would no longer enjoy the trust and absolute power it had during that tumultuous 10-year period of modern Chinese history.

### **4.0 CONCLUSION**

The Cultural Revolution was one of the most complex events in the history of the Chinese Communist Party. All the Chinese people and institutions were involved and changed forever.

Although Mao initiated the movement, once the masses were mobilized the movement gained its own momentum. Mao and his party would continue to manipulate the masses but the masses would find ways to express themselves spontaneously. The Cultural Revolution would last from 1966 to 1976 and pass through a number of stages with the majority of the violence occurring in the first two years. As the Chinese masses split into factions, factional struggles affected the course of the Revolution. Mao would call on students to purge those that had betrayed the revolution.

Widespread violence was the Cultural Revolution's most unusual aspect and has become the main definition of this time. The People's Republic had suffered brutality but none so widespread as the Cultural Revolution. The student revolts that began in Beijing educational institutions quickly led to violence. Libraries were burned to the ground by Red Guards. Anything that was not in line with Marxist-Leninist Mao Zedong Thought was destroyed. Murder was so widespread that trucks patrolled streets in Beijing looking for dead bodies. The suicide rate increased dramatically as people, who attempted to escape persecution jumped from buildings, drank insecticide and would lie across tracks in front of oncoming trains or throw themselves in front of cars. Not only did people during the Cultural Revolution die from murder and suicide, but also, unnecessarily, from illness due to the refusal to grant medical aid to those considered counter-revolutionaries. Everyone in China was affected; everyone knew someone who had died. Historians have had to ask: Why did so many Chinese attack each other with such violence? Why would groups of young?

## 5.0 SUMMARY

After the arrest of the Gang of Four, visas became easier to obtain and more cities were opened to foreigners. For the first time conversations with ordinary Chinese became possible. Government officials even seemed to delight in unmasking the past unpleasantness, if it could be blamed on the Gang of Four. With the relaxation of visa requirements came a new political climate towards American correspondents who now found it possible to make regular visits. More visits meant that they were less vulnerable to obvious forms of manipulation. Also in 1977, Beijing opened China up to tourists, which brought about changes as well. The Chinese people, once denied any contact with foreigners were now enlisted in large numbers to serve them. Unflattering information about China began to trickle out of the country. The press, which only a short time earlier had only admiration for Mao's China now began to attack and the incentive was provided by Beijing itself. It was the regime's attack on its recent past that gave Western correspondents much of the substance for their reports.

The regime's disowning of its own past was difficult for the West to ignore. After years of projecting an image of infallibility, Beijing was admitting that all had not been well in the world of Mao. Post-Mao leadership's attacks on Mao began to dismantle the Maoist personality cult. This happened very quickly as posters were torn down and statues razed. Mao's failures and misinformation campaigns were hard to ignore. Scholars in the West who had earlier come to the defense of the Beijing regime and its policies actually apologized and wrote and published self-criticisms. What must be kept in mind is that even though these scholars may have taken back earlier views, their scholarship still forms an important part of the historical record of American perceptions and misperceptions of China at the time.

But scholars especially abroad began to look to pre-Cultural Revolution conditions to show how the violence of this decade could have occurred. Chinese cultural and social traits were blamed, as were the Communist Party tactics of the early years. School environments were investigated to see how factions between the two groups formed.

More recently, more statistics and information has been made available to scholars which leads to a more well rounded scholarship. Some scholars began to challenge previous scholarship and began looking at the positive effects of the Cultural Revolution and Mao. While others just wishing to share their experiences, although they did not feel they were typical victims, published memoirs. Although all were searching for answers as to how and why such an event occurred and the impact on the Chinese people, scholars now attempted to understand this complex event in its entirety. New perspectives will only help in this challenge.

## **6.0 TUTOR MARKED ASSIGNMENT**

- 1: What major factors precipitated the Cultural Revolution?
- 2: The Cultural Revolution was a major turning point in the growth of modern China. Discuss

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## **UNIT 4 POLITICAL SOCIAL AND ECONOMIC LIFE**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
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### **1.0 INTRODUCTION**

China bears several indirect and growing costs from its resource pressures: migration, public health, social unrest, climate change and declining economic productivity. Sometimes one begins to wonder if the gains are commensurate to the challenges which are as a result of the operations of the forces that drive the economy. In this unit, we will look at the political, social and economic implications of the Chinese growth and development.

### **2.0 OBJECTIVE**

At the end of this unit, the student should be able to

- 1: describe some of the social and economic implications of China's success
- 2: explain some measures the government is taking towards addressing the issues.

### **3.0 MAINCONTENT**

The various challenges being faced by China as a result of her technological and industrial growth cannot be exhausted on this write up. China's greenhouse emission is the highest all over the world. Rapid industrialization as well as lax environmental oversight, are main contributors to these problems. According to eco-system designer Thomas Harwood,16 of the world's 20 most polluted cities are in China.



### **3.1 MIGRATION**

Chinese and Western analyses both suggest that during the 1990s, twenty to thirty million peasants were displaced by environmental degradation, and that by 2025, at least 30-40 million more may need to relocate. These migrants are likely to place significant stress on cities already seeking to manage migrant populations of more than 20% of the population in many major Chinese cities. While thus far, burgeoning coastal economies have managed to absorb large numbers of migrant workers, as tensions have flared in urban areas over recent firings and growing unemployment, there have been attempts to discourage migration to the cities. In 2001, in Changchun, the capital of Jilin province, for example, officials attempted to drive out migrant workers by demanding extremely high fees for operating pedicabs. The drivers overwhelmingly migrants who had been forced to leave their parched farmland protested and blocked the entrance to a local government compound. While this incident was fairly short-lived, if not managed properly, a combination of growing numbers of migrant laborers and unemployed state-owned enterprise workers could trigger much larger-scale conflict in urban areas.

Forced migration or resettlement, as a result of large scale public works projects such as river diversions or dams, also is a source of social disquietude. In the case of the Three Gorges Dam, for example, resettlement has provoked demonstrations involving hundreds of farmers who believe they were being inadequately compensated. Probe International and Human Rights Watch have joined International Rivers Network in monitoring the resettlement process and the local political situation around the Dam and have issued several scathing reports regarding the corruption that has plagued the resettlement efforts. On December 27, 2002, the government also launched the grand-scale south to north diversion of the Yangtze River to bring water to Beijing, Tianjin and other northern cities at a cost of tens of billions of dollars. This will also necessitate the resettlement of two to three hundred thousand Chinese.

### **3.2 PUBLIC HEALTH**

For Chinese citizens, perhaps the most frightening consequence of environmental pollution has been the range of public health crises plaguing local communities throughout the country. In 2000, the Ministry of Agriculture reported that almost 20% of agricultural and poultry products in major industrial and mining districts and in areas irrigated with contaminated water contained excessive levels of contamination. Chinese and western health officials have linked water polluted with arsenic, mercury, and cadmium to a high incidence of birth defects, cancer, and kidney and bone disorders near many major rivers and lakes. The World Bank also has estimated that seven percent of all deaths in urban areas-about 178,000 people-could be avoided if China met its own air pollution standards.

### **3.3 SOCIAL UNREST**

The Chinese media have reported only sporadically on the impact of water scarcity or highly polluted water, damaged crops, and polluted air on social stability; but in the late 1990s, China's Minister of Public Security stated openly, "Incidents [that] broke out over disputes over forests, grasslands, and mineral resources" are among "four factors in social instability." Farmers and village residents whose produce or water source is poisoned by a local factory often feel they

have little recourse other than violent protest. Resource scarcity similarly may provoke violence. In July 2000, for example, about 1000 villagers in Anqiu, Shandong province fought for two days when police attempted to block their access to makeshift culverts that were irrigating their crops. One policeman died, 100 people were injured, and 20 were detained.

### **3.4 ECONOMIC PRODUCTIVITY**

As local officials confront the social costs of environmentally degrading behavior, they must also negotiate the massive financial costs. There is widespread agreement among environmental economists that the total cost to the Chinese economy of environmental degradation and resource scarcity is 8%-12% of GDP annually. The greatest cost is in the health and productivity losses associated with urban air pollution, which the World Bank estimates at more than \$20 billion.

Water scarcity in Chinese cities costs about \$14 billion in lost industrial output (when factories are forced to shut down); in rural areas, water scarcity and pollution contribute to crop loss of roughly \$24 billion annually. Although not much systematic work has been done to estimate the future costs of these growing environmental threats, the World Bank has predicted that unless aggressive action is taken, the health costs of exposure to particulates alone will triple to \$98 billion by the year 2020, with the costs of other environmental threats similarly rising.

### **SELF ASSESSMENT EXERCISE**

Describe some of the social and economic implications of China's growth

### **3.5 WHAT IS THE STRATEGY OF THE CHINESE GOVERNMENT?**

The Chinese leadership has developed a five-part strategy to address environmental problems: policy guidance from the center, devolution of power to local governments, cooperation with the international community, the development of grassroots environmentalism, and the enhancement of the legal system.

### **3.6 POLICY GUIDANCE FROM THE CENTER**

First, there is policy guidance from the center. China's State Environmental Protection Administration (SEPA), the State Development and Planning Commission, the State Economic and Trade Commission and the Environmental Protection and Natural Resources Committee (EPNRC) of the National People's Congress, among others, all play important roles in integrating environmental protection and economic development and bring different interests and priorities to bear. The core agencies behind China's environmental protection efforts-the EPNRC, the SEPA, and the judiciary, headed by the Supreme People's Court-together claim responsibility for the full scope of central governmental activities, including drafting of laws, monitoring implementation of environmental regulations and enforcement.

Over the past decade or so, there has been a significant increase in both the skill level and capacity of the agencies' staffs. There is a growing core of bright and capable people who are committed to seeking out new and creative ways to integrate economic development with

environmental protection. They experiment with pricing reform for natural resources, tradable permits for sulfur dioxide, environmental education campaigns, etc. Still, the central bureaucracy is grossly understaffed and underfunded. There is only 300 full time staff in China's SEPA; in comparison, the U.S. EPA has more than 6000. In addition, China's central budget for environmental protection is still limited to about 1.5% of GDP annually, and many analysts believe that much of this goes to non-environmental protection-related infrastructure projects and other programs. Chinese scientists themselves have estimated that China ought to spend at least 2% of GDP annually on environmental protection, merely to keep the situation from deteriorating further.

### **3.7 DEVOLUTION OF ENVIRONMENTAL RESPONSIBILITY TO LOCAL GOVERNMENT**

A second conscious strategy of the Chinese leadership, since about 1989, has been to devolve authority for environmental protection to the local level. The result, not surprisingly, is that wealthy regions with proactive leaders tend to fare very well. Shanghai, for example, routinely invests over 3% of its local revenues in environmental protection and has made substantial strides toward cleaning up its air and water pollution problems. Poorer regions, in contrast, continue to see their environment deteriorate, despite the overall improvement in the country's economy. They cannot count on assistance from the center, and are without sufficient local funds to invest. In addition, the central government closely monitors all World Bank activities in order to ensure that money does not flow to poorer regions with a higher probability of default on their loans.

Poorer regions also are more likely to suffer from a lack of trained personnel within their local environmental protection bureaus to carry out inspections and enforce the law. Moreover, local officials in these areas often place enormous pressure on environmental protection bureaus to limit or even ignore the fees they attempt to collect or fines they attempt to impose on polluting enterprises for fear of impinging on economic growth or increasing unemployment. (In some cases, too, local officials are part owners in these local factories.) Even when local environmental officials succeed in closing down a factory, it will often reopen in another locale or operate at night.

### **3.8 COOPERATION WITH THE INTERNATIONAL COMMUNITY**

A third element of China's plan to improve its overall environment is to tap into the expertise and resources of the international community. China is the largest recipient of environmental aid from the World Bank, the Asian Development Bank, the Global Environmental Facility and Japan. The international non-governmental organization community has also become increasingly active in China. Organizations such as Environmental Defense, the Natural Resources Defense Council, the World Wildlife Fund, and the Rockefeller Brothers Fund all have extensive projects in China to introduce new policy approaches to environmental protection on issues as wide ranging as organic farming, energy efficiency, and tradable permits for sulfur dioxide. Moreover, multinationals, such as Shell and BP, have begun to support China's environmental efforts. They introduce better environmental practices and technologies, may

undertake independent and thorough environmental impact assessments, and fund activities by Chinese non-governmental organizations such as environmental education programs.

Foreign investment is not always clean investment-in fact, in many instances, the opposite is true. And the environmental implications of China's further integration into the world economy through its participation in the World Trade Organization are likely to be mixed: diminishing land intensive farming in favor of increased agricultural exports, for example, but also increasing the opportunities for heavy polluting industries such as textiles and tin mining. Overall, however, the international community has played a crucial role in terms of policy advice and investment in raising the level of China's environmental practices.

### **3.9 DEVELOPING GRASSROOTS ENVIRONMENTALISM**

Perhaps most interestingly, China has opened the door to the involvement of non-governmental organizations and the media in environmental protection. By permitting the establishment of these relatively independent efforts, Beijing hopes to fill the gap between its desire to improve the environment and its capacity and will to do so. At the same time, the government is very careful to monitor the work of these NGOs in order to ensure that environmentalism does not evolve into a push for broader political reform as it did in some of the republics of the former Soviet Union or countries of Eastern Europe. Generally, therefore, the NGOs do not lobby or criticize the central government publicly, and they tend to tackle less politically sensitive issues not directly involved in economic development. Most environmental NGOs devote their efforts to nature conservation, species protection, and environmental education. Other NGOs focus their attention on urban renewal: recycling activities and energy efficiency. These NGOs work very hard to coopt local government officials to support their work. Finally, there are environmental activists with interests and goals that exist well outside the boundaries for NGO activity established by the central government. Dai Qing, a world-renowned environmentalist, who has consistently opposed the Three Gorges Dam for example, clearly falls into this category. She spent ten months in prison for her book *Yangtze! Yangtze!*, which exposes in great detail the politics behind the Dam.

The Chinese government has also encouraged the media to develop programs and publish articles focused on the environment. Chinese newspapers, radio and television now accord a prominent position to environmental issues. Television, in particular, has become an integral part of environmental protection, often educating the public and sometimes spurring citizens to take action individually in the process. Two years ago, for example, a number of Chinese citizens in different cities began battery-recycling programs after watching a television show devoted to the topic. The media also play an important investigative role. In several cases, they have been responsible for alerting authorities in Beijing to local corruption or ineptitude, demonstrating in vivid color that local governments are flouting environmental regulations or failing to carry out national environmental campaigns. At one television station in Beijing, people line up outside the door of the studio to bring attention to environmental problems in the hopes of having the station's reporters investigate the issue.

### **3.10 ENHANCING THE LEGAL SYSTEM**

China's legal system has long been criticized for its lack of transparency, ill-defined laws, weak enforcement capacity, and poorly trained lawyers and judges. Over the past decade, however, the government has made great strides on the legislative side, passing upwards of 25 environmental protection laws and more than 100 administrative regulations, in addition to hundreds of environmental standards. While the quality of some of these laws could be improved, China's environmental lawmakers have demonstrated increasing sophistication in their understanding of how to negotiate and draft a technically sound and politically viable law. They also have taken to publishing some draft laws and regulations on their websites to invite public comment, an important improvement in the transparency of China's legal system. Still, there are numerous weaknesses within the judicial system, including the poor or complete lack of training of lawyers and judges, the intervention of external political or economic factors into the judicial decision-making process, and the difficulty of enforcing poorly written laws.

One bright spot is the emergence of legal environmental non-governmental organizations. The most prominent of these organizations is the Center for Legal Assistance to Pollution Victims in Beijing, headed by an energetic and innovative law professor, Wang Canfa. The center trains lawyers to engage in enforcing environmental laws, provides free legal advice to pollution victims through a telephone hotline, and litigates environmental cases. Wang has been quite successful in recovering damages for his clients, although there are many political and legal obstacles, including a reluctance of judges to open what they fear will be the floodgates to class action lawsuits.

### **SELF ASSESSMENT EXERCISE**

Discuss the measures being taken to address the challenge of environmental crisis in China

## **4.0 CONCLUSION**

### **IMPLICATIONS FOR CHINA AND THE UNITED STATES**

The rapidity and magnitude of the changes that are taking place in China and the complex way in which these changes are interacting and transforming the country leave both the Chinese leadership and the international community searching for an understanding of what China might look like over the next decade or two. While the environment has certainly moved onto the leadership's agenda over the past decade, it remains far below center priorities such as economic development, maintaining social stability, and enhancing military capabilities.

This suggests that in many respects environmental protection will continue to fall within the purview of local officials and the Chinese people. Positive trends in environmental education, the development of the legal system, and the growth of civil society will all support the ability of Chinese citizens to seek redress or take action to respond to the failure of the government to guarantee their rights.

Yet it is in the interest of both the Chinese people and the world that such advances take place sooner rather than later. This argues for continued significant involvement from the international community in assisting China's environmental protection effort.

For the United States, cooperating with Chinese actors on environmental protection offers the opportunity not only to serve U.S. environmental interests but also to pursue top priorities in the Sino-American relationship: the advancement of human rights and democracy, the development of a more transparent legal system, and greater access to the Chinese market for U.S. goods and services. It is an especially opportune time to pursue such goals given the overall relatively positive state of U.S. relations with China.

## 5.0 SUMMARY

Success has its cost and the cost of economic and technological growth on China is simply unimaginable. With dire consequences ranging from pollution to deforestation, environmental degradation, global warming, green house emissions, industrial waste pollution of the atmosphere which has resulted in acid baths, terminal diseases, and the list goes on.

## 6.0 TUTOR MARKED ASSIGNMENT

Discuss in detail, two major effects of the cost of growth on the Chinese environment.

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## **MODULE 2 THE RISE AND CONSOLIDATION OF GLOBAL POWER**

### **INTRODUCTION**

In less than thirty years China has risen from a marginal player in world trade to become the largest trading nation in absolute numbers. Especially her accession to the World Trade Organization at the beginning of the twenty-first century gave a huge boost to China's integration into the global economy. Even as the existing domestic and external economic growth curves level off, it is foreseeable that China will come to dominate international trade in the ways the United States did until into the 1970s.

**UNIT 1** China's place in international trade and political systems

**UNIT 2** Rise to World Class Competitor

**UNIT 3** China and Asia today

**UNIT 4** The Cost of Success on China- Environment

## **UNIT 1 CHINA'S PLACE IN INTERNATIONAL TRADE AND POLITICAL SYSTEMS**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
  - 3.1 China: the rise and consolidation of global power 1100-1800
  - 3.2 Western imperialism and the decline of china
  - 3.3 China rises from the ashes of imperial plunder and humiliation
  - 3.4 China's transition to capitalism
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor marked assignment
- 7.0References/further readings

### **1.0 INTRODUCTION**

In less than thirty years China has risen from a marginal player in world trade to become the largest trading nation in absolute numbers. Especially her accession to the World Trade Organization at the beginning of the twenty-first century gave a huge boost to China's integration into the global economy. Even as the existing domestic and external economic growth curves level off, it is foreseeable that China will come to dominate international trade in the ways the United States did until into the 1970s.

### **2.0 OBJECTIVES**

At the end of this unit, the student should be able to

1. Describe the growth of the Chinese economy from the early premedieval time
2. Examine the major factor that aided Western Imperialism
3. Explain how China managed to rise out of the Ashes of Imperial plunder and humiliation

### **3.0 MAIN CONTENT**

The study of world power has been blighted by Eurocentric historians who have distorted and ignored the dominant role China played in the world economy between 1100 and 1800. John Hobson's brilliant historical survey of the world economy during this period provides an abundance of empirical data making the case for China's economic and technological superiority over Western civilization for the better part of a millennium prior to its conquest and decline in the 19th century.

China's re-emergence as a world economic power raises important questions about what we can learn from its previous rise and fall and about the external and internal threats confronting this emerging economic superpower for the immediate future.



### **3.1 CHINA: THE RISE AND CONSOLIDATION OF GLOBAL POWER 1100-1800**

In a systematic comparative format, John Hobson provides a wealth of empirical indicators demonstrating China's global economic superiority over the West and in particular England. These are some striking facts:

As early as 1078, China was the world's major producer of steel (125,000 tons); whereas Britain in 1788 produced 76,000 tons. China was the world's leader in technical innovations in textile manufacturing, seven centuries before Britain's 18th century "textile revolution". China was the leading trading nation, with long distance trade reaching most of Southern Asia, Africa, the Middle East and Europe. China's "agricultural revolution" and productivity surpassed the West to the 18th century. Its innovations in the production of paper, book printing, firearms, and tools led to a manufacturing superpower whose goods were transported throughout the world by the most advanced navigational system.

China possessed the world's largest commercial ships. In 1588 the largest English ships displaced 400 tons, China's displaced 3,000 tons. Even as late as the end of the 18th century China's merchants employed 130,000 private transport ships, several times that of Britain. China retained this pre-eminent position in the world economy up until the early 19th century. British and Europeans manufacturers followed China's lead, assimilating and borrowing its more advanced technology and were eager to penetrate China's advanced and lucrative market.

Banking, a stable paper money economy, manufacturing, and high yields in agriculture resulted in China's per capita income matching that of Great Britain as late as 1750. China's dominant global position was challenged by the rise of British imperialism, which had adopted the advanced technological, navigational, and market innovations of China and other Asian countries in order to bypass earlier stages in becoming a world power.

#### **SELF ASSESSMENT EXERCISE**

Describe the growth of Chinese economy

### **3.2 WESTERN IMPERIALISM AND THE DECLINE OF CHINA**

The British and Western imperial conquest of the East, was based on the militaristic nature of the imperial state, its non-reciprocal economic relations with overseas trading countries and the Western imperial ideology which motivated and justified overseas conquest.

Unlike China, Britain's industrial revolution and overseas expansion was driven by a military policy. According to Hobson, during the period from 1688-1815 Great Britain was engaged in wars 52% of the time. Whereas the Chinese relied on their open markets, their superior production, and sophisticated commercial and banking skills, the British relied on tariff protection, military conquest, the systematic destruction of competitive overseas enterprises as well as the appropriation and plunder of local resources. China's global predominance was based on "reciprocal benefits" with its trading partners, while Britain relied on mercenary armies of occupation, savage repression and a "divide and conquer" policy to foment local rivalries. In the

face of native resistance, the British (as well as other Western imperial powers) did not hesitate to exterminate entire communities.

Unable to take over the Chinese market through greater economic competitiveness, Britain relied on brute military power. It mobilized, armed and led mercenaries, drawn from its colonies in India and elsewhere to force its exports on China and impose unequal treaties to lower tariffs. As a result China was flooded with British opium produced on its plantations in India — despite Chinese laws forbidding or regulating the importation and sale of the narcotic. China's rulers, long accustomed to its trade and manufacturing superiority, were unprepared for the “new imperial rules” for global power. The West's willingness to use military power to win colonies, pillage resources and recruit huge mercenary armies commanded by European officers spelt the end for China as a world power.

China had based its economic predominance on “non-interference in the internal affairs of its trading partners”. In contrast, British imperialists intervened violently in Asia, reorganizing local economies to suit the needs of the empire (eliminating economic competitors including more efficient Indian cotton manufacturers), and seized control of local political, economic, and administrative apparatus to establish the colonial state.

Britain's empire was built with resources seized from the colonies and through the massive militarization of its economy. It was thus able to secure military supremacy over China. China's foreign policy was hampered by its ruling elite's excessive reliance on trade relations. Chinese officials and merchant elites sought to appease the British and convinced the emperor to grant devastating extra-territorial concessions opening markets to the detriment of Chinese manufacturers while surrendering local sovereignty. As always, the British precipitated internal rivalries and revolts further destabilizing the country.

Western and British penetration and colonization of China's market created an entire new class: The wealthy Chinese “compradores” imported British goods and facilitated the takeover of local markets and resources. Imperialist pillage forced greater exploitation and taxation of the great mass of Chinese peasants and workers. China's rulers were obliged to pay the war debts and finance trade deficits imposed by the Western imperial powers by squeezing its peasantry. This drove the peasants to starvation and revolt.

By the early 20th century (less than a century after the Opium Wars), China had descended from world economic power to a broken semi-colonial country with a huge destitute population. The principle ports were controlled by Western imperial officials and the countryside was subject to the rule by corrupt and brutal warlords. British opium enslaved millions.

### **3.3 CHINA RISES FROM THE ASHES OF IMPERIAL PLUNDER AND HUMILIATION**

#### **THE CHINESE COMMUNIST REVOLUTION**

The rise of modern China to become the second largest economy in the world was made possible only through the success of the Chinese communist revolution in the mid-20th century. The People's Liberation “Red” Army defeated first the invading Japanese imperial army and later the

US imperialist-backed comprador-led Kuomintang “Nationalist” army. This allowed the reunification of China as an independent sovereign state. The Communist government abolished the extra-territorial privileges of the Western imperialists, ended the territorial fiefdoms of the regional warlords and gangsters, and drove out the millionaire owners of brothels, the traffickers of women and drugs as well as the other “service providers” to the Euro-American Empire.

In every sense of the word, the Communist revolution forged the modern Chinese state. The new leaders then proceeded to reconstruct an economy ravaged by imperial wars and pillaged by Western and Japanese capitalists. After over 150 years of infamy and humiliation the Chinese people recovered their pride and national dignity. These socio-psychological elements were essential in motivating the Chinese to defend their country from the US attacks, sabotage, boycotts, and blockades mounted immediately after liberation.

Contrary to Western and neoliberal Chinese economists, China’s dynamic growth did not start in 1980. It began in 1950, when the agrarian reform provided land, infrastructure, credits and technical assistance to hundreds of millions of landless and destitute peasants and landless rural workers. Through what is now called “human capital” and gigantic social mobilization, the Communists built roads, airfields, bridges, canals and railroads as well as the basic industries, like coal, iron and steel, to form the backbone of the modern Chinese economy. Communist China’s vast free educational and health systems created a healthy, literate, and motivated work force. Its highly professional military prevented the US from extending its military empire throughout the Korean peninsula up to China’s territorial frontiers. Just as past Western scholars and propagandists fabricated a history of a “stagnant and decadent” empire to justify their destructive conquest, so too their modern counterparts have rewritten the first thirty years of Chinese Communist history, denying the role of the revolution in developing all the essential elements for a modern economy, state, and society. It is clear that China’s rapid economic growth was based on the development of its internal market, its rapidly growing cadre of scientists, skilled technicians, and workers and the social safety net which protected and promoted working class and peasant mobility were products of Communist planning and investments.

### **3.4 CHINA’S TRANSITION TO CAPITALISM**

Beginning in 1980 the Chinese government initiated a dramatic shift in its economic strategy: Over the next three decades, it opened the country to large-scale foreign investment; it privatized thousands of industries and it set in motion a process of income concentration based on a deliberate strategy of re-creating a dominant economic class of billionaires linked to overseas capitalists. China’s ruling political class embraced the idea of “borrowing” technical know-how and accessing overseas markets from foreign firms in exchange for providing cheap, plentiful labor at the lowest cost. The Chinese state re-directed massive public subsidies to promote high capitalist growth by dismantling its national system of free public education and health care. They ended subsidized public housing for hundreds of millions of peasants and urban factory workers and provided funds to real estate speculators for the construction of private luxury apartments and office skyscrapers. China’s new capitalist strategy as well as its double digit growth was based on the profound structural changes and massive public investments made

possible by the previous communist government. China's private sector "take off" was based on the huge public outlays made since 1949.

The triumphant new capitalist class and its Western collaborators claimed all the credit for this "economic miracle" as China rose to become the world's second largest economy. This new Chinese elite have been less eager to announce China's world-class status in terms of brutal class inequalities, rivaling only the US.

## **SELF ASSESSMENT EXERCISE**

1. What factors aided Western imperialism in China

## **4.0 CONCLUSION**

China's rise to global power began in 1949 with the removal of the entire parasitic financial, comprador and speculative classes who had served as the intermediaries for European, Japanese and US imperialists draining China of its great wealth.

## **5.0 SUMMARY**

In this unit, we have discussed in detail how China improved her economy and polity to pull herself out of imperial plunder and humiliation both economically and politically.

## **6.0 TUTOR MARKED ASSIGNMENT**

How did China manage to rise out of the Imperial plunder and humiliation?

## **7.0 REFERENCES / FURTHER READING**

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## **UNIT 2 CNINA: RISE TO WORLD CLASS COMPETITOR**

### **CONTENT**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 China: From Imperial Dependency to World Class Competitor
  - 3.2 China's Rise to World Power: Will History Repeat Itself?
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 References/Further Readings

### **1.0. INTRODUCTION**

Modern China's rise to world economic power, like its predecessor between 1100-1800, is based on its gigantic productive capacity. Trade and investment was governed by a policy of strict non-interference in the internal relations of its trading partners. In this unit we shall focus on how China rose from Imperial dependency to a world-class competitor.

### **2.0 OBJECTIVES**

At the end of this unit student should be able to

1. Give an account of how China grew from imperial dependency to be a world class competitor
2. Explain also how China managed to rise to political power among other nations.

### **MAIN CONTENT**

#### **3.1 CHINA: FROM IMPERIAL DEPENDENCY TO WORLD CLASS COMPETITOR**

China's sustained growth in its manufacturing sector was a result of highly concentrated public investments, high profits, technological innovations and a protected domestic market. While foreign capital profited, it was always within the framework of the Chinese state's priorities and regulations. The regime's dynamic "export strategy" led to huge trade surpluses, which eventually made China one of the world's largest creditors especially for US debt. In order to maintain its dynamic industries, China has required huge influxes of raw materials, resulting in large-scale overseas investments and trade agreements with agro-mineral export countries in Africa and Latin America. By 2010 China displaced the US and Europe as the main trading partner in many countries in Asia, Africa and Latin America.

Modern China's rise to world economic power, like its predecessor between 1100-1800, is based on its gigantic productive capacity. Trade and investment was governed by a policy of strict non-interference in the internal relations of its trading partners. Unlike the US, China did not initiate brutal wars for oil; instead it signed lucrative contracts. And China does not fight wars in the interest of overseas Chinese, as the US has done in the Middle East for Israel.

