

POLITICS IN ASIA SERIES

# China's Power and Asian Security

Edited by Mingjiang Li and  
Kalyan M. Kemburi



# China's Power and Asian Security

One of the most significant factors for contemporary international relations is the growth of China's economic, military, and political power. Indeed, few analysts would dispute the observation that China's power has strongly influenced the structure of the international system, major-power strategic relations, international security, the patterns of trans-border economic activities, and most importantly, the political and security dynamics in Asia in the twenty-first century.

This book maps the growth of China's political, economic, and military capabilities and its impact on the security order in Asia over the coming decades. While updating the emerging power dimensions and prevailing discourse, it provides a nuanced analysis of whether the growth of Chinese power is resulting in Beijing becoming more assertive, or even aggressive, in its behavior and pursuit of national interests. It also examines how the key Asian countries perceive and react to the growth of China's power and how US rebalancing would play out in the context of Beijing's political, economic, and military power.

*China's Power and Asian Security* will be of huge interest to students and scholars of Asian politics, Chinese politics, security studies, and international security and international relations more generally.

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# **China's Power and Asian Security**

**Edited by Mingjiang Li and  
Kalyan M. Kemburi**

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## **Part I**

# **China's power**

Capabilities and perceptions

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# 1 Growth of China's power

## Capabilities, perceptions, and practice\*

*Mingjiang Li, Kalyan Kemburi, and  
Zhang Hongzhou*

Power is one of the most contested concepts in the field of social sciences. In the middle of the last century, the academic definition of power transitioned from the power-as-resources approach to the relational power approach, whereby power is not just conceived on basis of absolute capabilities but as an ability of A to cause a change in the behavior of B. Nevertheless, power-as-resources is still a preferred definition within the policy community for its concrete measurable indicators. One main problem with this approach is that a particular power capability could be an asset in one situation, but a liability in a different situation. To illustrate, during Operation Iraqi Freedom, the weapon systems that aided the US forces in achieving a rapid victory against the Iraqi regular forces faced limitations in dealing with the insurgents fighting in an urban environment.

One of the most significant factors for contemporary international relations is the growth of China's economic, military, and political power. In recent decades, following the power-as-resources approach, several scholars and government agencies have extensively documented this phenomenon. As intentions are hard to predict, the key in understanding the impact of China's growing power is to evaluate Beijing's ability to convert these power resources into behavioral outcomes in the target states. This edited volume intends to undertake this evaluation.

Three decades of continuous high economic growth has provided Beijing the means to engage in the qualitative and quantitative expansion of its power resources. In the military arena, for instance, China's US\$132 billion defense spending in 2014 is the highest in Asia and comes only after the United States globally.<sup>1</sup> Although the Chinese military—People's Liberation Army—has a long march to match the technological sophistication of the US military or even the Japan Self-Defense Forces, it has been successful in creating pockets of technological excellence and in acquiring platforms to conduct asymmetrical warfare. To enable the People's Liberation Army (PLA) with regional as well as long-distance power projection and ensure its rapid deployment of ground forces, there has also been a steady induction of sophisticated weapon systems ranging from nuclear submarines, aircraft carriers, fourth generation aircraft, to space-based systems and capabilities.

Historically, the study of international relations has predominantly focused on military force with relative neglect of economic statecraft. To close the gap, this volume includes the economic power of Beijing. As Samuel Huntington noted, “Economic activity is probably the most important source of power ... in a world in which military conflict between major states is unlikely [and] economic power will be increasingly important in determining the primacy or subordination of states.”<sup>2</sup> Further, as a Singapore-based newspaper the *Straits Times* noted in 2009, “The new great game in Asia is centered less on military power, but more on the complex exercise of winning friends and influencing people and thought.”<sup>3</sup> Economic tools such as trade, aid, and investments increase the potential for success in this complex exercise of winning friends and influencing ideas. Although economic tools cost more than diplomacy or propaganda, they cost less financially and politically and even result in less collateral damage compared to military tools for a region under the shadow of nuclear weapons.

