

China's Power and Will: The PRC's Military Strength and Grand Strategy

by June Teufel Dreyer

June Teufel Dreyer is Professor of Political Science at the University of Miami (Florida). She is the author of *China's Political System: Modernization and Tradition*, 6th edition (Longman, 2008), as well as numerous articles on the Chinese military and foreign policy.

Abstract: China's international behavior exhibits elements of both threat and peaceful intentions. Greatly increased defense budgets, the acquisition for more advanced weapons systems, and certain pronouncements of the leadership argue for the threat scenario. Beijing's efforts to enhance the PRC's soft power, its more active participation in international problem-solving activities, and certain pronouncements of other leaders can be taken as evidence for more peaceful intentions. Even assuming that the leadership's motives are not benign, a combination of domestic weaknesses and foreign resistance could thwart them. The future is not predictable.

China does not seek hegemony or predominance in world affairs. It advocates a new international political and economic order, one that can be achieved through incremental reforms and the democratization of international relations.¹

China's actions, most notably its military buildup, have caused observers to question the validity of such statements.²

Given a country as large, diverse, and rapidly developing as the People's Republic of China (PRC), it should not be surprising to find divergent views of its motives and intentions. Since some of the PRC's actions indicate movement in one direction and others, sometimes simultaneously, in another direction, it becomes difficult to distinguish trend from countertrend. Consequently, it is easy for an analyst to find evidence that fits his or her previously held opinion. Is China peacefully rising, as the author of the first quote argues, or is China a threat, which is implicit in the second?

¹ Bijian Zheng, "China's 'Peaceful Rise' to Great-Power Status," *Foreign Affairs*, September/October 2005, p. 24.

² Anthony H. Cordesman and Martin Kleiber, *Chinese Military Modernization and Force Development: Main Report*. (Washington, D.C.: September 7, 2006, Center for Strategic and International Studies), p. 1.

Military Spending and Social Costs

Certainly, evidence exists for the threat scenario. Beginning in 1989, Chinese military budgets have risen by double-digit amounts every year except 2003. In that year, the increase was “only” 9.6 percent. Moreover, significant military-related expenditures do not appear in the announced defense budget at all. These invisible costs include weapons procured from abroad; subsidies to the defense industry; funding for paramilitaries—including the People’s Armed Police and the militia; some defense-related construction projects; and certain administrative costs such as payments to demobilized personnel. It is difficult to calculate how large these items are. And analysts disagree over purchasing power parity conversion.³ Most estimates cluster around defense expenditures that are two to three times the reported total. These increases, moreover, occurred at the Cold War’s end, a time when, defense budgets in most other countries were decreasing dramatically. Since no foreign power showed interest in invading the PRC, the country faced no external threat that would justify these costs. The most recently announced defense budget, up 17.8 percent to 350 billion yuan or about \$45 billion over 2006 figures, puts the PRC’s military expenditures second only to the United States’, although far behind it.

Money spent on defense means that fewer funds are available for China’s many internal problems. The country’s agricultural areas face serious problems, including a growing gap between urban and rural incomes; peasant anger at taxes and other proliferating fees; misappropriation of their land by developers and local officials; and a shortage of rural credit. In urban areas, the economic restructuring that occurred when the PRC abandoned the planned economy, in favor of a market-based system, ended the previous regime of virtually guaranteed employment. While “breaking the iron rice bowl” helped make the economy more efficient, tens of millions of workers were displaced into tight job markets. The newly unemployed often found that their pensions had disappeared as well. Often they were evicted from their homes by ambitious development efforts, and could not find comparable accommodations.

Rapid economic development meant increased pressure on the already-beleaguered environment. More factories produced more pollution, and concerns with short-term profits typically outweighed concerns about long-term consequences such as deteriorating air quality, drinkable water, and the expansion of deserts.