The seeming imbalance between Chinese economic and military power is in stark contrast to the US where a bloated, parasitic military empire continues to erode its own global economic presence.

US military spending is twelve times that of China. Increasingly the US military plays the key role shaping policy in Washington as it seeks to undercut China's rise to global power.

### **3.2 CHINA'S RISE TO WORLD POWER: WILL HISTORY REPEAT ITSELF?**

China has been growing at about 9% per annum and its goods and services are rapidly rising in quality and value. In contrast, the US and Europe have wallowed around 0% growth from 2007-2012. China's innovative techno-scientific establishment routinely assimilates the latest inventions from the West (and Japan) and improves them, thereby decreasing the cost of production. China has replaced the US and European controlled "international financial institutions" (the IMF, World Bank, the Inter-American Development Bank) as the principle lender in

Latin America. China continues to lead as the prime investor in African energy and mineral resources. China has replaced the US as the principle market for Saudi Arabian, Sudanese, and Iranian petroleum and it will soon replace the US as the principle market for Venezuela petroleum products. Today China is the world's biggest manufacturer and exporter, dominating even the US market, while playing the role of financial life line as it holds over \$1.3 trillion in US Treasury notes.

Under growing pressure from its workers, farmers and peasants, China's rulers have been developing the domestic market by increasing wages and social spending to rebalance the economy and avoid the specter of social instability. In contrast, US wages, salaries and vital public services have sharply declined in absolute and relative terms.

Given the current historical trends it is clear that China will replace the US as the leading world economic power, over the next decade, if the US empire does not strike back and if China's profound class inequalities do not lead to a major social upheaval.

Modern China's rise to global power faces serious challenges. In contrast to China's historical ascent on the world stage, modern Chinese global economic power is not accompanied by any imperialist undertakings. China has seriously lagged behind the US and Europe in aggressive war-making capacity. This may have allowed China to direct public resources to maximize economic growth, but it has left China vulnerable to US military superiority in terms of its massive arsenal, its string of forward bases, and strategic geo-military positions right off the Chinese coast and in adjoining territories.

In the nineteenth century British imperialism demolished China's global position with its military superiority, seizing China's ports – because of China's reliance on "mercantile superiority".

The conquest of India, Burma and most of Asia allowed Britain to establish colonial bases and recruit local mercenary armies. The British and its mercenary allies encircled and isolated China, setting the stage for the disruption of China's markets and the imposition of the brutal terms of trade. The British Empire's armed presence dictated what China imported (with opium accounting for over 50% of British exports in the 1850s) while undermining China's competitive advantages via tariff policies.

Today the US is pursuing similar policies: US naval fleet patrols and controls China's commercial shipping lanes and offshore oil resources via its overseas bases. The Obama-Clinton White House is in the process of developing a rapid military response involving bases in Australia, Philippines, and elsewhere in Asia. The US is intensifying its efforts to undermine Chinese overseas access to strategic resources while backing "grass roots" separatists and "insurgents" in West China, Tibet, Sudan, Burma, Iran, Libya, Syria, and elsewhere. The US military agreements with India and the installation of a pliable puppet regime in Pakistan have advanced its strategy of isolating China. While China upholds its policy of "harmonious development" and "non-interference in the internal affairs of other countries", it has stepped aside as US and European military imperialism have attacked a host of China's trading partners to essentially reverse China's peaceful commercial expansion.

China's lack of a political and ideological strategy capable of protecting its overseas economic interests has been an invitation for the US and NATO to set-up regimes hostile to China. The most striking example is Libya where US and NATO intervened to overthrow an independent government led by **President Gaddafi**, with whom China had signed multi-billion dollar trade and investments agreements. The NATO bombardment of Libyan cities, ports and oil installation forced the Chinese to withdraw 35,000 Chinese oil engineers and construction workers in a matter of days. The same thing happened in Sudan where China had invested billions to develop its oil industry. The US, Israel, and Europe armed the South Sudanese rebels to disrupt the flow of oil and attack Chinese oil workers. In both cases China passively allowed the US and European military imperialists to attack its trade partners and undermine its investments.

Under Mao Zedong, China had an active policy countering imperial aggression. It supported revolutionary movements and independent Third World governments. Today's capitalist China does not have an active policy of supporting governments or movements capable of protecting China's bilateral trade and investment agreements. China's inability to confront the rising tide of US military aggression against its economic interests is due to deep structural problems. China's foreign policy is shaped by big commercial, financial, and manufacturing interests who rely on their "economic competitive edge" to gain market shares and have no understanding of the military and security underpinnings of global economic power. China's political class is deeply influenced by a new class of billionaires with strong ties to Western equity funds and who have uncritically absorbed Western cultural values. This is illustrated by their preference for sending their own children to elite universities in the US and Europe. They seek "accommodation with the West" at any price. This lack of any strategic understanding of military empire building has led them to respond ineffectively and ad hoc to each imperialist action undermining their access to resources and markets. While China's "business first" outlook may have worked when it was a minor player in the world economy and US empire builders saw the "capitalist opening" as a chance to easily takeover China's public enterprises and pillage the economy. However, when

China (in contrast to the former USSR) decided to retain capital controls and develop a carefully calibrated, state-directed “industrial policy” directing western capital and the transfer of technology to state enterprises, which effectively penetrated the US domestic and overseas markets, Washington began to complain and talked of retaliation. China’s huge trade surpluses with the US provoked a dual response in Washington. It sold massive quantities of US Treasury bonds to the Chinese and began to develop a global strategy to block China’s advance. Since the US lacked economic leverage to reverse its decline, it relied on its only “comparative advantage” – its military superiority based on a worldwide system of attack bases, a network of overseas client regimes, military proxies, NGOs, intellectuals and armed mercenaries. Washington turned to its vast overt and clandestine security apparatus to undermine China’s trading partners. Washington depends on its long-standing ties with corrupt rulers, dissidents, journalists and media moguls to provide the powerful propaganda cover while advancing its military offensive against China’s overseas interests.

China has nothing to compare with the US overseas security apparatus because it practices a policy of non-interference. Given the advanced state of the Western imperial offensive, China has taken only a few diplomatic initiatives, such as financing English language media outlets to present its perspective, using its veto power on the UN Security Council to oppose US efforts to overthrow the independent Assad regime in Syria, and opposing the imposition of drastic sanctions against Iran. It sternly repudiated US Secretary of State Hilary Clinton’s vitriolic questioning of the “legitimacy” of the Chinese state when it voted against the US-UN resolution preparing an attack on Syria.

Chinese military strategists are more aware and alarmed at the growing military threat to China. They have successfully demanded a 19% annual increase in military spending over the next five years (2011-2015). Even with this increase, China’s military expenditures will still be less than one-fifth of the US military budget and China has not one overseas military base in stark contrast to the over 750 US installations abroad. Overseas Chinese intelligence operations are minimal and ineffective. Its embassies are run by and for narrow commercial interests who utterly failed to understand NATO’s brutal policy of regime change in Libya and inform Beijing of its significance to the Chinese state.

There are two other structural weaknesses undermining China’s rise as a world power. This includes the highly ‘Westernized’ intelligentsia which has uncritically swallowed US economic doctrine about free markets while ignoring its militarized economy. These Chinese intellectuals parrot the US propaganda about the “democratic virtues” of billion-dollar Presidential campaigns, while supporting financial deregulation which would have led to a Wall Street takeover of Chinese banks and savings. Many Chinese business consultants and academics have been educated in the US and influenced by their ties to US academics and international financial institutions directly linked to Wall Street and the City of London. They have prospered as highly-paid consultants receiving prestigious positions in Chinese institutions. They identify the “liberalization of financial markets” with “advanced economies” capable of deepening ties to global markets instead of as a major source of the current global financial crisis. These “Westernized intellectuals” are like their 19th century comprador counterparts who underestimated and dismissed the long-term consequences of Western imperial penetration. They fail to understand how financial deregulation in the US precipitated the current crisis and how deregulation would lead to a Western takeover of China’s financial system – the consequences of



which would reallocate China's domestic savings to non-productive activities (real estate speculation), precipitate financial crisis and ultimately undermine China's leading global position.

These Chinese yuppies imitate the worst of Western consumerist life styles and their political outlooks are driven by these life styles and Westernized identities which preclude any sense of solidarity with their own working class.

There is an economic basis for the pro-Western sentiments of China's neo-compradors. They have transferred billions of dollars to foreign bank accounts, purchased luxury homes and apartments in London, Toronto, Los Angeles, Manhattan, Paris, Hong Kong, and Singapore. They have one foot in China (the source of their wealth) and the other in the West (where they consume and hide their wealth). Westernized compradors are deeply embedded in China's economic system having family ties with the political leadership in the party apparatus and the state. Their connections are weakest in the military and in the growing social movements, although some "dissident" students and academic activists in the "democracy movements" are backed by Western imperial NGO's. To the extent that the compradors gain influence, they weaken the strong economic state institutions which have directed China's ascent to global power, just as they did in the 19th century by acting as intermediaries for the British Empire. Proclaiming 19th Century "liberalism", British opium addicted over 50 million Chinese in less than a decade. Proclaiming "democracy and human rights", US gunboats now patrol off China's coast. China's elite-directed rise to global economic power has spawned monumental inequalities between the thousands of new billionaires and multi-millionaires at the top and hundreds of millions of impoverished workers, peasants and migrant workers at the bottom.

China's rapid accumulation of wealth and capital was made possible through the intense exploitation of its workers who were stripped of their previous social safety net and regulated work conditions guaranteed under Communism. Millions of Chinese households are being dispossessed in order to promote real estate developer/speculators who then build high rise offices and the luxury apartments for the domestic and foreign elite. These brutal features of ascendant Chinese capitalism have created a fusion of workplace and living space mass struggle which is growing every year. **The developer/speculators' slogan "to get rich is wonderful" has lost its power to deceive the people.** In 2011 there were over 200,000 popular encompassing urban coastal factories and rural villages. The next step, which is sure to come, will be the unification of these struggles into new national social movements with a class-based agenda demanding the restoration of health and educational services enjoyed under the Communists as well as a greater share of China's wealth. Current demands for greater wages can turn to demands for greater work place democracy. To answer these popular demands China's new comprador-Westernized liberals cannot point to their "model" in the US empire where American workers are in the process of being stripped of the very benefits Chinese workers are struggling to regain.

#### 4.0 CONCLUSION

China, torn by deepening class and political conflict, cannot sustain its drive toward global economic leadership. China's elite cannot confront the rising global imperial military threat from

the US with its comprador allies among the internal liberal elite while the country is a deeply divided society with an increasingly hostile working class. The time of unbridled exploitation of China's labor has to end in order to face the US military encirclement of China and economic disruption of its overseas markets. China possesses enormous resources. With over \$1.5 trillion dollars in reserves China can finance a comprehensive national health and educational program throughout the country.

China can afford to pursue an intensive "public housing program" for the 250 million migrant workers currently living in urban squalor. China can impose a system of progressive income taxes on its new billionaires and millionaires and finance small family farmer co-operatives and rural industries to rebalance the economy. Their program of developing alternative energy sources, such as solar panels and wind farms – are a promising start to addressing their serious environmental pollution. Degradation of the environment and related health issues already engage the concern of tens of millions. Ultimately China's best defense against imperial encroachments is a stable regime based on social justice for the hundreds of millions and a foreign policy of supporting overseas anti-imperialist movements and regimes – whose independence are in China's vital interest. What is needed is a pro-active policy based on mutually beneficial joint ventures including military and diplomatic solidarity. Already a small, but influential, group of Chinese intellectuals have raised the issue of the growing US military threat and are "saying no to gunboat diplomacy".

Modern China has plenty of resources and opportunities, unavailable to China in the 19th century when it was subjugated by the British Empire. If the US continues to escalate its aggressive militaristic policy against China, Beijing can set off a serious fiscal crisis by dumping a few of its hundreds of billions of dollars in US Treasury notes. China, a nuclear power should reach out to its similarly armed and threatened neighbor, Russia, to confront and confound the bellicose ratings of US Secretary of State, Hilary Clinton. Russian President-to-be Putin vows to increase military spending from 3% to 6% of the GDP over the next decade to counter Washington's offensive missile bases on Russia's borders and thwart Obama's regime change programs against its allies, like Syria.

China has powerful trading, financial and investment networks covering the globe as well as powerful economic partners. These links have become essential for the continued growth of many of countries throughout the developing world.

In taking on China, the US will have to face the opposition of many powerful market-based elites throughout the world. Few countries or elites see any future in tying their fortunes to an economically unstable empire-based on militarism and destructive colonial occupations.

In other words, modern China, as a world power, is incomparably stronger than it was in early 18th century. The US does not have the colonial leverage that the ascendant British Empire possessed in the run-up to the Opium Wars. Moreover, many Chinese intellectuals and the vast majority of its citizens have no intention of letting its current "Westernized compradors" sell out the country. Nothing would accelerate political polarization in Chinese society and hasten the coming of a second Chinese social revolution more than a timid leadership submitting to a new era of Western imperial pillage.

## 5.0 SUMMARY

In less than thirty years China has risen from a marginal player in world trade to become the largest trading nation in absolute numbers. Especially accession to the World Trade Organisation at the beginning of the twenty-first century gave a huge boost to China's integration into the global economy. Even as the existing domestic and external economic growth curves level off, it is foreseeable that China will come to dominate international trade in the ways the United States did until into the 1970s.

## 6.0 TUTOR MARKED ASSIGNMENT

Describe in details the growth of the Chinese economy from premedieval time till date.

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## **UNIT 3 CHINA AND ASIA TODAY**

### **CONTENT**

- 1.0 Introduction
- 2.0 Objective
- 3.0 Main content
  - 3.1 China and Asia Today
  - 3.2 Challenges in Asian Relations
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor marked assignment
- 7.0 References/further readings

### **1.0 INTRODUCTION**

South Korea, Taiwan, Thailand, Hong Kong, and Singapore were dubbed "Asian Tigers" as they sustained rapid economic growth and industrialization from the 1960s through the 1990s. China's rise in the 21st century, the rise of the "Asian Dragon," has the potential to surpass greatly the growth of the "Asian Tigers." Since the beginning of economic reforms under Deng Xiaoping, China has averaged an annual gross domestic product (GDP) growth rate of 9.4 per cent. Since 1978, foreign trade has grown from a fraction of a per cent of the world economy, or \$20.6 billion, to over 4 per cent, or \$851 billion in 2005.<sup>22</sup> China's GDP is the world's third largest at roughly 1/7th that of the United States, yet because of its population of 1.3 billion, on a per capita basis, China is ranked roughly 100th in the world and considered a low-income developing country. Many economists believe that with the latent potential of a rapidly emerging middle class, China has the potential to continue its impressive growth for many years to come.

### **2.0 OBJECTIVES**

At the end of this unit students should be able to

1. Explain the meaning of Asian Tigers and Asian Dragon
2. Discuss the challenges in Asian relations

### **3.0 MAIN CONTENT**

#### **3.1 CHINA AND ASIA TODAY**

The demands of increased economic development are the driving forces behind China's improved relations with her neighbours. Successful economic development is perceived as key to China's third area of strategic concern, domestic stability. China's greatest strength and its greatest vulnerability is the economy, and therefore it is the centrepiece of Chinese policy and strategy. To sustain economic growth, China must rely increasingly upon external sources of energy and raw materials. Trade therefore has served as a tool of rapprochement between China and her old enemies not only in the Asian sub-region but also throughout the world. A good instance is the Chinese town of Manzhouli sitting atop the deserted border with Russia, which was despoiled by the politics of the cold world. Due to the ideological differences, which characterized their relationship in the late 60s, bloody clashes erupted along their common border in 1969 thus limiting the level of inter-border communication between Manzhouli and their Russian neighbours only some yards out. Given the level of tension only a few state

organized trade found its way through the highly fortified border thus leaving the residents on the Chinese side heavily dependent on the local coal mine for jobs. Today, however, Manzhouli town is a strong testament to the level of trade that can be generated on trade between those two behemoths.

As relations thawed between Moscow and China in the aftermath of the demise of the Soviet Union in 1991, the border opened, private businessmen jumped into importing and exporting and the fortunes of the two communities merged. Trade between Russian and China averaged 55 billion dollars in 2010, seven times more than in 2000. Timber and oil flow into resource hungry China, while China's roaring factories ship machinery, textiles and other manufacture goods back in return. About \$9.4 billion worth of goods passed through the tiny town of Manzhouli in 2010, more than twice the amount just five years earlier. With the surge in trade the town has magnetized capital from northern China and the population has surged since the end of the cold war. The Chinese government has founded the Manzhouli Economic Border Economic Cooperation zone to boost business with Russian and 'the old hostilities are basically gone'.

China has invested in massive super highways to connect her with Vietnam; nearby Burma has reconstructed an old highway in order to link her with China thus cutting transportation costs by 30%. China is now the largest foreign investor in Brazil, which for the first time in history is a challenge on traditional American pre-eminence in the Latin-American region. China also made a \$3.1 billion in Argentina, which in 2010 was the single largest acquisition in the country. The pattern of rampant Chinese investments across the globe began when China began to partake in the global market from the 1980s. Thus factories in Shenzhen and Shanghai became the centrepieces of 'borderless manufacturing' networks in which parts for TVs, mobile phones and other goods were produced across Asia and then shipped to China for final assembly in the process spurring further growth in the region. China desperate for raw materials has in the recent years made incisive incursions into the African region especially in the Sub-Saharan region.

Currently as the economies of the West slow down under the dual assault of high debt and joblessness, the Chinese economy has continued to power through the global economic downturn. They are also challenging the established economic order. China, supported by Russian, has called for the replacement of the US dollar as the No. 1 reserve currency for global financial trade. In this regard, china has been liberalizing its currency slowly, encouraging its major partners to use the Chinese currency, the Yuan, instead of the dollar in their trade. Observers note that the Yuan could be the currency of choice in at least half of China's trade with other emerging nations in three to five years.

### **3.2 CHALLENGES IN ASIAN RELATIONS**

Despite the impressive growth of Sino-Indo trade, it still amounts to a sixth between China and the US persistent political tensions could also flare up and impede economic relations in the future. China and India, for example still quarrel over unresolved border disputes, while India's support for the Dalai Lama irks leaders in Beijing who consider him a dangerous separatist. India and Brazil have complained that china's control of their currency value hampers their exports by keeping competing Chinese goods artificially cheap. There has also been resentment against

China spanning the entire countries in which she has investments because of the penchant of the Chinese investor to buy everything within sight and offer little in return.

As China rises in power and influence, the course of China's development will be determined by its decision either to join fully the community of nations as a responsible stakeholder or, alternatively, a decision to play by its own rules. China's diplomatic and economic activity is geared towards securing markets for exports, obtaining raw materials and energy resources, and enhancing its international stature. Simultaneously, China has exercised its diplomatic and economic instruments of national power to isolate Taiwan and reduce the regional influence of the United States. For example, in July 2005, President Hu signed a joint statement issued by the SCO calling for Washington to dismantle its air bases in Kyrgyzstan and Uzbekistan that had been established to support the war in Afghanistan. Although the SCO was not adamant on the timetable for withdrawal, this pressure on the United States is just one example of a broader willingness by China to challenge U.S. influence in an area perceived as China's backyard. Another example is the East Asia Summit (EAS), a new 16-nation regional forum that purposely excluded participation of the United States. Russia was invited as an observer at the inaugural meeting in Kuala Lumpur last December, but no such invitation was extended to the United States. China has sought to use the new forum as a platform for its growing influence and as a counterpoint to the Asia-Pacific Economic Cooperation (APEC) forum, where Washington is a key participant. China's behaviour in the SCO and EAS serve as counterpoints to Beijing's claim that it is pursuing harmonious "peaceful development"

Other recent events also reveal the limitations of China's moderation, positive outreach, and benign influence. During an official visit to Australia, a senior Chinese diplomat warned Canberra to refrain from siding with the United States in any military contingency involving Taiwan despite Australia's ANZUS treaty commitments (see alliances during the cold war). China also pressured Singapore's incoming prime minister to scrub plans for an official state visit to Taiwan. Sino-Japanese relations, historically very tense, worsened when a Chinese nuclear-powered submarine intruded into Japan's territorial waters near a disputed gas field in November 2004. And a Chinese dispute with South Korea over the history of the Goguryeo Kingdom sparked strong nationalist responses in both countries.

#### **4.0 CONCLUSION**

Despite these tensions, Chinese leaders have not placed severe demands on neighbouring governments or pressured them to do things they would not otherwise be inclined to do. China is aware of the possibility that its growing stature could be construed as a threat to other countries in Asia, so a generally benign approach to gain influence is pursued through the use of investments, development packages, and diplomatic gestures. China's behaviour largely has been consistent with its policy and rhetoric.

#### **5.0 SUMMARY**

China, not the US has become India's largest trading partner, with the exchange between the two countries surging 28-fold over the past decade to almost 62 billion in 2010. In Asia a recent visit

by Chinese premier, unthinkable a few years back given the level of belligerence of both sides, to New Delhi saw the signing of trade deals worth over \$16billion. On the southwestern border, a long- standing territorial dispute with India over Chinese-controlled portions of Kashmir and northeastern India is showing signs of slow but pragmatic progress. During Prime Minister Vajpayee's visit to China in 2003, India, for the first time, recognized China's claims to Tibet and China reciprocated by recognizing India's claim to the Himalayan state of Sikkim.

## 6.0 TUTOR MARKED ASSIGNMENT

Mention two of Chinas biggest trading partners and state why it is so

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## UNIT 4 THE COST OF SUCCESS ON CHINA- ENVIRONMENT

### CONTENTS

- 1.0 Introduction
- 2.0 Objective
- 3.0 Main content
  - 3.1 Air pollution
  - 3.2 Water shortage/pollution
  - 3.3 Deforestation
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor marked assignment
- 7.0 References/further readings

### 1.0 INTRODUCTION

**Environmental issues in China** are plentiful, severely affecting the country's biophysical environment and human health. Rapid industrialization, as well as lax environmental oversight, are main contributors to these problems. According to eco-city designer Thomas V. Harwood III, 16 of the world's 20 most polluted cities are in China.

The Chinese government has acknowledged the problems and made various responses, resulting in some improvements, but the responses have been criticized as inadequate.<sup>1</sup> In recent years, there has been increased citizens' activism against government decisions that are perceived as environmentally damaging, and a retired Chinese Communist Party official has reported that the year of 2012 saw over 50,000 environmental protests in China.

### 2.0 OBJECTIVE

At the end of this unit, the students should be able to

1. List and explain some of the environmental issues and challenges facing China
2. Suggest ways of tackling this menace.

### 3.0 MAIN CONTENT

China's spectacular economic growth-averaging 8% or more annually over the past two decades-has produced an impressive increase in the standard of living for hundreds of millions of Chinese citizens. At the same time, this economic development has had severe ramifications for the natural environment. There has been a dramatic increase in the demand for natural resources of all kinds, including water, land and energy. Forest resources have been depleted, triggering a range of devastating secondary impacts such as desertification, flooding and species loss. Moreover, poorly regulated industrial and household emissions and waste have caused levels of water and air pollution to skyrocket. China's development and environment practices have also made the country one of the world's leading contributors to regional and global environmental problems, including acid rain, ozone depletion, global climate change, and biodiversity loss.

### **3.1 AIR POLLUTION**

China's overwhelming reliance on coal for its energy needs has made its air quality among the worst in the world. In 2000, China's State Environmental Protection Administration (SEPA) tested the air quality in more than 300 Chinese cities, and found that almost two-thirds failed to achieve standards set by the World Health Organization for acceptable levels of total suspended particulates, which are the primary culprit in respiratory and pulmonary disease. Acid rain, resulting from sulfur dioxide emissions from coal burning, also affects over one-fourth of China's land, including one-third of its farm land, damaging crops and fisheries throughout affected provinces.

### **3.2 WATER SHORTAGE/ POLLUTION**

Economic development has also impinged on China's already scarce water resources. Industrial and household demand has skyrocketed more than 70% since 1980. About 60 million people find it difficult to get enough water for their daily needs, and in several water scarce regions in northern and western China, factories have been forced to close down because of lack of water. In addition, water pollution is posing a serious and growing threat to water reserves. A major source of this pollution is industrial waste from paper mills, printing and dyeing factories, chemical plants, and other small highly polluting and largely unregulated township and village enterprises. The result is that more than three-quarters of the water flowing through China's urban areas is considered unsuitable for drinking or fishing; about 180 million people drink contaminated water on a daily basis; and there have been serious outbreaks of waterborne disease along several major river systems. The impact of economic development on water scarcity is further compounded by water prices that do not reflect demand, poor water conservation efforts, and inadequate wastewater treatment facilities.

### **3.3 DEFORESTATION**

China's forest resources also rank among the lowest in the world. Demand for furniture, chopsticks, and paper has driven an increasingly profitable but environmentally devastating illegal logging trade. By the mid-1990s, half of China's forest bureaus reported that trees were being felled at an unsustainable rate, and twenty percent had already exhausted their reserves. China's Sichuan province-home to the famed pandas-now possesses less than one-tenth of its original forests. Even the worst examples of deforestation in the United States, such as the transformation of Vermont from 70% forest to 30% forest over the past century, are mild in comparison to China's experience. Loss of biodiversity, climatic change, and soil erosion are all on the rise as a result.

Deforestation, along with the overgrazing of grasslands and over-cultivation of cropland, has also contributed to an increase in the devastating sandstorms and desertification that are transforming China's North. More than one-quarter of China's territory is now desert, and desertification is advancing at a rate of roughly 900 sq. miles annually. In May 2000, then Premier Zhu Rongji worried publicly that China's capital would be driven from Beijing as a result of the rapidly advancing desert. In addition, an average of thirty-five sandstorms wreaks havoc in Northern China every year. Year by year, this dust has traveled increasingly far afield,

darkening the skies of Japan and Korea, and even a wide swath of the United States. In Beijing, the sandstorms reduce visibility, slow traffic, and exacerbate respiratory problems.

China is also exerting a significant impact on the regional and global environment. Acid rain and depletion of fisheries are among the most serious regional impacts. Globally, China is one of the world's largest contributors to ozone depletion, biodiversity loss, and climate change, and it is an increasingly important participant in the illegal trade in tropical timber from Southeast Asia and Africa.

## **SELF ASSESSMENT EXERCISE**

What are the major environmental issues confronting China's successful growth

## **4.0 CONCLUSION**

Environmental degradation and pollution in China also pose challenges well beyond those to the natural environment. The ramifications for the social and economic welfare of the Chinese people are substantial. Public health problems, mass migration, forced resettlement, and social unrest are all the consequence of a failure to integrate environmental considerations into development efforts effectively.

This does not mean that the Chinese leadership is ignoring the challenge of environmental protection. Both as result of domestic pressures and international ones, China's leaders have become increasingly cognizant of the need to improve the country's environment. The State Environmental Protection Administration and other relevant agencies have tried to do as much as they can, establishing an extensive legal framework and bureaucratic infrastructure to address environmental concerns. However, China's environmental bureaucracy is generally weak, and funding and personnel levels remain well below the level necessary merely to keep the situation from deteriorating further. Without greater support from Beijing, the regulatory and enforcement regimes also remain insufficient to support implementation of the best policies or technological fixes.

Much of the burden for environmental protection, therefore, has come to rest outside of Beijing and the central government apparatus. Responsibility has been decentralized to the local level, with some wealthier regions under proactive mayors moving aggressively to tackle their own environmental needs, while other cities and towns lag far behind. The government has also encouraged public participation in environmental protection, opening the door to non-governmental organizations and the media, who have become an important force for change in some sectors of environmental protection. The international community-through bilateral assistance, non-governmental organizations, international governmental organizations, and most recently, multinationals-has also been a powerful force in shaping China's environmental practices.

Still, much remains to be done. The particular mix of environmental challenges and weak policy responses means that the Chinese people cannot yet claim several

basic rights: the right to breathe clean air, to access clean water, to participate in the decision-making process on industrial development or public works projects that affect their livelihood, and to secure justice when these rights are violated.

## **5.0 SUMMARY**

Success has its cost. The cost of economic and technological growth on China is simply unimaginable, with very extreme consequences ranging from pollution-migration to deforestation, smog, acid bath, health risks, growing income inequality and unemployment.

## **6.0 TUTOR MARKED ASSIGNMENT**

The consequence of success in China far outweighs the benefits. Discuss

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## **MODULE 3 A LOOK AT CHINA'S ROLE IN THE COLD WAR**

### **INTRODUCTION**

Within the three nations of the United States, Soviet Union, and China during the Cold War decades of the 60's and 70's, each relationship was extremely dynamic in their evolutions, including the changes and shifts in alliances that occurred during the turbulent years of the 60's and 70's Cold War involvements. Coming into the 1960's, China and The Soviet Union were allies under the common bond of Communism (although disagreements and clashing of the heads between Khrushchev and Mao in the late 50's began some serious issues in cooperation), The Soviet Union and United States were engaged in arguably one of the most dangerous and hostile eras of the entire Cold War, and the United States and China were de facto adversaries who were still isolated from one another following the '49 Chinese Communist Revolution led by Mao, which destroyed a once solid Sino-American political friendship.

**UNIT 1** China's Role in the Cold War

**UNIT 2** Cold War Issues

**UNIT 3** The United States and China during the Cold War

**UNIT 4** China in Africa

## **UNIT 1 CHINA'S ROLE IN THE COLD WAR**

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### **2.0. INTRODUCTION**

In unit, we shall focus attention on China's role during the cold war era to determine her role and contributions to the war.

