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The Role of China in a Globalised World

Abstract: *This article is a political, not economic, analysis. The author attempts to look at the effects of the latest economic crisis from an external point of view and tries to answer the elementary question – what effects has the collapse of the world markets after September 2008 had on the global political arena. Have there been any deeper changes of values, and if so, what do they consist of? The leitmotif of this text is the new role of China in the international arena, apparently strengthened after 2008. What does this new, stronger, more assertive China bring to the world? Does it have its own model to offer? And what may be the consequences of its new role in the political and economic arenas of the globalised world?*

Introduction

The crisis on world markets, which started on the internal US stage and was symbolised by the fall of well-established companies with long traditions, such as Lehman Brothers, Merrill Lynch, Enron, or Bear Stearns, has been treated – and rightly so – as an important moment in the contemporary history of the world economy. In the already extensive literature on this subject, this moment has been dubbed the new Great Recession,¹ which could lead to fundamental changes of values in the world economy.

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¹ See e.g. the analyses done by two economists, A.S. Blinder from Princeton University, and the chief analyst from the Moody’s agency, M. Zandi: *How the Great Recession Was Brought to an End*, at: <http://www.economy.com/mark-zandi/documents/End-of-Great-Recession.pdf>; *Eight ways the Great Recession has changed Americans*, “The Christian Science Monitor”, 30.06.2010; *How to End the Great Recession*, “The New York Times”, 02.09.2010.

From the present, still recent, perspective, the events after September 2008 seem to indicate that we have witnessed not only one serious recession with far-reaching economic consequences, but also – or maybe above all – a thorough restructuring of the world economy, followed by the remodelling of the political scene. While it may be still too early to announce that a new economic and political order is forming before our eyes, it is probably not too early to risk the theory that new centres of power are emerging in the international arena – a process for which the crisis after September 2008 has become a litmus test. We are facing the emergence of centres of power which are not related to the West (i.e. the USA – the dominating power so far) or new forms of cooperation (such as the EU). It is not certain whether this will complicate the world scene or simplify it – there is already a dispute (both political and economic) over this issue, but it seems certain that such a change is underway and already irreversible.

1. Global Crisis of 2008 – a fault line in contemporary international relations?

The fact that the first G-20 summit was convened in Washington in November 2008, two months after the outbreak of the crisis, should be considered symbolic. The composition of the new group, which had been established on paper a few years earlier (in 1999), but which actually came into existence only at that moment,² confirms two fundamental truths: first, the G-20 seems to be replacing the earlier G-7 meetings (or G-8, if we count in Russia), which were deemed to have included the most important economies in the world; and second (and even more important), the former strongest economies, identified with the West in its broad meaning (plus Japan), have been joined by the new, dynamic economies of the ‘emerging markets’, such as China, India, Brazil, South Africa, or Indonesia. In this sense, we are indeed facing a new phenomenon, even a new quality in the world arena. Mainly in economic sphere, but not limited to the economy only.

So far, i.e. through the past decades, or even the last two centuries, the world arena has been shaped mainly by the western countries – either colonial or imperial – whereas today the former colonies are again raising their heads and speaking their minds. Has the time come to say farewell to the ideas that have dominated Western thinking, according to which certain those

² As proved by the four G-20 summits already held: Washington, London (April 2009), Pittsburgh (September 2009) and Seoul (November 2010). Final documents of the summits and programme objectives are available at the main Website of this group: hyyp://www.g20.org

values, institutions and beliefs which are Western in style and in spirit – starting from the fundamental requirements such as democracy, rule of law, minority rights, etc. – are considered to be essential to the path of modernisation? Maybe we are reaching a turning point, after which we will have to abandon the concept of the ‘postcolonial world’, as well as the more frequently encountered notions such as ‘Third World’ or ‘developing countries’. In place of the Non-Aligned Movement,³ an attempt to undermine the bipolar order after World War II, new markets are emerging – and new centres of power. What is more, a lot seems to indicate that the West is no longer the sole source of modernisation, as it was until now (at least since the Enlightenment, if not from the Age of Discovery). In this context, it is worth stressing that the four most important emerging markets – Brazil, Russia, India and China – have established a totally new form of quadrilateral co-operation, called BRIC (an acronym of the names of countries participating therein). No matter how solid and long-lasting the foundations of this co-operation may turn out to be and what prospects it may herald, the common denominator of the activities of this new group conducted so far, as well as those announced for the future,⁴ seems to be above all a desire to develop a common approach towards the West, seen mainly as the USA and the EU, i.e. the actors who have dominated the world arena to date. It may seem that these countries have nothing in common apart from their symbolic meaning of being the largest emerging markets, but in fact they form a new quality, as they attempt nothing else than to build a common front against the dominating West. A good example of the activity of Chinese diplomacy within this framework was the Copenhagen Climate Summit in December 2009 (although Russia was replaced there by South Africa).⁵ For now, it appears that the bond is strong enough to ensure further good co-operation between these countries, although naturally this may change over the long term. China’s relations with both India and Russia have long involved serious and deep disputes and conflicts, even territorial ones. As a Chinese saying goes: they have the ‘same bed, different dreams’.⁶ But today they seem to have only one ‘dream’ instead: to build a common front

³ Initially, this movement included 77 states, but now there are 118 states (and 18 observers), at least on paper. See: *The Non-Aligned Movement: Description and History*, available at: http://www.thirdworldtraveler.com/Third_World/NonAligned_Movement.html

⁴ So far, there have been two BRIC summits: in Yekaterinburg, Russia, in June 2009, and in Brazil in April 2010. The third summit is scheduled to be held in Beijing. Details are on the organisation’s homepage: <http://www.bric.org>

⁵ See e.g.: *How China and India Sabotaged the UN Climate Summit*, “Spiegel Online”, at: <http://www.spiegel.de/international/world/0,1518,692861,00.html> (last visited 05.05.2010).

⁶ Yu Bin, *China and Russia. Normalizing Their Strategic Partnership in: Power Shift. China and Asia’s New Dynamic*, ed. D. Shambaugh, Berkeley 2005, p. 231.

and share the same approach to the West, in all meanings of that term (USA, USA + EU, or G-7).

