Governance in 21st century China: What would Confucius say?

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ABSTRACT

Contradictions between China’s external economic dynamism and its internal wealth gap, between its multipolar and multilateral orientation internationally and its politics of control domestically, and between its past ideals and present constraints, suggest that governance in 21st century China is problematic. Confucius said: “Ensure that those who are near are pleased and those who are far are attracted.” This article investigates and reflects on the inner-outer dilemma of contemporary Chinese governance. It calls on the wider sphere of cultural resources (not only Confucian but also Daoist and Buddhist) that provide a framework for accommodating rather than exacerbating tensions. Supporting evidence from Chinese government advisors and policy-makers, expressed in a lecture series on ‘China Confronts New Security Issues’, is also employed in this paper. The lectures and their extensive question-and-answer sessions, which the author attended, were held at the China Foreign Affairs University in Beijing, 6-10 June 2005. This paper concludes that there is no contradiction between Confucian humanism and democracy, as demonstrated by Taiwan’s cultural heritage and democratic politics; just as there is no mutual exclusion between the capitalism and communism in the PRC, though the poorer sectors of the community need a stronger dose of socialism (via better educational, health and pension provisions) to survive in a capitalist environment. If a genuine Confucian democracy – and not a constrained paternalistic one – emerges, then transformation in China’s governance would have occurred. Transformative processes are thus necessary to bring China to a new level of stability. Unless this occurs the world will not bestow on Beijing the moral legitimacy it craves, despite its diplomatic recognition by the majority of the world’s states. Taipei, by contrast, enjoys approbation for its democratic politics but this does not extend to diplomatic recognition – a situation Beijing forbids. For China to become a respected power, and not only a strong one economically, its relations with Taiwan are a key. Productive relations on this front must augur well attitudinally for the task of building a civil society; one which in turn is capable of furthering the nation’s reputation internationally. To paraphrase Confucius, if those who are near are pleased, how can those who are far not be attracted?
Governance in 21st Century China: What would Confucius Say?

By Rosita Dellios

Contradictions

How can the People’s Republic of China (PRC) reassure the world that its emergence as a great power is a peaceful one, yet retain the option of military action against Taiwan to enforce unification? How can China be regarded as a force for global balance in the face of American unipolarity when its internal affairs are severely unbalanced in economic distribution and political equality? How can China be regarded as a force for global balance in the face of American unipolarity when its internal affairs are severely unbalanced in economic distribution and political equality? How can the PRC offer a humane Confucian face to the world when religious intolerance is to be found within China in relation to the outlawed Falun Gong and Tibetan loyalty to the Dalai Lama? How, above all, can a major force in globalization – the China Inc phenomenon - routinely regarded as the ‘workshop of the world’ and a magnet for foreign direct investment (FDI), be ruled by a Communist party that came to power in 1949?

These apparent contradictions need to be considered in the context of a young state having emerged from an old civilization. The PRC may be in its fifth decade of existence but it carries a cultural and political heritage of some 5,000 years, a 20th century overlay of Marxism, and a future in which China will emerge as a significant 21st century power. Given the gap between past-future expectations and present limitations, it is understandable that - to paraphrase a Daoist saying - China needs to learn to sit or walk, but not to wobble. In other words, there are times when China will not simply sit still to consolidate its internal reforms in an equitable manner, or stride ahead as a legitimate superpower with an internationalist orientation, but wobble between its outer civility and internal tensions. When Mao Zedong proclaimed on October 1st 1949 that China had stood up, he was not to know that the state he ‘liberated’ from feudal landlords and foreign devils might become less than steady on its feet in time to come. Indeed, none of the Long March generation could have imagined that within a couple of generations China would be exporting consumer goods instead of revolution and that ‘hearts and minds’ would once again become a battleground between the state and its critics.
Such an inversion in China’s contemporary history invokes memories of a political culture of demarcating inside from outside, friend from stranger, civilization from barbarism. China’s Great Wall epitomizes this notion. To offset the inherent danger of adversarial relations between the two, there needed to be a strategy of integrating the two without losing the distinctiveness of either. China has a philosophically embedded formula for responding to external changes by adapting with internal feedback, and in turn influencing its environment to optimize the system’s function. Like the pre-eminent symbol of Chinese culture, the *yin-yang* circle of light and dark hemispheres, so too the polarities of inner-outer, friend-stranger, civilization-barbarism are correlative - “each requiring the other for adequate articulation” (Hall and Ames 1987: 17). In foreign policy terms it means wars of conquest are ultimately self-defeating; strategies of integration acquire greater importance. The founding principle for pursuing a foreign policy based on correlativity is ‘attraction’.

**The Art of ‘Bringing the World to China’**

From the premise of inner-outer contextualist thinking, it can be understood how Chinese foreign policy was traditionally a domestic affair. Or, to put it differently, internal politics of the Middle Kingdom (Zhongguo) were global: the emperor as the ‘Son of Heaven’ ruled ‘all under Heaven’ (tianxia). More than that, Chinese internal politics were rendered cosmic, as they were based on the triadic unity of Heaven, Earth and Humanity (see below). Thus there is the interchange of domestic and external, plus the moral-cultural dimension imbuing this internalization of the external with moral authority.

