Introduction

The Rise of China and Asia’s New Dynamics

David Shambaugh

Asia is changing, and China is a principal cause. The structure of power and parameters of interactions that have characterized international relations in the Asian region over the last half century are being fundamentally affected by, among other factors, China’s growing economic and military power, rising political influence, distinctive diplomatic voice, and increasing involvement in regional multilateral institutions. This volume offers an in-depth and careful assessment of China’s new behavior and linkages with the region. The study further examines the impact that China’s rise, in all of its dimensions, is having on the international relations of Asia, and the implications for the United States.

China has always been a significant presence looming over Asia, even before the People’s Republic was established in 1949, but its impact on the dynamics of the region was usually felt much less than that of other major powers, despite its nearer proximity. Beijing’s relative lack of regional influence sometimes caused it to recoil into an autarkic cocoon or necessitated alignment with external powers (the United States and Soviet Union) to augment its security. At other times China exerted a negative influence in the region by attempting to subvert neighboring noncommunist governments or as a result of its own domestic dislocations. When the PRC behaved in these ways, as a non–status quo power, it only became more marginalized from the principal actors and central dynamics of the region. Deng Xiaoping clearly recognized this and, after gaining power in 1978, made it one of his highest priorities to try and reinte grated China into the Asian region. Much was accomplished in ameliorating long-standing tensions and building ties during Deng’s tenure, but even more substantial progress was made during the 1990s. Much credit is due China’s former foreign minister and foreign policy czar Qian Qichen for mapping out and implementing the PRC’s new approach to the region.1
The contributions to this volume are testimony to the fact that China’s behavior has changed a great deal—and, with it, the dynamics of Asia as well. China is no longer out of the mainstream, but is repositioning itself both as a (and some believe the) central actor in the region and as a responsible power seeking to enhance the stability and security of the area. This new posture is relatively recent. Although China abandoned its subversive regional foreign policy in the early 1980s, until the late 1990s its regional posture remained somewhat aloof and less than fully engaged. Since 1997–98, however, Beijing has demonstrated a new confidence in its external posture, and its ties with neighbors and regional organizations have exhibited a number of new features.

ORGANIZATION OF THE VOLUME

The following chapters elucidate the various aspects and potential consequences of China’s new posture. The volume is organized into six principal sections.

The volume opens with two overarching chapters that lay out the parameters of China’s new engagement with the Asian region. My own introductory chapter sets the scene by elaborating the various manifestations of China’s new regional posture, identifying some of the factors that catalyzed the new posture, discussing some historical parallels for it, and offering some cautionary views. It describes China’s dramatically improved relationships with three former adversaries—Vietnam, South Korea, and India—as well as Beijing’s recent proactive diplomacy and embrace of regional multilateral organizations. I conclude that the centrality of China in Asian regional affairs depends very much on the functional sphere: China is most central in the economic realm, increasingly so in the political/diplomatic realm, and least so in the security realm (although it is growing more so). To be sure, China’s diplomatic influence and its military posture are increasingly being felt throughout the region, but not yet as demonstrably as its economic importance.

I also observe that while China’s hard power is growing quickly, its soft power is increasingly more slowly. Despite a growing convergence between China and ASEAN about security norms and interstate behavior, China seems to have little in the realm of soft power—for example, philosophies or ideologies, popular or high culture, sports, fashion, or role models—to “export” to the rest of the region. Joseph Nye’s classic study of soft power also finds China lacking in many of these elements of soft power attraction, especially when contrasted with Japan or Western nations.2

The next chapter is authored by two of China’s leading experts on the Asian region, Tang Shiping and Zhang Yunling. Their chapter offers a unique and candid description of China’s grand strategy and regional strat-
strategy and how the two strategies interact and reinforce each other. Their assessment is a sophisticated and subtle consideration of the economic, political, and security components in China’s strategic thinking and external behavior. They also show how bilateral and multilateral approaches supplement each other in Chinese diplomacy. Finally, they assess the role of the United States in China’s regional strategy, and they offer some scenarios for the future interaction of the two powers.

The second section of the book examines the economic dimension of China’s place in the Asian region. It is in this dimension that China’s regional impact is felt most strongly, and it is in this realm that there is some cause to conclude that China is becoming the principal actor in the region. The two subsequent chapters explore China’s economic impact on Asia, and vice versa. There is a great deal of rich new empirical data and detail contained in these two chapters. Both identify and elaborate the complex and rapidly forming linkages and interdependence among the Chinese and neighboring economies.

The first, by Hideo Ohashi, describes China’s regional trade and investment profile. Although it is not widely known, more than half of China’s total trade volume is now within the East Asian region. Ohashi also observes that China has positioned itself at the center of the economic division of labor in East Asia. He argues that China imports a large number of intermediate goods (parts and components) from neighbors, assembles them into final-demand goods, and has thus positioned itself as the principal export platform of final-demand goods to North American and European markets. By being the main creator of demand for intermediate goods China has become a locomotive of intraregional trade in East Asia. Ohashi thinks that ultimately, as the national economy and domestic consumer demand develop, China itself will become the recipient of final-demand produced goods and services. Fueling much of this phenomenon is the unprecedented amount of foreign direct investment (FDI) flowing into China, the majority of it originating in East Asia. China is also becoming an increasing source of outbound direct investment (ODI) back into the region, thus creating even thicker interdependent linkages. Ohashi also notes that China has also become a major proponent and initiator of regional free trade liberalization initiatives, most notably its stunning proposal to create a Free Trade Area (FTA) with the ten nations of the Association of Southeast Asian Nations (ASEAN). By doing so, the PRC has opted for integration and positive-sum benefits over narrow zero-sum mercantilism. Ohashi concludes that all of these phenomena are reorienting the East Asian economic system in an increasingly Sinocentric direction.