### **MAIN CONTENT**

#### **3.1 CHINA'S ROLE IN THE COLD WAR**

The U.S.-Soviet relationship during the 60's and 70's was of course at the epicenter of the worldwide Cold War incidents. Coming into the early 60's, the U.S. and Soviet Union were involved in many of the most identifiable Cold War involvements such as the Space Race, weapon production and testing, and European satellite revolts and demonstrations in Hungary and Poland. Therefore, tensions in the 1960's unsurprisingly did not subside. The failed attempt to overthrow the Castro regime in the Bay of Pigs Invasion, the subsequent blossoming relationship between Castro and Khrushchev, and the suspected Soviet weapon storage in Cuba, as well as U.S. weapons in Turkey culminated in the Cuban Missile Crisis, which was possibly the most realistic threat of worldwide nuclear warfare. However, eventually Kennedy's bold tactics and resistance to pursue air strikes were effective, and an agreement was reached without the deployment of nuclear weapons. In the early 1960's, the escalation in missile production and subsequent counter-strike innovations and retaliation strategies gave birth to the concept of Mutually Assured Destruction, or MAD. Ineffective propositions such as the No Cities Counterforce and Limited Test Ban Treaties showed promise in limiting worldwide cataclysmic threats, but were not successful enough to remove the eminent possibility of absolute destruction. Interestingly, while MAD is on its surface a very intimidating realization, it was quite possibly the integral deterrent involved in the Cuban Missile Crisis, as well as many other involvements in the Cold War era. While weapon production and escalating crises between the United States and The Soviet Union were occurring, China was very much relevant in the worldwide landscape, especially within the Cold War ideological clash of Communism and Capitalism centered on the superpowers of the USSR and the U.S.

The relationship between China and The Soviet Union is one that could easily be likened to a troubled high school romance. The initial love affair began following the aforementioned '49 Revolution which was victoriously led by Mao. Upon his declaration of the People's Republic

of China, he developed a growing obsession with Stalin and the Soviet Union's Communist politics and lifestyle. Mao duplicates many of the long lived aspects of the Soviet persona, such as adorning himself in a nationwide manner whilst creating a cult of personality phenomenon and massive, brutal political and economic sweeps of the countryside and opposition territories, similar to Stalin's purges. Mao's adoration of Stalin was never more evident than in his mourning of Stalin's death in 1953, in which Mao publicly wept over the loss of his friend and political deity. As Stalin's successor, following a brief occupation by Malenkov, Khrushchev, began to become more confident with his new found despot status, tensions began to arise between himself and Mao. Mao began to feel that Soviet aid to China's up and coming economy undermined his authority on a worldwide scale. Mao and Khrushchev began to exchange insults to each other, and tensions arose even further when Mao declared his role as the new world revolutionary leader, making the battle for worldwide communist Supremacy apparent to all. Difficulties between the two nations even resulted in Khrushchev looking to the West for cooperation to deal with the Chinese in 1963. Mao continued to perform attempts at increasing the Chinese economy, which resulted in over 30 million citizens dying of starvation due to rotted crops. Furthermore, China tested bombs in 1964, prompting the attention of the Soviets and Americans.

Mao would capture the attention of the United States even greater in 1965, when China began to mobilize to support North Vietnam. The Vietnam War would create one of the most vivid paradigms of the interrelated relationships between China, the United States, and the Soviet Union. Although Chinese troops were not heavily (if at all) involved in combat in Vietnam, they helped repair aircrafts and damage caused by the United States and provided the North Vietnamese with weapons, (although Chinese troops in Vietnam would increase to 170,000 at its peak). Following the Soviet invasion of Czechoslovakia in 1968 in the midst of Sino-Soviet tensions, China insisted that North Vietnam discontinue their relationship with the Soviet Union. However, North Vietnam refused, which resulted in the beginning of Chinese troop withdrawal from Vietnam. With the United States being heavily invested in Vietnam, the unfolding events of Soviet and Chinese aid to North Vietnam, as well as cooperation between the two of them, was of paramount importance to the American cause.

While the war in Vietnam would march on, other events began to unfold that implicated all three nations. In 1969, tensions along the China-Soviet Union border began to increase, and the prospect of a Soviet invasion of China seemed very possible, as Chinese tunnels were even constructed for protection from attack. As this was occurring, Mao decided to try and build Chinese relations with the United States. Recognizing this as an opportunity to suppress the Soviets, Nixon agreed. In 1971, the American table tennis team was invited to China, and the members received the first American firsthand experience of China in over twenty years. Later that year, President Nixon and Henry Kissinger arrived in China, signifying the first U.S. official in the country since 1949. The fact that the United States even acknowledged the existence of the Chinese state, let alone sent its President to the country, signified a drastic transition in the worldwide alliance spectrum, directly affecting each relationship status existing between China, the United States, and the Soviet Union.

## 4.0 CONCLUSION

The Cold War remarkably affected the relations which existed between each of these countries. As China began to grow more assertive and powerful, albeit in large part to Soviet economic aid, Mao's increasing ego led to a gradual change in their relationship with the Soviet Union. Mao began to distance his nation from viewing itself as being nurtured by the Soviet Union to establishing its own power base. As relations between the Soviet Union and the United States experienced its fair share of peaks and valleys in terms of aggression and hostility, relations between the three nations would subsequently experience windows of opportunity to try to change their foreign relations with each other.

## 5.0 SUMMARY

Although the United States and Soviet Union are correctly identified as the primary belligerents in the Cold War, China's role of influence in shifting alliances between the two super powers should not be overlooked in respect to the short and long term impact it had on many of the Cold War's most important crises.

## 6.0 TUTOR MARKED ASSIGNMENT

The U.S.-Soviet relationship during the 60's and 70's was of course at the epicenter of the worldwide Cold War incidents. Discuss

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## **UNIT 2 COLD WAR ISSUES**

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- 2.0 Objectives
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  - 3.2 Revolutionary Self-Reliance (1960-1969)
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### **1.0 INTRODUCTION**

The year 1949 proved pivotal in changing the dynamics of post-World War II international relations. In October 1949, the People's Republic of China (PRC) replaced the Republic of China (ROC) after the Chinese Communists won a nationwide victory in the civil war and drove the Nationalist government to Taiwan. The collapse of the Nationalist cause shocked the American public, which had idealized "free China" as a democratically and valiant protégé. Now, a Communist China, comprising a quarter of the world's population, had inevitably extended the Cold War to East Asia. The PRC's foreign policy during the Cold War went through several distinctive stages.

### **2.0 OBJECTIVES**

**At the end of this unit, students should be able to**

1. Discuss the role that China played during the cold war
2. Explain what they understand by the Triangular Diplomacy

### **3.0 MAIN CONTENT**

#### **3.1 THE COLD WAR AND CHINESE FOREIGN POLICY**

##### **"Lean to One Side" (1949-1959)**

On June 1949, about three months prior to the founding of the PRC, the Chinese Communist leader Mao Zedong announced that New China would support the Soviet Union in international affairs. The Truman administration settled on a policy of non-recognition of the PRC. As the United States had been supporting the Chinese Nationalists during the Chinese civil war, and Washington refused to cut off relations with the Nationalist government in Taiwan, the Chinese Communist Party regarded the U.S. as a serious threat to the PRC. Beijing was seeking an alliance with the Soviet Union to offset the U.S. threat. The Chinese and Soviet leaders signed

the Sino-Soviet Treaty of Friendship, Alliance, and Mutual Assistance on February 14, 1950. The alliance was mainly a military agreement, which committed the two sides to come to each other's aid if either were attacked by Japan or the United States.

The outbreak of the Korean War in June 1950 disrupted any possible stabilization of the Sino-American relations. The PRC and the United States would be locked into a deadly three-year war in the Korean peninsula from June 1950 to July 1953. After China entered the Korean War in October 1950, the U.S. would perceive the PRC as a major threat to its key interest in Asia, and to the security of Japan. During the Korean War, the Sino-Soviet alliance worked reasonably well as the Soviet Union provided China with air support, a great deal of military supplies and economic aid. Given China's hostility, Washington took a hard line by toughening the U.S. economic embargo against the PRC, which first started in fall 1950, firming up support for the Nationalist government in Taiwan, blocking the PRC's membership in the UN, and further isolating the PRC politically. The PRC's hostility toward the U.S. and Washington's reciprocation intensified the Cold War in the region.

The PRC's shelling of Jinmen (Quemoy) in 1954 was designed mainly to foil the U.S.-Taiwan security treaty as Beijing worried about the division between mainland China and Taiwan. As tension rose between the United States and China during the Taiwan Strait crisis of 1954-55, both Washington and Beijing felt more urgency to maintain communications, even at a higher level and on a more regular footing. The first Taiwan Strait crisis, in a way, launched the Sino-American ambassadorial talks in August 1955. The ambassadorial talks continued throughout the Eisenhower administration without much progress on the issues such as Taiwan, the renunciation of force, U.S. embargo of China, and cultural exchanges.

### **3.2 REVOLUTIONARY SELF-RELIANCE (1960-1969)**

Mao Zedong and his associates began to reassess the changing balance of power between the two opposing blocs in the early 1960s. The perception of threat in relation to the United States tended to be determined by both domestic pressure and international challenges. Beijing was interested in maintaining a communication channel with Washington. The Sino-American ambassadorial talks that took place in Warsaw continued in the 1960s. Although no official diplomatic relations existed between the two countries at that time, these Warsaw talks proved useful in facilitating relations between China and the U.S., offering a ready avenue for information exchange and crisis management.

In the 1960s, although Washington believed that the Soviet threat was still the predominant one, the Third World became a major battleground for the great power contention. The rise of nationalism as a result of Communist infiltration seemed to have posed an increasing threat to the United States and "Free World." It was within this area that China stood out as the world's leading revolutionary state, threatening not only Western democracy, but also Moscow's claim to a leadership role within the Socialist bloc.

Since its founding in 1949, the PRC had given high priority to its relations with the Third World. Mao pointed out that a strong coalition of countries in the Third World could be decisive in Cold War confrontations. China's first effort to assume influence in the Third World came in

April 1955, when it attended the Bandung Conference of Asian and African states. China's strategy emphasized building political coalitions in the Third World at two different levels. First, China supported "national liberation struggle" both to force out the remaining colonial regimes and to overthrow those independent Third World governments that were most closely allied with the West. Second, China attempted to build close cooperative relations with the rest of the independent Third World governments, urging them to reject the West. As China could offer very little in the way of economic assistance or advanced military equipment, its effort during the 1960s and 1970s to shape the Third World into a third force in international politics opposed to both the two superpowers largely failed.

### **3.3 TRIANGULAR DIPLOMACY (1970-1989)**

The perception of grave threat from the Soviet Union pushed Mao Zedong to lift existing conceptual restrictions in order to improve relations with the United States in early 1970s.

Nixon's high-profile summit meetings in February 1972 with the Chinese leaders, in effect, replicated Henry Kissinger's earlier visits to Beijing in July and October 1971. Determined to move ahead but firm on principal issues, the leaders of both sides proved worthy negotiation opponents. At the core of the U.S.-China summit diplomacy were the common concerns over the Soviet threat; each side aspired to utilize the other to balance that threat. This was the beginning of U.S.-China-Soviet triangular diplomacy during the Cold War. But Mao did not follow the policy of détente with the U.S. to its fullest extent. Throughout his life, Mao had a constant and consistent goal: China was the model for the "liberation" of all the oppressed nations and peoples of the world.

After a brief power struggle following Mao's death in 1976, Deng Xiaoping became China's de facto leader in the late 1970s over Mao's own anointed successor, HuaGuofeng. Deng charted a course for China's rapid economic development that combined successful reform and openness to capitalistic international economy with the continued one-party rule of the CCP. In foreign policy, Deng shared Mao's goal to strive for China's equality and to restore China's lost glory. He was the architect of China's foreign policy from 1978 until the early 1990s. Deng virtually brought to an end China's remaining practical support for revolutionary movements abroad and significantly reduced China's aid to the Third World. China carried on a foreign policy more balanced between the two superpowers, which was called "an independent foreign policy" at the 12th National Congress of the CCP in 1982. Under Deng's leadership, Communist rule in China survived the demise of Communism in Eastern Europe and the disintegration of the Soviet Union—the motherland of Communism. The PRC weathered the end of the Cold War. As the Berlin Wall fell in 1989 and the Soviet bloc quickly disintegrated, China gradually emerged as a nascent superpower.

### **3.4 IDEOLOGY**

The Cold War was originally a confrontation between two contending ideologies — Communism and liberal democracy. The Chinese leaders persisted in proclaiming "Marxism-Leninism-Mao Zedong Thought" as the ideological foundation of China during the Cold War. Many scholars have contended that the primary causes of the Sino-Soviet split stemmed from

their conflicting national interests, which overwhelmed their shared ideological beliefs. The historian Chen Jian contends that ideology, while it played a decisive role in bringing Communist countries together, also contributed to driving them apart.

From a geopolitical perspective, China was neither in the vital area that both superpowers vied for—West and East Europe—nor was it on the periphery of the Cold War, like many other “Third World” countries. China’s influence sprang mainly from its huge population and territory. In the words of Andrew J. Nathan and Robert S. Ross, “During the Cold War, China was the only major country that stood at the intersection of the two superpower camps, a target of influence and enmity for both.” Despite its confrontations with the United States in the Korean peninsula, the Taiwan Strait, and Vietnam, by the early 1970s, Sino-American rapprochement helped to create the conditions that led to the limited détente of the 1970s. Ironically, the great Sino-Soviet rivalry not only led to the collapse of the Communist bloc, but contributed to the end of the Cold War as well.

#### **4.0 CONCLUSION**

In the first half of the 1950s, the Sino-Soviet relationship was cordial and the top priority of the PRC’s diplomacy. The contacts between the two governments were frequent, and bilateral negotiations were often conducted between top leaders. But in the second half of the 1950s, the CCP started to disagree with the Soviets on how to evaluate Stalin, and the direction which the Soviet leader Nikita Khrushchev was leading the International Communist movement. The Chinese quarreled with the Soviets over the issue of de-Stalinization, the Soviet proposal of building a joint long-wave radio station and nuclear submarine fleet in China, differing interpretations of Marxism-Leninism, Khrushchev’s attempt to reach an accommodation with the West, and the USSR’s refusal to support China during its conflict with India in the second half of 1959 and early 1960. In July 1960, Moscow announced the abrupt removal of Soviet advisers and technical personnel from China. By the early 1960s, the Sino-Soviet dispute spread from ideology to state-to-state relations. Tensions rose along the Sino-Soviet border. The Sino-Soviet alliance collapsed.

#### **5.0 SUMMARY**

In the words of Andrew J. Nathan and Robert S. Ross, “During the Cold War, China was the only major country that stood at the intersection of the two superpower camps, a target of influence and enmity for both.” Despite its confrontations with the United States in the Korean peninsula, the Taiwan Strait, and Vietnam, by the early 1970s, Sino-American rapprochement helped to create the conditions that led to the limited détente of the 1970s. Ironically, the great Sino-Soviet rivalry not only led to the collapse of the Communist bloc, but contributed to the end of the Cold War as well.

#### **6.0 TUTOR MARKED ASSIGNMENT**

Discuss the Ideological contentions of these countries during the cold war; USA, USSR AND CHINA.

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## **UNIT 3 THE UNITED STATES AND CHINA DURING THE COLD WAR**

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### **1.0 INTRODUCTION**

In this unit, we shall focus attention on the interplay among the Asian countries during the cold war era namely China, Korea, India and American and Soviet influences at the same time.

### **2.0 OBJECTIVES**

At the end of this unit, students should be able to

1. State the position of Korea and India during the cold war era
2. Explain in detail the meaning of “Rapprochements”

### **3.0 MAIN CONTENT**

#### **3.1 THE COLD WAR COMES TO ASIA**

In the closing years of World War II, American military and diplomatic representatives in China recognized that civil war was likely to erupt between the Nationalist-controlled government headed by Chiang Kai-shek and the Chinese Communists led by Mao Zedong. The two armed parties had put aside their antagonism, at least nominally, as they confronted Japanese invaders, but after the defeat of Japan it was apparent that they were preparing to resume the struggle for control of the country. Initially, Washington attempted to avert civil war, mediating between the two sides and hoping to create a coalition government. When that effort faltered, President Harry Truman sent General George C. Marshall, the architect of victory in the war against Germany and Japan, to China to try to broker a peace agreement—and to determine the intentions of the Soviet Union in Manchuria and North China.

Marshall failed in his efforts to prevent full-scale war in China, but concluded Moscow had no plan to annex Manchuria or to keep its troops in North China. Although American leaders

preferred a Nationalist victory, they did not consider China sufficiently important to intervene in its civil war. Moreover, Marshall, who became secretary of state in 1947, believed the United States, having finite resources, could not afford to invest large sums of money or use millions of American soldiers in an area of secondary concern in the emerging confrontation with the Soviet Union. On the other hand, the limited financial and material support Washington provided the Nationalists sufficed to intensify anti-Americanism among the Communists. In 1949, the Communists won the battle and Chiang fled to Taiwan. On October 1, Mao declared the existence of the People's Republic of China and left little doubt that he would align his country with the Soviets.

Traditionally, at least after Woodrow Wilson's experiment with "watchful waiting," the US government recognized governments, attractive or not, if they demonstrated control of their countries. The Truman administration intended to recognize the People's Republic in due course, but Chiang's American friends and others hostile to communism argued against recognition and the establishment of diplomatic relations between Washington and Beijing while Chiang's regime on Taiwan survived and claimed to be the true government of China. Democratic Party congressional leaders feared a backlash in the 1950 mid-term elections if the United States abandoned Chiang and could be accused of responsibility for his defeat. With CIA estimates that the Communists would invade Taiwan in the summer of 1950 and prevail easily over Chiang's forces, Truman chose to wait. Once Chiang was defeated and the elections were past, the administration could move toward recognition before the end of 1950. Unfortunately, war broke out in Korea in June 1950 and recognition was delayed for nearly thirty years. In addition, the United States prevented the People's Republic from gaining China's seat in the United Nations.

### **3.2 WAR IN KOREA**

The principal gainer from the war in Korea was Chiang Kai-shek. Truman and Dean Acheson, his secretary of state, had intended to abandon Chiang, but they were maneuvered into protecting him and providing substantial aid. Uncertain of the meaning of the invasion of the South by the North Korean Communists assisted by the Soviets, American leaders announced that they were sending ships to the Taiwan Strait to prevent the war from spreading. Truman, hoping to avoid a wider war, refused Chiang's offer of troops to assist the American-led UN force that came to South Korea's rescue. But the success of UN troops in rolling back the North Korean advance, and their march through North Korea that threatened to eliminate the communist regime there and pose a threat to China, provoked massive Chinese intervention in October 1950. Surprised by the Chinese attack, UN forces were hurt badly and were close to being driven off the Korean peninsula when they were able to hold the perimeter at the southern port city of Pusan. From there they succeeded in driving the overextended Chinese back to the 38th parallel, the original boundary between the two Korean states.

From spring 1951 to spring 1953, the two sides jockeyed for position close to the 38th parallel. Before a truce was declared, the Chinese suffered 800,000 casualties and more than 50,000 Americans lost their lives in Korea—as did millions of Koreans, North and South, and thousands of UN troops who fought alongside the Americans. Once Chinese Communists were killing Americans, anger toward the Chinese mounted in the United States, and recognition would have been political suicide for Democrats already suffering from Republican charges that they were

“soft on communism.” The war hysteria provided the context in which Senator Joe McCarthy (R-Wisconsin) attained influence that he used to assault the civil liberties of his countrymen. In this atmosphere, America’s WWII ally, Chiang Kai-shek, sought and ultimately won a new treaty of alliance that committed the United States to defend Taiwan. In the 1950s and early 1960s, massive American economic aid poured into the island while the continuing US naval presence in the Taiwan Strait precluded an invasion by the People’s Republic.

## **ALLIANCE AND CRISES IN THE STRAIT**

In 1953 Dwight Eisenhower became President of the United States and he named John Foster Dulles as his secretary of state. In the presidential election campaign, Eisenhower’s supporters demanded the rollback of communism in Asia as well as Europe. Once in office, the Eisenhower administration generally proved to be quite prudent in foreign affairs. It was unwilling to take actions in Europe that might precipitate a nuclear war with the Soviet Union. Although hostile to the Chinese Communists, Eisenhower and Dulles were mistrustful of Chiang, fearful that he would try to involve the United States in a war against the People’s Republic that would enable him to regain control of the mainland. They stalled in response to his effort to seek a mutual defense agreement, looking for a way to pacify Chiang’s supporters in the United States without giving him what he wanted.

In Beijing, Mao and his colleagues were aware of the alliance negotiations but unaware of the reluctance of the Eisenhower administration to reach an agreement. Hoping to prevent the alliance, in 1954 Mao ordered the bombardment of Jinmen and Mazu (Quemoy and Matsu), islands in the Taiwan Strait close to the mainland but controlled by Chiang’s forces. He wanted to intensify American awareness of the danger of an alliance with Chiang, but the crisis he precipitated backfired. Eisenhower and Dulles did not want to appear to retreat under pressure and they accepted a mutual defense treaty with Taiwan, hoping to deter an invasion by the Chinese Communists.

The crisis led to international pressure on the administration to talk to representatives of the People’s Republic. Ambassadorial-level conversations began in 1955, but after an initial agreement on repatriation of Americans and Chinese trapped in enemy territory at the outbreak of Chinese-American hostilities during the Korean War, the talks broke down over the issue of Taiwan. The American sides demanded the Chinese renounce the use of force in the Taiwan Strait. The Chinese side insisted that the “liberation” of Taiwan was a domestic issue, to be resolved by whatever means necessary.

Unhappy about the disinclination of the Americans to continue the ambassadorial-level talks, Mao precipitated another crisis in the Strait in 1958. Dulles immediately warned that the United States would intervene if Taiwan was threatened. A few weeks later, however, he publically criticized Chiang’s policy of keeping the offshore islands heavily garrisoned, expressed doubt that Chiang’s force could ever regain control of the mainland, and insisted the United States was not committed to aiding Chiang to invade the mainland even if the people there revolted against Mao’s rule. When polls indicated the American people were outraged at the idea of going to war to protect Jinmen and Mazu, Dulles stressed American flexibility and willingness to seek rapprochement with Beijing. Secretly, he began to explore the possibility of recognizing Mao’s



regime on the mainland while simultaneously continuing to recognize Chiang's government on Taiwan. This was called the "two Chinas policy," anathema to both Mao and Chiang. Soon afterward, Dulles flew to Taiwan and forced Chiang to announce that he would not use force to reclaim the mainland. There was much unhappiness on Taiwan and among Chiang's American friends.

Eisenhower contended that it was in the interest of the United States to have relations of some sort, at least commercial, with the People's Republic of China. He thought it was a mistake to force the Chinese to be dependent on the Soviet Union and that an American trade relationship with China would serve American interests, as would greater trade between America's allies and China. Dulles, however, was inclined to believe that China's dependence on the Soviets would strain their relationship and create tensions between Moscow and Beijing. Eisenhower recognized that the domestic political context of the 1950s precluded any rapprochement with China. His only significant success in furthering his vision came with Washington's acceptance of increased trade between Japan and China and between Great Britain and China. Rapprochement would have to wait until the American political climate changed.

### **3.3 KENNEDY, JOHNSON, AND THE SINO-SOVIET SPLIT**

Taiwan's American supporters were initially fearful that President John F. Kennedy might attempt to improve relations with China, but it was the men and women who hoped Washington's policy would change who were to be disappointed. Throughout his political career, Kennedy had been critical of Beijing and of Americans who denigrated Chiang Kai-shek. Many of his aides argued he had modified his position and that he failed to act only because of the exigencies of domestic politics, out of fear of being labeled soft on communism—especially as he moved to improve relations with the communist regimes of Eastern Europe. Some were persuaded he would recognize the People's Republic in his second term, but we will never know. None of his actions in the "thousand days" of his presidency demonstrated interest in reaching out to Beijing, and Kennedy secretly promised Chiang he would use the veto if the UN voted to seat Mao's regime.

Lyndon Johnson entered the White House without strong negative feelings toward China and his administration floated several proposals to ease tensions with Beijing, but nothing came of them. The Chinese were too deeply involved in the Great Proletarian Cultural Revolution and Johnson was soon overwhelmed by the war in Vietnam. Mao, struggling to regain power and revive his revolution, was unresponsive to American overtures. China's successful test of a nuclear bomb in 1964 worried the men and women responsible for American security, especially after Mao's Red Guards ran rampant across the country and the behavior of the Chinese people and their leaders seemed bizarre and unpredictable.

### **SELF ASSESSMENT EXERCISE**

What role did Kennedy and Johnson play in the Sino-Soviet split?

### **3.4 NIXON, KISSINGER, AND RAPPROCHEMENT**

When Richard Nixon became president in 1969, most analysts assumed that his reputation as a staunch anti-communist precluded any change in policy toward China. Nixon, however, had concluded that policies he had supported in the past no longer made sense: the People's Republic of China was here to stay and some sort of working relationship with Beijing was in the interests of the United States. Such a course might enable him to end the war in Vietnam and, given the Sino-Soviet split, indisputable by the late 1960s, the balance of power in the Cold War might shift decisively in America's favor. In 1971, as the Cultural Revolution wound down, the Chinese agreed to receive Henry Kissinger, Nixon's national security adviser.

The Americans knew Taiwan was the central issue for Chinese leaders, and Kissinger quickly indicated that the United States was prepared to abandon the island on a politically expedient timetable. In return they hoped the Chinese would push the North Vietnamese into negotiations for a compromise peace—a peace that would allow Nixon to withdraw American forces from Vietnam without appearing to have surrendered. He and Kissinger were also confident that cooperation between Beijing and Washington would make the Soviets more amenable to easing Cold War tensions. They foresaw a triangular relationship in which Moscow would be forced to back away from confrontations with both China and the United States—and they provided the Chinese with valuable intelligence about Soviet activities.

Nixon flew to Beijing early in 1972, met with Mao and Prime Minister Zhou Enlai, and both sides anticipated movement toward diplomatic recognition. In the “Shanghai Communiqué” they issued at the conclusion of the meetings they agreed to open liaison offices in each other's capital, offices that would function like virtual embassies; the Americans “acknowledged” that both Beijing and the authorities on Taiwan insisted there was only one China; and Nixon conceded that China's capital was in Beijing. Unfortunately, Nixon was caught up in the Watergate scandal and ultimately resigned. Recognition was delayed. Chinese leaders were disappointed, but nonetheless increased cooperation directed against the Soviet Union. They were also pleased to be given China's seat in the UN and by the expulsion of Taiwan from the organization.

### **3.5 RECOGNITION AT LAST**

Recognition of the People's Republic of China and the establishment of formal diplomatic relations between China and the United States finally came in January 1979, during the presidency of Jimmy Carter. Zbigniew Brzezinski, Carter's national security adviser, was eager to increase pressure on the Soviets and outmaneuvered bureaucratic rivals striving for détente with Moscow. He had little concern for the impact recognition of the People's Republic would have on Taiwan. Deng Xiaoping, the Chinese leader, wanted to use the relationship with the United States to deter Soviet intervention in the war he planned to launch against Vietnam, then aligned with Moscow. To that end, he was willing to defer his complaints about continued American arms sales to Taiwan. In return, the Americans agreed to abrogate their mutual defense treaty with Taiwan, cease to recognize its government as the government of China, and reduce arms sales to the island as conditions in the region permitted.

Neither Carter nor Deng anticipated the strong Congressional action on behalf of Taiwan that came in the form of the Taiwan Relations Act authorizing continued commercial, cultural, and other relations between the people of the United States and those of Taiwan—despite derecognition. It also authorized the US government to provide the island’s armed forces with whatever military aid they needed to defend themselves. Although the act did not require the United States to send its own forces to defend the island, Deng was outraged and the issue continued to roil Chinese-American relations long after the Cold War ended.

### **The Reagan years**

Ronald Reagan campaigned for the presidency as a friend of Taiwan who rejected the “one China” formula and would seek to restore normal diplomatic relations with Taiwan. Deng and his colleagues were deeply troubled when Reagan was elected in 1980. Although he continued to make remarks offensive to Beijing after his inauguration, testing Deng’s patience, Reagan did not take any steps in violation of agreements entered into by the Nixon and Carter administrations. His successive secretaries of state, Alexander Haig and George Shultz, persuaded him of the value of a good working relationship with the People’s Republic while the United States and China confronted the Soviet Union.

In 1984, Reagan traveled to China, was pleased with the encounter, and returned to Washington suggesting the Chinese leaders were not real communists. For the remainder of his presidency, relations between the United States and China thrived strategically, economically, and culturally. On the other hand, he never surrendered his concern for Taiwan and was determined to continue arms sales to the island.

### **3.6 THE END OF THE COLD WAR**

In 1989, George H.W. Bush succeeded Reagan as President of the United States. He had spent more than a year as American liaison officer in Beijing and believed he was well equipped to manage the relationship with China. The Cold War was rapidly coming to an end as Soviet leader Mikhail Gorbachev continued to alleviate tensions with the West, as he had in his negotiations with Reagan. Moscow’s retreat from the Soviet empire accelerated, and peaceful change came to Eastern Europe as nation after nation shed its communist leaders.

At a moment when many people around the world could imagine the spread of freedom and democracy across the globe, students led the call for reform in China. In May 1989 they occupied Tiananmen Square, the huge square that was the center of activity in Beijing. Similar demonstrations erupted in other Chinese cities. For several weeks Chinese leaders debated their response. Finally Deng chose to crush the demonstrators. On June 4, in Beijing soldiers drove the demonstrators out of the square, killing hundreds as they chased them into adjacent streets. Comparable massacres occurred in some other cities, such as Chengdu in Sichuan.

In the Soviet Union as well as in the United States and many other nations, the “Tiananmen massacre” shocked millions and generated a demand that Chinese leaders be punished. In Washington, pressure for sanctions was overwhelming. Bush, convinced that good relations with China were essential to America’s national security, agreed only reluctantly to sanctions—and

soon sent his national security adviser on a secret mission to Beijing to assure Deng of his good will. When the American media and opinion leaders throughout the United States learned of that mission—and a subsequent one—Bush was accused of coddling the “Butchers of Beijing.” It was a charge that ultimately hurt him in his 1992 campaign for reelection.