Traditional China called its ministry of foreign affairs the Board of Ceremonies (or Board of Rites). This made sense in that foreign relations were a highly ceremonial affair. Representatives from neighboring countries would bring 'tribute' to the emperor in exchange for the right to trade with China. Envoys would return with more gifts than they brought, but that they 'kowtowed' (from *ketou*, 'knock the head') to the emperor indicated
their recognition of China as the 'elder brother'. In this way China controlled both trade and the unruly potential of its neighbors.

The system was at its strongest in the Ming dynasty (1368-1644) and included as many as 100 polities. China gave special certificates of trade to 15, including Japan, Champa, Java, Malacca, and Cambodia, after first giving one to Siam in 1383. This suggests China regarded these kingdoms as especially important. Korea, whose trade missions began in 1369, maintained the closest relations of all the tributaries. By the Qing dynasty (1644-1911), Portugal and Holland were also listed as tributary states.

The structure of Chinese control was not rigid and did not imply absorption. Moreover, it was not necessary to be of Confucian culture to be part of the tribute system. The Chinese world order could encompass peoples of different religious and socio-cultural backgrounds. Then as now, cultural differences do not usually preclude diplomatic and trade relations. Ideologically, too, there was merit in displaying the fruits of Chinese civilization. “Lai hua” (come and be transformed) was the catchcry of the Confucian heartland. The soft power of attraction rather than the hard power of coercion may be regarded as the single most efficacious element in China’s traditional foreign policy. Confucius said: “Ensure that those who are near are pleased and those who are far are attracted” (The Analects, XIII.16). To bring the outside in, and make the inside worthy of admiration by the outside, without losing the distinctiveness of either, suggests the presence of cultural resources that provide a framework for accommodating rather than exacerbating tensions. These are worth investigating further in an effort to understand more fully contemporary China’s failure to make ‘the inside worthy of admiration by the outside’ – a fundamental cause for its problematic global reach.

**China's Ethical and Spiritual Traditions**

The emperor of China was expected to be both a cultural and political leader; a bearer of Chinese culture and a political pragmatist ensuring regime survival. This has remained true today, with socialism having occupied a place in the moral hierarchy of Chinese
thought. It added to China’s many Ways or Dao: the Confucian Dao (the Doctrine of the Mean), the Buddhist Dao (*dharma*) and, of course, the Daoist Dao, which its principal text, the *Daodejing* (the Book of the Way and Its Power), describes as eternal and nameless. It is normally understood to mean the way of an individual’s cooperation with the flow of the natural world. The various Ways of China’s ethical and spiritual traditions complement and interact with one another: social harmony obtains from Confucianism with its emphasis on human relations; environmental harmony may be understood through Daoism with its emphasis on relations with nature; and religious development is nurtured in Buddhism with its insights into the human condition. In their mutuality these traditions have come to express Chinese culture. Each of these traditions, as shown below, operates in what might be termed a pragmatic as well as an ideal (moral) field of experience.

**Tapping China’s Cultural Resources: (1) The Operations of Pragmatism**

Beyond the idealization (even romanticism) of China’s central role, and the tributary system it upheld, one must not forget that it was based on pragmatic geopolitical and geoeconomic considerations. Philosophically, this pragmatism presented no contradiction to the celestial empire’s ideal view of itself. In yet another example of *yin-yang* style polarity, it is possible to have one’s head in Heaven and feet firmly planted on Earth, while cultivating a Human heart in the temperate middle ground. Thus Confucianism is not only about ethics but outcomes, the principal one being the desire for socio-political harmony. Buddhism is sensitive to what might be termed today as “the local/present productions of meaning” and “contexts of practice” (Freiberger 2004: 272, 278). According to the *Sutra on Mindfulness of the True Dharma*: “Practitioners in single-minded pursuit of the Path should carefully evaluate the situation at hand and the expedient means appropriate to it” (quoted in de Bary and Bloom 1999: 485). For Daoism, too, to ‘go with the flow’ is better than to collapse under the weight of a theoretical self-importance.
Deng Xiaoping knew this when he turned the Chinese ship of state away from Communist ideology and toward market economics, just as Mao Zedong before him abandoned perceived Confucian atrophy for 20th century revolutionary politics. “Power,” Mao famously said, “grows out of the barrel of a gun.” Yet neither the Maoist nor the Dengist eras lost the normative spirit of the positions against which they turned. Mao’s regime replaced Confucian ideals with socialist ones, in which sacrificing individual interests for the public good was considered a supreme virtue. Chairman Mao even came to resemble a Chinese emperor, exercising unbridled power and being ‘worshiped’ in life and death.\(^1\) To this day his portrait overlooks Tiananmen Square. Deng allowed ‘socialism’ to continue under ‘Chinese characteristics’, a euphemism for the introduction of a market economy. The rehabilitation of Confucius as a ‘great statesman’ and worthy model added to the circular nature of Chinese politics. The vacuum created by a diminished Communist ethos needed to be filled with a sense of nationalism that Chinese culture better addressed than mere capitalist slogans. Deng’s 1980s slogan, ‘to get rich is glorious’, continued as the dominant theme under Jiang Zemin - but with frequent allusions to the splendors of China’s long-enduring culture. By the fourth generation leadership of Hu Jintao, it was replaced by attention to the needs of the common people. This is understandable in view of an unwelcome by-product of Deng’s reforms: pronounced economic inequality (rural incomes are less than a third of urban ones), concern over local government corruption, and a failing welfare system. These factors have resulted in an unsettling degree of social unrest. The government recorded that in 2004 alone, some three million protestors took part in 74,000 demonstrations across the country (BBC 2005a; Macartney 2005: 8). Trust in the central authorities to govern well is evidently eroding. High ideals and harsh realities are once again entangled. Deng Xiaoping’s legacy of pragmatism, it would seem, needs an infusion of compassion.