The next chapter, by Robert Ash, looks at China’s regional economic linkages even more closely by examining a heretofore unexplored subject: the increased economic interactions of China’s macroregions with neigh-
boring countries and their cross-border linkages. Robert Scalapino once termed this phenomenon “natural economic territories” (NETs), while economists have long written about comparable “growth triangles.” But, until this study by Professor Ash, no economist had attempted such a systematic analysis of the linkages of China’s internal regional economies with their adjacent external regional economies. He finds considerable evidence of such linkages being forged in recent years—particularly between the Yangzi Delta region and Taiwan; the Pearl River Delta region and Hong Kong; but also increasingly Indochina and Southeast Asia; southwest China and South Asia; northwest China and Central Asia; and northeast China and Northeast Asia. This is not necessarily surprising, but Ash provides the hard data to sustain the proposition. He also shows domestic regional linkages further afield, with Europe and North America. In many cases, by showing these broader linkages Ash has elucidated the very way that globalization—at least in the investment and manufacturing sectors—works in today’s world.

The third section of the book examines China’s political and diplomatic ties with its neighbors. In some cases (Japan, Korea, Russia, and Taiwan) these are analyzed by contributors bilaterally, while in other cases (Southeast, South, and Central Asia) it is done subregionally. Mike Mochizuki opens the section by examining what is probably China’s most problematic relationship in Asia, that with Japan. He describes the “friendship diplomacy” framework that guided Sino-Japanese relations for more than two decades, institutionalizing the relationship and managing to establish a foundation and set parameters for bilateral ties. But Mochizuki and other observers note that this framework eroded over time and fully broke down during the latter part of the 1990s. While he argues that a new framework for relations has yet to fully fill the void, he presents some alternatives. One is an emerging rivalry for regional leadership. Another is a steady deterioration in ties that would destabilize the region. Mochizuki believes that neither of these models accurately describes the present or future of the Sino-Japanese relationship. Rather, he elaborates the view that the relationship is in a healthy period of readjustment, during which candor is replacing both wishful thinking and excessive pessimism, and both countries are fully realizing the importance of the relationship. However, even with more prudent and pragmatic approaches on both sides, Sino-Japanese relations must still cope with the lingering residue of the past as well as several thorny contemporary problems.

In China, this reevaluation has even resulted in the recent emergence of a school of “new thinking on Japan,” with certain Chinese journalists and scholars, (e.g., Ma Licheng, Shi Yinhong, and Feng Zhaokui) calling for the PRC to “get over” its “Japan problem,” relegate the past to the past, and realize what is at stake for China. Further, according to such “new thinking,”
Japan is a critically important nation for China (Shi Yinhong even went so far as to argue that Japan may be strategically useful in China’s struggle against American hegemony), and their relationship is critical to regional stability. While such bold thinking is refreshing, it is by no means predominant in China. In fact, after articles on this subject were published in 2003, there was an extreme domestic backlash against the authors, who were accused of all sorts of traitorous intent. Much of the backlash came in the form of what Peter Gries terms China’s new “internet nationalism.” A series of other unfortunate events in late 2003 and early 2004 continued to sour Sino-Japanese relations.

Professor Mochizuki argues that, despite these strains, a readjusted relationship between Beijing and Tokyo is taking shape, a relationship that is more realistic than the previous framework, and therefore he is “cautiously optimistic” that there is emerging a “new equilibrium” in which there will be frictions, but manageable ones that will be dealt with in mature ways. He believes that the competitive elements in the relationship can be contained. He also sees an increasing number of coinciding interests and policies between the two governments (which his chapter elaborates in some detail) that further auger for stability and expanded cooperation between China and Japan.

In the next chapter, Jae-Ho Chung traces the evolution of China’s approach and policies toward North and South Korea. He reveals the remarkable development in Sino–South Korean ties over the past decade. There is no other bilateral relationship in all of Asia that has developed as quickly and cooperatively over the last decade as that between Beijing and Seoul. This progress has had a major positive impact on the stability and security of Northeast Asia. It has also served as an important buffer against instability or aggression caused by North Korea. Yet it is also evident that the closeness of the Seoul-Beijing relationship has limited the capacity of the United States to pursue a muscular strategy toward North Korea.

Chung also shows how Beijing’s thinking, tactics, and policies toward the North Korean regime have evolved considerably. He offers a careful case study in this regard with respect to the second North Korean nuclear crisis that began in 2002. Finally, he considers the impact of China’s dramatically improved relations with South Korea on its allied relationship with the United States. While the Republic of Korea’s (ROK) ties with China have deepened and grown closer, its alliance with the United States has concomitantly grown more strained. Seoul’s challenge is to balance its relationship with the two countries, and Chung argues that both serve as a hedge against the ROK’s dependency on the other.