In the case of China, the world has been in awe over Beijing’s double-digit economic growth for almost three decades, and its success in lifting more than 600 million people out of poverty, in establishing a world-class infrastructure, and in emerging as the global assembly line. In 2012, China emerged as the world’s largest trading nation with a trade volume of US\$3.87 trillion.<sup>4</sup> Beijing has secured a critical position in Asia by being the largest trading partner for Japan, South Korea, India, and Southeast Asia. Scholars, however, have paid little attention to the evaluation of the utility and the scope of economic power behind such achievements. Although globalization has made the world less coercible and has created economic interdependencies, as Joseph Nye highlighted, “manipulating the asymmetries of interdependence is an important dimension of economic power.”<sup>5</sup>

In tune with the going-out policy, China’s outward direct investment (ODI) grew from US\$5.5 billion to over US\$77 billion yearly from 2004 to 2012, and is expected to reach US\$150 billion by 2015.<sup>6</sup> In 2009 and 2010, two Chinese state-owned banks extended more loans to developing countries than the World Bank.<sup>7</sup> Similarly, China has emerged as an important global aid donor. As with its defense budget, estimating China’s aid has been difficult. According to the Center for Global Development, a Washington, D.C.-based think tank, Beijing’s aid estimates range from US\$1.5 billion to US\$25 billion in 2009. Most of this aid is channeled to infrastructural and developmental projects. Nevertheless, aid has the potential to create hard economic power, especially when it is used to build economic and administrative capabilities of the recipient nation.

Few analysts would dispute the observation that China’s power has strongly influenced the structure of the international system, major-power strategic relations, international security, the patterns of trans-border economic activities, and most importantly, the political and security dynamics in Asia in the twenty-first century. Many observers believe that China’s growing power goes hand in hand with its assertiveness in handling key security issues in Asia, for instance the South China Sea dispute. As a result, the tone of recent media reports, scholarly writings, and foreign government documents on China’s role in regional security

is predominantly pessimistic. Many have observed that growing Chinese economic power has contributed to a dual regional structure in Asia whereby China takes the lead in regional economic development while the United States is responsible for security and stability. This situation has put pressure on regional states to take sides between Beijing and Washington. The impetus for Washington's strategic rebalance towards Asia is at least partially in response to China's growing regional economic and political influence, if not security challenge.

This volume maps the growth of China's political, economic, and military capabilities and its impact on the security order in Asia over the coming decades. The strength of this edited volume lies in its geographic comprehensiveness and thematic uniqueness. This volume is also timely because it captures Beijing's increasing confidence (assertiveness particularly during 2008–2011) in using its political, economic, and military resources to pursue its national interests in Asia. This volume also contains extensive updates on the emerging power dimensions and the prevailing discourse.

With these updates, this volume contains works that attempt to unravel three puzzles:

- Does the growth of Chinese power bring about Beijing's increasing assertiveness in its pursuit of national interests?
- How do the key Asian countries perceive and react to the growth of China's power?
- How would US rebalancing play out in the context of Beijing's political, economic, and military power?

The following section provides an overview of the concept of power in China, starting from Sun Zi's *Art of War*, Mao Zedong's *On Protracted Warfare*, to Deng Xiaoping's emphasis on developing economic capabilities, and the recent development of the concept of Comprehensive National Power. With this historical background, in the second section we map the recent growth in economic and military capabilities of China. The penultimate section looks at the prevailing discourse among Chinese and foreigners, as well as providing a preview of the recent practice of the Chinese government in using some of these emerging power capabilities. The final section offers a preview of the chapters in this volume.

### **Concept of power in China—past and present**

The concept of power, or national power to be precise, is definitely not a new term in the Chinese strategic thinking. As early as the Spring and Autumn Period (722 to 476BC), China's great strategist Sun Zi wrote in his famous *Art of War* that the outcome of war largely depended on the power of each state. His concept of power refers to not only military might but also economics, geography, politics and subjective guidance. More than 700 years ago, the Song dynasty—the largest economy in the world and one of the most prosperous dynasties in the



entire history of China—was defeated by the Mongols from the North. This defeat propelled the Chinese strategic thinkers to recognize that in addition to economic prosperity military capabilities should always be a critical element of a country's power.