The importance of the BRIC member states, and most of all of their potential, is clearly demonstrated by the available data and research. According to Goldman Sachs' analyses, jointly these four countries encompass over 25 per cent of the world's land coverage and 40 per cent of the world's population and hold a combined (PPP) of 15.435 trillion dollars.⁷ At least in the economic dimension, we are facing a new phenomenon, which may be, although it does not necessarily have to be, treated as an important challenge for the West, which, at the outbreak of the crisis of 2008 was dominated by the USA as the 'sole superpower', supported by the G-7 states.

Both the BRIC and G-20 compositions can be used as a symbol of the shift in global economic power away from the developed G-7 economies and toward the developing world. Since their formation, the West can no longer be considered as the sole guarantor of the world order – and not only in the field of economy (although the USA still remains the 'sole superpower' in the military,⁸ political and scientific fields, or in the area of soft power influence). New centres of power have emerged in that area which previously had been treated (and looked down upon) as the Third World, or developing countries.

Furthermore, as all programme documents of the G-20 indicate, it is this group and none other which took upon itself the burden of reinstating order on world markets after the most recent crisis.⁹ In this context, one should not find surprising the theses that this represents the slow, but marked, 'twilight' of the Bretton Woods system, associated with such institutions as the International Monetary Fund and the World Bank, and United States' control over them.¹⁰ Maybe the tradition that the IMF always be chaired by a European (currently, since 2007, a Frenchman – Dominique Strauss-Kahn), and the World Bank by an American (currently, also since 2007, Robert Zoellick), which has never been well-received by the 'developing states', is coming to an end.

⁷ <http://www2.goldmansachs.com/ideas/index.html> and *Ask the expert: BRICs and investor strategy* from the "Financial Times", 11.06.2009.

⁸ This is best demonstrated by the expenditures on armaments, where the USA outdistances other countries by several lengths. For details see: www.sipri.org

⁹ *Progress report on the economic and financial actions of the London, Washington, and Pittsburgh G20 Summits prepared by Korea, Chair of the G20*, <http://www.g20.org> (last visited 20.07.2010).

¹⁰ Formally, the 'Bretton Woods system', established near the end of World War II, has been operating under the aegis of the UN, but in fact it has been controlled by the USA as the key stakeholder. The system also includes some smaller, less known and less visible organisations: IFC (since 1956) and IDA (since 1960). See: http://economics.about.com/od/foreigntrade/a/bretton_woods.htm

The composition of both the G-20 and BRIC proves that the increase in importance of the ‘emerging markets’ on the international arena after 2008 constitutes a new phenomenon. Some of these markets, such as China or India, should rather be called ‘re-emerging’ (Russia is a separate issue). Another phenomenon, related to and overlapping with the first, is a clear shift of the economic centre of the world from the Atlantic to the Pacific, where – probably for the first time in history – there are three strong states contiguous to each other: China, India and Japan. It is those countries (if they continue to achieve success) that will increasingly determine the fate of the world. There is no such thing as a notion of a single and integral ‘Asia’ in international relations, and there are no signs of such a unity, e.g. similar to the EU, arising in the future. That said, there is no less truth in what the well-known analyst Bill Emmott wrote: ‘...the direction is clear: Asia is going to carry on getting richer and stronger, probably for a long time to come... it will change the relative balance of power in the world. Neither America nor Europe will be able to dominate world affairs in the manner to which they have become accustomed’.¹¹

In this article we will focus on China, treated quite commonly as the locomotive driving the new era described above. For it is more than certain that the whole new order, with the growing importance of countries in opposition to the West, is and will be based mostly on the role of China. It is China’s reform and transformation process (still under way) that could shape the new world order, even if this new order is still under creation (as of the moment we can only see its beginnings). If China continues to achieve success as it has for the last thirty years, the emerging new global order will become permanent and will introduce significant changes to the world. If, however, the process of reforms in China fails, new scenarios will have to be developed. China is such a large and important market that whatever happens there will have an impact on the world.

2. The end of the Washington Consensus and the Chinese Model

The Post-Cold War order was determined by a ‘unipolar moment’ (Charles Krauthammer)¹² and an unprecedented domination of the United States in practically all the most important areas of life. In the economic di-

¹¹ B. Emmott, *Rivals. How the Power Struggle Between China, India and Japan Will Shape Our Next Decade*, Orlando 2008, p. 9.

¹² Ch. Krauthammer, *The Unipolar Moment*, “Foreign Affairs”, Winter 1990/1991.

mension, this domination has taken the form of a neo-liberal programme called the Washington Consensus, which included, among other things: far-reaching liberalisation of markets, deep privatisation, deregulation of economies and financial markets, and a reduction of the role of state (in economic processes). The programme was strongly supported and promoted throughout the globe by the institutions of the Bretton Woods system¹³ as allegedly the most efficient and effective system in the world. It quite soon took the form of an ideological imperative for all reforming economies in the process of transformation (post-communist and other).

From the current perspective (after a still relatively short period, however), we can already say that this liberal blueprint was in operation until the crisis of 2008, after which it has been harshly criticised and even completely rejected.¹⁴ Even its 'godfather', John Williamson, has admitted that he 'would change a few things'. For instance, having in mind the experience of the economic crash, he would now recommend supervision and regulation of financial markets. Although he still cannot understand 'why there is so much opposition against privatisation'.¹⁵ In other words, after almost 20 years, the 'unipolar moment' has come to an end, as have the dreams about 'the end of history' forecasted by Francis Fukuyama in 1989 on the wave of enthusiasm caused by the fall of communism.¹⁶ As with the American and European dreams on the victory of liberal democracy all around the world, the Washington Consensus project, also ideological in its essence, has become out-of-date.

What makes this strikingly apparent is that China, undergoing transformation, has not agreed to apply the neo-liberal requirements of the Wash-

¹³ The author of the programme was the economist John Williamson. Its assumptions are described in: *What Washington Means by Policy Reform*, Chapter 2 from *Latin American Adjustment: How Much Has Happened?* These can be found at: <http://www.petersoninstitute.org/publications/papers/paper.cfm?researchid=486>. In the Polish literature see: E. Haliżak, *Ideowe problemy globalnego ładu liberalnego w gospodarce światowej – rola i znaczenie Washington Consensus (The Ideological Problems of the Global Liberal Order in World Economy – the Role and Importance of the Washington Consensus)* in: *Globalizacja a stosunki międzynarodowe (Globalisation and International Relations)*, eds. E. Haliżak, R. Kuźniar, J. Symonides, Bydgoszcz–Warszawa 2004, p. 12–30.