Next, Richard Bush examines the most nettlesome regional relationship for China, its relationship with Taiwan. Bush’s chapter is a refined distillation of an enormously complex relationship, which contains centripetal as
well centrifugal forces. He describes the increasing interdependent links across the Taiwan Strait in trade, investment, education, tourism, and other areas. He also notes how the two governments quietly cooperate to combat terrorism, smuggling, organized crime, hijacking, piracy, and other nontraditional security challenges. While these exchanges help to stabilize the cross-strait situation, Bush also notes the concerns that some on Taiwan have about their effects, especially the way in which they foster Taiwan’s dependency on the mainland rather than the two areas’ interdependency. But, as Bush succinctly states, “Like it or not, Taiwan has been pulled into the PRC’s economic orbit, and its companies have long since accepted the centrality of the mainland for their future.” He also elaborates the “security dilemma” that has emerged between China and Taiwan, which has triggered something of an arms race between the two sides. The political dimension of cross-strait relations is, of course, inextricably bound up in issues of sovereignty, history, and identity. It is also bound up in the murkiness of domestic politics on the island, all of which he also spells out with clarity. Finally, he offers a series of potential scenarios for the evolution of China-Taiwan relations, but concludes that Taiwan must undertake a number of actions to “fortify” itself—economically, militarily, politically, legally, and internationally—if it is to avoid having its future determined by an increasingly powerful China.

Moving down to Southeast Asia, Wang Gungwu describes the long and ambivalent history that China has shared with Southeast Asia (and vice versa). This history, he argues, continues to cast a long shadow over the evolving relationship—although it is evident that China and ASEAN (the amalgam organization of states in place since 1967) have established an unprecedented relationship today. Not only is the relationship politically warm and functional (no small achievement given the past), it is also evident that China and ASEAN have discovered complementarities of normative perspectives and economic interests. The Chinese have embraced many aspects of the “ASEAN Way,” a set of normative principles that have been the bedrock of interstate relations within the organization for forty years. To be sure, these principles derive, to no small extent, from the Five Principles of Peaceful Coexistence first put forward by Premier Zhou Enlai at the 1955 Bandung Summit of the Afro-Asian People’s Solidarity Organization (AAPSO). Thereafter, these principles germinated in the region and bloomed in the context of ASEAN. More recently, China has discovered that its own “new security concept,” first enunciated in Singapore in 1997, dovetails almost identically with ASEAN’s guiding principles.

This intersection of normative perspectives has helped to defuse latent fears and misperceptions between the two sides, has done much to forge a new strategic partnership between them, and has driven Beijing to more fully embrace regional multilateralism. Moreover, in 2003 China acceded
to ASEAN’s Treaty of Amity and Cooperation, making the PRC the first foreign nation to do so. The Chinese government also stunned the region with its proposal to create a Free Trade Area with ASEAN over the course of a decade. This has done much to alleviate the angst in Southeast Asia over China’s increasing share of East Asia’s exports to Western markets.

Despite all of this progress in China–Southeast Asian relations in recent years, Wang offers some cautionary perspectives on the limits to further development. First, he notes some of the intrinsic differences within ASEAN, which make it difficult for the member states to act with solidarity of purpose on all issues at all times. Second, he reminds us of the memories and continuing legacies of China’s past behavior in the region—during the premodern, modern, and contemporary periods—that leave many Southeast Asians wary of Chinese designs and influence. Nonetheless, despite these cautionary notes, Wang sees a corner being turned in China’s relations with the region, which offers good potential for growth, mutual benefit, and continued regional stability.

Pivoting further around the arc of Asia, John Garver’s chapter addresses China’s relations with the nations of South and Central Asia. Garver’s analysis centers on the instruments of Chinese presence in these vast and distinct regions, and he weighs Chinese influence vis-à-vis that of other intra- and extraregional powers. In a unique approach, he evaluates China’s initiatives to build infrastructural links—primarily a network of roads, rail lines, and pipelines—tying southwest, west, and northwest China to their cross-border neighbors. These linkages are helping to facilitate the growing economic linkages described earlier in Robert Ash’s chapter. In addition to these infrastructure linkages, Garver notes the nascent détente between China and India, the long-standing ties with Pakistan (China’s “all-weather friend”), and the central role the PRC has played in the Shanghai Cooperation Organization (SCO).

Despite these developments, Garver is guarded about the prospects for growth in China’s influence in each case. Indeed, he concludes that Beijing possesses relatively little influence in these areas. South Asia very much remains dominated by Indian power and geographic centrality. He notes that in Central Asia Russia and China compete for influence, and Moscow has hardly ceded its interests in the area to Beijing. Moreover, Garver draws our attention to the dramatic increase in American interests and presence in Central and Southwest Asia since 2001. In his view, it is the long shadow of American power and influence—rather than China’s—that defines these regions today.

