



FPC Briefing: Global Shifts and China's Response – Is Beijing taking a new approach to global issues?

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The advent of the Chinese Year of the Tiger has allowed a number of commentators (or at least their sub-editors) to use the metaphor of "tiger's claws" to suggest that the People's Republic of China (PRC) is taking a more assertive role towards global issues, and perhaps particularly in dealing with the concerns of US and European counterparts. The evidence cited for this thesis includes Beijing's "uncooperative" approach at Copenhagen; reports of a worsening business climate in the PRC for non-Chinese companies; the revival of tensions in the bilateral relationship with the US; tough handling of human rights "dissidents" such as Liu Xiaobo, one of the organizers of the rights manifesto "Charter 2008", recently sentenced to 11 years in prison for subversion; and the execution late last year of British citizen Akmal Shaikh, accused of smuggling heroin into the northwestern PRC region of Xinjiang.¹

In this paper, I argue that there have indeed been some shifts in PRC approaches to various global or international issues, but that these shifts have taken place within a Chinese policy framework which has remained broadly consistent. This is not, therefore, a major change of policy. Further, I suggest that the shifts that have taken place have been the result not so much of developments within China or new thinking among the leadership, but more in response to substantial, and unexpected, global developments over the last few years. Dealing with these has brought both opportunities and challenges to Beijing, highlighting a number of contradictions in its existing policy frameworks, and bringing new and old dilemmas closer to the surface. Wherever these changes have originated, though, the current dynamics of relations with China are clearly different from those two years ago, and the paper concludes with some brief thoughts on the implications for Europe.

A Changing Global Environment

The global changes I refer to are well attested, but worth noting in brief. Most prominent is, of course, the financial and economic crisis which has engulfed much of the global economy over the last couple of years, and which may – or may not, depending on your analysis – have come to an end. The Chinese economy was also battered by this storm, but what was most striking from an international relations perspective was the extent to which the US, Europe, and others looked to Beijing to produce an economic stimulus which would save the world economy from sinking.

¹ David Shambaugh ("The year China showed its claws", *Financial Times*, 16 February) sets out the issues clearly, with subtle suggestions of possible motivations for a shift in policy. Frank Ching ("The tiger's claws", *South China Morning Post*, 17 February) ascribes these to a Chinese "belief that its rise is inexorable".



This the PRC did, delivering over the targeted 8% growth in aggregate GDP set by the leadership, though at what cost to domestic balances and sustainability remains to be seen.

This economic meltdown sharpened the pre-existing questions over the longevity of the US's position as global supremo, questions raised by the difficulties Washington has had in achieving its objectives in Iraq, Afghanistan, Iran and North Korea. The common perception in Beijing is of the US as a declining power, at least in relative terms. As for the EU, questions over both its coherence and relevance have reached Beijing too. Elsewhere, the idea that Chinese interests in Algeria and beyond might become a target for Al Qaeda activity, and the increasing commercial vulnerability Chinese shipping faces off the coast of East Africa, have highlighted the fact that the PRC also faces the non-traditional (or non-state) security threats which have occupied many in the west, especially since 2001.

The Party View

Where the Chinese Communist Party (CCP) would like to see the global political setup headed can be summed up in two ideas: "multipolarity" and the "democratization of international relations". A multipolar world is one with a number of global centres of power and influence, none of which are dominant. This therefore implicitly targets the US's superpower role (the post-Cold War "unipolar moment" to which PRC discourse refers), though something of a contradiction comes to the fore here as many PRC policy makers also acknowledge that certain elements of global stability are based on the US's strength.² Secondly, "democratic international relations" means an increased voice for China and other developing nations, with global institutions which facilitate this. The answer to the old question "is China a status quo power?"³ is therefore both yes, and no. The PRC, as its accession to the World Trade Organization showed, has decided to work within the current frameworks, but its longer-term aims are to seek to change them too.⁴

These points, and other important elements of the current Party view of the world can be found in the last major address to the full Congress of the CCP, delivered by Party General Secretary (and national President) Hu Jintao in autumn 2007. This speech, which includes a section which sets out something of the way the Party leadership sees the world, set out the overall policy framework for the five years to 2012, though its

² The US and NATO roles in Afghanistan give an interesting microcosm of this dilemma.

³ That is to say, does it accept the current international frameworks (the "rules of the game"), or want to revise them.