¹⁴ Naomi Klein disparaged the programme loudly and ruthlessly, from an almost leftist position, in her book *The Shock Doctrine. The Rise of Disaster Capitalism*, Canada 2007. From the economic perspective, it has long been criticised by the famous financier and philanthropist George Soros, who warned of the coming crisis caused by a huge, inflated bubble on American financial markets and on the real estate market. See: *The Bubble of American Supremacy*, "Public Affairs", New York 2004.

¹⁵ *Spowiedź liberała – konsensus waszyngtoński po 20 latach (A Liberal's Confession – the Washington Consensus After 20 Years)*, "Gazeta Wyborcza", 8–9.05.2010.

¹⁶ The title of the most recent work of Robert Kagan: *The Return of History and the End of Dreams*, New York 2008, should be considered more than symbolic.

ington Consensus, even though it received the IMF delegations, and even the guru of the neo-liberal economy, Milton Friedman.¹⁷ Nevertheless, in the 1990s, and more specifically after the famous voyage of the Chinese visionary and ‘father of reforms’ Deng Xiaoping to the south of China in early 1992 (*nanxun*), where he gave a new impulse (the last in his life) to Chinese reforms,¹⁸ the country liberalised its market to a large extent and joined the only existing system of the capitalist world economy.¹⁹ A crowning achievement in this direction was the admission of China to the World Trade Organization in December 2001. At the same time, however, China has rejected with increasing determination solutions suggested from abroad, and instead adopted its own model, or rather adapted the experience of the Far Eastern ‘economic tigers’ (Taiwan, Singapore, Hong Kong, South Korea – most of which are also Chinese in their spirit or system of values), to its own needs and conditions. This is how the second stage of the Chinese reform programme was born (during the first one, in the 1980s, China attempted to reform socialism, like Mikhail Gorbachev in the USSR). Already in 2004, one of the western lecturers at Chinese universities, Joshua F. Ramo, used the term ‘the Beijing Consensus’, which was considered to be, in principle, a contradiction of the rules of the Washington Consensus.²⁰ **This newly-emerged alternative to the model proposed by the West (USA) and treated as incontrovertible, after 2008 seems economically more viable.** Therefore, we should not be surprised by the words of the British analyst Bobo Lo: ‘...the global financial crisis has only confirmed its (Chinese Communist Party’s – B.G.) belief in the superiority of Chinese state-led modernisation over western liberal capitalism’.²¹

It is not surprising that when the world markets collapsed and the fundamental rules of the Washington Consensus were undermined, an international debate was initiated (and is still ongoing); not on the Beijing Consensus (the term has been rejected by the Chinese as ‘inadequate’), but on the Chinese model or paradigm of development.²²

¹⁷ See the exchange of views on this subject by Bertrand Horwitz and Paul Krugman, *Milton Friedman in China*, “The New York Review of Books”, 15.02.2007 and 12.04.2007.

¹⁸ See: *Selected Works of Deng Xiaoping, Vol. III (1982–1992)*, Beijing 1994, p. 358–370.

¹⁹ An answer to the question how this was achieved can be found in the statements of the main strategist liberalising the Chinese economy, the prime minister at that time (1998–2002; from 1992 – deputy prime minister responsible for economy) Zhu Rongji, *Zhu Rongji Da Jizhe Wen (Zhu Rongji’s Answers to Journalists’ Questions)*, Beijing 2009.

²⁰ J.F. Ramo, *Beijing Consensus*, The Foreign Policy Centre, London, May 2004.

²¹ Bobo Lo, *China and the global financial crisis*, Centre for European Reform, London, April 2010, p. 12.

²² It was held in early 2010 on, among other fora, the official Websites of the Chinese press agency Xinhua: <http://www.xinhuanet.com>.

This rich debate gave rise to the **basic assumptions of the ‘Chinese development model’** (or whatever else it may be called):

- a) **a pragmatic, ideology-proof approach of the government to reforms and necessary changes.** In the last several years, this approach has even been translated into a programme of ‘scientific development’ of the state, which constitutes a contradiction of all ideological experiments and dogmas;
- b) **a gradual, careful administering of changes and reforms,** with the possibility of withdrawal in the case of a mistake or failure – a strategy which has been expressed in an apt phrase: ‘crossing the river by feeling the stones underfoot’ (*mozhe shitou guo he*);
- c) **a clear-headed assessment of one’s own capabilities and opportunities,** combined with cool calculation of new options emerging in the constantly changing international arena;
- d) **an active participation of the state in economic processes,** as opposed to the neo-liberal orthodoxy of the ‘weak state’;
- e) **state interventionism,** from the end of the 1990s in the form described as ‘release small, keep large’ (industrial facilities), and imposing state control in several ‘strategic sectors’, such as the armaments industry, banking, production and distribution of electricity, petrochemical industry, telecommunications, civil aviation and shipyards;
- f) conducting the development process by a **strong state** which, as rich Chinese tradition tells us, may exist only when lead by very well-educated, carefully-selected elites, aware of their goals;
- g) thus, we can talk of a return to **meritocracy**, so visible in the staff rotation system developed in line with the ideas of the ‘father of reforms’, Deng Xiaoping, and what is even more important, in replacing one generation of state leaders with a new one, each time younger and better educated, including education in the West. (Another replacement of this kind is to take place in 2012–13 and we already know, almost for sure, who the successors to the present main leaders will be – President Hu Jintao will be replaced by Xi Jinping, and Prime Minister Wen Jiabao by Li Keqiang);
- h) conscious application of the **‘market before democracy’** principle, according to which market reforms are supposed to precede any democratic experiments;
- i) **investing in human resources** and the fact that the concept of sustainable development – treated as obligatory in all areas – was imposed on the state only by the present leaders (from 2005), forced by reality;