\(^1\) For the most recent observations of this, see Chang and Halliday (2005) and associated book reviews, such as Link (2005: 22-23).
Tapping China’s Cultural Resources: (2) The Operations of Idealism

Seeking to align oneself with the Dao, the Way, is the strategic style of the Sinitic cultural region. As noted, to ‘go with the flow’ is regarded as more beneficial than to try to overly manage things, or even to oppose them. What is China’s Dao in the prevailing era? Finding it would indicate the attainment of China’s role in fostering order and harmony of its international environment which, in turn, supports internal development. Such a task requires China to concentrate on finding the morally significant features of the international ‘moment’,2 that is, the current period from the end of the Cold War coinciding with the acceleration of the globalization phenomenon. Globalization is changing the way in which identities are handled and experienced. This means that China has an opportunity to craft its ideals in conjunction with the times - be they Confucian humanism or cosmopolitan socialism or democracy and its associated human rights – rather than being overly occupied with the politics of power. For China, throughout time, the latter has often meant preserving the ruling dynasty/party as all-powerful irrespective of social costs. Still, history demonstrates that dynasties change but China continues. Whether Zhou China or Ming China, Republican China or Communist China, change in the form of a regime’s discontinuity often permits continuity of the nation.

Ironically, the pragmatism of ‘going with the flow’ teaches that a closer alignment to the ideal of the Dao helps in the stabilization of realities ‘on the ground’. In the present-day situation, the central government needs to rid China of unequal opportunities, human rights abuse and endemic corruption if it wishes to maintain its ‘mandate of Heaven’ (tianming) to rule. Without virtuous governance in accordance with the Way of Heaven (tiandao), Heaven will withdraw its mandate and pass it to another. Popular uprisings are symptomatic in Chinese history of a problematic ‘mandate of Heaven’. Uprisings were not only based on peasant grievances but included forms of ‘spiritual’ resistance from the 10th century through to more recent history, such as the Taiping and Boxer rebellions of the late Qing dynasty. Today’s outlawed Falun Gong ‘spiritual’ movement may also fit

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2 Following Cutler (1998), a ‘moment’ is a distinguishing phase of an international system, which in turn belongs to a larger category, that of international order. For example, what Cutler calls “the Multilateral Interdependence moment” belongs to the Cold War system of the International Society order.
this mould. It has become better known for its denunciations of the Chinese government than its religious beliefs. So in this respect, Falun Gong belongs to a tradition of protest against the regime in power. In the past, domestic unrest was viewed as harboring wider implications for the leadership’s legitimacy and, therefore, China’s fitness to represent itself as the moral centre of an international system. What, then, is the Confucian view of politics as a way of preserving legitimacy?

**How does the Ideal Deal with the Real?**

The struggle for power (‘power politics’), in Confucian terms, belongs to petty individualism or the self-serving *xiaoren* (small-minded person). By contrast, *junzi* is the morally cultivated individual who benefits the whole of society. This is a form of individualism that is based on intensive self-cultivation. The inner humaneness of *ren* is then expressed through the outer propriety of *li*, and this applies to states as well as individuals. When a state is civilized in this Confucian manner it has a stabilizing and harmonious influence. From the Chinese cultural point of view, the process is not only global (*datong* – ‘all under Heaven are one’) but cosmic through the above-mentioned unity of Heaven, Earth and Humanity. This means that the human component – be it individual or state (through its government) or the international system (‘world society’) – finds harmony with both Heaven (*yang*: the moral universe – related to justice and ethics) and Earth (*yin*: the source of nourishment – related to economics, environment, governance). If the relationship is not properly handled, the influence from Heaven is distorted into ideological control; Earth becomes the site of conflict and exploitation. The Way is lost; imbalances occur by appropriating Heaven and Earth for the Human component in its *xiaoren* (self-serving) guise.

Domestic dissent is therefore a symptom of a state’s diminished power – the virtuous power (*de*) that comes from the Way. Small wonder, then, that China’s 11th five-year plan – or ‘blueprint’, as it is now called – seeks to promote a “more harmonious society” by balancing economic, environmental and social development (*BBC* 2005a). According to the October 2005 communiqué of the plenary meeting of Chinese Communist Party’s
Central Committee: “We have to . . . put more emphasis on social equity, enhance efforts in adjusting income distribution and try hard to alleviate the widening gap between regions and some members of society” (Macartney 2005: 8). The largely economic adjustments for restoring social harmony are not accompanied by the state loosening its control over society in the areas of speech, media, religion and assembly. To the contrary, more restrictions and detentions were reported by human rights agencies in 2004-2005 (AFP 2005: 8; see also Human Rights Watch http://hrw.org). Ironically, too, after the Chinese Communist Party announced its blueprint to reduce the wealth gap, it launched two astronauts into space in the Shenzhou VI space mission at a cost of 19 billion yuan (US$2.4 billion). As one Taiwanese analysis put it, it was a misplaced priority: “The money invested in Shenzhou VI, or “divine vessel,” . . . could and should be spent on improving the lives of the mainland’s poor who are struggling for simple survival” (China Post 2005). From this perspective, China does not appear to be in tune with the ideals of the world ‘community’ in the above-mentioned international ‘moment’.