⁴ Separate analysis is needed to show how the leadership changes within the PRC since WTO accession are also relevant to the evolution in approaches to such global institutions.



interpretation leaves room for some flexibility in practical implementation, especially in response to new circumstances.⁵

This Party view of the world is a complex one, and Hu refers to the present as a period of “historically unprecedented change” in the global situation, with a substantial degree of uncertainty. There are nonetheless some clear and inevitable trends in these changes (a teleological approach to Marxism has left a legacy), particularly the trends towards “multipolarity” and the “democratization of international relations”; globalization (or economic globalization – see below) is here to stay too. There is also a strongly-held belief in the decisive role of technology in progress.

But Hu’s rhetoric betrays a nervousness. The world situation is still characterized by “hegemony” (the US doesn’t get named often, but its global superpower status lurks in the background), and by inequality between the global north and south – though one feature of much PRC analysis since 2007 is to highlight that both of these elements have begun slowly to change. “Western countries”, Hu says, continue to push their ideologies, political systems, and culture onto others.

As for global security, Hu’s arguments run both ways. His bottom line still reflects the core reform era (post-1978) assessment that “peaceful development” is the main trend of the times. He cites progress in tackling poverty, promoting development, and increasing cooperation between nations. Peaceful means should be used to resolve conflicts (this position offers a small dig at the recent US military campaigns, but it also serves to constrain domestic debate on Taiwan). However, Hu notes, wars have not ceased, and recent times have actually witnessed an increase in various “contradictions” and conflicts.

In a key summary of China’s overall relationship to the rest of the world, Hu states that “China’s development is inseparable from the world’s, and the world’s prosperity and stability is inseparable from China’s”.⁶ The consequence of Hu’s analysis is that both opportunities and challenges exist, though the “opportunities outweigh the challenges”.

The questions set out at the beginning of this paper were put in terms of PRC relations with other nation-states, or political institutions based around nation-states. But under the current phase of globalization, it is generally argued that various non-state actors have become more influential, and the nation-state as a “power container” has been

⁵ The 2007 speech should not be seen as something totally new; it reflects previous positions, including numerous points set out by Deng Xiaoping.

⁶ The first part of this statement has been a standard part of PRC policy rubrics since 1978, and used to justify “opening” to the world. The second part appears to be a more recent addition, and is an acknowledgement of the PRC’s increasing importance to the global economy in particular.



perforated. The Party's position on globalization is therefore important, and so a brief detour here can be useful in fleshing this out.

Since the late 1990s, the leadership's position has been clear:⁷ globalization is a positive force, which has brought benefits to China, and which the PRC can exploit to help its national strengthening. This view emphasizes the economic aspects of globalization, and it is clear that China (with its fast, cheap and accessible manufacturing bases) has benefited from the revolutions in business practice and global supply chain management which are central features of the current globalized economy. There is a more guarded approach to the political and cultural aspects of globalization, however, and official statements usually use the phrase "economic globalization", implicitly making clear where China's interests in globalization lie.⁸

This brief analysis should also show that official PRC conceptualizations of the world continue to see it as one of nation-states, *pace* the point noted above about the tendency of globalization processes to erode the relative strength of the nation-state in favour of transnational institutions or non-state organizations of one sort or another.⁹ This conceptualization is the basis for Beijing's continued strong insistence on the inviolability of national sovereignty, a principle central to much of its foreign policy,¹⁰ even though its unflinching emphasis on this may at times sound parochial to European or American ears.

Subtle shifts

It is the argument of this paper that the changing global environment has prompted some further significant, but subtle, shifts in the PRC's global approaches, within this broad framework set out above. How have these shifts manifested themselves and what are the implications?

Before attempting to answer these questions, it is important to put them in context within the PRC. Whatever our preoccupations from outside China are, and however much it may sometimes seem that external views are – or should be – uppermost in the leadership's minds when Beijing

⁷ However, debate has continued in academic and policy circles. See Nick Knight, *Imagining Globalisation in China* (Edward Elgar, 2008), for a detailed discussion of these issues.

⁸ China's position with respect to the globalization of finance is somewhat different, and here the judgements in Beijing may be more contested.

⁹ This nation-state approach is clear in policy terms, even if the ideas of China as a "civilization state" may have become fashionable in certain academic circles in Beijing (and more recently in Europe).