The health care system, which ranged from barely adequate in urban coastal areas to almost non-existent in rural locales, further deteriorated with agriculture’s decollectivization. And where the one-child family planning policy succeeded, the population began to age. Demographers consider a

³ “Calculating China’s Defence Expenditures,” *The Military Balance 2006* (London: 2006, International Institute for Strategic Studies), pp. 249–253.

population aged if those over 60 years of age exceed 10 percent of the population; for China, the percentage is 11.3 percent.⁴ Older citizens create greater demands on the medical system, as do the growing environmentally-related health problems. Beijing's leadership has acknowledged that these problems exist. Yet while the Chinese government has stated frankly that it lacks sufficient funds to adequately address these health concerns, it has continued to authorize larger military budgets.

The government has justified growing defense expenditures by arguing that it is only compensating for the country's rising inflation. However, the increments in defense spending have occurred even when the economy has experienced deflation, and have usually exceeded inflation rates. During the decade ending in 2006, defense spending increased by double digits annually—an average of 13.7 percent—*after* accounting for inflation. The cumulative effect of the decade was to virtually quadruple real defense expenditures.⁵

Military Capabilities

The mere expenditure of funds does not guarantee a more powerful military. However, a consensus exists that the People's Liberation Army (PLA, the term includes naval, air force, marine, and missile forces as well as ground troops) has increased its capabilities dramatically in many areas. Pay raises and improved living conditions for officers and men have enhanced the attraction of military service. Training exercises have become more sophisticated. But nowhere have the expenditures been more visible than in the PLA's equipment budget. Between 1997 and 2006, annual spending on equipment increased from \$3.1 billion to \$12.3 billion—i.e., quadrupling in real terms, just as the defense budget did. During this period, the Chinese military acquired new surface combatants and submarines; modern fighter jets; air-to-air refueling aircraft; satellites; unmanned aerial vehicles; and a variety of ballistic, cruise, and tactical missile systems.

According to the 2006 U.S. Department of Defense annual report on the PRC's military power, China's acquisitions suggest that it is generating capabilities that are applicable to various regional contingencies including Taiwan, other territorial disputes with several countries that include U.S. allies, and access to natural resources.⁶ Foreign naval analysts describe the PRC as an

⁴“Statistical Communiqué of the People's Republic of China On the 2006 National Economic and Social Development,” (Beijing: February 28, 2007, National Bureau of Statistics of China), p. 18. www.stats.gov.cn/english

⁵Richard A. Bitzinger, “Is What You See Really What You Get? A Different Take on China's Defence Budget,” *RSIS Commentaries*, S. Rajaratnam School of International Studies, National Technical University of Singapore, February 27, 2007, p. 1. www.idss.edu.sg

⁶Office of the Secretary of Defense, *Annual report to Congress: Military Power of the People's Republic of China 2006*, p. 1. www.defenselink.mil

emerging maritime power, pointing out that emphasis on photogenic platforms, like new submarines, may have distracted attention from more mundane but potentially lethal progress in areas such as mine warfare. They assess that, relying heavily on sea mines, the People's Liberation Army Navy (PLAN) is already fully capable of blockading not only Taiwan but many other crucial sea lines of communication in the western Pacific area. Assisted by other emerging capabilities, these advances in mine warfare amount to a deadly serious challenge to American power in East Asia.⁷

While it has been fashionable to conclude such analyses by pointing out that, for all its increased capabilities, the PLA is no match for the United States military, this is to argue the question in the wrong way. The Chinese government has no intention of challenging the United States in a global confrontation. One analyst, whose study focused on the navy but could be generalized into a broader scenario, points out that on any given day, American forces in the western Pacific may be surprisingly weak, depending on maintenance status and commitments in the Indian Ocean and Persian Gulf. Windows of opportunity would be available for Beijing to benefit from its new naval power.⁸

Other events that underscore the progress of military modernization include the PLA's unveiling of its newest fighter jet, the multirole J-10, and its successful test, in January 2007, of a ground-based medium-range ballistic missile to destroy a weather satellite orbiting more than 500 miles in space. The J-10, introduced with great fanfare the same month, was described as a role reversal in the global arms industry, with analysts expressing surprise at China's speed in moving from an arms-importing country to one with real promise as a producer of cutting-edge military technology.