The final chapter in this section concerns relations between China and Russia. Yu Bin reminds us that this relationship, similar to virtually all other relationships around China’s extensive periphery, also carries with it much historical baggage. Yet, as is the case with Southeast Asia, today China and
Russia find themselves in a period of peace and cooperation that is probably unparalleled. Yu Bin elaborates the reasons and the path that brought this strategic partnership into being, but he is quite cautious about its persistence. Yu identifies a number of factors, primarily on the Russian side, that could cause the current concord to unravel. He thus finds something of a disconnect in the relationship, which is characterized by high-level harmony but underlying frictions and suspicions.

Taken together, the chapters in this section evince an ambivalence about China’s relations with its neighbors. On the one hand, the chapters clearly reveal the extent to which Beijing has succeeded in normalizing diplomatic relations and consolidating political ties, settling many nagging border disputes, building up extensive trade links and other exchanges, and projecting the image of being a cooperative neighbor. On the other hand, all the chapters reveal lingering misgivings about China. Many of these arise from historical experiences, but they also reflect concerns about China’s future ambitions. Clearly, Beijing still has much work to do to assure and assuage its neighbors of China’s intentions and the use to which the nation’s growing military and economic capabilities will be put, but it is equally clear that China has made a good effort in recent years, and this has begun to win Beijing a level of trust and a depth of ties not seen before in the modern era.

The fourth section of the volume shifts from politics and diplomacy to examine China’s regional security strategy and military posture. Bates Gill’s chapter argues that China’s regional security strategy has pursued three main goals in recent years: (1) maintain a pacific periphery so as to be able to concentrate on internal reforms and growth (the “peace and development” strategy); (2) manage its growing wealth and power in ways that reassure, rather than threaten, neighbors; and (3) cope with preponderant American power around its periphery without confronting the United States directly. Gill describes various instruments China has used and methods that China has undertaken to achieve these three goals. They include the elaboration of the “new security concept,” the publication of defense white papers and marginally improved military transparency, more proactive policies to diffuse simmering regional problems and “hot spots,” building a series of strategic partnerships with nations near and far, increased involvement in regional cooperative security regimes, deeper involvement in addressing nontraditional security threats, increased willingness to participate in military exercises with foreign nations, and other forms of regional cooperation.

This is an impressive range of new initiatives undertaken by China in recent years, and they have won new respect for Beijing. Yet regional security challenges—Gill identifies those related to North Korea and Taiwan, in particular—remain that will challenge Beijing. He also notes that the nature of the U.S.-China relationship will largely determine Beijing’s ap-
proach to regional security problems. He concludes, however, that China’s increased involvement in regional security affairs is not a passing moment, but is going to be a permanent feature of the Asian security landscape and architecture.

Michael Swaine examines the “hard” dimension of China’s regional security stance, its military posture. His analysis is sobering. He concludes that “China is in the process of acquiring new military capabilities and undertaking new force deployments that will fundamentally alter security perceptions in the region and stimulate a more widespread military response among the major powers. Although this dynamic is not fated to produce conflict—even in the case of Taiwan—it will likely increase the chances of regional tension and instability, thus requiring more deliberate and coordinated political, diplomatic, and military efforts to control. The United States will, by necessity, play the most decisive role in this effort.” In his chapter Swaine elaborates the various developments in the modernization program of the People’s Liberation Army (PLA) that led to his predictions. To do so he not only inventories the hardware in China’s land, air, and sea arsenals, at present and in the medium-term future (to 2020), but he also takes account of China’s regional defense policy objectives and evolving military doctrine.

Swaine’s analysis and prognosis is a realist one. In his thinking hard power is primary, and it trumps other forces and factors at work. This line of analysis differs from China’s increased integration into the Asian region or the normative efforts of Chinese diplomacy described in several other chapters. Yet hard military power is an important part of the evolving equation in Asia. The PLA’s rapidly improving capabilities will, as Swaine correctly argues, have a major impact on the overall strategic balance in the region. The outstanding question is whether it will create, as he predicts, an increasing “security dilemma” confronted by China and its neighbors, causing the latter to adopt balancing tactics and countervailing actions against the former.

The fifth section of the book examines the potential impact that China’s rise and increased centrality in Asia will have on U.S.-China relations and the role and interests of the United States in the region. Interestingly, the two chapters in this section lead the contributing authors to (1) different assessments of China’s goals in the region vis-à-vis the United States, and (2) different conclusions about the potential influence on American national interests in the region.

Robert Sutter views China’s primary goal in Asia to be regional preeminence in all respects. This overriding aspiration, Sutter argues, is fundamentally at odds with the United States—both American priorities and the existing American preeminence in the region. It is, in essence, both a zero-sum view and a structural assessment. Sutter sees China maneuvering steadily but subtly in the region to counter and undercut the U.S. position and influence.
Yet Sutter also acknowledges that Chinese officials and experts uniformly recognize both that American dominance will likely continue for the foreseeable future, and that it is not in China’s interests to confront the United States directly. This means, in his analysis, that China’s long-term strategy runs counter to U.S. interests, but that the near- and middle-term reality of predominant U.S. power dictates that China’s tactics accommodate American interests. Sutter’s policy prescription, therefore, is for the United States to maintain its confidence and strength in the Asian theater so as “to hold in check long-standing Chinese tendencies to assertively challenge U.S. interests and perceived adverse Asian developments.” He concludes his chapter by raising the specter of a conscious U.S. decision not to maintain regional dominance ad infinitum, thus “set[ting] the stage for a different kind of Sino-American accommodation where the United States pulls back strategically from Asia as China rises to regional leadership.”