#### **4.0 CONCLUSION**

By the end of 1989, the Cold War was over. The Berlin Wall, one of the great symbols of Soviet-American confrontation, had fallen. Communism was fast disappearing in Europe and in 1991 the Soviet Union itself ceased to exist. But in China, authoritarian rule by the Communist Party persisted. Deng’s economic reforms were enormously successful and the country soon emerged as an economic powerhouse. Businessmen in the United States, much like those in Japan and elsewhere, clamored for the opportunity to buy, sell, and invest in China. Beijing recognized that it need not carry out political liberalization to be guaranteed an end to the most onerous sanctions—and it did not.

#### **5.0 SUMMARY**

In the 1990s and early years of the twenty-first century, China’s power and influence grew. Many analysts in the United States and other nations wrote of the “China threat.” They feared that the rise of China would intimidate its neighbors, damage American interests in Asia, and destabilize the American-led international system. Others argued that as China’s prosperity grew, it would inevitably be forced to liberalize politically, to become a middle-class democracy. Still others groped for a means to integrate China peacefully in the existing world system. In 2011, a democratic China seems unlikely, but hope persists that China’s rise can be accommodated without conflict.

#### **6.0 TUTOR MARKED ASSIGNMENT**

Recognition of the People’s Republic of China and the establishment of formal diplomatic relations between China and the United States finally came in January 1979. Recount the events that led to this fit.

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## **UNIT 4 CHINA IN AFRICA**

### **CONTENT**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 China's Non-Interference Policy and growing African Concerns
  - 3.2 China's Foreign Policy and its Non-interference Principle: Farewell or Renewal?
  - 3.3 Is China's non-interference policy sustainable?
  - 3.4 Not relevant?
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

In October 2012, the Institute for Peace and Security Studies (IPSS) held a China-Africa Forum in Bishoftu, Ethiopia. The event was perhaps the first of its kind held in Ethiopia with academics, policy makers and other stakeholders from the two regions participating in an open discussion about the economic, political and social relations between Africa and China. Most of the discussions focused on the economic relationships between China and Africa. Both China and Africa are developing regions albeit at different stages of development. China's focus on infrastructure building as a key engine of development is a model emulated by many African countries. The two regions have increasingly strengthened their economic and trade relations which many see as complementary: Africa needs access to capital, foreign direct investment (FDI) and technology transfers while China needs raw materials, resources and access to markets for its goods and services.

### **2.0 OBJECTIVES**

At the end of the unit students should be able to

1. State and explain China's African economic policy
2. Expand on the relevance of that policy

### **3.0 MAIN CONTENT**

#### **3.1 China's Non-Interference Policy and Growing African Concerns**

To date, China has invested over \$178 billion dollars in Africa while direct investment by African companies in China has reached over \$9 billion. No matter how skewed the trade balance or how small Chinese investment compared to the last 30 years of investment in Africa by the West, China's investment in Africa is not only much needed, but is welcomed by African governments. One reason for this is the appeal China's non-interference policy has on many African governments, which guides China's economic relations with Africa. The non-

interference policy states that China does not meddle in the internal affairs of nations. As Professor Lututala Mumpasi Bernard, Deputy Executive Secretary at the Council for the Development of Social Science Research in Africa put it, it is “devoid of political conditionality” However, many African scholars and policy makers are increasingly of the opinion that China’s policy of non-interference is “both deceptive and divisive, and could have the effect of preventing amicable resolution of conflicts” in Africa. (Sesay, A. and Odeh, L.) They blame China’s indiscriminate investments in good and bad governments alike, with its particular affinity for corrupt and dictatorial governments, for undermining peace and security in the region such as seen in North and South Sudan and the Democratic Republic of Congo.

Non-interference policy has been serving China well since 1954. The policy derives from the Five Principles of Peaceful Coexistence: mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other’s internal affairs, equality and mutual benefit, and peaceful coexistence. The policy was designed to reach out to non-communist countries in Asia as well as reflect solidarity with newly independent post-colonial states in Africa, with an emphasis on territorial sovereignty defined in the most rigid and traditional Westphalian terms. Although non-interference applies to military interventions and regime change, the principle has been China’s *modus-operandi* in its investment and economic interactions with Africa and the rest of the world.

It is worth remembering that the policy was embraced by many African nations as it came to represent, particularly from the early 1990s onward, an alternative to the American conception of a new kind of world order one in which smaller and “third-world” countries, found it increasingly difficult to manage their own political and economic affairs. Non-interference was viewed as a refreshing departure from the prescriptive policy of the West, which forced African governments into the straitjacket of the so-called “Washington consensus” with its structural adjustment policies, designed to mold Africa in the image of the West. Structural adjustment and other Western driven economic prescriptions for Africa have proved detrimental to African countries, at worst, and unfit to African political, social and economic realities, at best. By contrast, the hallmark of China’s economic relations with Africa, in line with its non-interference policy and its non-prescriptive nature was received enthusiastically by many African governments. The policy’s emphasis on the state as the principle actor for economic development, contrary to the West’s vilification of the state and emphasis on the private-sector, also meant that African nations with a yet to mature private-sector fully embraced China as their economic partner and source of capital for development. That said, the policy has been applied selectively to suit China’s interest at various times, beginning in its earliest days of implementation, circa 1960s and 70s when China supported revolutionary movements in Africa and Asia. Even today, at the U.N. Security Council, China often abstains or refrains from voting on resolutions that mandate sanctions or interventions to reverse invasions, end civil wars, or stop terrorism, instead of voting “no”• and vetoing such interventions. This allows several interventions to go ahead without China having to reverse its commitment to non-intervention.

The narrative of those calling for China to revise its non-interference policy claim that in its thirst for resources and raw materials, China is propping up bad governments through investments and access to cheap capital worth billions of dollars. For example, China has invested close to \$30 billion dollars in the oil rich Sudan and served as Sudan’s primary trading

partner when the rest of the world shunned it for the atrocities it committed in Darfur. Furthermore, from 1999 to 2005, a period that includes the start of the Darfur crisis, Sudan's imports of small arms increased by 680 percent, to \$55 million worth, with China making up 90 percent of those sales. China has also invested over \$4 billion dollars in the Democratic Republic of Congo dating back to 2001, the height of the conflict in the DRC. These and other examples, continues this narrative, show that China's investment practices under the auspices of the non-interference policy, are exacerbating violence, conflict and instability in Africa with detrimental spill-over effects in neighboring countries. Opponents of the view that China is a spoiler of peace, on the other hand, insist that non-interference does not equal indifference. They argue that African peace and security is first and foremost, the responsibility of Africans. China supports African states in maintaining peace and stability by enhancing diplomatic relations and providing the space for dialogue and peaceful resolution of conflicts. They also point out Chinese contribution to UN peacekeeping missions in Africa, both military and civilian personnel. Further, China's economic support of African nations is designed to eradicate conflict by addressing the root cause of conflict: poverty. According to Professor Hongsheng Sheng, of the Law School of Zhejiang Science-Tech University, "Peace should parallel development and the key method to eliminating war is to eliminate the causes from which wars arise."

Many within Africa, however, seem to think that non-interference is no longer sustainable in light of China's growing economic importance to Africa and its emerging superpower status. The policy has allowed China to "stay silent" in times of crises in Africa, or wait until other nations interfere, prompting many African analysts to accuse China of "reaping the benefits of peace and security underwritten" by its co-members at the United Nations Security Council. No doubt non-interference was a workable model when China's economic interaction with the world in general and Africa in particular was at a minimal. With China's status as a global power, however, many argue that non-interference is not a policy befitting a global power with growing international responsibilities and obligations. Simply put, with power comes responsibility!

Exactly what type of "interference" revisionists of non-interference policy is advocating varies widely. One thing is clear: no one is calling for the kinds of interference the likes of which Africa experienced and continues to experience from the West which drove African governments towards China in the first place. That is not a desirable alternative neither for good or bad governments in Africa. Revision of non-interference should mean a balanced act of investment and conflict sensitivity by the Chinese and a more robust engagement of African nations with China beyond the purely economic sphere. For starters, African governments may be served well by viewing China less as a panacea for all the ills of their respective countries. African governments bear the bulk of the responsibility in defining their relations with China. They also bear the primary responsibility in strengthening their domestic as well as regional institutions of peace and security. They have the responsibility to invest in critical areas of human development such as education, health and job creation as well as strengthening institutions, combating corruption and crime. Chinese investments need to be seen as a means to an end and not an end in itself and such investments earmarked for priority areas in human development and security. Africans also need to insist that China support the national, regional (Regional Economic Communities or RECs) and continental institutions for peace and security, which lack funding and technical support. To this end, African governments need to move from competition among

themselves for Chinese investment and work together to identify areas of critical technical and financial support for a continental peace dividend. The Chinese, for their part, should make a concerted effort in abiding by the principles of “Do No Harm” ensuring their investments are not fueling conflict and undermining peace and security in the continent. China should consider conflict sensitivity analysis to play a central role in its investment calculations, particularly in volatile regions of Africa.

Such a paradigm shift of relationship towards a more comprehensive partnership beyond economics requires an increased cultural and social understanding between the two regions. Africa needs Chinese investors just as much as it needs academicians and cultural experts. China needs to increase its efforts for cultural and social understanding of African nations through encouraging and funding researches by Chinese institutions and students and vice versa. China lacks the expertise in African peace building, an area that needs to be part and parcel of Chinese investment policy in Africa. African countries need to find ways of linking their local peace building institutions with Chinese institutions and funds for sharing and transferring of knowledge and experiences which should serve as a springboard for economic, social and political interactions between the two regions at all levels.

Whether China likes it or not, it plays a significant role in peace and security in Africa; negatively, through its absence, and positively, through an increased partnership with African states and institutions working for peace and security. There are signs that Beijing is pushing the boundaries of its non-interference policy further into a sphere beyond the purely economic interaction with African nations and perhaps into contributing positively to peace and security in the continent. The anti-piracy mission of the Chinese navy off the coast of Somalia and the announcement by Beijing of the launch of the “Initiative on China-Africa Cooperative Partnership for Peace and Security” are good starts.

### **SELF ASSESSMENT EXERCISE**

China plays a significant role in peace and security in Africa; negatively, through its absence, and positively, through an increased partnership with African states and institutions working for peace and security. Discuss

### **3.2 CHINA’S FOREIGN POLICY AND ITS NON-INTERFERENCE PRINCIPLE: FAREWELL OR RENEWAL?**

Since the mid-1990s, China has expanded the number and depth of its diplomatic relationships and joined various trade and security agreements. China has also deepened its participation in key multilateral organizations, and helped address global security issues. China pledged to work within the international community in order to “maintain world peace and promote co development”. Nevertheless, China’s ability to take up its new international responsibilities is sometimes restricted by its historical commitment to the “Non-interference principle” (also labelled as “Non-Involvement”). Indeed, China’s diplomacy is driven by an historical commitment to the Five Principles of Peaceful Co-Existence among which the “Non-interference Principle” is one of the most important pillars. Nowadays, China’s expanding global interests are complicating the sustainability of a policy of non-interference. China is entangled in a network



of political and business relations in overseas markets, sometimes in unstable regions, and has no choice but to take a more proactive stance toward global security and diplomatic issues.

In June 2012, Asia Centre held an international conference on China's Foreign Policy sponsored by the Directorate for Strategic Affairs. This high-level academic event took place on June 8th, 2012, in Paris. The goal of the conference was to enhance mutual understanding of key issues in China's Foreign Policy by bringing together Chinese and European scholars. This 2012 edition was entitled "China's Foreign Policy and its Non-interference Principle: Farewell or Renewal?"

"This conference aimed to address the issue of the continuing value of non-interference in China's foreign policy: is the principle still sustainable? To what extent?

What are the alternatives developed in China? What are the contemporary paradoxes of China's non-interference? What could be beyond non-interference?

Many people in China and abroad are talking about the 21<sup>st</sup> century as 'The Chinese Century'. Reflecting on their country's recent economic success, China's policy-makers and opinion-makers are now asking 'what comes next?' How can the PRC convert its growing economic power into enduring political and cultural influence in Asia and around the globe?

The mainstream view states that China will continue to build its soft power as a responsible power within the current international system (which Chinese see as a western- or US-dominated system). But new voices are emerging with the transition to the 5<sup>th</sup> generation leadership in China. Noted scholars are looking to the past to plan China's future and the world's future, combing ancient texts for ideas to guide the Chinese century: Under-Heaven (tianxia), Great Harmony (datong), and the Kingly Way (wangdao). China's current rise to global power, they tell us, is not without precedent; it is actually the 'rejuvenation of the Chinese nation' to its 'natural place' at the center of the world. These public intellectuals often promote an exceptionalist view of China as a uniquely peaceful and harmonious civilization. In a world order guided by these values, Beijing would be the seat of a benevolent superpower – as opposed to what is described as the violence of Pax Europa and Pax Americana. While 1990s nationalist pot-boilers like China Can Say No declared that 'China does not want to lead any country, and only wants to lead itself', now many Chinese elites are saying 'yes' to calls for Beijing to lead the globe. Intervention is an important diplomatic issue: it addresses the key issues of high politics: war, peace, and justice. But examining Chinese attitudes toward intervention is also an excellent way to chart China's changing foreign policy narrative. Simply put, it can help us see if and how China is shifting from a modest foreign policy of 'bide and hide' to a more active – and even aggressive – foreign policy of intervention. To understand Chinese debates about intervention, we need to take a short detour into international relations theory to ask 'what is intervention?' In international relations, intervention refers to foreign intervention, more specifically a foreign military crossing international borders to enter a country. This understanding of intervention relies on a key distinction in International Relations theory: foreign/domestic, where the border between inside and outside is sacrosanct, essential and highly moralized.

Crossing this theoretical and territorial border thus is a serious matter. Generally, it is up to the UN Security Council to determine whether intervention – usually glossed as humanitarian intervention – is warranted and legal. Critics of intervention (UN sanctioned or not) see it as

imperialism. But if we take a wider view of politics, we can complicate this political-military formulation of intervention. International territorial borders are not the only borders that order human experience. There are also economic, social and cultural borders. Often as part of state-led projects of cultural governance, these borders are mobilized to essentialize the nation through national (ized) culture, economy and society.

State-sanctioned or not, there are many cultural, social and economic interventions into domestic politics. Domestic politics here refers both to national politics (as opposed to international politics), and to the domestic politics of daily life such as the welfare state and/or authoritarian governance. Non/intervention here takes on a new meaning. China's official policy of non-intervention refers to international politics; this principle is informed by China's experience of imperialist intervention (from Japan and the west) during the Century of National Humiliation.

But the Chinese state is highly interventionist into the domestic politics of everyday life, through 5 Year Economic Plans, the One-Child policy, propaganda programmes and state censorship. The US is, by-and-large, the opposite: American exceptionalism entails both a libertarian suspicion of the welfare state at home, and a trust in the benevolence of spreading American ideals abroad – even through military intervention.

Europe seems to pursue a resolutely interventionist policy that guides humanitarian intervention abroad and the domestic intervention of the social welfare state at home. (Of course, these broad ideological positions mask the messy politics of history. After inaugurating his 'reform and opening' policy, Deng Xiaoping's first act was to invade Vietnam to 'teach it a lesson'. Europe's austerity-based response to the global financial crisis is much less interventionist than the US's stimulus plan) China is fruitfully described as a land of walls: from the walls around a courtyard house that protect the family to the Great Wall that protected the empire – and now the Great Firewall that protects the party-state. Before Deng's the reform and opening policy, China (like much of the Third World) followed an Import Substitution Industrialization policy to build up economic barriers. But since 1978, the country has opened up to foreign investment, expertise, and ideas.

For many observers in China and abroad, the PRC has been pursuing a more aggressive foreign policy since 2009, especially in its relations with the US and its Asian neighbors around the South China Sea, the East China Sea and the Yellow Sea. In 2010, Chinese foreign minister Yang Jiechi declared to his Southeast Asian neighbors, 'China is a big country and other countries are small countries, and that's just a fact.' A Global Times editorial fleshed this out when it warned 'small countries'—South Korea and the Philippines—to stop challenging China in the Yellow Sea and the South China Sea: 'If these countries don't want to change their ways with China, they will need to prepare for the sounds of cannons.'

This interventionist policy is justified as defending China's core interests and national security. However, neither Hu Jintao nor Dai Bingguo has officially stated a new foreign policy narrative that changes Beijing's views on intervention. Dai has actually been traveling around China and the world as a 'firefighter' to reassure various publics that China is sticking to its modest foreign policy narrative of peaceful development and harmonious world. As he told the British in September 2011: 'Cooperation is the only choice'.

### **3.3 IS CHINA'S NON-INTERFERENCE POLICY SUSTAINABLE?**

While the US, UK and France pushed for intervention in Syria and Russia noisily blocked them at every turn, China was in the background, saying very little. As Kerry Brown of the University of Sydney argues, today's Chinese diplomats are following a well-worn path.

For more than half a century the foreign policy of the People's Republic of China has been predicated on non-interference, respect for the sovereignty of others, non-aggression and peaceful co-existence. These were the principles set down by Premier Zhou Enlai at the Bandung Peace Conference in 1955.

Over the last six decades, while China has never explicitly strayed from rhetorical support for those principles, it has frequently not practiced what it preached. In the late Mao period, it supported revolutionary struggle in the developing world, and in 1979 made a clumsy border intervention into Vietnam. Between 1949 and 1978, it experienced clashes with India, Russia and, in Korea, with the US and the UN.

Its argument in this period would have been simple. It was isolated, defensive and under attack by the US and, from the late 1950s, the Soviet Union. It lived in constant fear, and needed to be prepared to fight back so that it avoided being pulled into a position of humiliating subjugation that it had experienced in the "century of humiliation" after the First Opium War in 1839. The Chinese leaders who won the revolution in 1949 were prepared to act to ensure that never happened again. When issues directly affected their self interest, therefore, they fought back.

The problem now is that China's zone of influence and the events that have an impact in it go way beyond its immediate region. Its investments in countries with internal wars and human rights issues in Africa before the 2008 Olympics hurt its reputation and caused it to be labelled hypocritical. The strife in Libya before the Nato intervention in 2011 also had an impact, causing it to evacuate 36,000 people. In Latin America, and South East Asia, its investment interests, resource needs and strategic importance are growing.

However, Chinese leaders still stay as close as they can to the principles of peaceful coexistence and non-interference set out by Zhou Enlai. Despite the fact that the world has changed so radically in this time, these principles are useful because they avoid China being dragged into situations that overstretch and challenge it, they avoid it being pushed into a corner where it can be painted as a foe of the US and the rest of the developed world, and they allow it to continue focusing on its own formidable internal development issues.

### **3.4 NOT RELEVANT?**

China's resistance to taking a higher international profile on difficult foreign policy issues, and its desire to keep away from contentious problems, is becoming much more challenging. Syria has underlined this. It is clear that the countries usually most active for humanitarian intervention like the UK, and most importantly the US, are hamstrung by the reluctance of their populations to get sucked in to another conflict, and by their simple financial inability to continue funding these expensive interventions.

Their inability to do much, however, has not meant the problem goes away. China is as committed to treaties and obligations outlawing the use of chemical weapons as any other major country. The impotence of the usual great interventionist powers has, ironically, only thrown the pressure more on China and Russia to come up with solutions. And while Russia has offered the most recent fresh thinking on dealing with Syria, China is increasingly in the limelight as a country that is obliged to act and do something.

China's economic and diplomatic influence is considerable and cannot be easily ignored. It is almost certain in the years ahead that it will be forced to take up a position on issues it would have once dismissed as beyond its sphere of interest and therefore of no relevance to it. Its global economic reach means its political and diplomatic power is becoming one of the most potent new forces in world affairs.

A low international profile for China has served it well, steering it clear of complicated issues in the Middle East and elsewhere and meaning that it has some of the most extensive links across the globe now without bringing it into direct conflict with the US.

China has done all it can to avoid being talked of as a global counterweight to the US, or as part of a new US-China alliance (known as a G2). Syria however has shown that even if the US and its allies run out of answers, that does not stop the problems of conflict in other countries than one's own being a threat and the obligation to come up with answers to this.

That Russia is now proactively seeking a solution means that China, a country which hates being diplomatically isolated, will need to decide whether it wants to go along with a more interventionist route, and what diplomatic levers it can pull. On issues closer to home like North Korea, too, it will, whether it likes it or not, be forced from self interest to approach issues in a different way, and act increasingly against the non-interventionist rhetoric it has used for so many decades.

#### **4.0 CONCLUSION**

The other side of this issue for the rest of the world is to prepare for a more vociferous, more active China, and one that cannot be regarded with a constant nervousness and shouted down with accusations of being "aggressive". China needs to get its messages across better, but it needs to be listened to in a different way. These are the mutual challenges of the era of new diplomacy we are now moving into.

#### **5.0 SUMMARY**

China has got richer and avoided military conflict over the last three decades, so the ambiguity of a country willing to get aggressive to defend its interests but at the same time preaching global peace has faded. But it has replaced one contradiction with another.

## 6.0 TUTOR MARKED ASSIGNMENT

Image caption China will have to be more proactive in issues closer to home like North Korea

Explain

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## **MODULE 4 CHINA TAIWAN AND THE SOUTH CHINA SEA**

### **INTRODUCTION**

In this fourth module of China in Global Politics, we focus attention on the issue of Taiwan with all the attending problems with it, the South and the East China sea and all the military presence of all concerned and finally China's acquisition of Nuclear power and its piling of same to deter other nations.

**UNIT 1** China- Taiwan Relations

**UNIT 2** The South China Sea

**UNIT 3** The East China Sea

**UNIT 4** Nuclear Power in China

## **UNIT 1 CHINA-TAIWAN RELATIONS**

### **CONTENT**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 China-Taiwan Relations
  - 3.2 Military Situation
  - 3.3 Economic Rapprochement
  - 3.4 Rise of Taiwanese Identity
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

Taiwan, home to twenty-three million people, is an island off the southern coast of China that has been governed independently from mainland China since 1949. The People's Republic of China (PRC) views the island as a province, while in Taiwan—a territory with its own democratically elected government—leading political voices have differing views on the island's status and relations with the mainland. Some observe the principle that there is "One China" comprising the island and the mainland, but in their eyes this is the Republic of China (ROC) based in Taipei; others advocate for a de jure independent Taiwan. China and Taiwan maintain a fragile relationship, which has improved during the past seven years but is periodically tested.

### **2.0 OBJECTIVES**

At the end of this unit, students should be able to

1. Accurately give an account of the history and international relations between China and Taiwan
2. Systematically discuss the military and economic power of Taiwan today.

### **3.0 MAIN CONTENT**

#### **3.1 CHINA-TAIWAN RELATIONS**

##### **'One China' Principle**

Beijing and Taipei sharply disagree on the island's status. The PRC asserts that there is only "One China" and that Taiwan is an inalienable part of it. Beijing says Taiwan is bound by an understanding reached in 1992 between representatives of the Chinese Communist Party (CCP) and the Kuomintang (KMT) political party then ruling Taiwan. Referred to as the 1992 Consensus, it states that there is only one China, but with differing interpretations, allowing both

Beijing and Taipei to agree that Taiwan belongs to China, while the two still disagree on which is China's legitimate governing body. The tacit agreement underlying the 1992 Consensus is that Taiwan will not seek independence. Taiwan's KMT accepts the consensus as a starting point for future negotiations with the CCP. However, strong Taiwanese political forces, including some leading voices of the Democratic Progressive Party (DPP), have rejected the very existence of the consensus, leaving open the option of a future independent Taiwan. The island's president, Tsai Ing-wen, leader of the DPP, is striving for a formula that will not shatter the current stability in cross-strait relations.

In 1979, the United States established formal diplomatic relations with Beijing by concluding a joint communiqué stating that "the United States of America acknowledges the Chinese position that there is but one China and Taiwan is part of China." At that time, U.S. President Jimmy Carter terminated diplomatic relations with the ROC government in Taiwan. But soon after, the U.S. Congress passed the Taiwan Relations Act (TRA) affirming important unofficial ties with the island. The new legislation replaced the previous bilateral defense treaty with a qualified commitment to the island's security and providing for the supply of necessary "defense articles and services."

U.S. arms sales to Taiwan, totaling more than \$46 billion (PDF) since 1990, have led to U.S.-China friction and an upsurge in bellicose rhetoric across the strait.

### **Rise of an Island**

Ethnic Han Chinese settlers, primarily merchants, began to arrive in Taiwan in the seventeenth century. The island, now inhabited by a Han Chinese majority, many of whom identify as distinctly Taiwanese, is also home to indigenous peoples who account for around 2 percent of the population. "Taiwan has a messy history of invasion, occupation, colonization, refuge, and intermarriage," writes University of Sydney Professor Salvatore Babones. Annexed by the Qing dynasty in the late 1600s, Taiwan was later ceded to Japan in 1895 by imperial China in accordance with a treaty that concluded the Sino-Japanese War. Japan governed it as a colony until 1945, when Japanese forces on the island were required to surrender to Chiang Kai-shek's ROC military forces.

The ROC, which had governed China for decades, fled to Taiwan after losing the civil war to the Communists in 1949. But Chiang insisted his government continued to represent all Chinese people both on the island and the mainland. Washington and most Western powers affirmed the KMT's stance by long refusing to recognize the Communist government in Beijing, a position most countries later reversed.

Washington's position began to shift under the Nixon administration. Back-channel diplomacy ultimately resulted in Washington's formal recognition of the PRC in 1979. The ROC lost its seat representing China at the United Nations in 1971 to Beijing.

The KMT governed the island from 1949 to 1987 under martial law. Political dissent was harshly repressed and Taiwanese who had long inhabited the island before 1945 faced discrimination. Taiwan held its first free legislative elections in 1992 and presidential elections in 1996. The



KMT and coalition partners have historically seen Taiwan as a part of "One China" and do not support the island's independence. After 2000, the KMT often found itself in opposition to parties representing Taiwanese who had been on the island before 1949 and their descendants. Although riven with its own factionalism, the KMT retains deep ties to the island's business leaders and consistently calls for closer ties with Beijing. The party lost its majority in Taiwan's legislative body for the first time in the 2016 elections.

The KMT's chief rival, the DPP, was founded in 1986 and became legal in 1989 after a ban on opposition parties was dropped. The DPP has traditionally called for a *de jure* independent Taiwan as a separate political entity from China, and has become an outlet for the expression of Taiwanese identity. Chen Shui-bian was the first non-KMT politician to serve as president (2000–2008) and pushed for Taiwanese sovereignty. Shortly after his term, Chen was convicted and imprisoned on charges of embezzlement and accepting bribes (he is now on medical parole).

Beijing closely observes the island's elections. Though it is unclear how the PRC's leadership will manage relations with a DPP-led government after the 2016 elections, Beijing has typically favored a steady deepening of ties with Taiwan, forging economic linkages that could become too costly for the island to sever, thus nudging it closer to unification with the mainland. However, since the PRC's own leadership transition in 2012, President Xi Jinping has embraced a tougher, nationalistic stance toward all of the special regions it claims, including Hong Kong, Tibet, Xinjiang, and Taiwan alike.

Meanwhile, Taiwanese leaders consider the reestablishment of formal diplomatic relations with major powers and international organizations essential if Taiwan is to survive separately from the Communist mainland, but only twenty-two countries maintain diplomatic ties with the island.

### **3.2 MILITARY SITUATION**

China has deployed missiles along the Taiwan Strait and continues to modernize the bulk of its military capabilities. "Preparing for potential conflict in the Taiwan Strait remains the focus and primary driver of China's military investment," according to a 2015 U.S. Defense Department report (PDF). Although Beijing continues to seek progress with Taiwan through the discussion of economic issues and high-level people-to-people exchanges, it has refused to renounce the use of force to resolve the dispute over the island's status. The PRC's introduction of the 2005 Anti-Secession Law, intended to strengthen Beijing's approach to "peaceful national reunification," also included language stating that in the event secessionist forces sought independence, Beijing would "employ non-peaceful means" to protect its national sovereignty.

In response, Taiwan continues to purchase weapons, primarily from the United States. In December 2015, the United States announced a \$1.83 billion arms sale to Taiwan—the first in four years. Between 1979 and 2014, Taiwan ranked as the ninth largest recipient of arms globally. During the same period, the United States supplied more than three-quarters of Taiwan's imported weapons, according to the Stockholm International Peace Research Institute's arms transfers database.

"Preparing for potential conflict in the Taiwan strait remains the focus and primary driver of China's military investment."—U.S. Defense Department

Taiwan's strategic security rests heavily on guarantees offered by the United States under the Taiwan Relations Act. Yet in recent years, security analysts have cited concern over the emerging military imbalance between Beijing and Taipei. "Given the pace of PLA(N) [People's Liberation Army Navy] modernization, the gap in military capability (PDF) between the mainland and Taiwan will continue to widen in China's favor over the coming years," writes the Congressional Research Services' naval affairs specialist Ronald O'Rourke. When former President Ma Ying-jeou's KMT government came to power in 2008, the ROC government committed to boosting military spending to 3 percent of GDP, up from 2.2 percent. However, Taiwan's \$10.4 billion defense budget (PDF) in 2014 was a mere 2 percent of GDP and represented 16.2 percent of the total budget, compared to 1994 levels of 3.8 percent and 24.3 percent, respectively.

### **3.3 ECONOMIC RAPPROCHEMENT**

Taiwan began investing in China after the reform policies implemented by PRC leader Deng Xiaoping in the late 1970s. Despite intermittent friction, the cross-strait economic relationship has blossomed. China entered the World Trade Organization in 2001 and, within a month, Taiwan entered as "Chinese Taipei." The island holds member, observer, or other status in more than forty organizations (PDF), such as the Asian Development Bank, APEC, OECD committees, the International Civil Aviation Organization, and regional fishery organizations. Beijing said in November 2015 that it would welcome Taiwan's membership in the Chinese-led Asian Infrastructure Investment Bank "under the appropriate name."