- j) combining transformation with the processes of globalisation, which has two fundamental consequences – further opening to the world and **emphasis not only on economic development but also, increasingly, on technological development.** (This can be observed in the dynamic development of the Chinese space programme, and in the constant expansion of Chinese trademarks, including those already well-known, such as Lenovo, Huawei, Hier, Konka, Galant, TCL or ZTE, related to the most modern IT technologies);
- k) the acceptance of fundamental human rights, however in a universal meaning, which means emphasis on ensuring food and accommodation, i.e. **satisfying the basic material needs of citizens**, and not individual freedoms as understood in the West;
- l) **neo-authoritarianism**, based on the rules of patriarchal Confucianism, revived and adjusted to the challenges of the present, combined with the rules of communitarianism, which jointly constitute a contradiction of individualist liberalism;
- m) far-reaching **opening to the world, unprecedented** in Chinese tradition, and thus making use of the processes of globalisation (against the functioning stereotypes, China is economically much more open to foreign markets than Japan);
- n) **consequent application of the five traditional rules of peaceful co-existence** (*pancha shila*) in foreign relations, i.e. clear support for observing the rules of sovereignty, territorial integrity of states and their right to self-determination and mutual respect, and removing any conflicts and border disputes in relations with neighbours in order to secure the complicated and difficult process of internal reforms free from outside interference. In the beginning (from 2003) the latter took the form of the ‘peaceful rise’ strategy (*heping jueqi*),²³ but recently (after 2007) changed into the ‘peaceful development’ strategy (*heping fazhan*).

As may be concluded from the above, the Chinese model of transformation and development is, in many aspects, a complete contradiction of both the Washington Consensus and the Western version of liberal democracy (both American and European). However, it must be added – and strongly under-

²³ The term was coined by one of China’s leading thinkers, Zheng Bijian. Kishore Mahbubani, the former ambassador of Singapore at the UN and a well-known intellectual aptly notes: ‘The concept of “peaceful rise” reflects a carefully thought-out consensus within China. The Chinese leaders know how many times China has tried and failed to modernise... The stupidest thing China could do is to squander it by engaging in any kind of military conflict’. K. Mahbubani, *The New Asian Hemisphere. The Irresistible Shift of Global Power to the East*, New York 2008, p. 81.

lined – that there is no such thing as a Chinese Developmental Model (yet), and thus there is no ‘Beijing Consensus’; there is only an ongoing painful and difficult process of transformation. And because this process of transformation is still incomplete, it brings a developmental hybrid, with an effective and efficient economy (so far), yet with unfinished reforms, especially political ones and in the field of establishing the rule of law (which has already been initiated in China).²⁴ We can talk of a proper, full ‘Chinese model’ only when the transformation will be completed in these key areas as well, but there is no blueprint for changes in these fields.²⁵ Hence, we could say that **although China is the driving force among the emerging markets, like an engine in a vehicle, the engine is of some unknown make, still rough and unpolished, and clearly in need of some corrections and additions.**

3. Chinese Institutional Framework in the International Arena

In the present state of world affairs China, authoritarian but already with a market economy (‘market authoritarianism’), is growing in power. This is proved by the fact that at the end of May 2009 it became a world leader in exports (outdistancing Germany) and then reached the status of the second largest economy in the world after the USA (outdistancing Japan) in the first half of 2010.²⁶ China holds the largest foreign currency reserves, currently around USD 2.5 trillion.²⁷ China’s economic success is unquestionable and

²⁴ For the Chinese perspective and assessment of the changes in this area, see: *China’s Journey toward the Rule of Law. Legal Reform, 1978–2008*, ed. Cai Dingjian and Wang Chenguang, Leiden-Boston 2010. For the Western perspective, see: *China’s Legal System: New Developments, New Challenges*, ed. D.C. Clarke, Cambridge 2008.

²⁵ This is best summed up by Stefan Halper, who writes: ‘*When we speak about the Chinese model, we are referring in one sense to a complex set of developments and reforms in China over the last thirty years... In this sense, there is no model to speak of – no model that can be replicated or exported to places like Latin America or sub-Saharan Africa. But in ideational terms, China is exporting something simpler, and indeed more corrosive to Western prominence, than the individual nuts and bolts of its colossal thirty-year transformation. This is the basic idea of market authoritarianism*’. S. Halper, *The Beijing Consensus. How China’s Authoritarian Model Will Dominate the Twenty-First Century*, New York 2010, p. 32.

²⁶ According to CIA – *The World Factbook*: ‘*The restructuring of the economy and resulting efficiency gains have contributed to a more than tenfold increase in GDP since 1978. Measured on a purchasing power parity (PPP) basis that adjusts for price differences, China in 2009 stood as the second-largest economy in the world after the US, although in per capita terms the country is still lower middle-income*’, <https://www.cia.gov/library/publications/the-world-factbook/geos/ch.html>; *China overtakes Japan as world’s second largest economy, says Beijing*, South Atlantic News Agency, 31.06.2010.

²⁷ According to the data from the US-China Business Council, usually very reliable, in late 2009 these amounted to precisely: USD 2,399.2 billion: <http://www.uschina.org/statistics/economy.html>

has become a subject of not only interest, but even of admiration by the whole world, both in the 'developing states', who envy China for its success; among the 'emerging markets', searching for new impulses for further development; and in the West, which fears for its influence. Thus, the economic or ideological determinism connected with the Washington Consensus and with the belief that China and Russia will follow the path of liberal democracy, has come to an end. China has chosen otherwise, but nevertheless it still enjoys unprecedented success, which leaves us with a lot to think about.

However, it seems that **the West too often focuses exclusively on the evaluation and analysis of the Chinese economic success**. Although this is understandable, it is rather too narrow. If we take into consideration the success of such undertakings as the Olympic Games in Beijing (2008), or the EXPO in Shanghai (2010), it becomes apparent that such events have also have increased the prestige and self-esteem of the Chinese, who already, since the summer – as Joshua Kurlantzick points out in his valuable work – have been conducting a 'charm offensive'.²⁸ This is nothing other than the equivalent of creating their own 'soft power', as defined by Joseph S. Nye Jr., i.e.: 'it is ability to get what you want through attraction rather than coercion or payments'.²⁹ The Chinese have applied this strategy in a spectacular form in Africa, where their presence, especially in the economy and investments, is unprecedented. Based on the literature on this subject, which is already quite rich³⁰, **we can try to point out the main directions of China's 'charm offensive'**. It seems that the Chinese achieve success in this field because:

- they do not present any initial conditions to governments and authorities before signing a contract (apart from settling the quota of their own specialists who are to be involved in performing the task);
- they do not ask about the country's internal situation and do not impose their own development model on anyone; they even stress that their own model is 'specific to China', resulting from local conditions related to its civilisation and culture, and thus is non-applicable elsewhere, although it may be a good point of reference for others if they

²⁸ J. Kurlantzick, *Charm Offensive. How China's Soft Power is Transforming the World*, Yale University, New Haven and London 2007.