By contrast, there was no initial announcement of the anti-satellite test. News was leaked to the magazine *Aviation Week and Space Technology*, presumably by sources within the U.S. Department of Defense. Beijing's confirmation came only after American officials hinted that the PLA might have carried out the test without the knowledge of high-ranking government officials.

At the same time, the PLA's National Defense University was hosting a ten-day conference on informationized military training.⁹ Since the Gulf War of 1991, its journals have discussed the need to be able to fight a technologically

⁷ Andrew Erickson, Lyle Goldstein, and William Murray, "Chinese Mine Warfare: The PLA Navy's 'Assassin's Mace,'" China Maritime Studies Institute, U.S. Naval War College, draft manuscript, April 2006, p. 1.

⁸ Bernard D. Cole, "China's Growing Maritime Power: Implications for the United States," ed. Mark Mohr, *The Chinese People's Liberation Army: Should the United States Be Worried?* (Washington, D.C.: December 2006, Woodrow Wilson International Center for Scholars, Asia Program Special Report), p. 12.

⁹ Joseph E. Lin, "In A Fortnight," *China Brief* (Washington, D.C.: January 24, 2007, The Jamestown Foundation), p. 1.

superior enemy that possesses aircraft carriers. Most observers consider the United States the only plausible foe fitting the general strategic rubric of “fighting and winning local wars under conditions of informationalization.”¹⁰

The U.S. Department of Defense Report describes the PLA as targeting surface ships and submarines at longer ranges, and notes that some Chinese analysts have stated that, if they can seize Taiwan, the navy could move its maritime defensive perimeter further outward and influence regional sea lines of communication.¹¹ This possibility caused concerns among the several PRC neighbors who have territorial disputes with China. Japan has been most vocal among them, with the policy chief of Prime Minister Abe Shinzo’s governing coalition, Nakagawa Shoichi, publicly stating that

. . . [Japan] might also become just another Chinese province within twenty years or so. If Taiwan is placed under [China’s] complete influence, Japan could be next. That’s how much China is seeking hegemony.¹²

In February 2007, testifying before the Senate Armed Services Committee, Director of National Intelligence Michael McConnell stated that China’s aim in modernizing its military was to achieve parity with the United States. He added that as this modernization increased, so would China’s threat to America.¹³

Economic Growth

The PRC’s economic growth arouses at least as much apprehension as its enhanced military capabilities. There are concerns that, either through military or economic domination or some combination of the two, China intends to become the global hegemon of the 21st century. Although the PRC’s economic growth has lagged behind the country’s defense budget, economic advances—hovering around ten percent per annum for most of the last 25 years—are cumulatively spectacular. These have wrought great changes, many of them positive. Shanghai’s futuristic skyline is regularly featured in collages advertising “the Asian century,” and those who witnessed Shenzhen transformation from vistas of water buffalo and lotus ponds to seemingly limitless rows of gleaming high-rises continue to marvel at the speed with which this process was accomplished.

Energy Concerns. Problems have occurred as well, however. Since economic growth is believed to blunt growing social discontents, the Beijing government must continue to provide high growth rates or face, what it delicately refers to as, “social instability.” Securing the resources necessary to

¹⁰ *Annual report to Congress: Military Power of the People’s Republic of China 2006*, p. 13.

¹¹ *Annual report to Congress: Military Power of the People’s Republic of China 2006*, p. 25.

¹² “MP Fears Japan May Become Mainland Province,” *Reuters*, February 28, 2007.

¹³ Quoted in “Intelligence Chief Warns of Rising China Threat,” *Agence France Presse* (Washington), March 1, 2007. Admiral McConnell’s prepared statement is at <http://armed-services.senate.gov/statement/2007/February/McConnell%2002-27-07.pdf>

enable factories to keep turning out goods at a high speed has impelled China onto world markets for energy and raw materials, as well as to seek buyers for its products. While sellers of primary products typically are delighted to have new customers, and former colonies or quasi-colonies are glad to have an alternative to the mother country, concerns remain that the country may just be exchanging one imperialist overlord for another.