Similarly, reflecting on the defeat of the mighty Qing Dynasty by the British more than 150 years ago, Chinese strategists identified poor political coordination, backward culture and technology, as well as a fragmented political system, as the main reasons for Qing's defeat, which led to China's Hundred Years Humiliation. Then, during the Sino-Japanese war, Mao Zedong in his *On Protracted Warfare* declared that despite Japanese military supremacy, China would eventually win the war because it surpassed Japan in terms of power, measured by territorial size, population, and international support.

The modern concept of national power in China came into force during the 1980s after Deng Xiaoping's new assessment of China's security environment: the growth of the world's peace exceeded the growth of the forces of war. As peace and development emerged as the main trend in the evolvement of international affairs, Deng felt that military force could no longer be the sole criterion and primary index of a country's power. He then urged his government to place economic development at the top of the country's agenda.

Subsequently, in the mid-1980s, Chinese analysts developed the concept of Comprehensive National Power (CNP), defined as the combined overall conditions and strengths of a country in numerous areas, considering both qualitative and quantitative measures. While the qualitative measurement facilitates general discussions of a country's strengths and weaknesses, the quantitative method yields numerical values of a country's CNP using formulae and specific extensive index systems and equations. Chinese analysts believe that the study of CNP is important to China for identifying its international status and for assessing the power potentials of China's partners, adversaries, and rivals. These measurements address strategic questions (such as which country would be best suited to exploit the Revolution in Military Affairs in times of war and peace) in order to provide a clear indication as to which side had a better advantage and possibly achieve victory in a conflict. Since then, Chinese scholars have undertaken several quantitative studies to further enrich the concept of CNP.

Huang Shuofeng from the China Academy of Military Science, who did pioneering research on CNP in China, argued that a country's CNP includes seven key factors: politics, economics, research and technology, military, culture and education, diplomacy, and resources.<sup>8</sup> Another scholar from the China Academy of Military Science, Wu Chunqiu, pointed out that CNP should at least include the country's size, geographic location, natural resources, terrain and climate, population, national production, technology and education, transportation, military strength, ideology, social and political system, international strategy, leadership competency, allies' international assistance and others.<sup>9</sup> Li Tianran from the China Institute of International Studies believed that the elements of CNP include geographic location, population, resources, national cohesion, defense capability, economic strength, and diplomatic strength.<sup>10</sup> Hu Angang and

Men Honghua described CNP as an aggregation of all national strategic resources such as economic resources, human resources, natural resources, financial resources, knowledge and technological resources, government resources, military strength and international resources.<sup>11</sup> Yan Xuetong from Tsinghua University has also attempted to calculate the CNP of nations through six factors: manpower, natural resources, economic, politics, military affairs, and history and culture.<sup>12</sup>

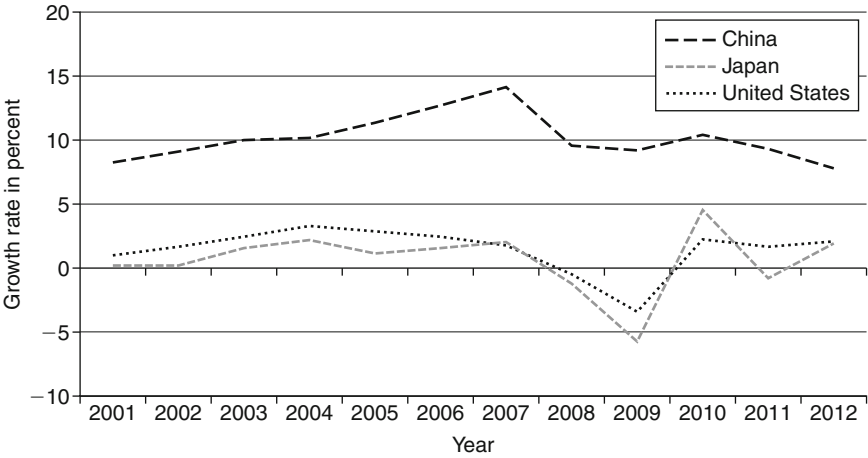
While scholars' views on factors contributing to a country's CNP may differ, the consensus is that economic and military capabilities play a central role. With the end of the Cold War and the rising importance of economic issues in international politics, economic power is now seen as the most important factor in CNP calculations. This, however, does not undermine the importance of military power because the Chinese leaders believe that military power is the prerequisite for economic power expansion while military power is essential for protecting national interests and for carrying out global strategies.<sup>13</sup> Furthermore, other factors, though important to a country's CNP, tend to be fixed at least within a considerable period of time. Examples include geography, country size, population, history and culture, and political system. Given that the goal of this book is to analyze the rise of China's power, discussion will be focused on economic and military strength.