Nor would it measure up to Confucian ideals. “The Chinese nation could be a means to preserving the Way, but it could not be an end in itself.” This thought, attributed to ‘the last Confucian’, Liang Shu-ming, by his biographer, Guy S. Alitto (1986: 13), may be used remonstratively but, viewed more constructively, it captures the possibility of China as a 21st century power. Lucian Pye (1990: 58) had put it perhaps more memorably when he said that China was a civilization pretending to be a state. In other words, the Chinese state should wake up to itself as a civilization before it is branded as a threat to its own society and an economic and a military menace to the world.

The wake-up call may now be coming from the Chinese elites themselves. The following words, suggesting a new tribute system, were spoken by one of China’s foreign policy thinkers: “Confucian and Buddhist China is not an aggressive country. We have always believed we are the best country; no need to go out. But as friends we ask you to come. If China really develops in the future, the US can visit China and get big contracts; pay mutual respect. We can give up the traditional use of force.” This statement was made by Li Genxin, General Secretary, China Association of Arms Control and Disarmament, in a
lecture series on security to visiting academics in Beijing in 2005. 3 Well aware of China’s present limitations compared to what it can be, the deputy director of the East Asian Studies Center within the China Foreign Affairs University, Su Hao, said in the same lecture series: “We are still a developing country – still unbalanced internally.” When asked about the imbalance between a booming economy and China’s less than satisfactory human rights record, Hu replied: “Economically, politically, and culturally we have an imbalance in China. We have to combine differences together for survival – the common good.” 4 This would indicate that the paradox of ideals versus pragmatism is resolved in favour of “the common good” – an ideal served by the pragmatism of “combining differences” in one country.

Such a view finds philosophically affinity with Antonio Cua’s (1998) way of describing Chinese thought as being based on “coordinative reasoning”: the differences that need to be combined may be thought of as “legs of a chair” rather than “links of a chain”. 5 The differences are not to be regarded as potential weak links but necessary legs to hold up the chair. Thus if the problem is China’s stability, then its solution rests not with just one leg; alternatively, one leg does not make for a stable chair. Many factors need to be brought together to find the optimal mix – though not the perfect solution. Ideals may never be reached, but one can sit firmly in the knowledge that the entire nation has been engaged in its self-construction. This view of stability based on the “coordinative reasoning” of “combining differences” remains a work-in-progress. PRC, the young modern state, needs time.

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3 Li Genxin, during question-and-answer session after his lecture, ‘Chinese Arms Control and Non-Proliferation Policy’, 7 June 2005, in China Confronts New Security Issues (2005). Li Genxin is an NGO expert for China and had previously worked in the PRC Department of Foreign Affairs. His lecture and associated discussion represented his own view. The lecture series was sponsored by the East Asia Studies Center of CFAU, a branch of China’s Ministry of Foreign Affairs; organized through the Chautauqua Short Course for College Teachers and Graduate Students, Stony Brook University, New York; and supported by the National Science Foundation in the United States.


5 Specifically, ‘coordinative reasoning’ refers to a process of “…presenting and representing those features of the case which severally cooperate in favour of the conclusion…The reasons are like the legs of a chair, not the links of a chain” (Cua 1998: 207).
Does this approach apply to foreign affairs too? Firstly, the approach certainly adheres to the foundation strategy of rendering the ‘inner-outer’ relationship as mutually regarding, in that it has strategic utility but is grounded in the unitary ideal of Heaven, Earth and Humanity. Secondly, it finds resonance with Mao Zedong’s ‘United Front’ doctrine of combing forces with erstwhile enemies to confront a common enemy and, thirdly, the coordinative approach is reflected in China’s consolidation of its role as a great power in a sovereign state system. This consolidation was evident in the PRC’s socialist state persona when it emphasized the equality of states principle, criticized the superpowers for putting their own strategic competition ahead of global welfare, safety and justice and, since the Cold War’s end, its advocacy of a multipolar world to restore balance in the place of dangerous unipolarity. While not the essence of realpolitik, such a trajectory has kept China firmly in the great power orbit. More fundamentally, it has maintained the Chinese state’s security within an international system that is not of its own making, let alone one in which it is the central power. Is China backing a distributed system of power (multipolarity) internationally in order to (1) survive as a unitary power at home and (2) an unassailable one in an international system where it is not the superpower? In short, is the Chinese polity a system with xiaoren (self-serving) characteristics? Or is the work-in-progress known as the PRC developing as system with junzi (morally cultivated) characteristics? To find answers, an investigation of Beijing’s advocacy of a multipolar, multilaterally engaged world is in order.