²⁹ J.S. Nye Jr., *Soft Power: The Means to Success in World Politics*, New York 2004. Preface, p. X.

³⁰ Among the rich literature on this subject, the most valuable would appear to be the works of, inter alia: Ch. Alden, *China in Africa*, London-New York 2007; *African Perspectives on China in Africa*, ed. F. Manji and S. Marks, fahmu, Pamabzuka, Cape Town, Nairobi and Oxford 2007; D. Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, Oxford 2010; R.I. Rotberg, *China into Africa: Trade, Aid, and Influence*, Washington 2008.

would like to apply Chinese solutions in their processes of transformation and modernisation;

- so far they have presented China as a rapidly developing state that was afflicted by colonialism just like Africa, which suggests that both sides have similar (anti-colonial) roots and heritage;
- they set up their contracts in such a way as to achieve a win-win situation. What is interesting, they have applied the same strategy towards Taiwan, which was clearly revealed during the negotiations on signing the ECFA, discussed further in this text;
- they are both pragmatic and effective: a signed contract must be carried out notwithstanding the circumstances or any difficult conditions;
- from the moment of the spectacular China-Africa summit in Beijing in November 2006, which was attended by leaders of 48 African countries, China has focused on continuous dialogue at the highest level, at the same time making sure that each new visit brings new contracts and commitments by African countries to buy Chinese products, technologies and investments.

As we can see, this approach to Africa (and not only) is also in opposition to the strategies applied by the West. Economic success and the expansion which follows it, so spectacularly visible in Africa, as well as in South America and Southeast Asia, is well noticed by China, which ensures that it does not remain passive on the international arena. David Shambaugh is right in pointing out that *'China's own diplomacy has grown more confident, omnidirectional, and proactive'*.³¹ It seems that one could even suggest that **Beijing is intentionally building a new institutional order in the international arena (especially in Asia)**, with its shaft pointed at the strongest Western countries (mainly at the USA). This 'order', the formation of which has been visibly accelerated since September 2008, so far includes:

A) The **Shanghai Cooperation Organization (SCO)** originating from the China-Russia dialogue and functioning since 2001, including Central Asian countries (except for Turkmenistan) extremely rich in natural resources, and combining the features of a political and economic organisation, a military alliance ('anti-NATO'³²), and an anti-terrorist centre (with a seat in Astana). The facts that the Secretariat of this organisation is located in Beijing, that for a long time its general secretaries were solely Chinese citizens (only recently was the function taken over by the former Minister of Foreign Affairs

³¹ D. Shambaugh, *Return to the Middle Kingdom? (China and Asia in the Early Twenty-First Century)*, in: *Power Shift...*, op.cit., p. 23.

³² This is how Robert Kagan defines this organisation in his work, which is important for the subject discussed in this text: *The Return of History and the End of Dreams*, op.cit., p. 74. Another of his names for this organisation is 'Warsaw Pact 2', a borrowing from Alan Blomfield.

of Kyrgyzstan), and the name itself seem to clearly indicate who is the driving force behind this organisation. Some other countries are also interested in the SCO, such as India, Pakistan, Mongolia, and Iran.³³

B) The **East Asia Summit (EAS)**, appointed at the ASEAN summit in Kuala Lumpur in December 2005 is, as a result of the activity of Chinese diplomacy, becoming an alternative to APEC (**Asia-Pacific Economic Co-operation**), established in 1989 at the initiative of Australia and Japan and clearly supported by the USA.³⁴ The distinctive feature of EAS is that it does not include the USA. As some scholars suggest, the countries of the Asian and Pacific region are facing a dilemma: should they support the model of co-operation in this region approved by the USA (i.e. APEC), or the 'East Asia co-operation model' (EAS) proposed by China?³⁵

C) The model 'ASEAN+3' (i.e. with China, Japan and South Korea), which has been strongly supported by the largest economies of the region since November 2002 (i.e. since the ASEAN summit in Phnom Penh), and was recently transformed by China into a free trade zone between China and ASEAN – **CAFTA (China-ASEAN Free Trade Agreement)**, which has been in operation formally since 1 January 2010 and will be fully implemented in 2015, when the weakest economies of the ASEAN (three Indochinese states and Burma-Myanmar) will join.³⁶ There is no doubt that it is the greatest attempt ever made by Chinese diplomats to impose their own rules of the game on other countries of the region – under the banner of free market and globalisation.

D) The **ECFA (Economic Cooperation Framework Agreement)** between the PRC and Taiwan, which is symbolic and very important for China and the entire large Chinese Diaspora in the world. This agreement, signed on 29 June 2010 in Chongqing (which also has a symbolic meaning, for this city was the last capital of the Kuomintang in mainland China before the Communist Party of China took over rule), is eventually supposed to lead to a full free trade zone.³⁷ There is no doubt for any serious observer that it is noth-

³³ Details on the history and functioning of the Shanghai Cooperation Organization can be found on its homepage, at: <http://www.secsco.org/EN/>

³⁴ For more on the EAS, see the papers of the East Asia Summit Research Initiative, *About East Asia Summit*, available at: <http://www.aseansec.org/aadcp/repst/abouteastasiasummit.html>. For more on APEC see the homepage of this organisation, at: <http://www.apec.org>

³⁵ E. Haliżak, *Wspólnota Pacyfiku a Wspólnota Wschodnioazjatycka (The Commonwealth of the Pacific and the Commonwealth of East Asia)*, "Żurawia Papers" No. 8, Instytut Stosunków Międzynarodowych UW, Warszawa 2006.