Mike Lampton offers a different assessment of China’s aspirations and goals in Asia, which leads him to different conclusions about the impact and policy implications for the United States. While he agrees with Sutter that “constraining the unbridled exercise of American power” is a priority for Beijing, he sees it as one among many goals and not the central motive of Chinese strategic policy. Lampton notes that reassurance of China’s neighbors and peacefully securing China’s economic lifelines and energy resources are additional priorities. He continues in his chapter to disaggregate the different components of the Chinese “power mix” by dividing it into coercive, normative, and remunerative categories (following the typology of sociologist Amitai Etzioni). He argues that China’s remunerative power has grown the most and provides Beijing with considerable regional influence. China’s normative power and influence, as described in earlier chapters, is rising more modestly, but it is also intersecting with the perspectives of a growing number of Asian states, particularly as they become increasingly disenchanted with America’s overreliance on coercive power. Finally, Lampton, in contrast to Swaine, argues that China’s coercive power is growing steadily, but at a measured pace. He observes that the speed of China’s military modernization will in part be governed by developments in U.S. and Japanese military power. Above all, Lampton emphasizes the profound impact that the forces of globalization are having on China, its strategic choices, and therefore its external behavior—all of which leads Beijing toward increased interdependence with its neighbors and more status quo behavior.

The implications for the United States, Lampton concludes, need not be negative. He sees “the principal directions in which Chinese policy has moved . . . to be consistent with fundamental U.S. interests.” China’s rise will necessarily cause the United States to make adjustments along the way, but the basic tendency of increased interdependence and integration is, he argues, very much in American national interests. This does not inevitably
mean that China’s rise will ultimately prove to be fully in U.S. interests, but to date, the two powers have managed to coexist and cooperate quite fruitfully.

The final section of this study focuses on the broader implications of China’s rise for the regional order. Jonathan Pollack and Michael Yahuda tackle the impact on regional security and the political/diplomatic order, respectively. Pollack delineates the increasingly complex and multilayered security agenda and architecture that is emerging in the Asian theater. While he detects that “an unmistakable recalibration of power and influence is underway,” owing to China’s ascendance and the “dilution” of American primacy, Pollack observes that a truly integrated regional security system has yet to emerge: “Any characterization of an ‘Asian security order’ (or, even less, a presumptive Sinocentric order) is a major oversimplification.” Notwithstanding some of the nontraditional security challenges of terrorism, HIV and AIDS, nuclear proliferation, human smuggling, and other pan-regional challenges, Pollack notes that regional security is still primarily oriented toward “hard security” issues in four distinct subregions, Northeast, Southeast, South, and Central Asia. He also points out that China has become the only regional actor to have a meaningful security involvement in all four subregions, and his chapter chronicles this growing involvement on China’s part. At the same time that China is increasing its regional security involvement, it is also pursuing strategies to forestall a hostile American posture. As Pollack puts it, “China is attempting to limit its exposure in America’s strategic headlights.” Becoming more involved in sub- and pan-regional security affairs is precisely part of Beijing’s strategy to dilute U.S. influence and “forestall or discourage coordinated regional responses to its enhanced economic power, military capabilities, and political influence,” Pollack argues.

Pollack’s chapter also contains an interesting comparison of the internal strategic discourses in China and the United States about the other. He finds some interesting parallels between these two communities. At the end of the day, Pollack believes that the nature of Sino-American relations will determine the shape of the regional security order, and he describes four alternative strategic futures in this regard:

- A convergent, more diversified security order largely acceptable to the United States and China;
- A mixed security order simultaneously entailing elements of Sino-American competition and collaboration;
- An overt Sino-American political-military competition;
- A Sino-American regional security condominium.

He explores the possibilities for each alternative but does not predict the realization of any single one. Pollack concludes that the evolving and emerg-
ing regional security order is very fluid, and that its nature remains to be determined, but that, one way or the other, China and the U.S.-China relationship will be central to the outcome.

The final chapter in the volume, by Michael Yahuda, focuses on the evolving regional political/diplomatic order. Like Pollack, Yahuda describes a multilayered and complex mosaic that comprises the Asian political “system” today. He also finds that, as in the economic and, to a lesser extent, security realms, China’s political integration in the region has been pronounced in recent years. Yahuda also discusses the emergence of regional institutionalism in Asia and finds that, while it does not have the institutional character of Europe, multilateral institutionalism is nonetheless firmly becoming a part of the regional landscape. He explains how China has not only come to accept such regional institutionalism, but has also grown to become an active and constructive participant in the process. Like Pollack, Yahuda also finds China more proactively engaged in all four subregions of Asia, and he shows how Beijing mixes bilateral and multilateral instruments and involvement in each area. Yet, also like Pollack, Yahuda finds that each subregion continues to have its own intrinsic dynamics—and, hence, a truly regional “order” has yet to emerge.