### **China's economic and military capabilities**

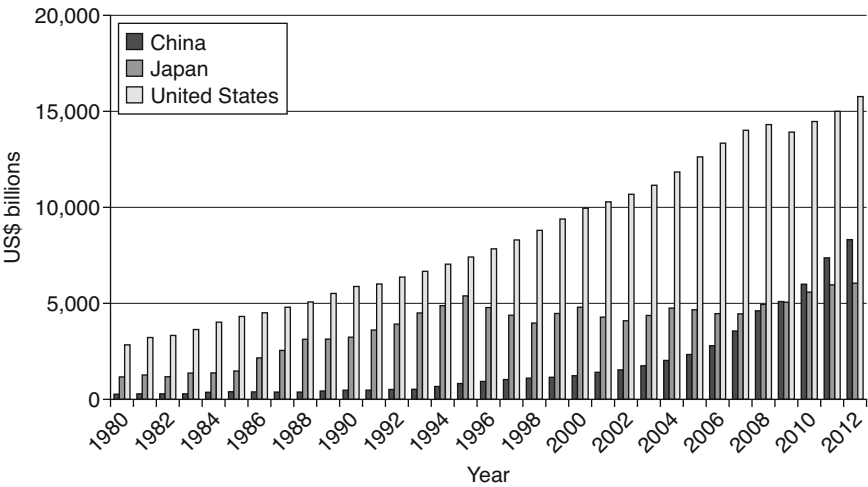
Since China's Reform and Opening-Up in 1978, it has become one of the world's fastest-growing economies. China has emerged as a major global economic and trading power. It is currently the world's second-largest economy; largest merchandise exporter; second-largest merchandise importer; second-largest destination for foreign direct investment (FDI); largest manufacturer; and largest holder of foreign exchange reserves in the world.

Compared with the GDP growth of the United States and Japan (see Figure 1.1), China's economy has witnessed a continuous growth at around 10 percent per year during 2001–2012; in contrast, during the same period, GDP growth rates of the United States and Japan on average grew only at 2 percent and 1 percent respectively. The stark differences in economic growth rate had resulted in significant changes in the three countries' economic strength (see Figure 1.2). China overtook Japan as the world's second largest economy in 2009. Similarly, the GDP gap between China and the United States had significantly narrowed; in 2012, Chinese GDP was more than 50 percent of US GDP. If the GDPs of the three countries are compared using Purchasing Power Parity (PPP), the growth in Chinese economic capability is even more remarkable. In PPP terms, China surpassed Japan as the world's second largest economy since 2001. Chinese GDP exceeded 80 percent of US GDP in PPP terms by 2012 (see Figure 1.2).

China's burgeoning trade volume, overseas foreign investment, and foreign aid clearly indicate its rising economic capability. Based on measures of the sum of exports and imports of goods, China has already surpassed the United States



(a) GDP Growth Rate.