³⁶ *China-ASEAN free trade area starts operation*, http://news.xinhuanet.com/english/2010-01/01/content_12739017.htm

³⁷ *Chinese mainland, Taiwan sign landmark economic pact*, <http://www.xinhuanet.com> (last visited 24.06. 2010).

ing other than an attempt to incorporate the Taiwanese economy into the overall Chinese economy.

Here we need to add that the signing of the ECFA agreement is more than just symbolic. A lot indicates that it may be a crucial moment for Beijing's strategy, which has been promoted recently, since around 2007–2008, referring not only to the 'four modernisations', 'reforms and opening to the world' (*gaige, kaifang*), but also to the 'great renaissance of the Chinese nation' (*Zhonghua minzu weida fuxing*).³⁸ Thus **Beijing, which is becoming more self-confident and wealthier, is addressing not only its own citizens (the citizens of PRC, i.e. communist China), but all Chinese people in the world, including the large Chinese Diaspora.** This introduces a totally new quality because, as the author of this article has written in his most recent book, China without Taiwan is the PRC; while China with Taiwan is Greater China and a new superpower. Moreover, the peaceful integration with Taiwan which is promoted by Beijing is supposed to be followed by 'reinstating the sovereignty of the Han Chinese' (*hui fu Hanzu zhuquan*), the pure Han nation, and all native Chinese are to be united and pursue common goals.³⁹

Naturally, Taiwan is an international, not an 'internal Chinese' matter, which complicates the case. It is strategic not only from the point of view of the USA, but also to Japan and the rest of the world, and certainly the East Asian and Southeast Asian countries as well. And what do the most important partners have to say on this matter? The special hearing on ECFA in the US Congress on 18 March 2010 resulted in quite straightforward conclusions: That it is beyond doubt that such an agreement (like ECFA) between China and Taiwan will move Taiwan further under the Chinese umbrella. A closer link between these two economies will lead to a distancing between Taiwan and the USA. In this context, the former director of the American Institute on Taiwan, Nat Bellocchi, asked a justified, though almost dramatic in tone, question: '*Over time, this will also mean that Taiwan will drift away from the US politically. Is this what we want?*'.⁴⁰ It seems that, at present, nobody in Washington has a satisfying answer to this question.

Japan still remains Taiwan's second most important partner in the region, although a recent survey, conducted in March 2010, for the first time indicates that the PRC is Taiwan's 'most important' partner (33 per cent), before Japan (31 per cent), with the USA in the third place, and quite far behind.

³⁸ O. Juhász (former Hungarian ambassador to China) in: *A változó Kína (A Changing China)*, eds. A. Inotai, O. Juhász, K. Akadémiai, Budapest 2009, p. 13 (in Hungarian).

³⁹ B. Góralczyk, *Chiński Feniks. Paradoxy rosnącego mocarstwa (The Chinese Phoenix. The Paradoxes of a Growing Power)*, "Sprawy Polityczne", Warszawa 2010, p. 305, 307.

⁴⁰ "Taipei Times", 29.03.2010.

According to the same survey, Japan still remains the most popular country among the inhabitants of the island (as much as 52 per cent), far ahead of all the others (only 8 per cent for the USA and as little as 5 per cent for China).⁴¹ In other words, Japan is popular in the Taiwanese society, although recently it has been perceived there as less important.

The unofficial relations between Tokyo and Taipei, maintained since the normalisation of PRC–Japan relations, have been shaping well and surprisingly without any great problems (despite a few disputes, mainly in the field of fishery). According to official data,⁴² bilateral trade has been developing dynamically and in 2008 reached USD 67.3 billion (Japanese exports – 45.7, and imports – 21.6), and Japanese direct investments on the island exceeded USD 1 billion. In the economic field everything is going well, although there is a growing concern in Japanese business circles whether the economic rapprochement with China might not negatively affect Japanese interests. However, Tokyo remains discreetly silent on political issues related to Taiwan and its status, due to the fact that it is a ‘highly sensitive’ subject in Japan–PRC relations.

As far as the European Union (EU) is concerned, and more specifically the European Commission (EC), since the moment of adoption of the first Strategy Paper in relations with China, i.e. the 1995 document entitled “A long-term policy for China-Europe relations”, it has consistently conducted a ‘One China policy’, supporting, *inter alia*, the ‘1992 Consensus’, according to which ‘*there is only one China, but both sides agree to verbally express the meaning of that one China according to their own individual definition*’. The Partnership and Co-operation Agreement (PCA) between the EU and China, which is currently being prepared,⁴³ does not indicate that anything has changed in this regard. As usual, neither the EU nor the EC have reacted officially to the process of the strengthening of relations between the PRC and Taiwan described above. The Member States, including Poland, seem to have adopted the same approach.

The EU clearly places priority, in its relations with Taiwan, on economic co-operation, with much less emphasis on cultural and scientific cooperation. The establishment of the EU Economic and Trade Office in Taipei in 2003 has strengthened mutual economic bonds (the EU exports to the island in 2008 reached EUR 11.6 billion, with imports from Taiwan to the EU totalling EUR

⁴¹ “Taipei Times”, 14.04.2010.

⁴² Based on the data from *The Statistical Yearbook of the Republic of China 2008*, http://eng.stat.gov.tw/public/data/dgbas03/bs2/yearbook_eng/Y122I.pdf

⁴³ The last round of talks, at the time of writing this text, took place on 30 November 2009 in Nanjing.

24 billion),⁴⁴ but has not introduced any new quality to these unofficial relations, mainly existing in the field of economy and trade. As opposed to the Japanese business community, European traders and investors in China have not expressed, at least not openly, any concern with the current events surrounding the Taiwan Strait.