Regarding energy, especially after sharp rises in oil prices in 2005, worries surfaced about the rapid rise in the PRC's imports. In 1985, the PRC was self-sufficient in energy and a net exporter of crude oil. In 1993, with demand growing and domestic production virtually flat, it became a net importer. By 2003, China had surpassed Japan in becoming the world's second largest petroleum consumer, amid predictions that in future decades its imports would exceed those of the United States. China's purchases were not solely responsible for the spike in oil prices. There were disruptions in supply due to instability in producer states and rising demand in other large countries, including India, Brazil, and the United States.

But it was China's purchases which captured the most attention, since other countries worried that both the PRC's size and purchasing power might deprive them of what they considered their fair share. This was a particular concern for India, with its own huge population and impressive recent growth trajectory. Critics pointed to Chinese companies' penchant for purchasing equity oil—oil that the firms had a proprietary right to as a result of equity ownership in development projects—rather than purchasing it on the international market. In an exceptionally blunt speech in September 2005, then-U.S. Deputy Secretary of State Robert Zoellick accused Beijing of exhibiting signs of mercantilism in seeking to lock up energy supplies. He advised its government to take concrete steps in addressing what he called “a cauldron of anxiety” in the United States, and elsewhere about Chinese intentions. The path to energy security, said Zoellick, was not through arousing anxieties.¹⁴

Trade Frictions. Zoellick was responding, in part, to concerns about the PRC's trade surpluses with the rest of the world, which increased an astounding 74 percent in 2006, to \$177.5 billion. America's largest trade imbalance is with China, and reaches new highs—over \$212.7 billion in 2006—each year. Some complain that Beijing just is not playing fair. Charges include that it keeps the country's currency at artificially low rates, and that it condones gross violations of intellectual property rights costing developed countries billions of dollars each year. A study published by the European Commission complained that

... securing reciprocal free and fair market in access in China is crucial. Here, a range of obstacles to market access and skewed conditions of competition need urgent attention.

¹⁴Quoted by Glenn Kessler, “U.S. Says China Must Address Its Intentions: How Its Power is Used Is of Concern,” *Washington Post*, September 22, 2005, A 16.

The European Union's trade deficit with the PRC was €106 billion in 2005.¹⁵

How to act on these complaints is unclear. For example, a bill that has languished in the U.S. Senate for several years would impose a tariff of 27.5 percent on all Chinese goods entering the United States. This tariff would represent the mid-point of a currency that is variously estimated to be undervalued between 15 and 40 percent. One of the reasons this bill has not proven successful is that American economists fear that it might be worsen the problem. Consumers like the low prices of Chinese goods, and would object to paying more if the PRC's currency were revalued upward. Additionally, China has invested much of its foreign exchange holdings in U.S. Treasury bills, which in essence subsidizes low mortgage rates for American homeowners. Should Beijing choose to divest these, the result would be a depressed housing market and further weakening of the dollar.

The Asian 'Colossus of the North'

Nowhere is the issue of China's rise more sensitive than among its near neighbors. With India a salient exception, most are dwarfed by China's size. Much as the United States is regarded by Latin America, China is the "colossus of the North" to Southeast Asia. While respecting their larger neighbor and desiring the benefits of trading with it, Southeast Asian states are aware at the same time that their economies may be swallowed up by the PRC's. There is also a legacy of uneasiness due to past relationships with China under the tribute system of the imperial past. "Barbarian," (i.e. non-Chinese) rulers performed the ritual *ketou* (kowtow) of three kneelings and five prostrations of obeisance to the emperor, confirming one's vassal status. In return, one's position as ruler of one's people was confirmed, and costly gifts were given.

Some Asians see parallels with the current practices. In 2004, when the PRC excoriated Singaporean leader Lee Hsien Loong for visiting Taiwan before taking over as prime minister, there were angry—albeit brief—outbursts from its citizens that their country could not be "bullied into kowtow politics." A few years later, addressing Beijing's attitudes in general, a Singapore commentator said

Contemporary Southeast Asian states did not fight long and hard for their independence only to be dominated by an external power again. They are vigilant in guarding their political sovereignty . . . for ASEAN [The Association of Southeast Asian Nations], the main factor shaping its attitude will be Beijing itself, that is, whether China sends clear signals that it desires win-win ties based on mutual respect and benefit. ASEAN does not want an expansionist, hegemonic China.¹⁶

¹⁵ Commission of the European Communities, Commission Working Document, *Closer Partners, Growing Responsibilities. A Policy Paper on EU-China Trade and Investment*. Brussels, October 24, 2006, p. 8. <http://ec.europa.eu/comm/external-relations/china>

¹⁶ Kah Beng Teo, "ASEAN Does Not Want an Expansionist, Hegemonic China," *Straits Times*, February 27, 2007.