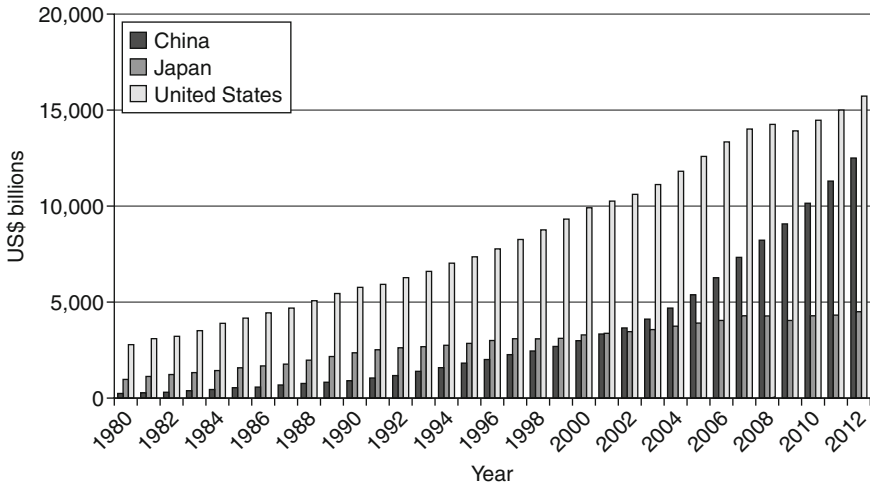


(b) GDP, current.

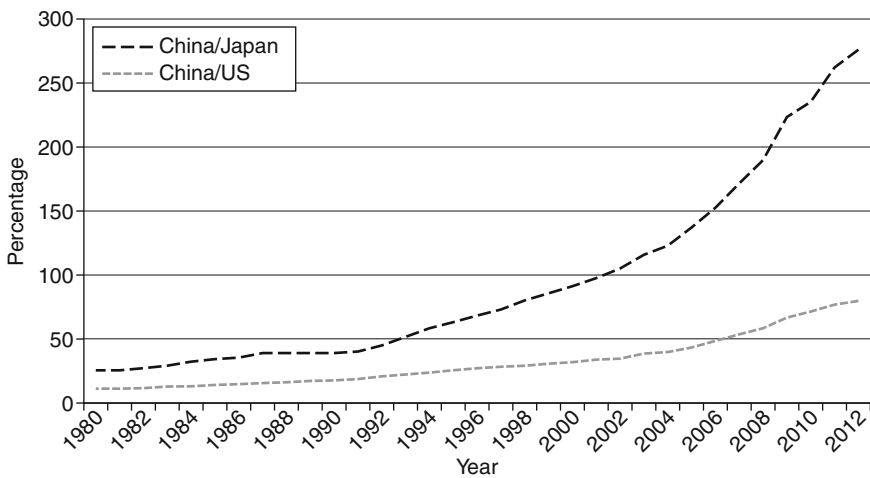
Figure 1.1 China, United States and Japan, GDP comparison (current US\$) (source: World Bank 2013).

by becoming the world's largest trading nation in 2012. In 2012, US trade in goods amounted to US\$3.82 trillion, whereas Chinese trade in goods for the same period stood at US\$3.87 trillion.<sup>14</sup>

When trade in services is taken into consideration, the United States remains the world's largest trading nation, yet the gap between China and the United States has significantly narrowed in terms of total foreign trade in recent years (see Figure 1.3). In 2012, US total foreign trade was US\$4.9 trillion while



(a) GDP-PPP in USD billions.



(b) China's GDP as percent of United States and Japan, in PPP terms.

Figure 1.2 China, United States and Japan, GDP comparison (PPP) (source: World Bank 2013).

Chinese foreign trade was lagging behind by only US\$800 billion.<sup>15</sup> According to a 2012 forecast by HSBC Holdings plc, China would overtake the United States as the top-trading nation by 2016.<sup>16</sup>

In terms of foreign aid and investments, China has significantly expanded its profile in developing countries (see Table 1.1.). Since 2004, owing to the country's sustained, rapid economic growth and enhanced overall national strength, China's foreign aid has grown at 29.4 percent from 2004 to 2009. Many countries from