¹⁰ The UN framework has come under scrutiny in Europe since Copenhagen for its inability to deliver European objectives on climate change. However, if anything, the PRC's approach to the UN – which is of course based on a community of nation-states – has become more positive over the years.



takes certain decisions, for China's leaders the number one priorities are domestic. In responding to the global economic crisis, for example, the main priority was to preserve growth and jobs at home. As David Shambaugh points out,¹¹ elite politics in advance of the next leadership reshuffle, or a sense of vulnerability resulting from the significant levels of social unrest in the country (not to mention the major domestic shocks brought by protests in Tibet and Xinjiang in 2008 and 2009 respectively), have substantial impacts on Chinese policy makers. The Liu Xiaobo case should be seen in this context, rather than interpreted as primarily an effort to snub Washington or Brussels. And it should not be a surprise if policy towards the RMB is set with Chinese political and social (as well as economic) objectives in mind, rather than the views of US lawmakers.

Returning to the theme of this paper, the most substantial global shift of the last couple of years has its point of departure in global finance. As commentary on Vice Premier Li Keqiang's attendance at this year's Davos reiterated,¹² the global financial and economic crisis has been interpreted by many PRC elites as symbolizing the relative decline of the US and the growing importance of China to the world economy, an analysis which speaks directly to the idea that multipolarity is indeed an inevitable trend of our times. In more practical terms, the crisis presented Beijing with both an opportunity and challenge as far as its global positioning was concerned. The opportunity has been for Beijing to use international coordination of policy responses to the crisis to tweak the rules of international financial management, in the interests of a limited rebalancing towards developing countries (more "democratic international relations"). Movement in this direction can be seen in the adjustments to the voting weights in the IMF, or the shift to the G20 as the central grouping for discussion of international economic management. Similarly, greater diversity in global reserve currencies, or the enhanced use of special drawing rights (as proposed by China's central bank governor last year), would constitute a shift towards a multipolar world.

The challenge comes as much from the timing as anything, because the crisis took Chinese policymakers by surprise (not just them...). Managing an international response to this alongside the nexus of domestic issues is far from straightforward, particularly at a time when domestic policy responses to the crisis have shifted the relative balance of political influence towards the spending ministries and major provincial leaders, and away from the technocrats responsible for economic management.¹³

This also helps understand reports of a similar structural shift in wider foreign policy. Comments by Hu Jintao to Chinese diplomats in autumn 2009 pointed in the direction of a need for China to become more

¹¹ Shambaugh, *op. cit.*

¹² "Davos and the Dawning of a New Age – the word from Outlook Weekly", www.chinatranslated.com, 8 February 2010.

¹³ For an analysis of such shifts during previous economic cycles, see Victor Shih, *Factions and Finance: elite conflict and inflation* (CUP, 2008).



influential on the world scene.¹⁴ The timing of these comments may partly be explained by the coincidence with the sixtieth anniversary of the PRC's establishment, but it also tapped into this sense of opportunity arising from the relative shifts in global power, seen by Beijing as one of the main implications of the global economic crisis.

This diplomatic shift can be seen in a number of areas. It probably contributed to PRC approaches at Copenhagen, and may also be apparent in any future vote on sanctions against Iran. The holding to a firm line on what Beijing characterizes as its "core interests" in the current difficult relationship with Washington (which, incidentally, might play to Obama's political advantage at home) could also be seen as a reflection of this, though these issues have long been the major priorities for PRC diplomacy. But China's own perceptions of its interests in all these issues have not shifted; what has changed is its willingness to compromise – or put another way, the space it sees within global politics for it to hold firmer to its line than in the past. This too is part of a push to the greater "democratization of international relations".

Behind all of these areas there lies another important domestic political angle. Recent years have seen the growing clout of vocal internet users ("netizens"), and the perception that their voices need to be heeded somehow is part of what Foreign Minister Yang Jiechi and others are referring to when they talk of taking account of international *and* domestic situations in devising foreign policy. The substance of netizen concerns has a strong nationalist tone. While the precise impact of this popular opinion on PRC policy makers is difficult to gauge, and it may be that a vocal minority is over-influential in the debate, the netizen factor has certainly become more important over recent years (so just as public opinion informs approaches to foreign policy by western governments, it increasingly does in Beijing).¹⁵ Other indicators of popular views of the west continue to betray the contradictions which have been present ever since the 19th century European incursions were accompanied by Chinese willingness to learn from the west (in different ways) in order to reform or revive the Chinese polity.¹⁶ There is certainly no shortage of affluent middle class Chinese seeking residency in Canada or Australia, as well as the material luxuries purchased during shopping trips to Paris.

Looking forward – contradictions and dilemmas

What might this analysis lead us to expect to see over the next few years? The PRC will anyway continue to change, and the clear mainstream

¹⁴ 'Yang Jiechi: Waijiao lichang jiangu liangge daju', *Hong Kong Economic Journal*, 24 August 2009.