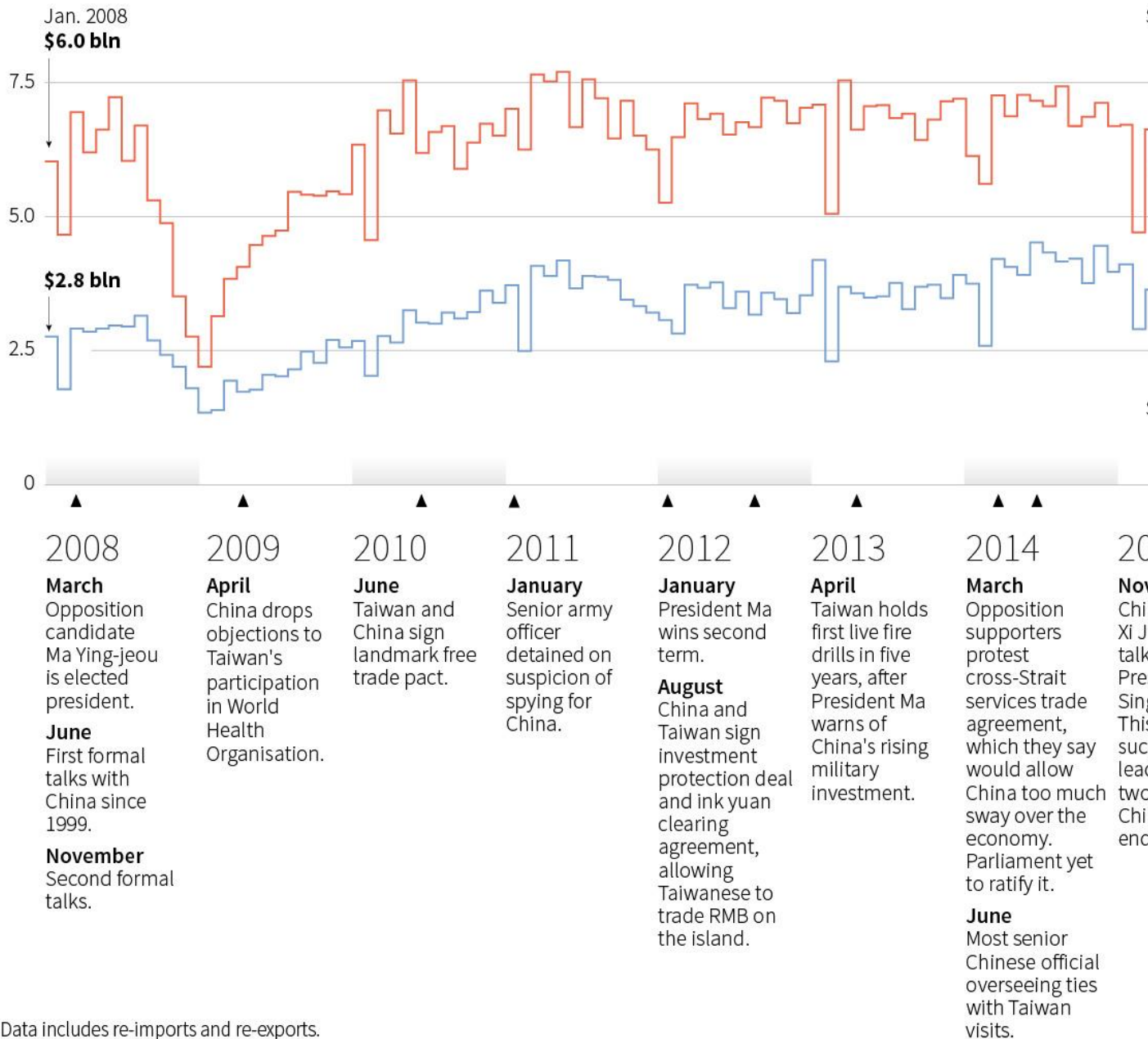
Bilateral trade between China and Taiwan in 2014 reached \$198.31 billion, up from \$8 billion in 1991 (PDF). China is Taiwan's largest trading partner, accounting for almost 30 percent of the island's total trade (including the mainland, Hong Kong, and Macao), according to Taiwan's bureau of foreign trade. Likewise, Taiwan ranks seventh among China's top ten trading partners. Over ninety-three thousand Taiwanese businesses have invested in the mainland since 1988. Reciprocal mainland investment by Taiwanese firms is on the rise but at a slower rate, totaling \$34.5 billion between 2008 and mid-2015. China and Taiwan have also agreed to allow banks, insurers, and other financial service providers to work in both markets. In 2015, the number of direct flights between China and Taiwan hit 890 per week, up from 270 in 2009. More than 9.4 million people traveled across the strait in 2014, and in September 2015 Taiwan upped its daily quota of mainland visitors from four thousand to five thousand.

# Taiwan-China trade

Since 2008, Taiwan's China-friendly President Ma Ying-jeou has signed a series of landmark trade and economic agreements with Beijing, but both sides have showed little desire for political dialogues.

— Taiwan's exports to mainland China — Taiwan's imports from mainland China

\$10 billion



Data includes re-imports and re-exports.

Sources: Reuters; Directorate General of Customs, Ministry of Finance, ROC

Staff, C. Inton, 04/11/2015

President Ma (2008–2016) signed more than twenty pacts with the PRC, including the 2010 Economic Cooperation Framework Agreement (ECFA) (PDF), a cross-strait agreement to lift barriers to trade. Large Taiwanese corporations reap the majority of the benefits from stronger commercial ties with the mainland while average Taiwan residents' concerns over economic security mount. (Taiwan's economy grew only 1 percent in 2015, youth unemployment is almost 13 percent, and property prices are soaring.) Many residents also believe that Ma brought Taiwan closer to Beijing without transparency and against the will of the Taiwanese people. Ma attended a historic meeting with China's Xi in November 2015, the first between cross-strait political leaders, but Ma's approval ratings hovered around record lows in his last two years in power. KMT electoral losses in November 2014 and 2016 have been widely interpreted as dissatisfaction with Ma's China warming policies.

Taiwan has sought to diversify its commercial partnerships to avoid outright dependence on Beijing. In addition to ECFA, Taiwan has signed a handful of other free-trade pacts, including a deal with New Zealand in 2013—Taiwan's first with a developed economy. The government in Taipei has also repeatedly expressed its interest in joining the U.S.-led Trans-Pacific Partnership, a multinational free-trade agreement that would account for nearly 40 percent of the world's economy. U.S. trade officials have said they are open to (PDF) Taiwan's participation in the TPP.

### **3.4 RISE OF TAIWANESE IDENTITY**

The subsequent backlash against the ruling KMT in exit polls from recent elections raises further questions about societal views over ties with Beijing. Scholars cite the 228 incident, a Taiwanese uprising against the KMT-led ROC that was violently suppressed in 1947, as the root of a strong ethnic Taiwanese identity that sowed the seeds for democratization.

Generations of democratic practices (PDF) seem to have bound together the Taiwanese people and polity. Though most people on across the Taiwan Strait speak Mandarin as their first language, more than a century of separation has led a growing number of Taiwanese to feel they deserve the right to continue a separate existence. Nearly 60 percent of the island's residents regard themselves as exclusively Taiwanese, according to a 2015 survey conducted by the National Chengchi University. Comparatively, 33.7 percent identify as both Taiwanese and Chinese, down from 47.7 percent in 2004, while only 4.1 percent consider themselves only Chinese, a figure that has dwindled since its peak at 26.2 percent in 1994.

"The political awakening of youth in Taiwan was driven as much by practical frustrations as by political ideals," wrote freelance writer Anna Beth Keim in a January 2016 post for the Asia Society. Frustrations over financial insecurity, economic inequality, and a dissatisfaction with Taiwan's political factions have given birth to a groundswell of domestic political activity—largely referred to as Taiwan's "third force."

Meanwhile, China's Xi has emphasized the need for Taiwan's leaders to adhere to the "One China" principle. In March 2015, he said that Taiwan's independence forces "are the biggest hindrance for the peaceful development of the cross-strait ties [and the] biggest threat of the cross-strait stability." China-based experts say that the election of pro-independence leaders in

Taiwan may shift Beijing's top security concern from territorial disputes in the East and South China Seas to defending its territorial integrity across the Taiwan Strait.

#### **4.0 CONCLUSION**

Though Taiwan's political parties diverge on how best to manage the island's relationship with Beijing, experts caution that both Beijing and Taipei must both take responsibility for avoiding a crisis. "A peaceful cross-strait relationship (PDF) is central to the stability and prosperity of the Asia-Pacific region and therefore is of vital importance to the United States," said Bonnie S. Glaser, senior advisor for Asia at the Center for Strategic and International Studies, in a February 2016 statement before a subcommittee of the U.S. House Foreign Affairs Committee.

#### **5.0 SUMMARY**

The island, now inhabited by a Han Chinese majority, many of whom identify as distinctly Taiwanese, is also home to indigenous peoples who account for around 2 percent of the population. "Taiwan has a messy history of invasion, occupation, colonization, refuge, and intermarriage," writes University of Sydney Professor Salvatore Babones.

#### **6.0 TUTOR MARKED ASSIGNMENT**

Discuss the history, politics and economy of today Taiwan.

#### **7.0 REFERENCES/FURTHER READINGS**

This 2016 U.S. Department of Defense report (PDF) to Congress analyzes China's military and security developments.

In this 2016 interview, CFR's Jerome A. Cohen writes that Taiwan's new government will face the challenge of deciding whether to make further progress in cross-strait ties and not destabilize regional security.

The Taiwan Relations Act of 1979 outlines the basis for the U.S. ties with the island.

Taiwanese President Tsai Ing-wen outlines her vision for the island in a June 2015 speech (PDF) at the Center for Strategic and International Studies.

Expert Salvatore Babones breaks down the shifting political trends in Taiwan in this 2016 *Foreign Affairs* article.

This 2014 Congressional Research Service report (PDF) presents an overview of the U.S.-Taiwan relationship.

## UNIT 2 THE SOUTH CHINA SEA

### CONTENT

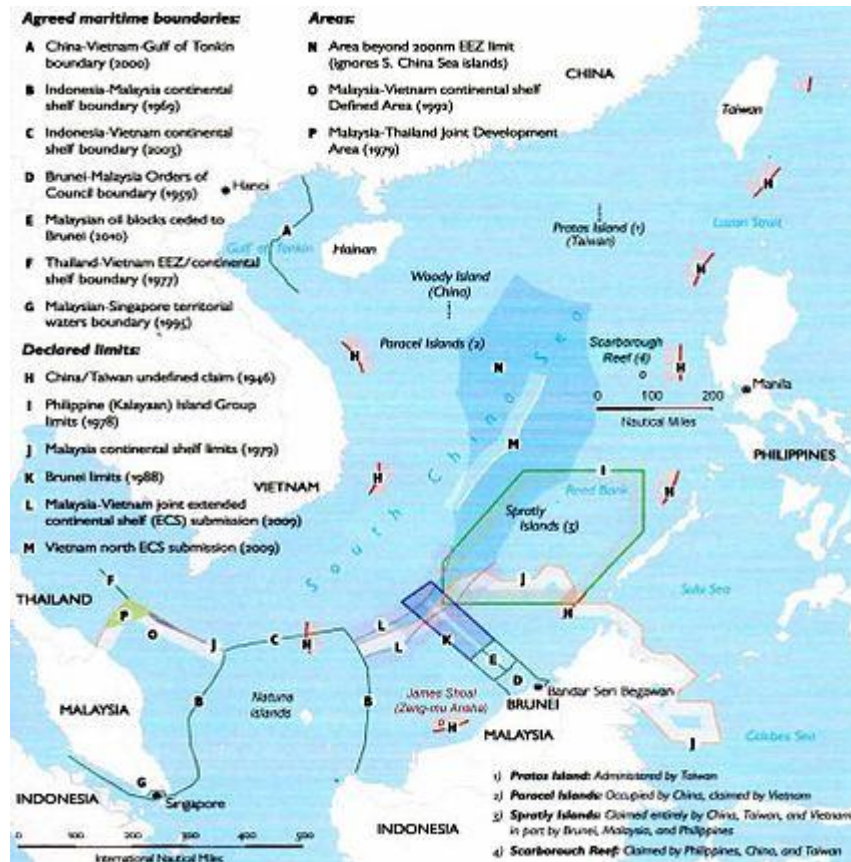
- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 The South China sea claims and agreements
  - 3.2 Chinese objection to Indian naval presence and oil exploration
  - 3.3 Retrenchment
  - 3.4 United States
  - 3.5 Indonesia
  - 3.6 Independent analysis
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- 7.0 References/Further Readings

### 1.0 INTRODUCTION

#### Territorial disputes in the South China Sea



#### Territorial claims in the South China Sea



## 2.0 OBJECTIVES

At the end of this unit, the students should be able to

1. Discuss and point of areas of conflict in the south china sea
2. Elucidate on the reasons why china refuses India to explore for oil on the south china sea.

## 3.0 MAIN CONTENT

### 3.1 SOUTH CHINA SEA CLAIMS AND AGREEMENTS

The South China Sea disputes involve both island and maritime claims among several sovereign states within the region, namely the Nation of Brunei, the People's Republic of China, the Republic of China (Taiwan), Malaysia, the Republic of the Philippines, and the Socialist Republic of Vietnam. Non-claimants want the South China Sea to remain as international waters, with the United States of America conducting "freedom of navigation" operations.

There are disputes concerning both the Spratly and the Paracel islands, as well as maritime, areas near to sea, boundaries in the Gulf of Tonkin and elsewhere. There is a further dispute in the



waters near the Indonesian Natuna Islands. The interests of different nations include acquiring fishing areas around the two archipelagos; the potential exploitation of crude oil and natural gas under the waters of various parts of the South China Sea, and the strategic control of important shipping lanes.

The Shangri-La Dialogue serves as the "Track One" exchange forum on security issues surrounding the Asia-Pacific region, including **territorial disputes in the South China Sea**. The Council for Security Cooperation in the Asia Pacific is the "Track Two" forum for dialogue on security issues.

In February 2016, President Obama initiated the US-ASEAN Summit at Sunnylands for closer engagement with the Association of Southeast Asian Nations. Territorial disputes in the South China Sea were a major topic, but its joint statement, the "Sunnylands Declaration", did not name the South China Sea, instead calling for "respect of each nation's sovereignty and for international law". Analysts believe it indicates divisions within the group on how to respond to China's maritime strategy.

In July 2016, an arbitral tribunal constituted under Annex VII of the United Nations Convention on the Law of the Sea ruled against China's maritime claims in *Philippines v. China*, although it is not enforceable. China does not acknowledge the tribunal nor abide by its ruling, insisting that any resolution should be through bilateral negotiations with other claimants.

The disputes involve both maritime boundaries and islands. There are several disputes, each of which involved a different collection of countries:

1. The nine-dash line area claimed by the Republic of China, later People's Republic of China which covers most of the South China sea and overlaps exclusive economic zone claims of Brunei, Indonesia, Malaysia, the Philippines, Taiwan, and Vietnam. Singapore has reiterated that it is not a claimant state in the South China Sea dispute and therefore allows Singapore to play a neutral role in being a constructive conduit for dialogue among the claimant states.
2. Maritime boundary along the Vietnamese coast between Brunei, Cambodia, China, Malaysia, the Philippines, Taiwan, and Vietnam.
3. Maritime boundary north of Borneo between Brunei, China, Malaysia, Philippines, Taiwan, and Vietnam.
4. Islands in the South China Sea, including the Paracels Islands, the Pratas Islands, Scarborough Shoal and the Spratly Islands between Brunei, China, Malaysia, the Philippines, Taiwan, and Vietnam.
5. Maritime boundary in the waters north of the Natuna Islands between Cambodia, China, Indonesia, Malaysia, Taiwan, and Vietnam.
6. Maritime boundary off the coast of Palawan and Luzon between Brunei, China, Malaysia, the Philippines, Taiwan, and Vietnam.
7. Maritime boundary, land territory, and the islands of Sabah, including Ambalat, between Indonesia, Malaysia, and the Philippines.
8. Maritime boundary and islands in the Luzon Strait between the China, the Philippines, and Taiwan.



9. Maritime boundary and islands in the PedraBranca (and Middle Rocks) between Singapore and Malaysia. This was resolved amicably between the countries through the court of arbitration and joint committees ( seePedraBranca).

## Background

Further information: Timeline of the South China Sea dispute

The area may be rich in oil and natural gas deposits; however, the estimates are highly varied. The Ministry of Geological Resources and Mining of the People's Republic of China estimate that the South China Sea may contain 17.7 billion tons of crude oil (compared to Kuwait with 13 billion tons). In the years following the announcement by the ministry, the claims regarding the South China Sea islands intensified. However, other sources claim that the proven reserve of oil in the South China Sea may only be 7.5 billion barrels, or about 1.1 billion tons. According to the US Energy Information Administration (EIA)'s profile of the South China Sea region, a US Geological Survey estimate puts the region's discovered and undiscovered oil reserves at 11 billion barrels, as opposed to a Chinese figure of 125 billion barrels. The same EIA report also points to the wide variety of natural gas resource estimations, ranging from 190 trillion cubic feet to 500 trillion cubic feet, likely located in the contested Reed Bank".<sup>1</sup>

The South China Sea is dubbed by China as the "second Persian Sea."<sup>1</sup> The state-owned China Offshore Exploration Corp. planned to spend 200 billion RMB (United States dollar 30 billion) in the next 20 years to exploit oil in the region, with the estimated production of 25 million metric tons of crude oil and natural gas per annum, at a depth of 2000 meters within the next five years.<sup>1</sup>

The Philippines began exploring the areas west of Palawan for oil in 1970. Exploration in the area began in Reed Bank/Tablemount. in 1976, gas was discovered following the drilling of a well. However, China's complaints halted the exploration.

On 27 March 1984, the first Philippine oil company discovered an oil field off Palawan, which is an island province bordering the South China Sea and the Sulu Sea. These oil fields supply 15% of annual oil consumption in the Philippines.

The nine-dotted line was originally an "eleven-dotted-line," first indicated by the then Kuomintang government of the Republic of China in 1947, for its claims to the South China Sea. After, the Communist Party of China took over mainland China and formed the People's Republic of China in 1949. The line was adopted and revised to nine as endorsed by Zhou Enlai.

The legacy of the nine-dotted line is viewed by some Chinese government officials, and by the Chinese military, as providing historical support for their claims to the South China Sea.

In the 1970s, however, the Philippines, Malaysia and other countries began referring to the Spratly Islands as included in their own territory. On 11 June 1978, President Ferdinand Marcos of the Philippines issued Presidential decree No. 1596, declaring the Spratly Islands (referred to therein as the Kalayaan Island Group) as Philippine territory.

The abundant fishing opportunities within the region are another motivation for the claim. In 1988, the South China Sea is believed to have accounted for 8% of world fishing catches, a figure that has grown since then. There have been many clashes in the Philippines with foreign fishing vessels (including China) in disputed areas. China believes that the value in fishing and oil from the sea has risen to a trillion dollars.

The area is also one of the busiest shipping routes in the world. In the 1980s, at least 270 merchant ships used the route each day. Currently more than half the tonnage of oil transported by sea passes through it, a figure rising steadily with the growth of Chinese consumption of oil. This traffic is three times greater than that passing through the Suez Canal and five times more than the Panama Canal.

As of 1996, Vietnam, the Philippines, Brunei, Malaysia and other countries asserted claims within the Chinese nine-dotted line. The United Nations Convention on the Law of the Sea, which came into effect on 16 November 1994, resulted in more intense territorial disputes between the parties.

As of 2012, all of the Paracel Islands are under Chinese control.

Eight of the Spratly Islands are under Chinese control; Vietnamese troops control the greatest number of Spratly islands. Eight islands are controlled by the Philippines, five by Malaysia, two by Brunei and one by Taiwan. In 2012 the Indian Ambassador to Vietnam, while expressing concern over rising tension in the area, said that 50 per cent of its trade passes through the area and called for peaceful resolution of the disputes in accordance with international law.

On 17 March 2016, in accordance with Memorandum Circular No. 94 s. 2016, President Aquino created the National Task Force for the West Philippine Sea, to secure the State's sovereignty and national territory and preserve marine wealth in its waters and exclusive economic zone, reserving use and enjoyment of the West Philippine Sea exclusively for Filipino citizens.

## **Incidents**

Foreign ships which illegally fished in Indonesian waters were destroyed by the Indonesian government, many of them were Vietnamese ships. Vietnamese government objected to the destruction of its own ships.

660 Vietnamese were apprehended in 2015 by Indonesia.

Indonesian waters were violated by Filipino fishermen.

On 19 March 2016, China coast guards prevented Indonesian authorities from detaining a Chinese fishing boat near the Natunas, although China accepts that the Natuna islands and seas around them belong to Indonesia. The crew were detained by Indonesia earlier, but their fishing boat was rammed free by a Chinese guards vessel while being towed. Indonesia summoned the Chinese ambassador in protest and China in turn demanded the release of the crew as they were

in "traditional Chinese fishing grounds". However, Indonesia refused to release the crew and accused China of sharply raising tensions in the region.

After they breached waters belonging to Thailand, Vietnamese ships were snatched by Thailand.

Chinese and Vietnamese ships were detained by the Philippines.

Vietnamese boats poaching fish in Thai waters were driven away by Thai forces.

For breaching waters of Malaysia, a Vietnamese ship was snatched by Malaysia.

Papua province waters belonging to Indonesia were breached by Vietnamese and Filipino fishermen who were arrested. In Riau's vicinity in Indonesian waters Vietnamese ships were snatched by Indonesia.

Filipino assailants in the South China sea murdered a Vietnamese in December 2015. Filipinos are suspected of having murdered the Vietnamese fisherman.

Indonesian waters were violated by Thais and Malays.

The South China Sea has started to become an attack ground for Indonesian pirates. Indonesian pirates involved in the MT Orkim Harmony hijacking clashed against Vietnamese forces. Indonesian (Java) pirates (giặcChàVà) have historically preyed on Vietnamese shipping.

### **2011 agreement**

On 20 July 2011, the PRC, Brunei, Malaysia, the Philippines and Vietnam agreed to a set of preliminary guidelines which would help resolve the dispute. The agreement was described by the PRC's assistant foreign minister, Zhenmin, as "an important milestone document for cooperation among China and ASEAN countries". Some of the early drafts acknowledged aspects such as "marine environmental protection, scientific research, safety of navigation and communication, search and rescue and combating transnational crime," although the issue of oil and natural gas drilling remains unresolved.

### **SELF ASSESSMENT EXERCISE**

The disputes involve both maritime boundaries and islands. There are several disputes, each of which involved a different collection of countries. Mention some of them.

### **3.2 CHINESE OBJECTION TO INDIAN NAVAL PRESENCE AND OIL EXPLORATION**

On 22 July 2011, the INS Airavat, an Indian amphibious assault vessel on a friendly visit to Vietnam, was reportedly contacted 45 nautical miles from the Vietnamese coast in the disputed South China Sea by a party identifying itself as the Chinese Navy and stating that the ship was entering Chinese waters. A spokesperson for the Indian Navy explained that as no ship or aircraft

was visible, the INS Airavat proceeded on her onward journey as scheduled. The Indian Navy further clarified that "[t]here was no confrontation involving the INS Airavat. India supports freedom of navigation in international waters, including in the South China Sea, and the right of passage in accordance with accepted principles of international law. These principles should be respected by all."

In September 2011, shortly after China and Vietnam signed an agreement seeking to contain a dispute over the South China Sea, India's state-run explorer, Oil and Natural Gas Corporation (ONGC) said that its overseas investment arm, ONGC Videsh Limited, had signed a three-year agreement with Petro Vietnam for developing long-term co-operation in the oil sector, and that it had accepted Vietnam's offer of exploration in certain specified blocks in the South China Sea. In response, Chinese Foreign Ministry spokesperson Jiang Yu, without referring to India by name, stated as follows:

"China enjoys indisputable sovereignty over the South China Sea and the island. China's stand is based on historical facts and international law. China's sovereign rights and positions are formed in the course of history and this position has been held by Chinese Government for long. On the basis of this China is ready to engage in peaceful negotiations and friendly consultations to peacefully solve the disputes over territorial sovereignty and maritime rights so as to positively contribute to peace and tranquility in the South China Sea area. We hope that the relevant countries respect China's position and refrain from taking unilateral action to complicate and expand the issue. We hope they will respect and support countries in the region to solve the bilateral disputes through bilateral channels. As for oil and gas exploration activities, our consistent position is that we are opposed to any country engaging in oil and gas exploration and development activities in waters under China's jurisdiction. We hope the foreign countries do not get involved in South China Sea dispute."

An Indian foreign ministry spokesman responded, "The Chinese had concerns, but we are going by what the Vietnamese authorities have told us and [we] have conveyed this to the Chinese." The Indo-Vietnamese deal was also denounced by the Chinese state-run newspaper *Global Times*.

### 3.3 RETRENCHMENT

In Spring 2010, Chinese officials reportedly communicated to US officials that the South China Sea is "an area of 'core interest' that is as non-negotiable" and on par with Taiwan and Tibet on the national agenda but may have backed away from that assertion in 2011.

In October 2011, China's *Global Times* newspaper, published by the Communist Party, *People's Daily*, editorialised on South China Sea territorial disputes under the banner "Don't take peaceful approach for granted". The article referenced recent incidents involving Philippines and South Korea detaining Chinese fishing boats in the region:

"If these countries don't want to change their ways with China, they will need to prepare for the sounds of cannons. We need to be ready for that, as it may be the only way for the disputes in the sea to be resolved." *Global Times* (China), 25 October 2011

questions about whether this reflected official policy, a Chinese Foreign Ministry spokeswoman stated the country's commitment "to resolving the maritime dispute through peaceful means."

Alan Dupont of the University of New South Wales has said that the Chinese government appears to be directing its fishing fleet into disputed waters as a matter of policy.

### **Oil development**

Vietnam and Japan reached an agreement early in 1978 on the development of oil in the South China Sea. As of 2012, Vietnam had concluded some 60 oil and gas exploration and production contracts with various foreign companies. In 1986, the "White Tiger" oil field in the South China Sea came into operation, producing over 2,000 tons of crude oil per year, followed by the "The Bear" and "Dragon" oil fields. As of 2011, Vietnam was the sixth-largest oil producer in the Asia-Pacific region although the country is now a net oil importer; in 2009 while petroleum accounted for 14 percent of government income, this was down from 24 percent in 2004.

China's first independently designed and constructed oil drilling platform in the South China Sea is the *Ocean Oil 981*. The major shareholders are J.P. Morgan Chase & Co. (19%), Commonwealth Bank of Australia (14%), T. Rowe Price Associates, Inc. and affiliates (6%), and BlackRock, Inc. (5%).<sup>[72]</sup> It began operation on 9 May 2012 in the South China Sea, 320 kilometres (200 mi) southeast of Hong Kong, at a depth of 1,500 m and employing 160 people. On 2 May 2014, the platform was moved near to the Paracel islands, a move Vietnam stated violated their territorial claims while Chinese officials said was legal as it falls within surrounding waters of the Paracel Islands which China militarily controls.

### **Non-claimant views**

## **3.4 UNITED STATES**

The United States and China are currently in disagreement over the South China Sea. This disagreement is exacerbated by the fact that the US is not a member of the United Nations Convention on the Law of the Sea (UNCLOS). Nevertheless, the US has stood by its manoeuvres, claiming that "peaceful surveillance activities and other military activities without permission in a country's Exclusive Economic Zone (EEZ)," is allowed under the convention. Additionally, a South China Sea free to access is in the US's economic and geopolitical interests.. In relation to the dispute, Secretary Clinton voiced her support for fair access by reiterating that freedom of navigation and respect of international law is a matter of national interest to the United States. Her comments were countered by China's Foreign Minister Yang Jiechi as "in effect an attack on China," who warned the United States against making the South China Sea an international issue or multilateral issue.

Clinton testified in support of congressional approval of the Law of the Sea Convention, which would strengthen US ability to support countries that oppose Chinese claims to certain islands in the area. On 29 May 2012, a spokesman for the Chinese Foreign Ministry expressed concern over this development, stating that "non-claimant Association of South East Asian Nations

countries and countries outside the region have adopted a position of not getting involved into territorial disputes." In July 2012, the United States Senate passed resolution 524, initially sponsored by Senator John Kerry, stating (among other things) the United States' strong support for the 2002 declaration of conduct of parties in the South China Sea, reaffirms the United States' commitment to assist the nations of Southeast Asia to remain strong and independent, and supports enhanced operations by the United States armed forces in the Western Pacific.

In 2014, the United States responded to China's claims over the fishing grounds of other nations by saying that "China has not offered any explanation or basis under international law for these extensive maritime claims." USN CNO Jonathan Greenert then pledged American support to the Philippines in its territorial conflicts with the PRC. The Chinese Foreign Ministry asked the United States to maintain a neutral position on the issue. In 2014 and 2015, the United States continued freedom of navigation operations, including in the South China Sea. Sources closer to the Pentagon have also said that the US administration is planning to deploy some naval assets within 12 nautical miles of the Spratly Islands. In response to this announcement, Beijing issued a strict warning and said that she would not allow any country to violate China's territorial waters in the name of "Freedom of Navigation". On 27 October 2015, the US destroyer USS Lassen navigated within 12 nautical miles of reclaimed land in the Subi Reef as the first in a series of "Freedom of Navigation Operations". This is the first time since 2012 that the US has directly challenged China's claims of the island's territorial limit. On 8–9 November 2015, two US B-52 strategic bombers flew near artificial Chinese-built islands in the area of the Spratly Islands and were contacted by Chinese ground controllers but continued their mission undeterred.

The United States itself has not signed UNCLOS, but has accepted all but Part XI as customary international law.