THE ASIAN SYSTEM: EVOLVING TO WHAT MODEL?

Given the various elements noted in the chapters in this volume, and especially the last two, what might China’s growing power and influence mean for the evolving Asian system? What is the nature of the emerging regional order? In my own contribution to this discussion, let me offer seven possibilities.

A Hegemonic System

A number of observers, particularly in the United States, Japan, and India, remain skeptical about China’s motivations and the sustainability of its new cooperative posture. These skeptics see China’s “new face” as a tactical ploy to lull the region into a false sense of complacency, until China builds up its comprehensive strength in anticipation of the day when it can dominate and dictate to the region. Such a strategy is captured in Deng Xiaoping’s admonition taoguang, yanghui (bide one’s time while building up capability).

A China-dominant system would be a hegemonic system—either coercive (badao) or benign (wangdao). Under such a system, other nations would either be subsumed by a domineering China or would choose, in a looser hegemonic system, to “bandwagon” with Beijing as the best means to protect themselves and their equities. Another variation of this model would be a hierarchical model, with China as the major power at the apex of the
regional hierarchical pyramid—reconstituting, in essence, a twenty-first-century version of the ancient “tribute system.”

Such a system not only assumes China’s desire for such dominance, but it would also certainly require the complete diminution of American power and influence and its withdrawal from the region. Neither condition seems likely. It also presumes, as in balance-of-power systems, that China would be a (singular) pole to which all other regional nations would be attracted, like a magnet. Such poles, such as the United States and the Soviet Union during the Cold War, usually attract others via a combination of an appealing ideology, extensive economic assistance, extended deterrence and military protection, international diplomatic support, and other means. China today, and likely into the future, offers few of these advantages to its neighbors. As a result, the essential requirements for a hegemonic system to take shape in Asia have not been fulfilled: neither does China have significant potential to become a pole, nor do incentives for others to bandwagon exist.

Major Power Rivalry

Other skeptics anticipate an inevitable clash between the existing dominant power (the United States) and the rising power (China), owing to the asymmetric structural properties of the regional system. The classic statement of this view is offered by Aaron Friedberg. They argue that, historically, rising powers inevitably challenge dominant powers, and that this zero-sum competition for dominance is a virtual law of international relations, at least for the realist school. For this school, the period of “power transition” is particularly unstable and conflict-prone. A variant of this is the traditional bipolar balance-of-power model (presumably with the United States and China as the two poles), in which two major competitive powers possess roughly equal distribution of power, thus offsetting each other and maintaining the balance.

For this situation to obtain, China’s comprehensive national strength, particularly in the military realm, would have to match that of the United States. Again, this is difficult to envision in the near and medium term. It would also require that the United States and China experience conflicting interests and policies over a wide range of regional and global issues—a dysfunctional relationship quite different from the currently cooperative state of Sino-American relations.

The “Hub and Spokes” Model

A third conceptual model is the American-centric “hub and spokes” alliance system that has existed since the dissolution of SEATO in the early 1970s. This is a system of bilateral military allies (the United States with Japan,
South Korea, the Philippines, Thailand, and Australia). In such a conceptualization the United States is thought to be the hub of a wheel, with each of the bilateral alliances the spokes of the wheel.

This system has served the allies and the region well for three decades. It has been central to the maintenance of strategic stability and economic development throughout the East Asian region, has deterred a hostile North Korea, was significant in rolling back Vietnamese aggression in Cambodia, has played a role in maintaining peace in the Taiwan Strait, has kept open the sea lanes of communication (SLOCs), and has provided for the national security of the allied states. In addition, while not full allies, a number of other East Asian states (e.g., Singapore) have been full security partners in this system. China too has benefited from this system, for all of these reasons.

Although this system has stabilized the region well and has the potential to continue to do so in the future, the structure is not sufficient to constitute a true regional system. A large number of countries—and this includes China—remain unallied or unaffiliated with the system and have no compelling reasons to join. Thus, although the structure goes a long way toward integrating a number of key nations in the region in a common security network, it is highly unlikely that the “hub and spokes” system will enlarge to become a full regional system in the future. Indeed, if the Korean peninsula were to be unified, two key legs of the system, U.S. alliances with South Korea and Japan, would potentially be undermined. Thus by itself, the U.S.-led alliance system is insufficient to constitute a full regional security structure.

A Concert of Powers

A fourth potential model of the evolving Asian system is a concert of powers, in which rivalry is not inherent, but rather the maintenance of stability is shared among several major nations or alliances of nations. The best example of this type of system is, of course, the Concert of Europe, which functioned for almost half a century in the wake of the Congress of Vienna of 1815. It was a system that kept the peace and maintained a balance among the main powers of the era (Britain, Russia, Austria, Prussia, France, Italy, and Turkey). It functioned well because no nation possessed disproportionate power and influence, and because all agreed to regular consultations via a series of diplomatic conferences. It was, in effect, the world’s first de facto regional security regime.