North and South Koreans, typically at loggerheads over almost everything, reacted in angry harmony in 2004 after no less than five papers published by the PRC's Northeast Asia Project asserted that the ancient kingdom of Koguryo was a minority kingdom of northeast China and Han Chinese in origin. In Japan, critics of what they considered the excessively accommodationist attitudes of the China School in the Ministry of Foreign Affairs referred to its practices as *dogeza gaiko*, or kowtow foreign policy.¹⁷

Into Africa

China has invested billions of dollars in African oil production, mining, transportation, electricity production and transmission, telecommunications, and other infrastructure. In 2004 alone, China's direct investment in Africa represented \$900 million, or six percent, of the continent's total of \$15 billion. In the decade ending in 2005, its trade with Africa had jumped from \$4 billion to \$40 billion. Columbia University economist Jeffrey Sachs, whose statement that "African governance is poor because Africa is poor," is quoted widely, described China's role in the continent as "extraordinarily positive and important . . . [Beijing] has a pragmatic approach. It gives fewer lectures and more practical help. The overwhelming feeling from African leaders is gratitude toward Chinese support."¹⁸ Beijing often describes its policies as aid without strings attached.

The truth, however, is more nuanced. Many African *leaders*, as distinguished from African *nations*, have good reason to be grateful to Beijing. Among those with most reason to be thankful for Beijing's generosity is Zimbabwe's president Robert Mugabe. Local news media have reported that China provided him with money to build a mansion, even equipping it with a multimillion dollar "security radar" system. Mugabe has also purchased a dozen Chinese airplanes, with no obvious pressing need. With Zimbabwe's economy having contracted by a third since the 1990s, massive inflation, and an unemployment rate estimated at 70 percent, the president's domestic critics denounced expenditures on such extravagances.

Many less highly-placed Africans are angry and disappointed. Workers cheered when Chinese companies first invested in Zambia's struggling copper mines, but quickly began to complain both about pay that was substantially lower than other foreign-owned mines, as well as unsafe working conditions.

¹⁷ The 'China School' is considered to have lost power in recent years due to widespread dissatisfaction with these policies. See, e.g. (no author), "'Hate-China' Sentiment Spreading at Foreign Ministry," *Kyodo* (Tokyo), June 9, 2005; Hiroyasu Akutsu, "Tokyo and Taipei Try to Tango," *Far Eastern Economic Review* (Hong Kong), January/February 2007, pp. 31–35.

¹⁸ Quoted in Benjamin Robertson, "Into Africa," *South China Morning Post* (Hong Kong), September 20, 2006.

In 2005, 49 miners died in an explosion at the Chinese-owned Chambishi mine in northeast Zambia. The accident was blamed on lax safety standards. In the following year, the police shot five mine workers while quelling a riot over working conditions. Comparable complaints came from the Chinese-owned Collum iron mine in southern Zambia. The Mulungushi Textile Mill shut down, victim of competition from Chinese goods. Chinese-made textiles and shoes are said to be less sturdy than their locally-made competitors, but sell for far less.

Chinese immigration into Zambia, as into several other African states, also caused frictions. Natives charge that Chinese laborers and small business owners are taking jobs from Zambians. There is disagreement over the size of this immigrant community: President Levy Mwanawasa told parliament that there are 2,300; local economists estimate that they number at least thirty thousand. Chinese influence became a major issue in Zambia's October 2006 presidential election. After challenger Michael Sata accused his opponent of allowing the country to become a dumping ground for Chinese migrants, crowds attacked and looted Chinese shops in Lusaka. Although Mwanawasa easily won election, Sata ran well ahead in areas that had been affected by Chinese influence. When President Hu Jintao visited the country the following February, a planned visit to the country's Copperbelt Province was cancelled to avoid protests.