If we compare all these initiatives – SCO, EAS, CAFTA and ECFA – with Beijing's activities in the other forums mentioned above, such as the G-20 and BRIC, it becomes obvious that **recently there has been an unprecedented surge in Chinese diplomatic activity (especially, but not exclusively, economic) in the international arena.** If we add the Chinese offensive in the field of soft power, visible for instance in the cinema or sports industries, as well as more subtle activities such as its worldwide promotion of Confucius Institutes,⁴⁵ and some absolutely new ones of which the world is still not fully aware, such as putting emphasis on alternative technologies in the field of energy⁴⁶ and advanced technologies in general,⁴⁷ we have an **image of a new superpower, aspiring to the role of leader, and not only in the economy.**

4. China in Global Affairs in the Information Era

In the modern world where, as demonstrated by Manuel Castells in his impressive trilogy *The Information Age: Economy, Society and Culture*,⁴⁸ almost all of the most important spheres and fields of our life have been

⁴⁴ http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-GI-10-001/EN/KS-GI-10-001-EN.PDF

⁴⁵ The first of these Institutes was established in June 2004 in Tashkent. Now there are 316 of them in 94 states (including four in Poland). According to plan, until 2020, there will be 1000 such Institutes. These are supposed to be the major centres of the Chinese global soft power offensive, promoting the Chinese language and culture. See further: http://en.wikipedia.org/wiki/Confucius_Institute.

⁴⁶ *China pioneers in renewable energy*, "People's Daily", 9.09. 2008. *China Leading Global Race to Make Clean Energy*, "The New York Times", 30.01.2010. China is already world's largest maker of wind turbines and is aspiring to lead also in solar energy (Germany to be surpassed in 2010). China plans for wind, solar and biomass energy to represent 8 per cent of its electrical-generation capacity by 2020.

⁴⁷ 'China has become the world's largest auto market...The country is also the biggest market for desktop computers and has the most Internet servers' – writes "The New York Times" in an article entitled *China Drawing High-Tech Research From U.S.*, published on 17.03.2010.

⁴⁸ This extremely important, almost visionary work, consists of three parts: *The Rise of the Network Society*, *The Power of Identity*, and *End of Millennium*. Recently published by Willey-Blackwell, London-New York 2009–2010.

globalised and informaticised, the **appearance, or rather the return,⁴⁹ of a giant like China changes the global rules of the game.**

With the assistance of numerous works on this topic⁵⁰ we can try to identify **the major factors influencing the international arena and resulting from the recently increased role of China therein.** It seems that they should include the following formulae or theses:

A) **Each country will choose its own path of development.** The time of imposing one model and ideological matrix, such as the Washington Consensus, is now history. The return of China as a major player in the international arena brings about the return of multi-polarity and alternative development models. Robert Kagan's observation seems important in this respect: '*Russia and China are promoting an international order that places a high value on national sovereignty and can protect autocratic governments from foreign interference*'.⁵¹

B) **This does not imply that China will impose its own model, the Beijing Consensus, on the world.** The specificity of China's process of reforms and transformations, conducted since the end of 1978, and the unique Chinese culture indicate that China could be a reference point rather than a direct model to be imitated by other players (including even the Far Eastern 'tigers', often with a high share of Chinese population).

C) **China is still a rising potential power, not a dominating one.** Despite its noted successes and huge changes, the Chinese process of transformation is still far from complete and the state is struggling with an immeasurable number of dilemmas, problems and challenges, such as, for example, the dissonance between the system of political and economic ('systemic hybrid') solutions, socialism in politics and capitalism in the economy, massive devastation of the natural environment, extreme stratification in terms of in-

⁴⁹ For centuries, China was a superpower. This role was undermined only by the 'Opium Wars' in the first half of the 19th century. Until then, they produced about one third of the world GDP. In this context, it is of no surprise that some titles speak of a 'return' of the Chinese power, such as, e.g., J. Fenby, *The Penguin History of Modern China. The Fall and Rise of a Great Power, 1830–2008*, London 2008; K. Seitz (former German Ambassador to China), *Chiny. Powrót olbrzymia (China, the Return of a Giant)*, (Polish version), Warszawa 2008.

⁵⁰ Apart from the abovementioned trilogy by M. Castells I used, for instance: *Global Giant. Is China Changing the Rules of the Game?* ed. E. Paus, P.B. Prima, J. Western, London 2009; K. Mahbubani, *The New Asian Hemisphere*, op.cit.; P. Khanna, *The Second World. How Emerging Powers Are Redefining Global Competition in the Twenty-first Century*, New York 2009; R. Meredith, *The Elephant and the Dragon: The Rise of India and China and What It Means for All of Us*, New York 2008; Mingqi Li, *The Rise of China and the Demise of the Capitalist World Economy*, New York 2008; M. Jacques, *When China Ruled the World. The End of the Western World and the Birth of a New Global Order*, New York 2009; B. Emmot, *Rivals...*, op.cit.

⁵¹ R. Kagan, *Return of History...*, op.cit., p. 68.

come, omnipresent corruption, and an unstable system of values. As regards the latter China is trying to promote either a return to Confucianism (quite convenient since it is by nature authoritarian and hierarchic), or nationalism (which in a longer perspective could be a poor solution both for China and the world).

D) However, it is both an undeniable fact and a new quality in the international arena that **China's interests have become global**. Since the beginning of its reform process China's overall GDP has increased twelvefold and per capita GDP has risen tenfold. Thus, a completely new actor has arrived on the international scene. China is not only the locomotive of intraregional trade in East Asia, as it was before, but a major player in an economic system whereby East Asia is moving in an increasingly Sinocentric direction. At the same time, China is more and more frequently moving beyond this system, into Africa, Latin America, and, in terms of goods and trade, into the Western world as well.

E) It is still an open question whether China, as a new superpower, will stick to its new multitextured and multilayered hybrid system and will act as a 'responsible stakeholder' (Robert Zoellick), or maybe even a 'honest broker'; or whether, on the contrary, it will become a destabilising element in the global system, unsteady, unbalanced, uncoordinated and unsustainable, mainly due to its unfinished transformation process. This issue gives rise to important controversies, both in the literature on the subject and in the world of politics. Nothing seems to indicate that a true consensus can be found in this regard in near future. **Some in the West speak out in favour of getting China engaged, while others argue the best solution is to isolate it**. Some still stick with scenarios from the 'Chinese Threat' school, while others propose co-operation with China, perceiving it as an opportunity rather than a threat. It is interesting to note that the Chinese themselves offer assurance that 'it may not be the China Century yet' and point out – very aptly – that for instance in terms of per capita income, China presently occupies only the 104th position in the world, and that about 135 million Chinese live on less than a dollar a day. Thus, 'restructuring the country's economy is the top priority now'.⁵²

F) The problem described by Stefan Halper remains open; Halper wrote: **'just as globalisation is shrinking the world, China is shrinking the West'**, i.e. is slowly and quietly limiting the projections of its values.⁵³ Thus it would appear that Bobo Lo is right in observing that: 'For many, the issue is no

⁵² <http://www.xinhuanet.com> (last visited 08.03.2010).