### **3.5 INDONESIA**

#### **China–Indonesia relations**

Since early of the South China Sea dispute, Indonesia has repeatedly reiterated its position as a non-claimant state in the South China Sea dispute, and often positioned itself as a "honest broker". However, parts of China's unilaterally claimed nine-dash line is intersecting with Indonesia's exclusive economic zone near Natuna islands. Although China has acknowledged Indonesia's sovereignty over Natuna islands, China argues that the waters around Natuna islands are Chinese "traditional fishing grounds". Indonesia quickly dismisses China's claim and believes China's nine-dash line claim over parts of the Natuna islands has no legal basis.<sup>1</sup> In November 2015, Indonesia's security chief Luhut Panjaitan said Indonesia could take China before an international court.

Chinese fishing vessels—often escorted by Chinese coast guard ship, has been reported repeatedly breached Indonesian waters near Natuna islands. On 19 March 2016, Indonesian authorities tried to capture a Chinese trawler accused for illegal fishing in Indonesian waters, and arrest the Chinese crew. But they were prevented by a Chinese coast guard boat that reportedly "rammed" the trawler and set it free. Indonesia still has the Chinese crew in custody. On March 21, 2016, minister for fisheries and maritime affairs Susi Pudjiastuti, summoned the Chinese

ambassador, XieFeng, and discussed about this matter. Indonesia insists to prosecute Chinese trawler crew, despite Beijing's demand to release their eight fishermen. ArifHavasOegroseno, the government official of maritime security said that the "traditional fishing grounds" was not recognised under the 1982 United Nations Convention on the Law of the Sea. This incident prompted security minister Luhut Pandjaitan to deploys more troops and patrol boats, also strengthen the Ranai naval base in the area.

Following the clashes, on 23 June 2016, Indonesian President Joko Widodo visited Natuna islands on a warship to demonstrate Indonesia's authority. He led a high-level delegation, which includes the armed forces chief and state ministers. Security Minister Luhut Panjaitan said it was meant to send a "clear message" that Indonesia was "very serious in its effort to protect its sovereignty".

Following the Permanent Court of Arbitration ruling on 12 July 2016, Indonesia called on all parties involved in the territorial dispute to exercise self-restraint and to respect applicable international laws.

## **Ethnic minorities**

### ***Cham people and Montagnards***

Main articles: Chams, Champa, History of the Cham–Vietnamese wars, Central Highlands (Vietnam), Nam tiến, United Front for the Liberation of Oppressed Races, FULRO insurgency against Vietnam, Degar, and Khmer Krom

Former Cham states were originated in South China Sea and were annexed by Vietnam in 1832;<sup>[103]</sup> The Vietnamese government fears that using the evidence of Champa's historical connection to the disputed islands in South China Sea would expose the human rights violations and killings of ethnic minorities in Vietnam such as in the 2001 and 2004 uprisings, and lead to the issue of Cham autonomy being brought to attention, since the Vietnamese conquered the Hindu and Muslim Cham people in a war in 1832, and the Vietnamese continue to destroy evidence of Cham culture and artefacts left behind, plundering or building on top of Cham temples, building farms over them, banning Cham religious practices, and omitting references to the destroyed Cham capital of Song Luy in the 1832 invasion in history books and tourist guides. The situation of Cham compared to the ethnic Vietnamese is substandard, lacking water and electricity and living in houses made out of mud.<sup>[104]</sup>

The Hindu and Muslim Chams, the Khmer Krom, and the Montagnards founded the United Front for the Liberation of Oppressed Races (FULRO) to fight for independence against both South Vietnam and against the Communist government of unified Vietnam during the FULRO insurgency against Vietnam. The Vietnamese government is still persecuting Montagnards and accusing them of being FULRO members as late as 2012 and blaming FULRO for the 2004 and 2001 riots against Vietnamese rule in the Central Highlands, even though FULRO has not existed for decades. The United States under President Obama, because of its anti-China policy and trying to lure Vietnam as an ally to the USA against China, is deliberately ignoring the persecution of Montagnards, instead only criticising Vietnam for cracking down on a Vietnamese blogger.

***Moro Conflict***

Main article: Moro Conflict

The Moro Conflict is an ongoing insurgency in Mindanao. In 1969, political tensions and open hostilities developed between the Government of the Philippines and Moro Muslim rebel groups. Nur Misuari, a political science lecturer, established the Moro National Liberation Front in 1972, which fought against the Philippines government in a conflict that lasted over four decades. The Peace process with the Bangsamoro in the Philippines led to the Framework Agreement on the Bangsamoro, a peace deal that was signed with the Moro Islamic Liberation Front, a splinter group from the MNLF. The Moro National Liberation Front (MNLF) has declared its support for China against the Philippines government in the South China Sea dispute, calling both China and the Moro people as victims of Philippine colonialism, and noting China's history of friendly relation with the Sultanate of Sulu in the region. The MNLF also denounced America's assistance to the Philippines in their colonisation of the Moro people in addition to denouncing the Philippines' claims to the islands disputed with China, and denouncing America for siding with the Philippines in the dispute, noting that in 1988 China "punished" Vietnam for attempting to set up a military presence on the disputed islands, noting that the Moros and China maintained peaceful relations, while on the other hand the Moros had to resist other colonial powers (having to fight the Spanish, fight the Americans, and fight the Japanese, in addition to fighting the Philippines).

**Cambodia**

A mass gathering in support of China and against Vietnamese scab workers and against Vietnamese theft of Cambodian lands was held by Cambodians.

China has been backed by Cambodia, which helps cancel and stop anti-China declarations over the dispute in ASEAN meetings, and prevents consensus over unified ASEAN action.

**Thailand**

In ASEAN China has been backed by Thailand.

**Laos**

In the International Court China was backed by Laos against the decision over the South China Sea.

**East Timor**

The gas and oil rich sweeping maritime territory claimed and disputed by Australia against the tiny country of East Timor has been compared to the South China Sea.



### 3.6 INDEPENDENT ANALYSIS

The position of China on its maritime claims based on UNCLOS and history has been ambiguous, particularly with the nine dash line map. For example, in its *notes verbales* in 2011, the first phrase stated that China has undisputed sovereignty over the islands and the adjacent waters, suggesting China is claiming sovereignty over its territorial waters, a position consistent with UNCLOS. However, the second phrase in its *notes verbales* stated that China enjoys sovereign rights and jurisdiction over the relevant waters along with the seabed and subsoil contained in this region, suggesting that China is claiming sovereignty over all of the maritime space (includes all the geographic features and the waters within the nine dash line). The third phrase indicates support for basing their claims on historical basis as well. Recently in its *notes verbales* in 2011, China has explicitly stated that it claims the territorial waters and all of the islands in which each island has its own exclusive economic zone and continental shelf. A major problem with this claim is that it fails to distinguish between geographic features considered as "islands" or "rocks" under UNCLOS. The vast majority of international legal experts have concluded that China's claims based on historical claims are invalid. Many ambiguities arise from the notion of historical claims as a basis for claiming sovereignty and is inherently ambiguous.

Japanese scholar TaokaShunjicriticised Japanese Prime Minister Shinzo Abe for trying to falsely portray China as a threat to Japan and that it was invading its neighbours like the Philippines. He pointed out that the Spratly islands were not part of the Philippines when the US acquired the Philippines from Spain in the Treaty of Paris in 1898, and the Japanese-ruled Taiwan itself had annexed the Spratly islands in 1938, a move that was never challenged by the US-ruled Philippines, which never asserted that it was their territory. He also pointed out that other countries did not need to do full land reclamation since they already controlled islands and that the reason China engaged in extensive land reclamation is because they needed it to build airfields since China only has control over reefs.

### 4.0 CONCLUSION

The position of China on its maritime claims based on UNCLOS and history has been ambiguous, particularly with the nine dash line map. For example, in its *notes verbales* in 2011, the first phrase stated that China has undisputed sovereignty over the islands and the adjacent waters, suggesting China is claiming sovereignty over its territorial waters, a position consistent with UNCLOS. However, the second phrase in its *notes verbales* stated that China enjoys sovereign rights and jurisdiction over the relevant waters along with the seabed and subsoil contained in this region, suggesting that China is claiming sovereignty over all of the maritime space (includes all the geographic features and the waters within the nine dash line). The third phrase indicates support for basing their claims on historical basis as well. Recently in its *notes verbales* in 2011, China has explicitly stated that it claims the territorial waters and all of the islands in which each island has its own exclusive economic zone and continental shelf.

## 5.0 SUMMARY

A major problem with this claim is that it fails to distinguish between geographic features considered as "islands" or "rocks" under UNCLOS. The vast majority of international legal experts have concluded that China's claims based on historical claims are invalid. Many ambiguities arise from the notion of historical claims as a basis for claiming sovereignty and is inherently ambiguous.

## 6.0 TUTOR MARKED ASSIGNMENT

Mention and analyze the areas of conflict in the South China sea.

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## UNIT 3 EAST CHINA SEA

### CONTENT

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Geography
  - 3.2 Exclusive Economic Zone
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 References/Further Readings

### 1.0 INTRODUCTION

The **East China Sea** is a marginal sea east of China. The East China Sea is a part of the Pacific Ocean and covers an area of roughly 1,249,000 square kilometres (482,000 sq mi). To the east lies the Japanese islands of Kyushu and the Ryukyu Islands, to the south lies the South China Sea, and to the west by the Asian continent. The sea connects with the Sea of Japan through the Korea Strait and opens to the north into the Yellow Sea. The sovereign states which border the sea include South Korea, Japan, the Republic of China (Taiwan) and the People's Republic of China. In the nineteenth century, the sea was known as *Mer de Corée* (Sea of Korea).

## East China Sea



The East China Sea, showing surrounding regions, islands, cities, and seas

## 2.0 OBJECTIVES

At the end of this unit student should be able to

1. Identify the causes of disputes in the East China Sea.
2. Mention the countries involved in the disputes

## 3.0 MAIN CONTENT

### 3.1 GEOGRAPHY

The East China Sea is a part of the Pacific Ocean and covers an area of roughly 1,249,000 square kilometres (482,000 sq mi). It is bounded on the east by Kyūshū and the Ryukyu Islands of Japan, on the south by the South China Sea, and on the west by the Asian continent. It connects with the Sea of Japan through the Korea Strait; it opens in the north to the Yellow Sea.

States with borders on the sea (clockwise from north) include: South Korea, Japan, Republic of China (Taiwan) and the People's Republic of China.

During the 19th century, the sea was known as the *Mer de Corée* (Sea of Korea) in French. It was one of the three main seas within East Asia, the other two being *Mer du Japon* (Sea of Japan) to the north and *Mer de Chine* (Sea of China, today the South China Sea) to the south.

Until World War II, the sea was referred to as (*Higashi Shina Kai*; "East Shina Sea") in Japanese. In 2004, official documents of the Japanese Foreign Ministry and other departments switched to the name (pronounced the same), which has become the standard usage in Japan.

The sea is called the East Sea in Chinese (*DōngHǎi*), being one of the Four Seas of Chinese literature. There are three other seas, one for each of the four cardinal directions.

Common usage in Indonesia refers to the sea as *LautCinaTimur* (East China Sea). This name was used officially by the Indonesian government until 2014, when Indonesia switched usage from the word **Cina** to **Tiongkok** instead; since then, the name *LautTiongkokTimur* become standard usage in Indonesia. Despite this, many Indonesian media outlets and publications continue to use the former sea name.

### 3.2 EXCLUSIVE ECONOMIC ZONES DISPUTES

There are disputes between the People's Republic of China (PRC), Japan, and South Korea over the extent of their respective exclusive economic zones (EEZ).

The dispute between the PRC and Japan concerns the different application of the 1982 United Nations Convention on the Law of the Sea (UNCLOS), which both nations have ratified. China and Japan both claim 200 nautical miles EEZ rights, but the East China Sea width is only 360 nautical miles. China proposed the application of UNCLOS, considering the natural prolongation of its continental shelf, advocating that the EEZ extends as far as the Okinawa Trough. Its

Ministry of Foreign Affairs has stated that "the natural prolongation of the continental shelf of China in the East China Sea extends to the Okinawa Trough and beyond 200 nautical miles from the baselines from which the breadth of the territorial sea of China is measured," which is applicable to the relevant UNCLOS provisions that support China's right to the natural shelf. In 2012, China presented a submission under the UNCLOS concerning the outer limits of the continental shelf to the UN. However, Japan claims about 40,000 square kilometers part of this territory as its own EEZ because it is within 200 nautical miles (370 km) from its coast, and thus proposed the Median line division of the EEZ.

In 1995, the People's Republic of China (PRC) discovered an undersea natural gas field in the East China Sea, namely the Chunxiao gas field, which lies within the Chinese EEZ while Japan believes it is connected to other possible reserves beyond the median line. Japan has objected to PRC development of natural gas resources in the East China Sea near the area where the two countries Exclusive Economic Zone (EEZ) claims overlap. The specific development in dispute is the PRC's drilling in the Chunxiao gas field, which is located in undisputed areas on China's side, three or four miles (6 km) west of the median line proposed by Japan. Japan maintains that although the Chunxiao gas field rigs are on the PRC side of a median line that Tokyo regards as the two sides' sea boundary, they may tap into a field that stretches underground into the disputed area. Japan therefore seeks a share in the natural gas resources. The gas fields in the Xihu Sag area in the East China Sea (Canxue, Baoyunting, Chunxiao, Duanqiao, Wuyunting, and Tianwaitian) are estimated to hold proven reserves of 364 BCF of natural gas. Commercial operations began 2006. In June 2008, both sides agreed to jointly develop the Chunxiao gas fields, but they have never been able to agree on how to execute the plan.

#### **4.0 CONCLUSION**

Rounds of disputes about island ownership in the East China Sea have triggered both official and civilian protests between China and Japan.

The dispute between PRC and South Korea concerns Socotra Rock, a submerged reef on which South Korea has constructed the Jeodo Ocean Research Station. While neither country claims the rock as territory, the PRC has objected to Korean activities there as a breach of its EEZ rights.

#### **5.0 SUMMARY**

In this unit, we discussed and outlined the areas of conflict in the East China sea and the possible solutions to the conflict.

#### **6.0 TUTOR MARKED ASSIGNMENT**

Mention and discuss the most common causes of conflict in the East China sea

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## **UNIT 4 NUCLEAR POWER IN CHINA**

### **CONTENT**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Nuclear power in China
  - 3.2 Reactor Technology
  - 3.3 Public opposition
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

As of March 2016, the People's Republic of China has 33 nuclear reactors operating with a capacity of 28.8 GW and 22 under construction with a capacity of 22.1 GW. Additional reactors are planned, providing 58 GW of capacity by 2020. China's National Development and Reform Commission has indicated the intention to raise the percentage of China's electricity produced by nuclear power from the current 2% to 6% by 2020 (compared to 20% in the United States and 74% in France). Nuclear power contributed 3% of the total production in 2015 – 170 billion kWh. Nuclear was the fastest-growing electricity source in 2015 (29% growth) However, rapid nuclear expansion may lead to a shortfall of fuel, equipment, qualified plant workers, and safety inspectors

### **2.0 OBJECTIVES**

At the end of this unit the students should be able to

1. Mention some of the Nuclear warheads owned by China
2. Name and discuss some of the Reactor technology owned by China

### **3.0 MAIN CONTENT**

#### **3.1 NUCLEAR POWER IN CHINA**

Due to increasing concerns about air quality, climate change and fossil fuel shortages, nuclear power has been looked into as an alternative to coal power in China. China has two major nuclear power companies, the China National Nuclear Corporation operating mainly in north-east China, and the China General Nuclear Power Group, - formerly known as China Guangdong Nuclear Power Group, - operating mainly in south-east China. The People's Republic of China is also involved in the development of nuclear fusion reactors through its participation in the ITER project, having constructed an experimental nuclear fusion reactor known as EAST located in Hefei, as well as research and development into the thorium fuel cycle as a potential alternative means of nuclear fission.

China wants to maximize self-reliance on nuclear reactor technology manufacturing and design although international cooperation and technology transfer are also encouraged. Advanced pressurized water reactors such as the ACPR1000 and the AP1000 are the mainstream technology in the near future. By mid-century fast neutron reactors are seen as the main technology. More long-term plans for future capacity are 120-150 GW by 2030. Fast neutron reactors are planned to contribute 1400 GW by 2100.

China is positioned to become a reactor exporter, through development of the CPR-1000.

The nuclear safety plan of 2013 stated that beyond 2016 only Generation III plants would be started, and until then only a very few Generation II+ plants would be built.

## **History**

On 8 February 1970, China issued its first nuclear power plan, and the 728 *Institute* (now called Shanghai Nuclear Engineering Research and Design Institute) was founded. On 15 December 1991, China's first nuclear power reactor, a 288 MWe PWR at the Qinshan Nuclear Power Plant, was connected to the grid.

## **Future projects**

Following the Fukushima accident and consequent pause in approvals for new plants, the target adopted by the State Council in October 2012 became 60 GWe by 2020, with 30 GWe under construction. In 2015 the target for nuclear capacity on line in 2030 was 150 GWe, providing almost 10% of electricity, and 240 GWe in 2050 providing 15%. However the post-Fukushima slowdown may mean that the 2030 figure is only about 120 GWe. These have reduced the targets from before the Fukushima accident of having over 80 GWe (6%) of installed capacity by 2020, and a further increase to more than 200 GW (16%) by 2030, as agreed in the 22 March 2006 government "Long-term development plan for nuclear power industry from 2005 to 2020". The State Council Research Office (SCRO) has recommended that China aim for no more than 100 GW before 2020 (built and building), in order to avoid a shortfall of fuel, equipment and qualified plant workers. It expressed concern that China is building several dozen more Generation 2 reactors, and recommended shifting faster to Generation 3 designs such as the AP1000.

Following the 2011 Fukushima Daiichi nuclear disaster in Japan, China froze new plant approvals, followed by a slowdown in the programme. No new approvals were made during 2014. In 2015 the EPR and AP1000 builds were reported to be running over two years late, mainly due to key component delays and project management issues. However these delays do not necessarily put the overall programme to 2030 in doubt.

In September 2015 State Nuclear Power Technology Corporation president, Zhongtang Wang, stated that by the end of 2015, China would have 53 nuclear power units operating or under construction, and this should reach 88 by the end of 2020.



## **The role of the IPPs**

The first major successful profitable commercial project was the Daya Bay Nuclear Plant, which is 25% owned by CLP Group of Hong Kong and exports 70% of its electricity to Hong Kong. Such imports supply 20% of Hong Kong's electricity.

In order to access the capital needed to meet the 2020 target of 80GW, China has begun to grant equity in nuclear projects to China's Big Five power corporations:

- Huaneng Group,
- Huadian Group – Fujian Fuqing nuclear power project II and III
- Datang Group,
- China Power Investment Group – Jiangxi Pengze Nuclear
- Guodian Group

Like the two nuclear companies China National Nuclear Corporation and China Guangdong Nuclear Power Group (CGNPG) the Big Five are State-owned "Central Enterprises" administered by SASAC. However, unlike the two nuclear companies, they have listed subsidiaries in Hong Kong and a broad portfolio of thermal, hydro and wind.

## **Generation IV**

The HTR-PM is as of July 2015 slated for completion in 2017. It is a HTGR, a Generation IV design. The HTR-PM is a descendant of the AVR reactor.

## **Safety and regulation**

The National Nuclear Safety Administration (NNSA), under the China Atomic Energy Authority, is the licensing and regulatory body which also maintains international agreements regarding safety. It was set up in 1984 and reports to the State Council directly. In relation to the AP1000, NNSA works closely with the US Nuclear Regulatory Commission.

China has requested and hosted 12 Operational Safety Review Team (OSART) missions from IAEA teams to October 2011, and each plant generally has one external safety review each year, either OSART, WANO peer review, or CNEA peer review (with the Research Institute for Nuclear Power Operations).

The challenge (in the proposed rapid build-out of nuclear power) for the government and nuclear companies is to "keep an eye on a growing army of contractors and subcontractors who may be tempted to cut corners". China is advised to maintain nuclear safeguards in a business culture where quality and safety are sometimes sacrificed in favor of cost-cutting, profits, and corruption. China has asked for international assistance in training more nuclear power plant inspectors.

Following the Fukushima Daiichi nuclear disaster in Japan, China announced on 16 March 2011, that all nuclear plant approvals were being frozen, and that 'full safety checks' of existing

reactors would be made. Although Zhang Lijun, Vice Minister of Environmental Protection, has indicated that China's overall nuclear energy strategy would continue, some commentators have suggested that additional safety-related costs and public opinion could cause a rethink in favor of an expanded renewable energy program. In April 2011, *China Daily* reported that approvals for construction of nuclear power plants in marine areas have been suspended. The safety inspections were due to finish by October 2011, and the current status of the projects is unclear. In April 2012, Reuters reported that China was likely to resume nuclear power plants approvals sometime during the first half of 2012. The official target of a capacity of 40 GW by 2020 is unchanged but earlier plans to increase this to 86 GW has been reduced to 70-75 GW due to shortages of equipment and qualified personnel as well as safety concerns.

China's current methods for storing spent nuclear fuel (SNF) are only sustainable until the mid 2020s, and a policy to handle SNF needs to be developed.

### **3.2 REACTOR TECHNOLOGY**

#### **CPR-1000**

The most numerous reactor type under construction is the CPR-1000, with fifteen units under construction as of June 2010, and another 15 approved and proposed. This reactor type is a Chinese development of the French 900 MWe three cooling loop design imported in the 1990s, with most of the components now built in China. Intellectual property rights are retained by Areva however, which affects CPR-1000 overseas sales potential. On 15 July 2010, China's first CPR-1000 nuclear power plant, Ling Ao-3, was connected to the grid. China plans to develop a domestic program to become self-sufficient in reactor design and construction, as well as other parts of the fuel cycle, though they currently operate using imported Uranium. ShuGuogang, GM of China Guangdong Nuclear Power Project said, "We built 55 percent of Ling Ao Phase 2, 70 percent of Hongyanhe, 80 percent of Ningde and 90 percent of Yangjiang Station."

#### **Hualong One**

Since 2011 the China General Nuclear Power Group and the China National Nuclear Corporation have been progressively merging their CPR-1000 and ACP1000 designs, to become the joint Hualong One design. Both are three-loop designs originally based on the same French design, but had different nuclear cores. Power output will be 1150 MWe, with a 60-year design life, and would use a combination of passive and active safety systems with a double containment. The first units to be constructed will be Fuqing 5 and 6, followed by Fangjiashan 3 and 4, Fangcheng gang 3 and 4. In December 2015 the two companies agreed to create Hualong International Nuclear Power Technology Co as a joint venture to promote the Hualong One in overseas markets, which was officially launched in March 2016.

#### **AP1000**



Sanmen Nuclear Power Plant, located in Zhejiang China

The Westinghouse AP1000 is the main basis of China's move to Generation III technology, and involves a major technology transfer agreement. It is a 1250 MWe gross reactor with two coolant loops. The first four AP1000 reactors are being built at Sanmen and Haiyang, for CNNC and CPI respectively. At least eight more at four sites are firmly planned after them. In 2015 the build was reported to be running over two years late, mainly due to key component delays and project management issues.

## **EPR**

In 2007 negotiations were started with the French company Areva concerning the EPR third generation reactors. Two Areva EPR reactors are being built at Taishan, and at least two more are planned. Areva says the reactors are 4590 MWt, with net power 1660 MWe.

In October 2008, Areva and CGNPC announced establishment of an engineering joint venture as a technology transfer vehicle for development EPR and other PWR plants in China and later abroad. The JV will be held 55% by CGNPC and other Chinese interests, and 45% by Areva. It will engineer and procure equipment for both the EPR and the CPR-1000.

In 2015 the building was reported to be running over two years late, mainly due to key component delays and project management issues.

## **CAP1400 development**

In 2008 and 2009 Westinghouse made agreements to work with the State Nuclear Power Technology Corporation (SNPTC) and other institutes to develop a larger version of the AP1000, probably of 1400 MWe capacity, possibly followed by a 1700 MWe design. China will own the intellectual property rights for these larger designs. Exporting the new larger units may be possible with Westinghouse's cooperation. In December 2009, a Chinese joint venture was set up to build an initial CAP1400 near the HTR-10 Shidaowan site. In 2015 site preparation started, and approval to progress was expected by the end of the year.

## **ACPR1000 development**

In 2010 the China Guangdong Nuclear Power Corporation announced the ACPR1000 design, a further design evolution of the CPR-1000 to a Generation III level, which would also replace intellectual property right limited components. CGNPC aims to be able to independently market the ACPR1000 for export by 2013.

## CANDU-6 Heavy Water reactors



Qinshan Nuclear Power Plant, located in Zhejiang China

6 heavy water reactors to be located at Qinshan NPP, 3 of them are operational, the other three are still under construction. These reactors do not require enriched fuel, and can use the waste products of other light water reactors as fuel.

## VVER-1000

Russia's Atomstroyexport was general contractor and equipment provider for the Tianwan AES-91 power plants using the V-428 version of the well-proven VVER-1000 reactor of 1060 MWe capacity. Russia's Energoatom is responsible for maintenance from 2009. Two further Tianwan units will use the same version of the VVER-1000 reactor.

## Nuclear power plants under construction

Name	Maximum capacity	Current phase capacity	Construction started	Active capacity	Scheduled completion	Reactor types
<u>Tianwan</u>	8,380 MW	4,080 MW	20 October 1999	1,980 MW	2018/2019	4 × <u>VVER-1000</u> 2 × <u>CNP-1000</u> 2 × <u>VVER-1200</u>
<u>Ningde</u>	6,108 MW	4,072 MW	18 February 2008	3,060 MW	2015/2016	6 × <u>CPR-1000</u>
<u>Hongyanhe</u>	6,122 MW	4,122 MW	27 August 2007	3,072 MW	2015/2016	4 × <u>CPR-1000</u>
<u>Yangjiang</u>	6,000 MW	4,000 MW	16 December 2008	2,042 MW	2014/5/7/8	4 × <u>CPR-1000</u> 2 × <u>ACPR-1000</u>
<u>Qinshan</u>	6,838 MW	5,438	20 March	4,038	2014/2015	PWR, <u>PHWR</u>

Name	Maximum capacity	Current phase capacity	Construction started	Active capacity	Scheduled completion	Reactor types
		MW	1985	MW		
<u>Fangjiashan</u>	2,000 MW	2,000 MW	26 December 2008	2,040 MW	2014/2015	2 × <u>CPR-1000</u>
<u>Fuqing</u>	6,000 MW	4,000 MW	21 November 2008	1,020 MW	2014/5/6/7	4 × <u>CPR-1000</u> 2 × <u>ACP-1000</u>
<u>Sanmen</u>	6,600 MW	2,200 MW	19 April 2009	0 MW	2016	6 × <u>AP1000</u>
<u>Haiyang</u>	8,800 MW	2,200 MW	24 September 2009	0 MW	2016	8 × <u>AP1000</u>
<u>Taishan</u>	6,800 MW	3,400 MW	28 October 2009	0 MW	2015/2016	4 × <u>EPR</u>
<u>Xianning</u>	4,400 MW	2,200 MW	2011	0 MW	2015/2016	4 × <u>AP1000</u>
<u>Fangchenggang</u>	6,000 MW	2,000 MW	30 July 2010	0 MW	2015/17/19	6 × <u>CPR-1000</u>
<u>Changjiang</u>	2,440 MW	1,220 MW	25 April 2010	0 MW	2015/2016	4 × <u>CNP-650</u>
<b>Total</b>	<b>76,328 MW</b>	<b>40,932 MW</b>		<b>17,252 MW</b>		

### Companies

- China National Nuclear Corporation
- China General Nuclear Power Group
- State Nuclear Power Technology Corporation
- China Nuclear International Uranium Corporation

### **3.3 PUBLIC OPPOSITION**

China is experiencing civic protest over its ambitious plans to build more nuclear power plants following the Fukushima nuclear disaster. There has been "inter-provincial squabble" over a nuclear power plant being built near the southern bank of the Yangtze River. The plant in the centre of the controversy is located in Pengze county in Jiangxi and across the river the government of Wangjiang county in Anhui wants the project shelved.

More than 1,000 people protested in Jiangmen City Hall in July 2013 to demand authorities abandon a planned uranium-processing facility that was designed as a major supplier to nuclear power stations. The Heshan Nuclear Power Industry Park was to be equipped with facilities for uranium conversion and enrichment as well as the manufacturing of fuel pellets, rods and finished assemblies. Protesters feared the plant would adversely affect their health, and the health of future generations. As the weekend protest continued, Chinese officials announced the state-run project's cancellation.

By 2014, concerns about public opposition caused Chinese regulators to develop public and media support programmes, and developers to begin outreach programmes including site tours and visitor centres.

### **4.0 CONCLUSION**

As of March 2016, the People's Republic of China has 33 nuclear reactors operating with a capacity of 28.8 GW and 22 under construction with a capacity of 22.1 GW. Additional reactors are planned, providing 58 GW of capacity by 2020. China's National Development and Reform Commission has indicated the intention to raise the percentage of China's electricity produced by nuclear power from the current 2% to 6% by 2020 (compared to 20% in the United States and 74% in France).

### **5.0 SUMMARY**

The People's Republic of China is also involved in the development of nuclear fusion reactors through its participation in the ITER project, having constructed an experimental nuclear fusion reactor known as EAST located in Hefei, as well as research and development into the thorium fuel cycle as a potential alternative means of nuclear fission.

### **6.0 TUTOR MARKED ASSIGNMENT**

Name China's Big Five power corporations and state the impact of the Fukushima Daiichi nuclear disaster in Japan, on China.

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## **MODULE 5 CHINA AND GLOBALISATION**

### **INTRODUCTION**

In 2006, IBM Uprooted its global procurement headquarters, transferring them from Somers in New York State, twenty miles north of its headquarters at Armonk, to Shenzhen in south China's Pearl River Delta, just across the border from Hong Kong. It was a notable moment: the first time one of IBM's core arms had left the United States. And it marked a significant move along the road toward making IBM a "globally integrated enterprise" running "truly global systems of production," as its CEO, Sam Palmisano, had written in Foreign Affairs the same year.