For such a system to evolve in Asia would require a more equal distribution of hard power. It would certainly require that American power decline substantially and relatively, while the individual power distribution of China, Japan, India, and Southeast Asia would grow to be roughly equal. It
would also require that each member of the concert enjoy generally harmonious and nonconflictual relations among themselves. Although the latter condition may be possible (notwithstanding deep-rooted Sino-Japanese antagonism), and the relative power of the four noted above could generally equalize over time, it remains difficult to envision such a diminution of U.S. power or its presence in the region.

A Condominium of Power

A fifth possibility is a condominium of power by the two dominant powers in the region, the United States and China. Although this possibility seems remote these days, given continuing tensions over Taiwan and latent strategy rivalry, it is not out of the realm of possibility that such a condominium could emerge.

For such a scenario to materialize would require a number of developments, none of which seems likely. First, the dispute over Taiwan would have to be resolved. Second, China would have to fully accommodate itself to the U.S. alliance system in East Asia, budding defense ties with India, and the growing military presence in Central Asia. Third, both countries’ remaining suspicions of the other as a strategic competitor or security threat would have to be resolved. Indeed, condominiums usually require that the two dominant powers be either allied or mutually trusting. Although the United States and China are enjoying their best relationship in many years, including at the strategic level, it is difficult to imagine the two forging a condominium of power in Asia for the foregoing reasons. Not insignificantly, it would also require other major nations in the region to accept and accommodate such a Sino-American condominium—again, a very unlikely prospect. Finally, the emergence of such a condominium would necessitate the substantial and qualitative decline of Japan as a regional and global actor, which is a highly unlikely development.

A Normative Community

A sixth possibility entails the emergence of a region-wide community of nations that shares a series of normative rules and goals and agrees to abide by them for the larger collective interest. Such is the case among the Association of Southeast Asian Nations (ASEAN). Such a normative regional order could either be heavily codified and institutionalized or could operate more loosely based on shared goals and interactions. Among others, Amitav Acharya and Muthiah Alagappa have been the primary exponents of this model.11

Obviously, for such an order to emerge requires consensual agreement among participants as to the norms, goals, and rules to govern interstate
and other behavior. While ASEAN and the ASEAN Regional Forum (ARF) have been able to achieve this to a certain extent, and the Shanghai Cooperation Organization to a lesser extent, and China’s “new security concept” dovetails to a large extent with both, the region as a whole remains a very long way from forging such a consensus, much less institutionalizing it. Nonetheless, China’s growing embrace of the ARF and a potential “regional security community” is a positive sign and may move the region gradually in the direction of further institutionalization.12

**Complex Interdependence**

The final potential model for the evolving and future Asian system is oriented not around security affairs, but rather around the dense web of economic, technological, and other ties between nations in the era of accelerating globalization. The core actor in this model is not the nation-state, but a plethora of nonstate actors and processes—many of which are difficult to measure with any precision—that operate at the societal level. These multiple threads bind societies together in complex and interdependent ways. Indeed, they point to another significant way that the Asian region is changing, which is that the traditional geographic subcomponents of the region—Northeast Asia, Southeast Asia, South Asia, and Central Asia—are no longer useful intellectual constructs for dividing or distinguishing the macro-processes occurring throughout the region. In the twenty-first century, these four subregions are all interconnected and interdependent at numerous levels.

There is considerable evidence that complex interdependence has taken hold throughout the Asian region—and it will only accelerate in speed and scope over time. There is no escaping the dynamic, which is a powerful deterrent to conflict and is conducive to peace and stability, as all nations and people become tied together in one large interdependent web.

Yet as profound as this process is, and as deeply rooted as it is becoming in Asia, complex interdependence is by itself insufficient to establish a dominant regional system, precisely because it does not operate at the nation-state level and does not intrinsically entail security arrangements. Any truly regional system must involve both.

**A Mosaic of Models**

If these seven models for an evolving regional system in Asia individually fail to fully describe the future toward which the region is moving, where does this leave us analytically? Surely, one size does not, and cannot, fit all in a region as diffuse and diverse as Asia.
What is emerging in the Asian region—stretching from Afghanistan in the southwest to Russia in the north to Japan in the northeast to Australia in the southeast—is a multitextured and multilayered hybrid system that shares elements of three of the aforementioned models: “hub and spokes,” normative community, and complex interdependence. There is also an element of the balance-of-power system looming in the background, although it is dormant and would require considerable adjustments among regional states for it to fully emerge. One reason it will likely never emerge is because having to choose between Beijing and Washington as a primary benefactor is the nightmare scenario for the vast majority of Asian states. It is for this same reason that Asian states “bandwagoning” with a rising China will also not likely emerge on a full regional basis (although it might in certain bilateral cases, as some may seek to balance against China). It is not an exaggeration that all Asian states seek to have sound, extensive, and cooperative relations with both the United States and China, and thus will do much to avoid being put into a bipolar dilemma. Some states in fact play a kind of balancing role between the two regional powers—tilting first toward Washington and then toward Beijing—so as to hedge their bets, protect their interests, and keep both engaged.