Multipolarity has been advanced in China’s official documents and diplomacy. For example, the 1997 Sino-Russian declaration endorsing ‘a new multipolar world’ was seen as heralding a counterbalance to the US as the remaining global superpower. Multilateralism may be regarded as a method of encouraging multipolarity or at least offsetting unipolarity. It is also a building block for global governance. Multilateralism is evident in China’s willingness since 1995 to discuss the contested Spratly Islands territorial issue with the Association of Southeast Asian Nations (ASEAN) as a grouping
rather than its previous insistence on bilateral discussions. This has evolved to China signing a code of conduct (the Declaration of the Conduct of Parties in the South China Sea) in November 2002 whereby the signatory parties pledge not to use force to resolve the Spratly issue. Besides belonging to the ASEAN+3 grouping (the ‘plus 3’ being China, Japan and South Korea), and the East Asian Summit (inaugurated December 2005), it is a member of the Central Asian security grouping known as the Shanghai Cooperation Organization, which was formalized in 2001. It began on China’s instigation in 1996 as the ‘Shanghai Five’, when China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan became parties to a treaty signed in Shanghai to demilitarize their common border, and expanded to include Uzbekistan in 2001. China’s hosting of the six-party talks (North Korea, South Korea, USA, PRC, Japan, and Russia) beginning in 2003 on the North Korean nuclear issue represents another sign of China’s multilateralist direction in the service of multipolarity.

To return to the question posed with regard to China’s foreign policy intentions, whether they are xiaoren self-seeking or potentially junzi, does this entail a hidden agenda? A secretive yin aspect that recalls the words of the now globally renowned ancient Chinese strategist, Sun Tzu (1963), that ‘all warfare is deception’? If so, is this a form of guerilla warfare (see Mao 1966) in which psychological methods are used by a weak power fending off a strong one? When Mao’s ‘United Front’ doctrine is understood in terms of a strategic (and ‘coordinative’) evaluation, based on a calculation of one’s weaknesses as well as strengths, it could well be the case that 21st century China is deliberately employing a ‘United Front’ yin diplomacy. This would entail a quiet strengthening or “peaceful rising” (heping jueqi), despite the insistence by Beijing that various “strategic partnerships” are not directed against a third party and that its “peaceful rising” was never meant to suggest anything more than “peaceful development” (see Liu 2004-2005: 45).

Irrespective of rhetoric, it is notable that the United States is not a member of either the East Asia Summit across China’s maritime south-eastern sector, or the Shanghai Cooperation Organization spanning China’s north-western land frontier. China has a buffer system in place through regional diplomacy. It might even be regarded as a
regional exclusionary zone against the US, though US bilateral arrangements are still in place with key allies Japan, South Korea, Australia, and other East Asian countries, plus membership of the ASEAN Regional Forum. This ‘buffer’ effect is not necessarily aimed at alienating the US but rather diminishing its influence in vital areas such as Central Asia and in policy options such as protecting Taiwan or punishing North Korea. It is notable that the Shanghai Cooperation Organization, in its July 2005 meeting, demanded a date for US forces to be withdrawn from Central Asia. As to Taiwan, in August 2005, China engaged in a military exercise with Russia called ‘Peace Mission 2005’, designed – among other things – to strengthen the military capability of countering “separatism” (see Financial Times 2005a: 10). This would indicate that China is gaining confidence in its own strategic domain of Asia vis-à-vis the US. Beyond its strategic and resource-rich ‘buffer zones’ of the Eurasian Northwest and the Nanyang (‘Southern Ocean’) Southeast, Beijing has considerably enhanced South-South regional relations, including those with Africa, Latin America, and the South Pacific, as well as closer ties with the ‘North’, the European Union (People’s Daily 2005; Alden 2005; and Xiang 2004). Clearly, China is endeavoring to play the role of balancer – but to what end? China would affirm that it is for the ‘common good’ of international society, while its critics would accuse it of hijacking the Way (the Dao of international society) to serve the Chinese state. Put another way, China may say it is a good international citizen in its foreign policy but a common theme of mainstream Western commentary is that it is employing deception through its ‘charm offensive’ to marginalize its perceived competitor, the USA.⁶

Of relevance here are the views of a Chinese military figure regarded in the West as a ‘hawk’. He is Major General Zhu Chenghu, commandant and professor at the College of Defense Studies, National Defense University, People’s Liberation Army. Speaking at the June 2005 lecture series on China’s security, he said:

We have never tried to challenge the US presence in East Asia. [Our position] is based on foreign policy, domestic policy, and traditional culture.

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⁶ For example, it has been argued that China’s “calculated kindness” is part of its grand strategy, making opportunistic use of Washington’s unpopular unilateralism (IISS 2004).
Foreign Policy – we try to establish good relations with countries on the periphery. It is difficult with Japan. Japan created this difficulty – shrine visits, textbooks, disputed areas, increasing contact with Taiwan. Chinese leaders have no option but to criticize.

Diplomatically – we never seek aggression, no alliances, no bases, no soldiers aboard (except in the UN context). We persist in seeking solutions to international problems peacefully.

Domestic Policy – we are focused on economic development, and this has been consistent since 1978. China has a long way to go. Chinese leaders will continue to focus efforts on economic development instead of the military.

Traditional Culture – we have formulated our policies on [the basis of] military tradition and military culture. Whenever China was strong it was inward looking. China was a superpower and built the Great Wall to resist aggression. Zheng He of the Ming Dynasty sailed on seven voyages, commanded 250 warships that displaced 2000 tons. Instead of establishing colonies, he brought advanced farming technology to those he visited. If we Chinese did what the Anglo-Saxons did, the whole world would have become Chinese. Of course there was some expansion and invasion, but only when under rule of the minority peoples. Han people’s military culture is more defensive. Thus our defense policy is guided by tradition.