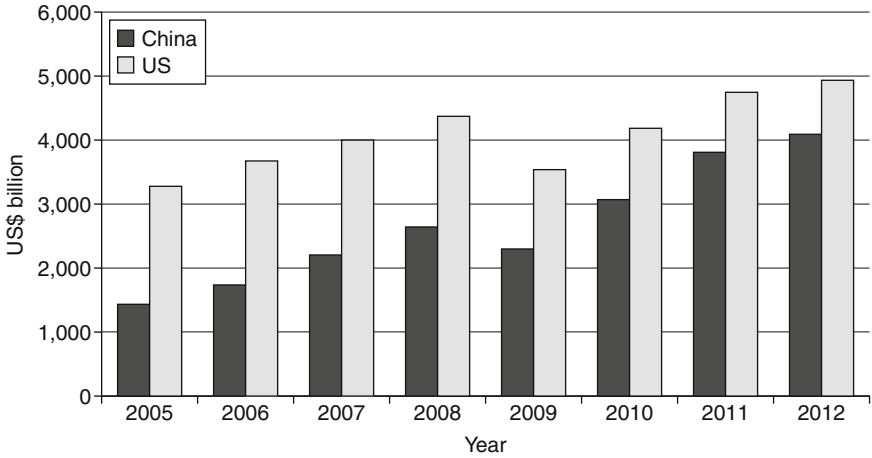


Figure 1.3 Total foreign trade of China and United States (US\$ billion) (source: World Bank, 2013).

Table 1.1 Foreign aid and foreign direct investment, 2012 (US\$ billion)

	China	United States
Foreign Aid	6.4	23
Outbound FDI	84	329
Inbound FDI	121	168 <sup>a</sup>

Source: Data from authors’ multiple sources.<sup>b</sup>

Notes

a Li Jiabao, “China ‘most promising’ in FDI,” *China Daily*, June 27, 2013, [www.chinadaily.com.cn/cndy/2013-06/27/content\\_16667757.htm](http://www.chinadaily.com.cn/cndy/2013-06/27/content_16667757.htm).

b For China’s aid in 2012, refer to Du Juan, “Experts see transparency in foreign aid,” *China Daily*, April 16, 2013, [http://usa.chinadaily.com.cn/epaper/2013-04/16/content\\_16411745.htm](http://usa.chinadaily.com.cn/epaper/2013-04/16/content_16411745.htm). Data for US foreign aid is taken from State and USAID–FY 2013 Budget, [www.state.gov/r/pa/prs/ps/2012/02/183808.htm](http://www.state.gov/r/pa/prs/ps/2012/02/183808.htm). Data for foreign direct investment is from *World Investment Report 2014: Investing in the SDGs: An Action Plan*, published by United Nations Conference on Trade and Development.

Asia to Africa, Eastern Europe to the Caribbean Islands, have benefited from China’s growing aid program. By the end of 2009, China had provided aid to 161 countries and more than 30 international and regional organizations. Among them, 37 countries are new recipients of such aid.<sup>17</sup>

Similarly, while China has been the largest recipient of FDI among the developing countries, China’s outward FDI (ODI) has also increased significantly over the past five years, despite the decline in global FDI. By 2011, China had emerged as the world’s sixth-largest investor. According to the country’s National Development and Reform Commission, China’s ODI is expected to

grow by 15 percent in 2013, particularly in the non-financial sector. This sector grew 30 percent year-on-year in 2012, and is expected to increase by 15 percent in 2013 to reach US\$88.7 billion.

Although there are signs of slow down coupled with severe economic challenges, China's economy would continue to expand, albeit not at the pace witnessed in the last 30 years. Latest forecast by the OECD suggests that China's economy will surpass that of the United States by 2016. Other forecasts suggest that China could overtake the United States by 2017 in PPP terms, and by around 2027 in market exchange rate (MER) terms (see Figure 1.4).

Endowed with a growing economy, China has invested substantial resources to modernize its military forces since the late 1990s. With top leaders' support, the People's Liberation Army's (PLA) budget has maintained double-digit growth, making rapid qualitative and quantitative military expansion possible.