Issues in other African states were variations on common themes. In South Africa, after the expiry of a global textile agreement allowed less expensive Chinese goods to flood in, thousands of textile workers lost their jobs. The Chinese products even included machine-made copies of traditional African patterns. Jerseys and caps bearing the logo of the Springboks, pride and joy of South African sports fans, were also made in China. President Thabo Mbeki warned of recolonization. In Gabon, the Chinese oil company Sinopec was charged with illegal exploration after it was discovered to be prospecting for oil in the Loango nature reserve. The company was accused of dynamiting and polluting the park, tearing up the forest to create roads, and destroying the habitat in which Loanga's plants and animals survive. The country's environment ministry denied ever approving Sinopec's environmental impact statement.

Human rights groups have charged China with showering aid on corrupt regimes, and perpetuating their powerful leaders. Nowhere has there been more concern over this than in Sudan, where slavery and genocide are endemic. China backs the reprehensible Sudanese regime, whose militias use Chinese-made helicopter gunships based at airstrips maintained by Chinese oil companies to murder the country's black citizens. Professor Sachs's analysis notwithstanding, rather than help Africa emerge from poverty, the PRC's policies actually help strengthen and perpetuate the kleptocracies—governments of thieves—that have contributed so heavily to African poverty.

And Into Latin America

Save that there are no concerns about China's support of genocidal dictators, most of the praise and criticism of the PRC's relationships with Latin and Caribbean countries are remarkably similar to those involving Africa. In the late 1990s, the PRC in one case, involving Haiti, threatened to cast a UN Security Council veto, and in a second case, with regard to Guatemala, did veto but later withdrew its vote, to obtain Latin American states' compliance with its views on Taiwan. In the former case, which involved extending a peace-keeping mission to Haiti, a rare coalition of Latin/Caribbean states—including the PRC's staunch ally Cuba—argued that this issue must be decided on the basis of what Haiti, as a sovereign state, needed rather than on external factors.

Nonetheless, undoubtedly Latin America and the Caribbean have commodities for which there is a market in the PRC. Over the past five years, the PRC has signed various energy, natural resource, economic, and tourism agreements intended to secure access to needed materials, as well as to bolster its regional presence. Latin and Caribbean producers of these commodities were delighted to cooperate with Beijing, which was not only an eager buyer for their products but pledged to upgrade regional infrastructures, while providing a counterweight against Washington as well. Producers of primary products such as soybeans and wool were especially pleased. Two-way trade has grown by an astounding average of 25.4 percent annually over the past five years, to \$50.5 billion, with the greatest increases in the most recent years. Latin and Caribbean states typically enjoyed favorable trade balances.

Concerns remain, however, that the stronger PRC-Latin/Caribbean relations might be pushing the region on to a regressive path. Many Latin American countries have made strenuous, and costly, efforts over the past half-century to diversify away from what they regard as excessive reliance on commodity production. This production is subject to unpredictable sharp swings in supply and demand, resulting in price volatility that complicates economic planning. It also leaves little room for advances in labor productivity, more unbalanced social structures, and greater disparities in income distribution.

China has been buying the region's raw materials and sending back manufactured products that it can turn out more cheaply than regional producers. This pattern is eerily reminiscent of the *dépendencia* theorists' analyses of the 1970s: that imperialist powers were forcing less developed nations into specializing in commodity production. Hence, these nations would never be able to generate the self-sustaining capital needed to achieve economic take-off, remaining permanently poor and dependent on the imperialist powers.

Mexico, fearing Chinese competition, was the last country to agree to the PRC's accession to the World Trade Organization. Its government's fears

were quickly borne out. The *maquiladoras*, factories that imported both components and raw materials duty-free from the United States and then re-exported the finished products to America, were forced out of business by lower Chinese wages that produced lower-priced goods, even after transportation costs had been included. Factories relocated to the PRC. Even such iconic products as the national flag and statues of the country's patron saint, the Virgin of Guadalupe, virtually all were being imported from the PRC.