At present, Taiwan is the central issue. Our weaponry is for the purpose of deterring independence. I believe peaceful unification is almost impossible… We are not against freedom and democracy. We respect the feelings of Taiwanese. Only a few people want separation and only a few want unification. Most will follow what is best for them – ordinary people are practical. We advocate high autonomy in Taiwan. They can keep their military. We attach importance to ‘face’. Mainlanders want unification in name.

The above analysis has been quoted at length to show a defensive rather than offensive disposition in Chinese strategic thought. Yet it is the same General Zhu Chenghu who was given international headline treatment (for example, BBC 2005b; Financial Times 2005b, and The Australian 2005: 1) a few weeks after this lecture, in mid-July 2005, for his deterrent statement to visiting journalists: he said China would use nuclear weapons against the US if it engaged China militarily over Taiwan. He was readily depicted as the hawkish face Chinese power. This was done despite his classical use of nuclear power: deterrence rather than war-fighting. For deterrence to be effective, it requires an exhibition of ‘intention’ as well as ‘capability’. Otherwise, the threat of nuclear weapons will not be credible. In Daoist parlance, nuclear weapons belong to the category of the ‘use of uselessness’ (see Dellios 1994: 18-19). This is a reference to the story of a tree that managed to survive to old age because its timber was regarded as useless for construction purposes. But such uselessness did save the tree’s life. While ancient stories
may appear far removed from present-day strategic calculations, it is noteworthy that a foremost deterrence theorist such as Robert Jervis continues to uphold the value of a countervailing presence in the post-Cold War world with regard to the “taming of American power” (Thierry and Jervis 2004: 570). This, presumably, is the interim measure awaiting the establishment of a relationship that is based on “mutual respect” rather than military deterrence. To recall the words (above) of the General Secretary of the China Association of Arms Control and Disarmament, Li Genxin: “If China really develops in the future, the US can visit China and get big contracts; pay mutual respect. We can give up the traditional use of force.” One can detect here the potential for a yin-yang system in which the inside and the outside, the self and the other, become mutually regarding.

**Two Paths to the Future: The Dao Serves the State or the State Serves the Dao?**

As with the perception of General Zhu as a war-monger, rather than an agent of deterrence in the evolution of state relations, so too there are problems in China’s credibility as a cooperative global power, let alone a desirable countervailing one. Certainly after 9/11 China has marketed its credentials as a partner of the US in the ‘war on terror’. This sits well with containment of political dissent in Xinjiang where the Muslim Uighur national minority seeks an independent state of East Turkistan. Such coordination between China’s domestic and foreign policy is made possible by terrorist-style violence conducted by the militant branches of the East Turkistan movement, both within China and abroad - such as Chinese diplomatic targets in Turkey (for details see PRC data in Raman, 2005). Fang Jinying, deputy director of the Centre for Anti-Terrorism within the China Institute of Contemporary International Relations in Beijing, points out that the 1990s saw the transition from separatism to terrorism in the East Turkistan cause. Identifying the threat gradient from local to global, she said: “China has regarded ethnic separatism, religious extremism and international terrorism as three evil

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forces, posing threats to national, regional and global stability.” With the pacifist Tibetans, however, the problem of dissent is not so easily linked to serving stability in the international system. Rather, it is seen as denying human rights to minority groups, or even to the mainstream Han when they form non-officially recognized religions, as the outlawed Falun Gong. Not surprisingly, human rights advocates call on Beijing “to hold direct dialogue with Tibet’s spiritual leader, the Dalai Lama, and not to use the ‘global war on terror’ as a pretext to suppress the rights of minorities” (AFP 2005: 8).

Even more dangerous to the prevailing international system is the tension in the Taiwan Strait which, if ignited militarily, could see a war not just between a David and Goliath but between two giants, China and the United States, with implications of Japan and regional states being pulled into a war that no one wants. As the Southeast Asians are fond of saying, ‘When the elephants fight, the grass beneath them is crushed.’ Clearly a war in the Taiwan Strait would be destabilizing at a regional and global level. Yet this internationally significant affair is driven by domestic considerations, perhaps the biggest domestic consideration in Chinese history: that of China’s unity.

Moreover, such domestic considerations of unity of the state may be seen as feeding on the prevailing international concern for stability. As Taiwan’s highest representative in Australia, Timothy Yang, saw it when speaking at Bond University in July 2005:

> China has picked up on a general fear of instability throughout the world, following the events of September 11, and used this to put forward its own agenda for Taiwan. Using its comparatively louder international voice and greater clout on the world stage, China consistently put forward, inaccurately, that Taiwan was another source of instability. The general climate of fear and uncertainty made it easier for China to paint any action of Taiwan as a provocation – painting a picture of the reckless, unaccountable rebel government against the considered, responsible paternalistic “power”. This cynical manipulation of the tragic events of September 11, and the world’s attempt to grapple with the changes they brought, was aimed at undermining Taiwan.  