Clearly, the U.S.-led alliance system remains the predominant regional security architecture. It has been the bedrock of regional stability since the end of the Vietnam War, has served the region well, and is unlikely to be cast aside by the participants in the “hub and spokes” system (including the non-allied partners and beneficiaries of the system). China tried to challenge this system, at least rhetorically, in the 1997–98 period, and it was roundly rebuffed by its neighbors throughout the region. Arguably, only North Korea seeks the dissolution of this system.

This system relies on hard power, and the threat of it. At the same time, we are witnessing the emergence of a “soft power” architecture in the region, based on a series of increasingly shared norms about interstate relations, security, and the emergence of state and nonstate institutions to advance these norms. ASEAN and the ASEAN Regional Forum (ARF), backstopped by the nongovernmental Committee on Security Cooperation in the Asia-Pacific (CSCAP), is the cornerstone of this emerging regional community, but the Shanghai Cooperation Organization and the South Asia Association for Regional Security (SAARC) are also important components. These organizations are forms of cooperative, rather than collective, security, and they augment the more formal “hub and spokes” alliance-based system.

Finally, the Asian region has been witnessing the growth of intraregional linkages of all varieties—including economic, cultural, technological, educational, and ideational—at a dizzying speed. Asia, long known for its diver-
sity and disconnectedness, is rapidly becoming a seamless web of interconnections and interdependencies.

One key dimension of this interdependence not often considered by analysts is the impact of China’s own internal stability on regional stability. That is, if China’s domestic reforms were to stall, or if there were significant social upheaval internally, it would have major—and decidedly negative—implications for the region.

Looking ahead over the next two decades it is evident that China has entered a new phase in its development in which the principal challenge will be to provide a range of public goods to the populace in order to improve the nation’s quality of life. Much of China has now become a newly industrialized country (NIC) where public demands are no longer focused on basic consumer durables or disposable income, but increasingly on a range of quality of life issues such as full access to education at all levels, universal and quality health care, environmental protection, workplace and public safety, efficient transportation and communications, high-quality construction, accountability and transparency in government, lack of corruption in government and business, decreasing social stratification and alleviating absolute poverty, effective and fair enforcement of law, and a combination of social welfare financing (including unemployment insurance, retirement annuities, and workplace injury compensation). The public in China is increasingly and appropriately demanding these public goods, just as they have done previously in other NICs throughout East Asia, Latin America, and Europe. Providing and delivering them is a challenge of governance, with the responsibility falling primarily on a combination of central, intermediate, and local governments in China, although private sector non-governmental organizations and the marketplace can provide for some (such as pension schemes). There is the view that provision of public goods by China’s government has declined dramatically over the course of the last twenty years of economic expansion and reforms, and that the country faces a “governance crisis.” There is a degree of truth in this assessment, as the SARS crisis of 2002–2003 exposed in the public health arena. One finds similar chronic shortcomings in most of the other areas noted above as well. There is no doubt that compared to the prereform era, when China’s socialist government provided many of these public goods, state capacity in this area has declined. Yet this declining capacity should not be overstated either; for example, when compared with Indonesia, North Korea, Myanmar, Bangladesh, India, and Pakistan, the Chinese government still provides more of these basic public goods for the majority of its 1.3 billion people.

Thus, improving state capacity to provide these public goods and meet governance responsibilities is the principal challenge for the Chinese government at all levels over the next couple of decades. The current Chinese government, under the leadership of President Hu Jintao and Premier Wen
Jiabao, seems to be acutely attuned to meeting these challenges and is beginning to devote increased attention and resources accordingly.\textsuperscript{15}

China’s governance challenges will also increasingly become the responsibility of China’s neighbors, as well as other nations and international organizations. That is, given the interdependence described above, China’s neighbors now have a much increased stake in assisting China to meet these governance challenges and provide the public goods noted above, because if China is not successful in these tasks, then the resulting domestic dislocations inside China will spill over its borders and become destabilizing factors affecting the regional order. In other words, the rest of the region, and even the world beyond, has a greater stake in China’s domestic development and reforms than it ever has before. It is very much in the national interests of other Asian countries for China to succeed in meeting these internal challenges and to strengthen its state capacity in critical areas such as public health, environmental protection, rule of law, civil society, government transparency, poverty alleviation, and nonproliferation. The European Union and Japan have long established such policy priorities and have contributed a great deal of tangible assistance and resources to these ends (China is the largest single recipient of overseas development assistance from each).\textsuperscript{16} It can therefore be anticipated (and recommended) that rising levels of aid and development assistance as well as investment in these areas will be increasingly forthcoming from other Asian governments and private sector agencies. It is very much in the interests of the other governments to provide such assistance, as it will be an investment in their own futures and regional stability. Such is the nature of interdependence in Asia today and into the future.

The following chapters elaborate and elucidate the many ways in which the Asian region and system are changing as a result of China’s growing power and influence. While there has been much written about the impact of China’s rise on the global system, there has been considerably less speculation devoted to the regional context. This volume attempts to offer such analysis, in a judicious and balanced manner, by some of the world’s leading scholars in the field of China’s foreign relations.

NOTES

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1. Qian’s memoirs are a good chronicle of his personal role. See Qian Qichen, \textit{Waijiao Shiji} [Ten stories of diplomacy] (Beijing: Shijie Zhishi chubanshe, 2003), particularly chapter 5.