China has the largest ground forces in the world, 1.6 million-strong (see Table 1.2), twice as much as the United States and Japan combined.<sup>18</sup> Its ground forces are making steady progress to augment combat capabilities in the face of limited

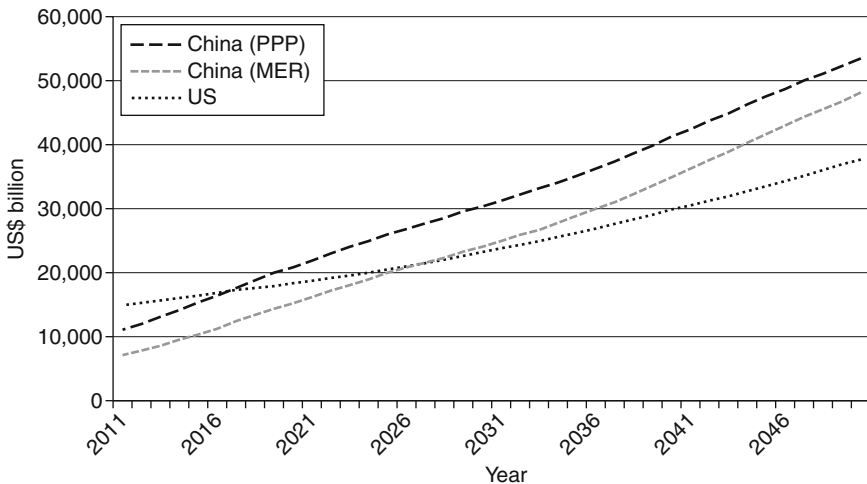


Figure 1.4 Projected GDP growth paths of China and United States (source: PwC Economics 2013).

Table 1.2 Ground forces

<i>USPACOM</i>	<i>Japan</i>	<i>China</i>
60,000 (including five Stryker brigades)	140,110 (plus 8,175 Ready Reserves and 46,000 Reserves)	1,600,000 (Reserves estimated at 510,000)

Source: Military Balance 2013 and USPACOM website ([www.pacom.mil](http://www.pacom.mil)).

Table 1.3 Air forces

USPACOM			Japan	China
Strength	43,000		43,195	400,000
Combat aircraft	2 squadrons with F-15C/D Eagle 2 squadrons with F-22A Raptor (+ 1 squadron personnel only) 5 squadrons with F-16C/D Fighting Falcon 1 squadron with A-10C Thunderbolt II		Mitsubishi F-2, F-15J Eagle, F-4EJ Kai Phantom II	XAC H-6, Su-30MKK “Flanker,” SAC J-8, CAC J-10, CAC J-7, NAMC Q-5, Su-27SK “Flanker-B,” SAC J-11, XAC JH-7A
Transport	1 squadron with B-737–200 (C-40B); Gulfstream V (C-37A) 2 squadrons with C-17A Globemaster 1 squadron with C-130H Hercules 1 squadron with Beech 1900C (C-12J); UH-1N Huey		C-130H Hercules, Kawasaki C-1A, NAMC YS-11P	An-24 “Coke,” An-26 “Curl,” An-30 “Clank,” Il-76 “Candid,” Tu-154M “Careless,” SAIC Y-5, XAC Y-7, SAC (Shaanxi) Y-8, Boeing 737, Bombardier Challenger
Tanker/Transport	1 squadron with KC-135R (+ 1 squadron personnel only)		Boeing KC-767J, C-130H Hercules	XAC H-6U
Reconnaissance/ Airborne early warning	2 squadrons with E-3B/C Sentry		E-2C Hawkeye, Boeing E-767	Beriev A-50 (KJ-2000), SAC (Shaanxi) Y-8W (KJ-200)

Source: Military Balance 2013.



acquisition funds amid sharply-rising personnel welfare costs. Modernization efforts for the ground forces are concentrated on incremental improvements in developing special operations forces and expanding dedicated amphibious and army aviation units, among other selected areas.

The PLA air force (PLAAF) has made remarkable improvement in recent years, following decades of production problems, inefficiencies, and large-scale mothballing of antiquated aircraft. China's air force modernization program involves combat aircraft, weaponry, transport aircraft, air-defense missiles, and airborne troops. The air force's aggressive import of Russian combat aircraft and weapons is now giving way to the acquisition of highly capable indigenous systems, and this implies a shift of the air balance of power in the Taiwan Strait and having the PLAAF in a better position to counter US and Japanese regional domination (see Table 1.3).