**UNIT 1** China and Globalisation

**UNIT 2** The Future of Foreign Investment

**UNIT 3** Vision of Chinese Companies

**UNIT 4** Fundamental Principles of Chinese Foreign Policy

## UNIT 1 CHINA AND GLOBALISATION

### MAIN CONTENT

- 1.0 Introduction
- 2.0 Objective
- 3.0 Main Content
  - 3.1 China's IBM Company
  - 3.2 Two-Way Globalization
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor marked assignment
- 7.0 References/ Further Readings

### 1.0 INTRODUCTION

IBM had first arrived in south China just over a decade earlier, opening an office there in 1993. In 1994, the company set up its first joint venture in Shenzhen, making personal computers. During the next decade, this operation was followed by others—producing ThinkPad laptops, servers, retail store systems, storage devices, and printers. By the early 2000s, the city was home to 2,000 employees, with another 6,000 working for IBM elsewhere in China.

### 2.0 OBJECTIVES

At the end of this unit students should be able to

- 1: Evaluate China's IBM Company
- 2: Analyze China's Two-Way Globalization
- 3: Throw more light on what we mean by China-Enabled Global Company

### 3.0 MAIN CONTENT

#### 3.1 CHINA'S IBM COMPANY

As IBM's Chinese presence grew, thousands of other companies became its suppliers and suppliers to other computer manufacturers as well. They joined a variety of sourcing networks stretching across Shenzhen and the other cities of the Pearl River Delta. Many of these companies supplied parts and materials for low-end light industrial goods: toys, sports shoes, plastic products, and so on. Others provided components for higher-end information technology, computing and telecommunications equipment. To support the region's electronics assembly industry came other component makers from elsewhere in Asia, and with them came the emerging giants of global electronics outsourcing, firms such as Taiwan's Foxconn-Hon Hai, Singapore's Flextronics, and Solectron from the United States.

Other businesses, especially from Hong Kong, rolled out the logistics and supporting technology needed to coordinate the transport of parts and materials and the dispatch of finished goods. As they did, local officials oversaw the expansion of economic zones and industrial parks the

building of highways and container ports, the opening of new universities and training colleges, and the arrival of migrant labor from other parts of the country.

By the time IBM exited the personal computers business-selling its PC arm, including its ThinkPad laptop business, to Lenovo in 2005 the Pearl River Delta region had remade itself into the heart of the world's most important technology supply chain. Clustered there were nearly all the companies that produced the world's electronic and IT goods. Wherever the individual components of any product were made in Taiwan, Japan, Malaysia, Singapore, or, as was increasingly the case, in China itself they would be brought together and assembled in a factory somewhere in the Delta.

IBM's executives thoroughly understood the structure and capabilities of the networks that comprised this supply chain. They also knew that the region had become home to one of the largest pools of procurement talent worldwide. Moving its own procurement arm there not only strengthened its own supply base, but also positioned the company to help clients strengthen their own supply chains, one of the core focuses of IBM's business.

At the same time, 1,200 miles north in Beijing, IBM was developing another group of China-based talent. In 1995, the company founded its China Research Laboratory, one of just eight such centers worldwide set up to tap into local reservoirs of high-tech expertise. It is based in the city's Zhongguancun Software Park, next to Beijing's main university district; most of its more than 150 researchers hold doctorates or masters degrees from Beijing, Tsinghua, or other leading Chinese universities. Today, IBM's lab specializes in speech and language technologies, cross-border e-business solutions, and pervasive computing: the embedding of microprocessors in every-thy objects. Every year, some 1,800 researchers apply to join it; only a few are selected. Until recently, IBM hired three researchers in the United States and one each in Switzerland, Japan, Israel, and India each year. Then in 2008, the company opened a new research facility in Shanghai, its first in a decade. Starting with just over a dozen researchers, it is due to have a hundred in place, working principally on Internet-related topics such as cloud computing and Web-delivered services. Today, IBM runs all of its global growth business out of Shanghai. This includes its business in Asia, Latin America, Russia, Eastern Europe, the Middle East, and Africa.

IBM still produces hardware in China. And it also has a thriving Chinese business in services; in 2009, despite the global economic slowdown, IBM's consulting arm forecast a doubling in size of its China operations within a year because of growing demand from Chinese companies. To meet this demand, IBM plans to open four new China offices, taking its total presence from six to ten. But although China's low prices are still attractive to IBM, that's not why the company has placed its labs in Beijing and Shanghai or its procurement HQ in Shenzhen. They are there because, for IBM, those are the best places for them to be, both to support its clients and to offer services to other of the company's divisions and operations around the world. China is the site for several different nodes of Sam Palmisano's globally integrated enterprise.

### **SELF ASSESSMENTEXERCISE**

Evaluate China's IBM Company

### 3.2 TWO-WAY GLOBALIZATION

Removing the boundaries that inhibit integration is, in a sense, the definition of globalization. Thanks to the advances of information, communications, transport, and other technologies, combined with the lowering of political barriers to international trade and investment, the world has become a far smaller, more interconnected place. This perspective is, no doubt, familiar to readers of this book; it was popularized by *New York Times* columnist and author Thomas L. Friedman in his 2005 book *The World Is Flat* and by the Japanese strategy writer and thinker Kenichi Ohmae fifteen years earlier, in his book *The Borderless World*. According to this view, companies in a globalized world can situate different parts of their business wherever they can find the right skills and abilities. The location of a company's headquarters need have little say about the distribution of its operations in countries worldwide. Instead, thanks to instant communications, anything that can be moved electronically—including capital, in-depth knowledge, human contact, data, and instructions—can be placed at any spot on the globe connected via fiber-optic cable, copper wire, or satellite to the Internet or other forms of electronic communication.

That multinationals with operations spanning the world have bought into this vision is no surprise; by their very nature, they are always looking for new sources of cross-border value. But the Chinese government and business leaders, and most of its citizens, have also bought into the same vision.

This represents a more dramatic shift than many people realize. It was noted that China's original intention when it first opened its doors to foreign investment was to control the world's influence, corralling it in special economic zones. Even today, it remains very much a developing nation; its per capita GDP, despite the growth of the last three decades, is still just one-fifteenth that of the United States, on a par with El Salvador and Namibia.

But it has also become the world's most connected nation, with more people using the Internet than any other country (more than 300 million, compared with 220 million in the United States, India's 60 million pales in comparison), and more of them using broadband (120 million, or about half again as many as in the United States). Throw in its 1 billion phone users—550 million of them mobile subscribers—and it is clear that China's rulers have accepted the fact that the country's population can surf the World Wide Web, talk to each other openly, and exchange emails and text messages. The Chinese government still blocks or censors what it views as politically unacceptable websites. But, by and large, the Chinese people enjoy a level of freedom to communicate with each other that was not possible a decade ago. If we include the market opening measures of China's World Trade Organization accession terms and other measures China has taken to free up trade and welcome investment, then there is certainly a strong case that China has not only embraced globalization vigorously, but made a remarkable transition from isolation to global engagement.

In the aftermath of the 2008 financial crisis, that openness is taking on new dimensions. As Financial Times columnist Martin Wolf noted in September 2009, "The west's reputation for financial and economic competence is in tatters, while that of China has soared." Others have observed Chinese officials beginning to deliver advice and warnings to outside companies and

governments, and to be treated with deference. For example, a group of Chinese diplomats admonished Peter Orszag, the director of the United States Office of Management and Budget, on the importance of health care reform, in part on the grounds that this would safeguard the value of U.S. government bonds in which the Chinese famously hold a \$2 trillion investment, but also with a status directly related to weathering the crisis more successfully than other nations.

To outsiders looking in, the benefits of globalization for China are abundantly clear. The benefits of Chinese globalization for multinational companies are also clear, not just for those using the country as a manufacturing or sourcing location, but for those like IBM, which have integrated their China operations into their global value chain.

There could even be great opportunities for companies entering China for the first time. With the emerging consumer culture in Tier 3 and 4 cities, there will be new potential in untapped markets, such as the service sectors. A company entering China could pick out one market category or consumer segment and have hundreds of thousands of potential customers. That could make China the largest market niche play opportunity in the history of the world.

From within, the view of what has happened might look rather different—so different it's worth briefly considering just how daunting and unfamiliar the changes of the last two decades might seem to an executive of a Chinese company who went to sleep in 1989 and woke up in 2009.

Since the government opened the country's doors to foreign business, barriers to competition have fallen relentlessly, and a nonstop stream of multinationals has flooded in. Many of them now dominate their sectors. Microsoft looks as much a behemoth in China as it does in Europe and America. KFC is ubiquitous on the streets of Chinese cities, far ahead of any Chinese fast-food chain. Procter & Gamble is the leading fast-moving consumer goods company. Tetra Pak, the Swedish company, is the leader in liquid packaging. Global accountancy companies, law firms, and consultancies, all with non-Chinese names, occupy the high ground of professional services. Coca-Cola and Pepsi dominate China's carbonated drinks sector.

Both state-owned and private companies find themselves under ever more intense pressure to be profitable, to find new markets, to add new skills, and to acquire new technologies. When they innovate, they find multinationals following in their paths, assimilating their techniques and methods. Huawei may have changed the global telecommunications equipment manufacturing business forever, but all the world's major equipment vendors now have operations in China, taking advantage of its low-cost production and research environment. Huawei's staff are now the targets for poaching, and its intellectual property is vulnerable to being stolen.

In short, one might expect Chinese business leaders to regard the outside world with concern, trepidation, and resentment, not unlike the way that incumbent company leaders in many countries feel about competitors from outside. But most Chinese business leaders don't feel this way. They regard the outside world with curiosity and entrepreneurial zeal, even when it encroaches on their own markets. In short, they see the promise that the world holds for them. Foreign observers have paid a great deal of attention to the impact globalization has had on China. But the Chinese themselves are keenly aware of the potential they have to affect

globalization itself. China's development over the next decade and beyond will shape the economic and perhaps the political landscape of the rest of the world.

Globalization, of course, is a two-way phenomenon. The combination of the scale and openness of China's markets, and its entrepreneurial drive (particularly in manufacturing and manufacturing-related services) will combine to propel Chinese products and ideas everywhere. And the channels through which globalization has flowed into China—investment and trade, and the interconnection of transportation and communications networks—will also carry China's influence back out to the global economy.

### **SELF ASSESSMENT EXERCISE**

Analyze China's Two-Way Globalization

## **4.0 CONCLUSION**

China won't be the best place for everything. Some industries will remain impossible to migrate to China. For example, as long as China maintains an unconvertible currency, global financial institutions cannot conduct full-scale cross-border business from China. Telecommunications services, closed in China to foreign participation, will have natural constraints around global development. Some industries, such as the motor vehicles industry, have to maintain production locations around the world; these will continue to be based around several key production nodes in the world's largest markets. Comparative advantage will also be a factor: Chinese businesses will eschew enterprises that do not bring them sufficient returns. At the same time, many entire industries, like aircraft manufacturing, will establish a Chinese presence with dramatic speed and thus become global in a new way.

## **5.0 SUMMARY**

Companies with one world status will take advantage of the strengths of each major region. The United States will remain a giant consumer market, the financial crisis notwithstanding, and the source of other functions such as R&D and management innovation. Europe will also be a powerful market, although it is less dynamic than America.

## **6.0 TUTOR MARKED ASSIGNMENT**

- 1: Evaluate China's IBM Company
- 2: Analyze China's Two-Way Globalization
- 3: Throw more light on what we mean by China-Enabled Global Company

## 7.0 REFERENCES/FURDER READINGS

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## **UNIT 2 THE FUTURE OF FOREIGN INVESTMENT**

### **CONTENT**

- 1.0 Introduction
- 2.0 Objective
- 3.0 Main Content
  - 3.1 The Future of Foreign Investment
  - 3.2 The Chinese One World Company
  - 3.3 Globalization in Pursuit of Stability
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor marked assignment
- 7.0 References/ Further Readings

### **1.0 INTRODUCTION**

In the previous unit, we discussed China's IBM Company, Analyzed China's Two-Way Globalization and threw more light on what we meant by China-Enabled Global Company. In this unit we shall focus on The Future of Foreign Investment, The Chinese One World Company, China's Soft Power and Globalization in Pursuit of Stability.

### **2.0 OBJECTIVES**

At the end of this unit, students should be able to

- 1: Discuss the future of Foreign Investment in China
- 2: Evaluate the Chinese One World Company
- 3: State how China uses Globalization in Pursuit of Stability

### **3.0 MAIN CONTENT**

#### **3.1 THE FUTURE OF FOREIGN INVESTMENT**

As multinationals continue to take elements of their value chain to China, foreign investment can be expected to increase. The global financial crisis may lead to a decline in the rate of investment volume in the immediate future. It might generate protectionist pressure that shows the growth of outsourcing and value-chain migration for a time. But this must not be mistaken for any fundamental alteration in the overarching trend. Indeed, it may contribute to a rise in foreign investment, as many companies will be under even greater pressure to enter China or to grow their Chinese business. They will still look to China to reduce costs, but they will also be drawn to the Chinese consumer markets, which will offer stronger growth than the "mature markets" of developed countries.

We will see a further simplifying and shortening of supply chains and a continued outsourcing of manufacturing. Chinese companies in particular will drive the commoditization of more products in many high-volume end-use segments, from laptops and computer peripherals to what were



formerly high-end consumer electronics. This in turn will continue to accelerate demand for production outsourcing to the lowest-cost manufacturing centers.

Before the onset of the global financial crisis there was widespread speculation that rising costs, particularly for labor but also for other inputs, including land and materials, could lead low-cost manufacturers to favor other locations, such as Vietnam, over China. However, only some of the lowest-end manufacturers appear to be moving operations outside China. Often, manufacturers move within China, to locations farther inland. Intel, for example, is relocating some facilities from Shanghai to the inland city of Chengdu, where it had previously established a test and assembly plant. Already a network of expressways links the most important inland locations to the coast. That infrastructure will improve, thanks to the emphasis on transportation in the stimulus measures of 2008-2009.

The strengths of coastal China, especially in its key locations around the Yangtze and Pearl River deltas, will also improve over the next decade, especially for manufacturing sites a little further up the value chain. Even if costs rise, innovations in production processes (generated by the fiercely entrepreneurial will to succeed among Chinese companies) will continue to keep manufacturing competitive.

As more suppliers and manufacturers set up in China, the outsourcing and procurement trends of low-cost manufacturing will migrate to higher-end, lower-volume products such as medical equipment, machinery, automobile components, and other higher-end technologies. Other industries will include power generation especially in areas to do with increasing energy efficiency, and electronics and IT, where ever greater numbers of Chinese manufacturers will replace manufacturers of components and modules from other countries.

The Chinese government is not likely to change its policies around strategic industry sectors, no matter how integrated its economy becomes. Thus, China will not welcome foreign investment in industries that are regarded as strategic (nor in those where it perceives its companies are not receiving reciprocal treatment overseas). In the longer run, official China is likely to modify its definition of which sectors are strategic and which not, narrowing access in some industries and opening it further in others. During the next few years, especially during the economic slowdown accompanying the global financial crisis, Chinese officials and the Chinese public may suspect other countries of protectionist or anti-Chinese sentiment. This in turn could lead the government to restrict large-scale overseas penetration of Chinese markets, by blocking foreign acquisitions of some Chinese companies. This has already happened to Coca-Cola in 2009. Seeking to own local brands, it offered \$2.4 billion to buy China's largest juice maker, Huiyuan Juice. This offer was rejected by the Ministry of Commerce.

Tempting as it will be to attribute such events to the emergence of a protectionist outlook on the part of official China, they will tend to be tactical, not strategic. They will reflect a desire to protect individual companies rather than the economy as a whole. The broad thrust of maintaining China's openness to foreign investment and the arrival of value-chain elements will remain in place.

### 3.2 THE CHINESE ONE WORLD COMPANY

China will eventually produce its own one world companies. Official China has long made it clear that one of its major economic goals is to establish Chinese enterprises among the ranks of the world's leading businesses. Superficially, this process would appear to be under way. In 2009, China had thirty-four members of the Fortune Global 500. China's outbound investment was more than \$52 billion in 2009, having risen from \$1 billion to \$3 billion annually in the early 2000s.

However, China still has a way to go before its companies attain the status of true one world multinationals. With one exception, all China's Fortune 500 companies are centrally controlled state-owned companies, and their bulk can be attributed to operating in protected domestic markets. The exception is SAIC, the joint venture partner to VW and GM. But it is owned by the Shanghai municipal government and for all intents and purposes has the same status as a centrally controlled state company.

Examining the size of China's outbound investment is also misleading. At least before the global financial crisis, much of Chinese spending abroad was used to either secure natural resources (most notably oil) or to buy passive stakes in overseas banks. For example, more than 60 percent of the total overseas investment in the first half of 2009 can be attributed to just four deals: Sinopec acquiring Africa's Addax Petroleum Corp for \$7.1 billion; Hunan Valin Iron and Steel acquiring a 16.5 percent stake of Australia's Fortescue Metals for \$1.9 billion; the full acquisition of Oz Metals in Australia by China Manganese Metals for \$1.4 billion; and Petro China's 45.5 percent stake in Singapore Petroleum for \$1 billion. Moreover, before Chinese companies, whether state-owned or private, start making their presence felt on a major scale, they will have to confront two major obstacles: one internal, the other external.

The internal obstacle is the transformation Chinese companies have to make in their management practices to prepare themselves for global competition. Although the internal structures of most larger enterprises are formally similar to those of Western multinationals, both the nature and depth of business knowledge in China is nowhere near the same. The rate of China's economic growth has far exceeded its capacity to educate and train people for working in a globalized economy, let alone give them the experience necessary, especially when it comes to doing business outside China's borders.

Within many private enterprises, power is over concentrated in one figure: the owner-operator. Sometimes, this individual relies on a handful of trusted senior advisors. This form of entrepreneurship can lead to fast, dynamic decision making, but it has also contributed to a culture of opportunism. While China's economy boomed, many companies grew by moving from one hot new business area to another, often neglecting their original business along the way. Now, some companies find themselves with a portfolio of businesses spread across a group of increasingly competitive sectors and too little in-depth insight into any of them.

To many Chinese, all these responses suggest double standards, particularly given efforts by the

United States and other developed countries to acquire businesses in China and their efforts to protect their economic interests in the Middle East and elsewhere. (From this perspective, the U.S.-led invasion of Iraq was primarily an effort to preserve American oil rights.) And there are indeed reasons to suspect self-serving motives behind much of the criticism of China's overseas activities. For example, China, India, and Malaysia all have significant economic interests in Sudan's oil industry. But no other country has been subjected to the same degree of criticism as China has for activities there.

Hypocritical or not, the challenge of overcoming such responses is real. Overcoming the problems of management shortcomings and overseas hostility are long-term challenges, ones that will need at least a decade to work through.

And these obstacles will be overcome. Just as multinational companies come to China because they have no alternative, so Chinese companies will have to go overseas both to reach new markets and to maintain their competitiveness within their home markets. Moreover, both Chinese companies and official China want this sort of global expansion. It represents one more aspect of the intense economic desire that is driving the country forward.

### **3.3 GLOBALIZATION IN PURSUIT OF STABILITY**

China's leaders will continue to be major advocates of globalization. It offers them the tools through which their country's economy and businesses can grow, through which they can extend their reach and influence worldwide, and most of all, through which they can grow a prosperous and thus politically stable state. They know this path will inherently involve a long, hard struggle, in which many Chinese business and political leaders will gradually acquire the skills and knowledge, especially the soft-power skills that they need to operate globally. But beyond this lies a greater agenda. China's leaders know that economic value in the twenty-first century will be created and distributed from knowledge accessed via globalized networks of communications, technology, and investment. Their ultimate goal therefore is the creation of a knowledge-based economy.

This will require balancing the economy's needs for openness and integration with their own desires to retain political and social control. In this, they will seek to set limits on the country's engagement with the outside world. Certainly they don't see themselves as "surrendering" to the forces of globalization. They will not open China's banking system or stock markets to any major degree of foreign participation. While they have lowered the obstacles to business both at China's borders and within them, along the way introducing the "flattening" forces of instant connection, and with them both instant command and near-instant competition, China is not a flat or borderless country. Nor will it become one. So far, through their openness to the world, China's leaders have learned that they can increase their own ability to manage their destiny. Thanks to China's scale and increasing strength, they also believe they will have a growing ability to project their own presence on the rest of the world.

International companies should be excited by the opportunities that a one world with an active and powerful China offers them. But they must always bear in mind the fact that Chinese leaders have their own agenda. However free flowing the connections and flows of goods, information,

investment, and people may appear, these are all ultimately restricted. Although many multinationals will tie their future to China, and many Chinese companies will tie their futures to the rest of the world, there will remain limits on the ultimate degree of integration. Conducting business in China and with Chinese companies will remain local in its operations and interactions, and though integrated to an unprecedented degree, it will always be subject to national considerations.

#### **4.0 CONCLUSION**

The most successful one world companies will be those that negotiate the multilevel intricacies of relationships with officials, value chain partners, and customers, then integrate these elements into a global framework. Bringing these complexities into coherent focus is the foundation of any China strategy.

#### **5.0 SUMMARY**

International companies should be excited by the opportunities that a one world with an active and powerful China offers them. But they must always bear in mind the fact that Chinese leaders have their own agenda.

#### **6.0 TUTOR MARKED ASSIGNMENT**

- 1: Discuss the future of Foreign Investment in China
- 2: Evaluate the Chinese One World Company
- 3: Describe China's Soft Power
- 4: State how China uses Globalization in Pursuit of Stability

## 7.0 REFERENCES/FURDER READINGS

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## **UNIT 3 VISION OF CHINESE COMPANIES**

### **CONTENT**

- 1.0 Introduction
- 2.0 Objective
- 3.0 Main Content
  - 3.1 China's Honeywell Company
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor marked assignment
- 7.0 References/ Further Readings

### **1.0 INTRODUCTION**

In 2004, Shane Tedjarati joined Honeywell as its China president. Honeywell's lines of business—in aerospace, industrial and consumer control devices, specialty materials, and transportation systems— were expanding in China. But revenues were growing by just a few percent annually. He set about changing that.

### **2.0 OBJECTIVES**

At the end of this unit students should be able to

1. Discuss China's Honeywell Company
2. State Where they Are
3. Explain Where they Want to Go

### **3.0 MAIN CONTENT**

#### **3.1 CHINA'S HONEYWELL COMPANY**

In 2004, Shane Tedjarati joined Honeywell as its China president. Honeywell's lines of business—in aerospace, industrial and consumer control devices, specialty materials, and transportation systems— were expanding in China. But revenues were growing by just a few percent annually. He set about changing that.

Tedjarati describes his approach as swapping a “West to East” approach for an “East to West” one. Before, Honeywell had had a defensive attitude to the Chinese market. It saw the country as a place where it had to have a presence, but where growth would come in the future, once the country had developed a little further. Honeywell hadn't introduced its more advanced products for fear they would be counterfeited. Many foreign companies operate like this—seeing what products they have that might be appropriate for China, then selling a small volume, usually into China's top-tier markets. They postpone any further expansion, waiting for domestic markets to reach the size and sophistication where they will need the kinds of products they already sell in the West.

Instead, Tedjarati set up Honeywell to develop products in China for China, and particularly its mid- and lower-tier markets. Essentially, the company “rethought” China. Instead of viewing China as a distant outpost of its U.S.-centric operations, Honeywell looked for ways of making China a core part of its global operations, where value could be originated. The company started taking China’s markets seriously on their own terms, rather than waiting for growth to come and make the Chinese economy look like that of other places.

To accomplish this, Honeywell had to follow IBM’s example and move key parts of its operations to China. The Asia-Pacific headquarters for all four of its strategic business groups were relocated to Shanghai. The company opened a global engineering center in the western city of Chongqing and relocated the global headquarters of its electronic materials division from the United States to Shanghai.

Tedjarati knew what he wanted to do couldn’t be done with its existing Chinese staff. It needed more local expertise—a lot more. The company more than doubled its China staff to more than 8,000 people, with a huge proportion of these new hires going to work in an entirely new 1,000-person research and development center in Shanghai.

With the right people in place, Honeywell then began developing new versions of its industrial controls and other products. Some had fewer functions. Others were simply cheaper. Others were essentially new products. The outcome: a range of Honeywell products tailored for the Chinese market, many of which could be exported for sale in other parts of the world. Though they often sold for less than Honeywell’s other products, the margins on these goods weren’t necessarily lower. In many cases, thanks to lower development and production costs combined with higher sales volumes, they were higher. Within four years, Honeywell’s China revenues were up threefold.

As for counterfeiting, Tedjarati points out that if a company is not present in a market, other companies may copy its product to fill the gap. But while the copier’s offerings may be cheaper, they are almost certainly inferior and probably cannot be properly supported. If a business enters China with a sophisticated product that requires support and services, it may be too much trouble for other companies to compete.

### **The Components of a Chinese Strategy**

To make his strategy work, Shane Tedjarati drew on three major strengths. He speaks Mandarin (and five other languages). Since arriving in China in 1992, he’s traveled widely across the country; talking to people wherever he’s been. He joined Honeywell after first building a business selling information technology to Chinese banks and then serving as the China head for Deloitte Consulting;

Second, he approached the country as a place of strategic value. He looked for opportunities to migrate a far greater part of Honeywell’s global value chain to the country; he tapped into China’s pools of research talent to develop new products; and he reevaluated the stage of development of its markets.

Third, he didn't isolate China from the rest of the world. Under Tedjarati, Honeywell developed a China vision that allowed it to rework its global outlook, leading to a new strategic outlook for the company. Indeed, since 2008, Tedjarati's responsibilities have been expanded to include India, with the goal of identifying the same kind of possibilities that Honeywell has found in China.

Many companies remain in Honeywell's former position. They have poured billions of dollars, yen, and euros into China, but set limited objectives. Either they seek to create a low-cost manufacturing platform to make and export products to other markets, or they want to create sales and distribution networks to reach China's consumers, sometimes with products made in China, but also with goods imported into the country. These goals may seem admirable, but they exhibit tunnel vision. They represent a narrow view of China: perhaps as purely a venue for low-cost sourcing or as a rapidly expanding pool of customers who are attracted to imported goods, or as a country of potential, but not yet a place where real gains can be realized now.

By contrast, one world companies recognize what it means to operate on a global stage. China isn't the only country playing a role in their plans, but with its established manufacturing base and huge population rapidly growing more affluent, it is a predominant base—and a platform for developing the kinds of products and services that will sell around the world, especially to the millions of newly urbanized people joining the middle class in emerging economies. Companies like Honeywell that take advantage of the game-changing nature of China in the global economy, are already reaping the benefits. Their examples can offer key lessons to companies that decide to follow in their footsteps.

This describes the mindset of the Chinese strategist; or rather, the business strategist who recognizes that China is a key part of the global business environment. It shows how to develop a strategic vision building upon the knowledge of China (and related global trends) that was laid out in the previous chapters.

According to the classic approach to business strategy, executives are advised that they need to consider the “three Cs”—customers, competitors, and their own company. For China, another “C” needs to be added: context. Understanding China's context, how it is evolving, and how this evolution will affect the structure, conduct, and performance of a company's industry is vital.

This unit has been built around three stages of diagnosis and decision making, each with questions for the individual reader. In the first stage, establish where your company is in relation to China's development. In the second, figure out where your company wants to go. In the third, anticipate what might happen along the way, and put yourself in a position to be ready for possible threats and opportunity.

## 4.0 CONCLUSION

The best companies operating in China have built up this knowledge in-house by taking on executives who have a deep experience and understanding of the country. These include people such as KFC's Sam Su, Honeywell's Shane Tedjarati, and Tetra Pak's Hudson Lee. Bringing



such expertise on board, as KFC, Honeywell, and Tetra Pak did, is the single most important step any company can make.

## 5.0 SUMMARY

These companies also balance their in-county expertise with a grasp of the wider picture. They have experienced global executives on hand who are neither dismissive of China nor China-centric. They possess in-depth knowledge of the country and knowledge of global business. Ingrained, experience-based judgment about both domains is a prerequisite to integrating a successful China operation into a company's worldwide structure. And that, in turn, can transform a global company's performance.

## 6.0 TUTOR MARKED ASSIGNMENT

Discuss China's Honeywell Company as a globalised company

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## **UNIT 4 FUNDAMENTAL PRINCIPLES OF CHINESE FOREIGN POLICY**

### **CONTENT**

- 1.0 Introduction
- 2.0 Objective
- 3.0 Main Content
  - 3.1 Fundamental Principles of Chinese Foreign Policy
  - 3.2 China's Foreign Policy in Historical Perspectives
  - 3.3 China in contemporary world politics
  - 3.4 China's Policy in Africa
  - 3.5 China and the United States of America
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor marked assignment
- 7.0 References/ Further Readings

### **1.0 INTRODUCTION**

Since its establishment, the People's Republic of China has worked vigorously to win international support for its position that it is the sole legitimate government of all China, including Hong Kong, Macau, and Taiwan. Until the early 1970s, the Republic of China government in Taipei was recognized diplomatically by most world powers and the UN. After the Beijing government assumed the China seat in the United Nations in 1971 (and the ROC government was expelled) and became increasingly more significant as a global player, most nations switched diplomatic relations from the Republic of China to the People's Republic of China. Japan established diplomatic relations with China in 1972, following the Joint Communiqué of the Government of Japan and the Government of the People's Republic of China, and the United States did so in 1979. The number of countries that have established diplomatic relations with Beijing has risen to 171, while maintain diplomatic relations with the Republic of China (or Taiwan). After its founding, China's foreign policy initially focused on its solidarity with the Soviet Union, the Eastern Bloc nations, and other communist countries, sealed with, among other agreements, the China-Soviet Treaty of Friendship, Alliance, and Mutual Assistance signed in 1950 to oppose China's chief antagonists, the West and in particular the United States. The 1950–53 Korean War waged by China and its North Korea ally against the United States, South Korea, and United Nations (UN) forces has long been a reason for bitter feelings. After the conclusion of the Korean War, China sought to balance its identification as a member of the Soviet bloc by establishing friendly relations with Pakistan and other Third World countries, particularly in Southeast Asia. China's foreign policy and strategic thinking is highly influential. China officially states it "unswervingly pursues an independent foreign policy of peace". The fundamental goals of this policy are to preserve China's independence, sovereignty and territorial integrity, create a favorable international environment for China's reform and opening up and modernization construction, maintain world peace and propel common development.". An example of a foreign policy decision guided by China's "sovereignty and

territorial integrity" is its not engaging in diplomatic relations with any country that recognizes the Republic of China.