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9 Representative Timothy C.T. Yang, Taipei Economic and Cultural Office, Canberra, speaking to International Relations students at Bond University, on ‘Relations across the Taiwan Strait and how the issues in Taiwan-China relations can be solved’, 12 July 2005 (unpublished).
China’s insistence that Taiwan – a democratic country with all the attributes of independent statehood except recognition – belongs to China and has no right to an independent sovereignty strikes at the heart of China’s legitimacy problem as a global power. For all its good-neighborly diplomacy and calls upon the presiding superpower to exercise restraint in the exercise of its coercive power, China in domestic (Tibet, Xinjiang, democracy movements, human rights) and quasi-domestic (PRC-Taiwan) affairs is seen as overbearing when handling the problem of dissent. Given that most states in the world accept Beijing’s view on the matter (that is, the One China policy which proclaims that there is one China and that Taiwan is a part of China), this does not appear to be a problem for the state system in which China is an increasingly significant actor. But it does limit Beijing’s scope for expanding its leadership role. How can China advance its global influence without foregoing its parochial interests? Chinese culture and the state’s economic performance together provide possibilities for an emergent ‘solution’, as does the relationship with Taiwan with its political implications for the mainland. The economic and political means to good governance in China are now examined in turn.

**Good Governance by Economic Means**

Good governance by economic means and economic strength by good governance represent a *yin-yang* relationship. If China assured its population of a social infrastructure that merits confidence in having an economically enabled future, out of which a civil society will grow, dissent becomes less volatile and better channeled. Individuals who can access healthcare insurance, pensions, education, enjoy a cleaner environment, as well as clean local government, and better protection of their rights, are the source of a consumer-driven economy. People’s high savings rates of up to 40 per cent could be diverted to consumption rather than paying exorbitant medical bills, for example. This

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10 In China dissent takes an ethnic and separatist bent - as evidenced by Tibetans and Uighurs - but there is also dissatisfaction with the system. The latter was graphically demonstrated by the Tiananmen Square demonstration of 1989, its bloody suppression and the subsequent banning and monitoring of anti-government movements. In recent times this has included the Falun Gong sect, as well as a range of dissident websites (which cannot always be blocked). On the underrated human rights issue represented by
domestic consumer power would relieve the PRC from its current dependence on exports and foreign investment for growth. By 2005, exports were growing by more than 30 per cent annually, amounting to twice as much as imports (McGregor 2005: 41), and investment accounted for 53 per cent of GDP (Ryan and Walker 2005: 32).

The danger of export dependence is not only economic but political. China has been criticized over a range of issues, from trade surpluses and the ‘undervalued’ currency to intellectual property rights. For example, US Federal Reserve chairman Alan Greenspan spoke of China as contributing significantly to “global economic imbalances” (The Australian Financial Review 2005: 62); while the US Deputy Secretary of State, Robert Zoellick, said: “Many Americans worry that the Chinese dragon will be a fire-breather.” He urged China to become a “stakeholder”, like the US, in the world economy (Ryan and Walker 2005: 33). The perception that China has taken a mercantilist approach has caused it to be viewed as an economic threat: it is blamed for the loss of Western jobs, as well as for wanting to buy foreign companies and compete for global resources. It is notable that China did revalue its currency by 2.1 per cent against the dollar in July 2005, allowing it to float within a narrow trading band; and that China accounted for only 10 per cent of the US current account deficit in 2005. Japan had been blamed in a similar fashion for job losses and company acquisitions a quarter of a century ago. Nonetheless, fear of the China Inc phenomenon needs as much attention as fear of a militarily powerful China if Beijing is to become once again an attractive civilizational centre.

Creating a stronger consumer society does not necessarily kowtow to Western capitalist values but to an opportunity to partake and hence shape the global economic experience. China produces about three million graduates a year compared to about 1.3 million in the US (Dyer and Merchant 2005: 41), suggesting the innovative potential of China’s educated classes. Moreover, their education is not an American one, though many do go abroad to study in Western universities. The ability to combine Chinese oriented education (a more traditional emphasis on science, theory, content, and respect for the censorship of the internet and imprisonment of those who express their political views, see Rosen (2005: 12).
teacher) with Western style education that is more learner-centred and industry-sensitive, will allow China both to partake and influence the global knowledge-based economy.

The incremental improvement in China’s domestic development would thus need to include greater consumer power, the emergence of a civil society, and an educated Chinese class that is disproportionately large in world terms. Such would be the recipe for stability and a framework within which dissent would be channeled. Its basis is economic. The Chinese themselves have calculated that a stable society may be said to exist if per capita incomes are under $1000 or over $3000. But the $1000-$3000 bracket – China’s current situation - is seen as most unstable. This view was discussed by Li Genxin. He said the present situation of an income range between $1000 and $3000 results in a small group of very rich and a large group of very poor. This has a huge psychological impact: “They can see the difference. People blame the government. They expect it to make the poor rich; otherwise they say ‘you are not qualified to rule us’. Thus we study this as a security issue. After $3000 then we will have a big middle class society. It will be more stable” (China Confronts New Security Issues 2005).

**Good Governance by Political Means**

To infer a great power’s intentions in relation to behavior, two kinds of schema are worth noting. One is the familiar balance-of-power in the realist world order. This favors the state as the primary unit of analysis. A second schema of balance favors a more global, multilateral and even cosmic perspective. It is the balance that comes of the dynamic equilibrium of Heaven, Earth and Humanity described in Chinese traditional philosophy and culture (see de Bary and Bloom 1999: 170-74). The precarious balance that is maintained through struggle for power is not the embracing and (literally) attractive balance of yin and yang.