⁵³ S. Halper, *The Beijing Consensus...*, op.cit., Preface; *The Beijing consensus is to keep quiet*, "The Economist", 06.05.2010.

longer whether China will overtake the United States as the leading global power, but when'.⁵⁴

G) The process of incorporating the dynamic economies of China, India and other 'emerging markets' (including those in the traditional Chinese sphere of influence in Southeast Asia) changes the rules of the game in the modern, interdependent global economy and creates a multicultural rather than pro-Western (as it was until 2008) economic interdependence, and might even be heralding the twilight of Western domination.

H) Asia, and in particular China, is making its comeback into the international arena in grand style. The West must quickly accept this, however difficult it may be. For while China's return to the status of superpower is something the Chinese accept as only natural, for the West it is a new phenomenon, unparalleled since over 200 years ago.

5. Conclusions for the EU and its Member States

Both China and the EU are important players on the international arena, with a constantly growing role in the new geopolitical situation, or rather, following the collapse of the American 'unipolar moment' after September 2008, a new geo-economic situation. These two partners, so different from each other, are now perceived as two important pillars of the new, 'post-American' economic world order (Fareed Zakaria).⁵⁵ Therefore, their actions and interactions, and their advanced and matter-of-fact dialogue should concern all the most important global matters, from climate warming and environmental protection, to fuel resources and alternative energy sources, to modern technologies and a new economic order.⁵⁶ It is not an overstatement to say that the future of the world will depend on the success or failure of this dialogue – the future of a world which has not yet established the rules of a new international arrangement since the bipolar order collapsed and the cold

⁵⁴ Bobo Lo, *China and the global financial crisis...*, op.cit., p. 1.

⁵⁵ F. Zakaria, *The Post-American World*, New York-London 2008. According to this author: 'We have lived in a Western world for over half a millennium...It is commonplace to say that actually China and India were as rich as the West right up until the 1800's. The dominance of the West, according to this perspective, has been a 200-year blip, and we are now returning to a more normal balance', p. 52.

⁵⁶ It is worth pointing out that the institutionalised dialogue between the EU and China has been conducted in 24 areas. See: http://www.eeas.europa.eu/china/index_en.htm. The author of this article recently presented two articles on EU-China relations: *Unia Europejska – Chiny: najważniejsze stosunki na globie?*, (*The EU – China: the most important relations on the globe?*) "Studia Europejskie" No. 2/2009 and *The European Union and China in the New World Order*, "Yearbook of Polish European Studies" Vol. 12/2009.

war became history, and has only recently witnessed the outlines of a new economic construction, including in the institutional sense. However, this process is not complete. Apart from the new structures such as the G-20 or BRIC, old structures such as the IMF or World Bank are still functioning as well. The EU–China dialogue can be very important and useful in relation to this, i.e. the creation of a new institutional world order, even if the G-3 concept does not come true.

As a result, the EU must do everything in order to maintain a uniform position and speak with a single voice in its dialogue with the ever more effective and self-confident Chinese, for its partner is highly aware of its identity and sure to realise its goals, which will not always coincide with the goals preferred by the EU.

As far as Poland is concerned, similarly to other EU Member States – even including the largest, such as Germany or France – it always has to remember that **China has set a certain trap for the outside world: it is calling itself the ‘middle country’ (*Zhong guo*), while it is not a country, but a continent, and it is not a modern country, but an ancient civilisation, which has now been reborn under the banner of a ‘great renaissance of the Chinese nation’.** This factor is changing, or at least should change, the nature of the approach to this partner in the following ways:

Firstly, it would be advisable to develop a common position of all EU Member States, if possible coinciding with Poland’s individual interests.

Secondly, the constant and increasing expansion of Chinese goods and companies into European markets, including Poland (see the statistics of our bilateral trade exchange)⁵⁷ should lead to the abandonment, as soon as possible, of the still existing myths and stereotypes regarding ‘communist China’ and replacing them by matter-of-fact knowledge on the subject.

Even if, from the Chinese side, no-one will try to impose the ‘Beijing Consensus’ or the ‘Chinese Development Model’ upon us, which, as has been suggested in this text, is so far only *in statu nascendi*, the **growing role of China in the international arena should nevertheless be taken into account in Poland to a much larger extent than it currently is.** China is increasing its global strength. This is a fact which should not be overlooked; neither in Brussels nor in Warsaw. **In the last two or three years an entirely new phenomenon has emerged which has changed the face of globalisation, until then equated with Americanisation. If Parag Khanna is correct**

⁵⁷ For a thorough analysis see: K. Starzyk, *Stosunki gospodarcze Polski z Chinami na tle ich przemian w latach 1978–2008* (*Poland’s Economic Relations with China in the years 1978–2008 Against the Background of Transformations*) in: *Polska – Chiny. Wczoraj, dziś, jutro* (*Poland – China. Yesterday, Today, Tomorrow*), ed. B. Góralczyk, Toruń 2009.

in his predictions, this new stage of globalisation will involve simultaneous Americanisation, Europeanisation and Sinisation of the world. However, it may also turn out as predicted by another American intellectual pundit with Hindu roots – Fareed Zakaria, who believes that in the new world order China and India will most probably have the dominant role, while the EU will not have any significance whatsoever. So it is up to the EU – up to its invention and ability to adapt to new challenges – to determine whether it will remain a political dwarf or, in light of the new challenges (especially the Chinese challenge), wake up and start speaking with its own voice. Let us only hope that it will be a single voice, not the cacophony of sounds which still too often emanate from many European capitals. This should not happen in relations with China, because in the foreseeable future Beijing, attached to traditional understanding of sovereignty, will surely speak with a single voice, which undoubtedly will not make the dialogue easier for Europeans. China is our great new challenge and it would seem that we are still not fully aware of its true size and nature.