## **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- 1: describe the nature of Chinese foreign relations
- 2: identify the fundamental principles of Chinese Foreign Policy
- 3: examine the historical developments of China's foreign policy
- 4: describe the nature of Contemporary Chinese foreign relations
- 5: explain Contemporary Chinese policy in Africa
- 6: discuss the relationship between China and the United States of America

## **3.0 MAIN CONTENT**

### **3.1 FUNDAMENTAL PRINCIPLES OF CHINESE FOREIGN POLICY**

The Common Program of the Chinese People's Political Consultative Conference (CPPCC) served as a provisional constitution after it was adopted in September 1949. The document clearly stipulated that the basic principle of China's foreign policy was to guarantee independence, freedom and territorial integrity of the state, support protracted world peace and friendly cooperation among peoples of all countries in the world, and oppose imperialist policies of aggression and war. The Constitution of the People's Republic of China revised during the First Plenary Session of the Eighth National People's Congress has the explicit stipulations concerning China's foreign policy: "China adheres to an independent foreign policy as well as to the five principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, noninterference

in each other's internal affairs, equality and mutual benefit, and peaceful coexistence in developing diplomatic relations and economic and cultural exchanges with other countries" China portrays itself as a Third World country that pursues "an independent foreign policy of peace." Third World means that China is a poor, developing country and not part of any power bloc. "Independence" means that China does not align itself with any other major power Today, the Five Principles still serve a useful purpose. They offer an alternative to the American conception of a new kind of world order — one in which international regimes and institutions, often reflecting U.S. interests and values, limit the rights of sovereign states to develop and sell weapons of mass destruction, repress opposition and violate human rights, pursue mercantilist economic policies that interfere with free trade, and damage the environment. China's alternative design for the world stresses the equal, unfringeable sovereignty of all states large and small, Western and non-Western, rich and poor, democratic and authoritarian, each to run its own system as it sees fit, whether its methods suit Western standards or not. Another Chinese term for such a system is "multi-polarity." Thus the core idea behind the Five Principles as interpreted by China today is sovereignty – which one state has no right to interfere in the internal affairs of another state.

The underlying principles of Chinese foreign policy are enunciated below:

### **1. Maintaining Independence and Safeguarding National Sovereignty**

China had suffered imperialist aggression and oppression for over 100 years before the founding of the People's Republic in 1949. Therefore, China regards the hard-earned right of independence as the basic principle of foreign policy. China maintains independence, does not allow any country to infringe upon its national sovereignty and interfere in its internal affairs. As to international affairs, China decides on its stand and policy according to whether the matter is right and wrong and in consideration of the basic interests of the Chinese people and the people of the world. China maintains independence, cherishes its own right and also respects for the right of independence of other countries. China upholds that any country, big or small, rich or poor, and strong or weak, should be equal. China maintains independence and will not enter into alliance with any big power or group of countries, nor establish any military bloc, join in the arms race or seek military expansion.

### **2. Opposing Hegemonism and Safeguarding World Peace**

China opposes hegemonism and preserves world peace. China believes that all countries, big or small, strong or weak, rich or poor, are equal members of the international community. Countries should resolve their disputes and conflicts peacefully through consultations and not resort to the use or threat of force. Nor should they interfere in others' internal affairs under any pretext. China never imposes its social system and ideology on others, nor allows other countries to impose theirs on it.

### **3. Upholding the Five Principles of Peaceful Coexistence**

After the World War II, the United States and the Soviet Union desperately engaged in arm races and regional domination in order to contend for world hegemonism. As a result, they caused severe threat to world peace. The Chinese government has constantly opposed arm races and regional domination, and actively stood for the complete prohibition and destruction of nuclear weapons and great reduction of conventional weapons and military troops. China decided in 1985 to reduce one million troops within two years and signed the Treaty on the Non-Proliferation of Nuclear Weapons in 1992. All these received favourable international comments. China actively facilitates the establishment of a new international political and economic order that is fair and rational. China holds that the new order should give expression to the demands of the development of history and progress of the times and reflect the universal aspirations and common interests of the peoples of all the countries in the world. The Five Principles of Peaceful Coexistence and the universally recognized norms governing international relations should serve as the basis for setting up the new international political and economic order.

### **4. Strengthening Solidarity of the Developing Countries, and Together Opposing Imperialism and Colonialism**

China has constantly held that supporting the just demands of the developing countries and safeguarding solidarity and cooperation among the developing countries is its international duty. Whenever the developing countries suffer external aggression and interference, China is ready to give its support. Many leaders of the developing countries regard China as a "tested friend" and a "reliable friend". China has become a formal observer of the nonalignment movement, and its cooperative relations with the Seventy-Seven Group and the South Pacific Forum has been steadily strengthened. It is the fundamental standing point of China's foreign policy to strengthen its solidarity and cooperation with numerous developing countries. China and these countries

share common historic experiences and are faced with the common tasks of preserving national independence and achieving economic development. Therefore, their cooperation has a solid foundation and a broad prospect.

### **5. Improving Relations with Developed Countries to Promote Common Progress**

On the basis of the principle of peaceful coexistence, China has constantly stood for establishing and developing relations with developed countries, and regarded improving the relations with developed countries and promoting development with them as an important task of China's foreign affairs. The establishment of the diplomatic relations with France in 1964 broke the policy of Western countries to isolate China. In the 1970s the world situation experienced a great change, the United States had to readjust its policy on China, and China also readjusted its policy on the United States. This resulted in a breakthrough of the long antagonism between China and the United States, and the normalization of diplomatic relations between the two countries through common efforts. Meanwhile, China established diplomatic relations and strengthened friendly cooperative ties with other Western countries successively. This further brought about a new situation in China's foreign affairs.

### **6. Removing External Interference, Promoting China's Reunification**

Hong Kong and Macao have been inseparable parts of China since ancient times. China does not recognize unequal treaties imposed by imperialist powers. Regarding the issue of Hong Kong and Macao left over by history, China has constantly held the position of peaceful settlement through negotiations at a proper opportunity. In order to accomplish China's reunification, China resolutely opposes the "independence of Taiwan"; the attempt to create "two Chinas" or "one China, one Taiwan". Chinese leaders call on Taiwan authorities to enter into political negotiations with the mainland at an early date.

On the premise that there is only one China, the two sides of the Straits should end the state of hostility, and improve the relations between the two sides to accomplish the reunification of the motherland.

### **7. Multilateral Diplomatic Activities and World Peace**

As a permanent member of the Security Council of the United Nations, China actively participates in the political solution of the problems of regional hot spots. China's peace-keepers have joined United Nations peace-keeping operations. China supports the reform of the United Nations and a continued important role of the United Nations and other multilateral organs in international affairs. China is firmly opposed to all forms of terrorism and has made important contributions to international anti-terrorism cooperation. China devotes itself actively to pushing forward the cause of international arms control, disarmament and non-proliferation. To date, China has joined all the treaties related to international arms control and non-proliferation. Chinese officials' position on most disputes around the world is that they should be solved by peaceful negotiations. This has been their view on the war between Iran and Iraq, the struggle between Israel and the Arabs, the rivalry between North and South Korea, and the conflicts in the former Yugoslavia. At the U.N., China often abstains or refrains from voting on resolutions that mandate sanctions or interventions to reverse invasions, end civil wars, or stop terrorism. As a permanent Security Council member, China's negative vote would constitute a veto, angering

countries who favour intervention. By not voting or casting an abstention, China has allowed several interventions to go ahead without reversing its commitment to non-intervention. These articulated moral principles do not mean that Chinese foreign policy is not realistic or strategic. In many cases, the principles actually fit the needs of Chinese strategy. Especially in places relatively far from China, such as the Middle East, Africa, and Latin America, a few simple principles actually reflect Chinese interests most of the time. To oppose great-power intervention and defend sovereignty and equality among states is not only high-minded but represents China's national interest in regions where China cannot intervene itself. The farther one gets from China's borders, the easier it is for China to match rhetoric with interests. Even when there are inconsistencies and tradeoffs in Chinese policy, the rhetoric is flexible enough to accommodate them.

### **SELF ASSESSMENT EXERCISE**

Identify the fundamental principles of Chinese Foreign Policy

### **3.2 CHINA'S FOREIGN POLICY IN HISTORICAL PERSPECTIVES**

After its founding, China's foreign policy initially focused on its solidarity with the Soviet Union, the Eastern Bloc nations, and other communist countries, sealed with, among other agreements, the China-Soviet Treaty of Friendship, Alliance, and Mutual Assistance signed in 1950 to oppose China's chief antagonists, the West and in particular the United States. The 1950–53 Korean War waged by China and its North Korea ally against the United States, South Korea, and United Nations (UN) forces has long been a reason for bitter feelings. After the conclusion of the Korean War, China sought to balance its identification as a member of the Soviet bloc by establishing friendly relations with Pakistan and other Third World countries, particularly in Southeast Asia. By the late 1950s, relations between China and the Soviet Union had become so divisive that in 1960 the Soviets unilaterally withdrew their advisers from China. The two then began to vie for allegiances among the developing world nations, for China saw itself as a natural champion through its role in the Non- Aligned Movement and its numerous bilateral and bi-party ties. In the 1960s, Beijing competed with Moscow for political influence among communist parties and in the developing world generally. In 1962, China had a brief war with India over a border dispute. By 1969 relations with Moscow were so tense that fighting erupted along their common border. Following the 1968 Soviet invasion of Czechoslovakia and clashes in 1969 on the Sino-Soviet border, Chinese competition with the Soviet Union increasingly reflected concern over China's own strategic position. China then lessened its anti-Western rhetoric and began developing formal diplomatic relations with West European nations. In the 1970s and 1980s China sought to create a secure regional and global environment for itself and to foster good relations with countries that could aid its economic development. To this end, China looked to the West for assistance with its modernization drive and for help in countering Soviet expansionism, which it characterized as the greatest threat to its national security and to world peace. China maintained its consistent opposition to "superpower hegemonism," focusing almost exclusively on the expansionist actions of the Soviet Union and Soviet proxies such as Vietnam and Cuba, but it also placed growing emphasis on a foreign policy independent of both the U.S. and the Soviet Union. While improving ties with the West, China continued to closely follow the political and economic positions of the Third World Non-Aligned Movement, although China was not a formal member. In the immediate aftermath of Tiananmen crackdown

in June 1989, many countries reduced their diplomatic contacts with China as well as their economic assistance programs. In response, China worked vigorously to expand its relations with foreign countries, and by late 1990, had reestablished normal relations with almost all nations. Following the dissolution of the Soviet Union in late 1991, China also opened diplomatic relations with the Republics of the former Soviet Union.

Like most other nations, China's foreign policy is carried out by the Ministry of Foreign Affairs. However, the Foreign Affairs Ministry is subordinate to the Foreign Affairs Leading Small Group of the Communist Party of China, which decides on policy-making. Unlike most other nations, much of Chinese foreign policy is formulated in think tanks sponsored and supervised by, but formally outside of the government. Because these discussions are unofficial, they are generally freer and less restricted than discussions between government officials. China is also distinctive for having a separate body of Chinese strategic thought and theory of international relations which is distinct from Western theory. Recent Chinese foreign policy makers may be seen to adhere to the realist rather than the liberal school of international relations theory. Thus, in sharp contrast to the Soviet Union and the United States, China has not been devoted to advancing any higher international ideological interests such as world communism or world democracy since the Cold War; that is, ideology appears to be secondary to advancing its national interest. China is a member of many international organizations; holding key positions such as a permanent member on the UN Security Council and is a leader in many areas such as nonproliferation, peacekeeping and resolving regional conflicts.

China's foreign policy is driven by a domestic agenda. The Chinese leadership continues to focus on the economic and political transformation of the country. All Chinese foreign policy aims in securing the country's economic development and territorial integrity. In addition, the Chinese Communist Party hopes to strengthen its legitimacy through a sophisticated foreign policy, putting on the world China as an influential player and creating stability for the nation. This unit has examined the underlying principles of the foreign policy of China as well as an historical overview of Chinese foreign policy. Adherence to the five principles has allowed China to normalize and maintain relations with a variety of states, regardless of size, strategic importance, regime type, or level of development. Moreover, it has also helped the country establish positive working relations within diplomatic organizations such as the United Nations. The five principles originally developed by the Chinese Communist Party and articulated by Mao Zedong are a guide to action that explains why China forges and maintains relationship with all matter of states, why the world's largest per capita recipient of foreign aid continues to give money away, and the circumstances under which it will respond aggressively. China claims never to seek hegemony. In the 1960s hegemony was a code word for Soviet expansionism. Today Chinese officials use the term to refer to what they see as a one sided American effort to enforce America's will on other countries in such matters as trade practices, weapons proliferation, and human rights. By saying it will not seek hegemony, China tells its smaller neighbours that China's economic development and growing military might, will not turn the country into a regional bully.

### **SELF ASSESSMENT EXERCISE**

Examine the historical developments of China's foreign policy

### 3.3 CHINA IN CONTEMPORARY WORLD POLITICS

China plays an increasingly important role in the international community, one that holds growing responsibility. President Hu Jintao and Prime Minister Wen Jiabao have initiated change in their country's foreign- and security policy in order to aid China's development into an active and confident actor in the international arena. The main themes of Chinese foreign policy are peace and development, which also secure China's own development. A peaceful and stable environment is necessary for China in order to reach its goal as a "modestly well-off society"; the Chinese foreign ministry therefore strives to build up productive multi- or bilateral relations with countries in the region. Reform-oriented Chinese politicians and their advisors support advanced economic integration and the development of new forms of cooperative security. Following China's rapprochement with the United States in the early 1970s, China established diplomatic relations with most countries in the world and joined most important international governmental organizations. Meanwhile, especially after 1979, China's economic relations with the outside world became ever more intense. The increasing political and economic linkages have given China normal channels to express its views, defend its legitimate interests, and promote reforms of the existing international order. This development has reduced the distrust and hostility China used to harbor toward that order as a result of its bitter experience in the first two decades of the People's Republic and has given China a sense of being part of the existing international order. As time wore on, China also developed the expertise and experience to take advantage of the opportunities offered by the existing international institutions to defend and promote China's interests and aspirations - including the reform of existing rules.

#### **China in Contemporary World Politics**

China's foreign policy is driven by a domestic agenda. The Chinese leadership continues to focus on the economic and political transformation of the country. Chinese foreign policy aims at securing the country's economic development and territorial integrity. In addition, the Chinese Communist Party hopes to strengthen its legitimacy through a sophisticated foreign policy, putting on the world stage China as an influential player and creating stability for the nation. Political developments contradicting or hampering these goals are perceived as threats. Since the end of the Cold War, China has made important adjustments in its foreign policy. China's foreign policy has been evolving from one of an inward-looking, reactive and system-challenging nature to one of an increasingly outward-looking, pro-active and system-identifying character. While the change is far from being complete and it may be still too early to preclude a slowdown and even a reversal under the influence of a whole array of factors, the process is continuing and deepening. Undoubtedly, the direction of change is in the interest of Asia and the world as well as in China's interest.

#### **The Adjustments**

Like foreign policies in other countries, China's foreign policy has been under the influence of domestic and international developments and the evolution of official views of them. Such developments do not necessarily get reflected in changes of basic principles. For example, China has upheld the five principles of peaceful coexistence for the last forty years, but in practice



patterns of change in Chinese foreign policy have emerged. Broadly speaking, the year 1979 was a historical watershed in the history of China's foreign policy. During this year, China assigned priority to economic development and adopted a policy of reforms and openness. This adjustment of strategic priority had broad and far-reaching implications for China's foreign policy.

It demanded that Chinese diplomacy serve economic development rather than just focusing on military security and international status.

It generated a need for China to learn and understand the rest of the world objectively so that it could make the best use of the developmental opportunities the outside world has to offer.

It initiated a process of conceptual change. From then on, China gradually learned to view its relations with the outside world as a non zero-sum game and became increasingly interested in international participation and cooperation.

Finally, it expressed China's hope to cooperate with the international society in building a stable, just and mutually beneficial international order.

To begin with, China has made a deliberate decision not to allow communist ideology to determine its foreign policy and influence its foreign relations. Before 1979, the Chinese Government basically took a realist approach in dealing with China's foreign relations. That is to say that it attached primary importance to national interests such as territorial and sovereign integrity, international status and national security in its diplomatic behaviour. By the late 1970s, the Chinese leaders decided that if they wanted to develop a stable and peaceful international environment for China, they could not afford to let ideology shape their foreign policy agenda and should take a pragmatic approach to its foreign relations. Accordingly, China gradually dropped ideological slogans such as "revolutionary struggle", "American imperialism", "Soviet social imperialism", "revisionism" etc., from its diplomatic rhetoric. China did not only give up the ideological language, but also ideological affinity as a criterion for shaping her relations with other countries. As long as a country observes the five principles of peaceful coexistence, China became willing to develop good relations with it, irrespective of ideological differences. It is largely along this line that China has managed its foreign relations since the 1980s. Since the early 1980s, some important changes began to take place in China's approach toward national interests. Firstly, the term "national interests" began to appear in diplomatic rhetoric. Chinese international relations specialists also started analyzing China's foreign relations with regard to them. In addition, as China adopted the term "national interests", it also became more inclusive in its repertoire of national interests. National interests were no longer restricted to traditional items such as international prestige, national sovereignty, military security, economic growth and political stability, but came to include new elements such as environmental protection, fighting international crime, advancement of human rights etc.

### **Foreign Economic Relations**

The changes in China's foreign economic policy are probably the most obvious ones. The traditional policy of "independence and self-reliance" adhered to prior to the 1980s has since been replaced by a policy of openness to and integration with the outside world. Promotion of exports, introduction of advanced foreign technologies, solicitation of foreign investments, enhancement of international economic and trade cooperation etc. have become important objectives of China's development strategy. In order to achieve these objectives, China has

reformed its foreign economic and trade system, decentralized powers in the administration of foreign economic relations, formulated a whole range of laws and regulations to facilitate and protect foreign economic and trade activities, and improved the quality of law enforcement. In recent years, the Chinese Government further stepped up its efforts to liberalize its foreign economic relations and trade. Between 1993 and 1997, for example, it reduced China's overall import tariffs by 60%. And more recently it announced its commitment to reducing the current tariff level even further so that the overall tariffs on imported goods would be lowered to 15% by the year 2000 and 10% by 2005. Measures adopted in recent years to open China's financial, insurance and other service sectors gradually to the outside world have further deepened China's integration with the outside world. Thus, the promotion of economic and trade relations between China and other countries have assumed increasing importance in China's foreign policy (Don, 2009:8). As China becomes economically stronger and more integrated with the rest of the world, China has also found more leverage in using its economic influence to defend its perceived national interests. In particular, China has used its influence to discourage those countries which attempted to meddle with the Taiwan question.

### **Political and Economic Integration with the Outside World**

Ever closer economic relations with the outside world have given China an ever larger stake in international stability and prosperity. In 1997, China became the world's 10th largest trading partner with a foreign trade volume of US\$ 325 billion. It also attracted US\$ 45 billion in foreign direct investment, next only to the United States. At the end of 1997, China's foreign reserves stood at US\$ 140 billion, second only to those of Japan. By the end of 2010, China has displaced Japan to become the world's second largest economy after the United States of America. The rise of China has attracted much international attention since 1993. Some have propagated the Chinese threat thesis. However, the immediate impact has been a harmonization of the interests of China and the rest of the world. To begin with, the rise of China is part and parcel of the process of China's integration into the international order. This process has given China an increasing stake in international stability and prosperity. In addition, the notion that the existing international system poses an obstacle to China's development and prosperity has lost appeal. On the contrary, the experience of the last decade has demonstrated that international stability is a precondition for China's further development. The maintenance of international stability is now seen as essential to China's own interests. Although the existing international system is still being considered as unequal and unfair in several respects and hence in need of reform, China is inclined to make greater efforts to maintain the stability of that system.

### **SELF ASSESSMENT EXERCISE**

Describe the nature of Contemporary Chinese foreign relations

### **3.4 CHINA'S POLICY IN AFRICA**

With China's growing influence around the world, Beijing has now set its efforts on Africa. China's focus in Africa is not a recent occurrence. In the 1960s and 1970s, Beijing's interest cantered on building ideological solidarity with other underdeveloped nations to advance Chinese-style communism and repelling Western "colonialism/imperialism." Following the Cold War, Chinese interests evolved into more pragmatic pursuits such as trade, investment, and

energy. Sino-African trade quadrupled between 2000 and 2006. China is Africa's third largest commercial partner after the US and France, and second largest exporter to Africa after France. It is notably ahead of former colonial power Britain in both categories. The western nations' hesitance to become closely involved with countries they believe to be poor in the human rights field, such as Sudan, Zimbabwe, Equatorial Guinea, Gabon, etc have allowed China an opportunity for economic cooperation (Taylor, 2009) The quest for natural resources in Africa targets key areas rich in oil, minerals, timber, and cotton, such as Sudan, Angola, Nigeria, and South Africa. Many African countries are viewed as fast-growing markets, profitable outlets for the export of cheap Chinese goods, followed one day by more expensive services and products. Large scale structural projects, often accompanied by desirable soft loans, are proposed to African countries rich in natural resources. Infrastructure construction, such as roads and railroads, dams, ports, and airports, are also commonly funded by China in exchange for future mineral rights. While relations are mainly conducted through diplomacy and trade, military support is also a component, as with the provision of arms and weapon systems to African countries. In 1999, the total Sino-African trade volume was US\$6.5 billion. However, by 2005, the total Sino-African trade had reached US\$39.7 billion before it jumped to US\$55 billion in 2006, making China the second largest trading partner of Africa after the United States, which had trade worth US\$91 billion with African nations. The PRC also passed the traditional African economic partner and former colonial power France, which had trade worth US\$47billion (Chris, 2007:6) There are an estimated 800 Chinese corporations doing business in Africa, most of which are private companies investing in the infrastructure, energy and banking sectors. Unconditional and low-rate credit lines (rates at 1.5% over 15 years to 20 years) have taken the place of the more restricted and conditional Western loans. Since 2000, more than \$10bn in debt owed by African nations to the PRC has been cancelled.

One-third of China's oil supplies come from the African continent, mainly from Angola. Investments of Chinese companies in the energy sector have reached high levels in recent years. In some cases, like in Nigeria and Angola, oil and gas exploration and production deals reached more than \$2 billion. Many of those investments are mixed packages of aid and loan in exchange for infrastructure building and trade deals. Launched in 2000, the Forum on China-Africa Cooperation has become an effective mechanism for the collective dialogue and multilateral cooperation between China and Africa and put in place an important framework and platform for a new type of China-Africa partnership featuring long-term stability, equality and mutual benefit. China attaches importance to the positive role of the Forum on China-Africa Cooperation in strengthening political consultation and pragmatic cooperation between China and Africa, and stands ready to work with African countries to conscientiously implement the Beijing Declaration of the Forum on China- Africa Cooperation, the Program for China-Africa Cooperation in Economic and Social Development and the Forum on China-Africa Cooperation-Addis Ababa Action Plan (2004-2006) and its follow-up action plans. China will work with African countries within the framework of the Forum to explore new ways to enhance mutual political trust, promote the comprehensive development of pragmatic cooperation, further improve the mechanism of the forum, and try to find the best way for furthering cooperation between the Forum and the NEPAD (Taylor, 2006) Africa currently has a lower industrial capacity, creating the need for imports from China, which has a strong manufacturing base. In the past three years, the structure of China's exports to Africa has shifted to electromechanical and high-tech products, accounting for 53.8 percent of total exports to Africa, reflected by

China's own rising level of technology manufacturing. This complementarity between China and Africa is important to the sustainable development of both the Chinese and African economies.

### **SELF ASSESSMENT EXERCISE**

Explain Contemporary Chinese policy in Africa

### **3.5 CHINA AND THE UNITED STATES OF AMERICA**

As of 2011, the United States has the world's largest economy and China the second largest. China has the world's largest population and the United States has the third largest. The two countries are the two largest consumers of motor vehicles and oil, and the two greatest emitters of greenhouse gases. While there are some tensions in Sino-American relations, there are also many stabilizing factors. The PRC and the United States are major trade partners and have common interests in the prevention and suppression of terrorism and nuclear proliferation. China and the US are the largest mutual trading partners, excluding the European Union. China is also the largest foreign creditor for the United States. China's challenges and difficulties are mainly internal, and there is a desire to maintain stable relations with the United States. The Sino-American relationship has been described by top leaders and academics as the world's most important bilateral relationship of the 21st century. A matter of growing U.S. concern is China's increasing global "reach" and the consequences that PRC expanding economic and political influence have for U.S. interests. To feed its appetite for resources, China is steadily signing trade agreements, oil and gas contracts, scientific and technological cooperation, and multilateral security arrangements with countries around the world, some of which are key U.S. allies. Some U.S. observers view these activities as a threat to the United States. Even if these trends are simply the results of China's benign economic development and growth, they may pose critical future challenges for U.S. economic and political interests. Taiwan, which the People Republic of China (PRC) considers a "renegade province," remains the most sensitive issue the two countries face and the one many observers fear could lead to potential Sino-U.S. conflict. Late in 2004 PRC officials created more tension in the relationship by passing an "anti-secession" law (adopted in March 2005) aimed at curbing Taiwan independence. U.S. officials regarded the action as provocative and unconstructive. In February 2006, Taiwan President Chen Shui-bian suspended the activities of the National Unification Council, a symbol of Taiwan's commitment to unification with China, citing in part the 2005 anti-secession law as a reason for his action. Both the PRC and Taiwan moves have raised U.S. concerns about cross-strait stability. The PRC is now the third-largest U.S. trading partner, with total U.S.-China trade in 2005 estimated at \$285 billion. Ongoing issues in U.S.-China economic relations include the substantial and growing U.S. trade deficit with

China (\$202 billion in 2005), repeated PRC failures to protect U.S. intellectual property rights, and the PRC's continuing restrictive trade practices, such as its refusal to date to float its currency. In addition, some policymakers have focused recent attention on efforts by PRC companies to buy American assets. Another ongoing U.S. concern has been the PRC's decision to keep the value of its currency low with respect to the dollar, and indirectly with the yen and euro. Until 2005, the PRC pegged its currency, the renminbi (RMB), to the U.S. dollar at a rate of about 8.3 RMB to the dollar — a valuation that many U.S. policymakers concluded kept the PRC's currency artificially undervalued, making PRC exports artificially cheap and making it harder for U.S. producers to compete. U.S. critics of the PRC's currency peg charged that the

PRC unfairly manipulated its currency, and they urged Beijing either to raise the RMB's value or to make it freely convertible subject to market forces. On July 1, 2005, the PRC changed this valuation method, instead announcing it would peg the RMB to a basket of currencies. The resulting small appreciation in the RMB from this action has not been sufficient to assuage U.S. congressional concerns.

#### **4.0 CONCLUSION**

Some U.S. observers have become increasingly concerned about China's growing economic and political reach in the world — often referred to as “China's rise” — and what it means for global U.S. economic and political interests, U.S.-China relations, and concerns for Taiwan's security. Some in this debate believe China's rise is a malign threat that needs to be thwarted; others believe that it is an inevitable phenomenon that needs to be managed. The United State is increasingly faced with issues involving this emerging debate and whether U.S. interests would best be served by accommodating China's rise or containing it. According to one school of thought, China's economic and political rise in the world is inevitable and needs to be accommodated and managed. In this view, as China becomes more economically interdependent with the international community, it will have a greater stake in pursuing stable international economic relationships. Growing wealth in the PRC is likely to encourage Chinese society to move in directions that will develop a materially better-off, more educated, and cosmopolitan populace. Over time, this population could be expected to press its government for greater political pluralism and democracy — two key U.S. objectives. Therefore, from this perspective, U.S. policy should seek to work more closely with the PRC, not only to encourage these positive long-term trends, but to seek ways to mutually benefit by cooperating on important global issues such as alternative energy sources, climate change, and scientific and medical advancements. Ultimately, the United States simply will have to make room for the economic and political appetites of the superpower that China is likely to become. Viewing the PRC as a “threat” or attempting to contain, could produce disastrous policy consequences for U.S. interests. In addition to possible military conflict with the PRC, these consequences could include a breakdown in PRC governance, a fragmentation of the country itself, the creation of greater Chinese nationalism with a strong anti-American bias, and an increasingly isolated United States that the international community may see as out of step with global trends.

#### **5.0 SUMMARY**

This unit has examined the patterns of relationship between China and the global society. The principles of peaceful co-existence as well as economic factors were the underlying motivations for Chinese engagement with the outside world. The quests for valuable resources for her growing industries as well as markets for finished products were the pillars of Chinese engagements with African countries. With the end of the cold war and the introduction of more liberal reforms, opportunities were created for closer cooperation between the United State of America and China. To feed its appetite for resources, China is steadily signing trade agreements, oil and gas contracts, scientific and technological cooperation, and multilateral security arrangements with countries around the world, some of which are key U.S. allies. Some U.S. observers view these activities as a threat to the United States. Even if these trends are

simply the results of China's benign economic development and growth, they may pose critical future challenges for U.S. economic and political interests.

## 6.0 TUTOR MARKED ASSIGNMENT

- describe the nature of Chinese foreign relations
- identify the fundamental principles of Chinese Foreign Policy
- examine the historical developments of China's foreign policy
- describe the nature of Contemporary Chinese foreign relations
- explain Contemporary Chinese policy in Africa
- discuss the relationship between China and the United States of America

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