¹⁵ Susan Shirk explores these issues in detail in *China: Fragile Superpower* (OUP, 2007).

¹⁶ The historical legacies have a substantial impact on contemporary Chinese perceptions of the world, though we do not have space to explore these here.



scenario for China is continued growth and development, though the heavy reliance on fixed asset investment and the loosening and tightening of credit create risks which are well documented elsewhere. This development will not only be economic, but include other elements of national strengthening, such as nurturing indigenous science and technology and the modern capabilities of its military,¹⁷ all of which will contribute to an increase in international influence. The domestic strains will continue too, and we can expect further tight management of security issues accompanied by an attempt to address underlying problems by promoting continued development.¹⁸

Globally, the leadership will continue to look for and use opportunities to bring about shifts in various aspects of the global architecture, in the direction of more “democratic” international structures. But this will be done sensitively, and by working within existing frameworks. This also suits Beijing from a practical perspective, and should enable the Party to develop a greater international role following the gradualist mode which has characterized policy over the last couple of decades. Ironically, the financial crisis may have brought this opportunity for the PRC rather earlier than was ideal for Beijing – the original timeline associated with Deng Xiaoping’s “bide our time” dictum for foreign policy¹⁹ was more one looking out to 2020 than 2010. This will therefore be a tough balancing act for the leadership.

It also brings with it two further dilemmas. The first dilemma is how to square the fundamental policy of non-intervention in others’ affairs²⁰ with the reality that China’s growth and development (and the greater role ascribed to it by others following the economic crisis) mean that, in practice, what China does is increasingly having an impact elsewhere. There is no easy way out – *laissez faire* is itself a form of intervention, and the reality is that the PRC has on occasion intervened in what it strictly should see as the internal affairs of other sovereign states. How the leadership deals with the contradictions this throws up will be one of the major challenges of the coming years.

The second dilemma concerns the PRC’s relationships with other major developing countries. While “democratizing” international relations is

¹⁷ For more on this, see “The PRC at 60 – A New Chapter for China?”, Tim Summers (Foreign Policy Centre, September 2009).

¹⁸ This concept is behind the latest policies towards Tibet. Hu’s speech to the 17th Party Congress suggests he also sees insecurity on a global basis as at least partly a problem of under-development.

¹⁹ This is Deng’s statement that the PRC should “observe developments soberly, maintain our position, meet the challenges, hide our capabilities, bide our time, remain free of ambitions, and never claim leadership”.

²⁰ This is a long-standing PRC position, though the reality has always been slightly less clear cut. It is also an important part of Hu Jintao’s idea of “building a harmonious world”, which draws on some of the material set out in the early part of this paper.



presented in terms of a greater voice for the global south, realist preoccupations in Beijing will (understandably) seek to prioritize China's own interests. It is this which lies behind nervousness about China's rise in the developing world. In practice, these dynamics can work both ways. Copenhagen showed that on climate change the basic interests of many of these countries coincided – *pace* some of the subsequent media commentary, China was not actually alone in its basic approach to the negotiations. But in other areas interests may collide, including for example over the thorny issue of the value of China's currency.

Implications for Europe

I conclude with a few preliminary thoughts on the implications for Europe. If recent global shifts, along with the continued development of China, have created an environment which gives the PRC more scope to hold the line on its interests, then the EU needs to have a clear understanding of what these are, and what is motivating and driving the Beijing leadership in its engagement with the outside world. From the PRC's perspective, multipolarity includes the EU. This is of course good for European countries. But it should not be taken for granted. Beijing places more focus on its (developed world) relationships with Washington, Tokyo and sometimes Canberra (for different reasons), and when it comes to global diplomacy, its efforts are placed on diversification by strengthening ties across the developing world. To continue to feature prominently in Beijing's thinking, Europe has to show how it is relevant to China, and not just argue that China is important to the achievement of European objectives – this needs to be a relationship genuinely built on mutual cooperation. The case for relevance has long rested on commerce, but as shifts in economic power have been hastened over recent years, and foreign direct investment (though not technology) is less sought after in the PRC, this case has been weakened. Arguments that it is in China's interests to move towards liberal democracy (however strong the ideas are) miss the historical and political realities of the PRC, and sound increasingly hollow in Beijing.

Ultimately, clear prioritization of European objectives in relation to China is needed, and perhaps the application to relations with Beijing of some of the realist political negotiation that characterizes European summits. Accepting you can't get everything you want helps decide what is really important.