To illustrate this, it is worth noting the prevailing superpower’s behavior in simultaneously supporting Taipei while recognizing Beijing. Washington’s stated objective is to maintain the balance-of-power across the Taiwan Strait in order to deter
Chinese aggression; hence the USA’s persistence with the Taiwan Relations Act (TRA) which allows the sale of weapons to Taiwan.\textsuperscript{11} From a political realist perspective, the TRA may be seen as an excuse for Washington to balance Beijing lest it become a long term threat to the USA’s preponderance of power. Taking matters a step further, beyond a realist state-based power balance, are Washington's actions, irrespective of intentions, yielding a different reading? Is a separate Taiwan fulfilling a transformative role in the demarcation of inside from outside, internal relations from external ones, by providing a balance to China’s political identity, as well as a dynamic for change? Here the second schema of balance - the one favoring a more global, multilateral and cosmic perspective - competes with the first (realist) schema, integrating it into a larger ‘scheme of things’. In yin-yang terms, cross-Strait relations are mutually regarding in the production of change.

Equally, however, one could say that the yin-yang symbol of the circle need not be seen as one side China and the other Taiwan, acting in a self-transforming manner, but as the circle itself being One China, comprises two systems. This was Deng Xiaoping’s ‘one country, two systems' formula applied to Hong Kong in 1997 and Macao in 1999 but originally tailored for Taiwan. If the formula has not been applied formally to Taiwan, it does not mean that it has not been applied at all. Here, too, the system may be subject to self-transformation. Like Taiwan’s de facto independence of control from Beijing, there is also Taiwan’s de facto dependence on Beijing. As clearly shown by Taiwan’s Representative to Australia, Timothy Yang (2005):

The total amount of two-way trade between Taiwan and China for the year 2004 was US$61.6 billion, up a startling 33.1% on the figure for 2003. Taiwan has a trade surplus with China of more than US$28 billion. Trade with China accounted for about 18% of Taiwan’s total foreign trade during the year 2004. Our exports to China accounted for about 25.8% of our total exports, and our imports from China accounted for about 9.9% of our total imports. During the year 2004, China attracted a huge 95% of Taiwan’s total foreign investment, in total US$ 6.72 billion. China is by far the number one destination for our foreign investment. There have been a total of 31 million visits by Taiwan’s people to China, since my government started to allow its citizens to visit relatives in China in 1987.

\textsuperscript{11} The Taiwan Relations Act (TRA) came into effect in 1979 as a form of compensation to Taiwan when the US recognized the PRC (and no longer the ROC) as representing China. The TRA states that the US, while not recognizing the Republic of China (ROC) and in full support of the One China policy, can sell to Taiwan weapons which are necessary for its self-defense. Beijing regards the TRA as a disgrace and a thorn in Sino-US relations.
Thus one side of the Taiwan Strait is shaped by the other and, in the process, of being transformed by the other. Together they are China - not necessarily 'one country', but certainly a Confucian-based culture capable of both socialist and fully democratic politics. There is no constraint or contradiction between Confucian culture and democracy, as demonstrated by Taiwan; just as there is no mutual exclusion between capitalism and communism in the PRC. If a genuine Confucian democracy – and not a Singapore-style paternalistic one – emerges, then it can be said that self-transformation has occurred through change in the One China system.

**Walking Economically while not Wobbling Politically**

This returns discussion to sitting, walking, but not wobbling. To begin with sitting, the notion of *wu-wei* (non-doing) is relevant. According to the *Daodejing*: "Tao [dao] invariably does nothing (*wu-wei*) and yet there is nothing that is not done." Moreover: "To make complete without acting (*wu wei*), and to obtain without seeking: this is what is meant by the activities of Heaven" (Hsun Tzu quoted in Fung 1952: 285). From these quotations it is possible to appreciate lack of action in a positive light. It is not ‘inaction’ but avoidance of unnatural action. It is also a defusing strategy in time of tension (see Dellios 1997: 215-16). Thus both Beijing and Taipei would do well to *wu-wei* for a little longer in this time of precarious balance.

Besides ‘sitting’ in *wu-wei* mode, there is ‘walking’. China’s global reach is largely economic. How can it translate this to political legitimacy? As China modernizes and grows more connected with the global system, it will be compelled by its own internal logic and dynamism to instigate a shift in the international political system. Like the European Union, which is currently finding strength in pluralistic unity rather than fragmented sovereignties, China will soon be in a position to cross the threshold of an international system in which states are self-serving or *xiaoren* to *junzi*. This would mean states – like people – can be ‘self-cultivating’ in an interactive global system. The proverbial ‘struggle for power’ in the realist schema thus converts to ‘networks of power’
in a self-organizing global equilibrium; it is now more profitable to connect than to clash (see Friedman 1999, 2005). This ethos applies as much to civilizations as to states and their citizens. Transformative processes are thus necessary to bring China to a new level of stability. Unless this occurs the world will remain beyond China’s grasp – civilizationally. As with the old tribute system, the Middle Kingdom needs to become an attractive centre, to ensure its continued development, maintain its security environment and balance unruly powers. To become attractive requires change and inter-change. The problem of dissent - how it is engaged - provides a point of departure. While the global environment undoubtedly influences China’s behavior, transformative change must come from within. For China to become an attractive power it requires *de* or virtuous power, and in this relations with Taiwan are a key. Productive relations on this front must augur well attitudinally for engaging national minorities and the Han majority in the task of building a civil society; one which in turn is capable of furthering the nation’s reputation internationally. To paraphrase Confucius, if those who are near are pleased, how can those who are far not be attracted?
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