PLA Navy (PLAN) has made the greatest advancement and is becoming a leading regional naval power capable of securing maritime control against smaller opponents while deterring more powerful foes. China's growing strategic reach was illustrated by the commissioning of its first aircraft carrier-*Liaoning* in September 2012, and the first at-sea carrier landing of its J-15 combat aircraft two months later. While *Liaoning* is expected to be a transition/training platform, China is developing another carrier and then one or two larger nuclear-powered carriers that would be influenced by Soviet designs.<sup>19</sup>

While comparing PLA with armed forces of the United States at the global scale is a useful reference, it is more practical and precise to compare PLA with the US Pacific Command (USPACOM) forces in order to understand the rise of China in the military sense. This is because the areas of military rivalry between two countries in the short to medium term will occur mostly in the Asia Pacific region. The number of US military and civilian personnel assigned to the

Table 1.4 Naval forces

	<i>USPACOM</i>	<i>Japan</i>	<i>China</i>
Strength	140,000	41,937 (includes Naval Air)	255,000
Strategic missile submarines	180 ships (including five aircraft carrier strike groups), nearly 2,000	None	4
Submarines	aircraft	19	52
Aircraft carriers		2 (helicopter carriers)	1
Cruisers		None	None
Destroyers		40	27
Frigates		6	51
Others	US Coast Guard has approximately 27,000 personnel in its Pacific Area	None	1 corvette, 254 fast attack craft

Sources: Military Balance 2013 and USPACOM website.

USPACOM is approximately 330,000, only about one-fifth of total US military strength,<sup>20</sup> falling far behind the over 3 million-strong Chinese active and reserve forces. Although the United States still enjoys military dominance in the region, thanks to its technological supremacy and combat readiness, China is catching up fast. As admitted by the USPACOM commander at the Surface Navy Association's annual meeting in January 2014, "the era when the U.S. military enjoys uncontested control over the Pacific's blue water and its airspace is coming to an end," amid the rapid rise of China's military spending and capabilities.<sup>21</sup>

### **China's power capabilities: prevailing perceptions and recent practice**

While China's growing capabilities could be described quantitatively as shown above, whether its capabilities can be translated into power—the ability to shape international affairs to its own advantages—would also depend on how China and the international community perceive Beijing's growing power as well as its intentions to use this power.

To start with, there are huge differences between domestic and international perceptions of China. According to a 39-nation study by the Pew Research Center in July 2013, the international opinion is that China's economic power is on the rise. In Western Europe in particular, all countries polled, except Italy, believed that China has topped or has already surpassed the United States "as the world's leading superpower." In addition, even in many countries where the United States is still seen as the top economic power, most believe that China could eventually supplant the United States as the world's dominant superpower.<sup>22</sup> In response to this global survey, Chinese newspaper *Global Times* undertook an online survey in China. Although not scientific, it nonetheless provides a sense of Chinese perceptions of their country's standing. Among 23,576 netizens who participated in the survey, 94 percent disagreed with the statement that China has become or will become the leading superpower in the world. Not only the public, but Chinese elites and leaders hold the same opinion that China is a big country but not a superpower. Chinese new president Xi Jinping admitted at the Boao Forum for Asia in April 2013 that China is still the largest developing country in the world, with plenty of room for improvement in areas of economic development, socialist modernization and tackling domestic problems.<sup>23</sup>

In recent years, nevertheless, some voices in Chinese society are increasingly calling for China to replace the United States as the world leader and to use 'China Model' to reshape global order; however, both official and elite opinions adhere to a prudent approach. They clearly understand that though China's economy as whole will surpass the United States in the foreseeable future, it would be counterproductive for China to try to usurp superpower status from the United States. The stark difference between Chinese and international perceptions can be explained as follows. First, China is still a very poor country in per-capita terms. Although there has been stunning growth in Chinese per-capita