Factories have closed in Central America for similar reasons. Brazil also has lost several hundred thousand lower-end jobs to China. Manufacturers of higher-end products are concerned as well. After the Brazilian government agreed to recognize China as a market economy, the influential Industrial Federation of São Paulo criticized the action as a political decision that could leave the country's economy in a vulnerable position and bring "prejudicial consequences" to various sectors.

As if in confirmation, Brazil's trade surplus with China decreased by 51 percent in the months following its grant of market economy status (MES) to the PRC. Other adverse consequences could follow. Under World Trade Organization rules, it becomes more difficult to impose penalties on MES countries for dumping goods. Brazilian businesses worry not only about the PRC's inroads into the domestic market, but also about their country's ability to continue exporting products like shoes and automobiles that Brazil has had previous success with.

Argentina, which also granted MES to China during Hu Jintao's November 2004 visit, saw its imports from the PRC increase by 70 percent while its exports expanded only 20 percent. In retaliation, in August 2005, President Néstor Kirchner's government enacted licensing requirements on Chinese shoes and toys.

In many cases, Latin American critics have charged, investment funds that were promised do not materialize. Where they have, charges have been leveled that the infrastructure construction serves the PRC's needs, not those of the recipient country. Complaints abound that the Chinese bring in their own labor rather than hire local people, and that the infrastructure projects pay no attention to the destruction they wreak on the environment. In 2006, China's exports to Central and South America exceeded its imports for the first time. The imbalance in the PRC's favor is expected to grow in 2007.

Assuaging Fears

China is aware of the concerns raised by its rapidly increasing international profile, and has made efforts to assuage them. After it discovered that the term "peaceful rise" was not having the desired effect, Beijing replaced it with "peaceful development." Chinese premier Wen Jiabao, speaking to a

gathering of Southeast Asian states, described his country as a “friendly elephant.”¹⁹ Efforts have been made to use soft power to dispel the image of an emerging military and economic juggernaut. Confucius Institutes now exist in a number of countries. These institutes provide introductions to traditional Chinese culture, including a version of the great sage’s teachings that presents his native land positively. In this endeavor, Confucius’s advocacy of a *datong*, or great harmony, is set forth as China’s hope for the international community. The institutes also assist the host country’s educational institutions to offer courses in the Chinese language. There have even been discussions in the Chinese media about replacing the dragon as the symbol of the country with an animal with a more internationally benign image, such as the panda.²⁰ Spokespersons also describe the PRC’s development as being helpful to those countries that cooperate with it.

China has sought to establish its image as a responsible world citizen in other ways, as well. Beijing agreed to host the six-party talks on North Korean nuclear proliferation which, after protracted negotiations, reached a tentative settlement in February 2007. Reversing its long-standing objections to United Nations’ peacekeeping activities as constituting interference in the affairs of sovereign states, the PRC currently has more than 1,600 personnel stationed in ten countries, making it the 13th largest contributor to UN peacekeeping forces.

In November 2006, Beijing hosted a lavish and well-publicized summit meeting with 48 African nations. Leaders pledged to form a “new strategic partnership,” and Hu Jintao vowed to address the PRC’s large trade imbalance with the continent. Millions of dollars in debt would be forgiven, and aid would be increased. Hu’s February 2007 trip to eight African states sought to address criticisms that China offered sweeteners in order to seal trade agreements which subsequently proved to have been detrimental to the other signer’s best interests. The Chinese president averred that his country had always been, and would continue to be, respectful of the sovereignty of other countries: it believes in mutual benefits to all parties concerned. The PRC has also promised to try to persuade the Sudanese government to work with the international community to improve the human right situation in areas like Darfur.

Some voices among the complaining countries acknowledge partial responsibility for their own plight: they do not work as hard as the Chinese. Algerians who resent Chinese taking jobs, nonetheless, admit that Chinese workers will be a part of their labor market unless and until their country improves its own labor skills. And a Chinese employer, who says that

¹⁹ Jason Leow, “Wen Spells Out China’s ‘Friendly Elephant’ Role,” *Straits Times*, March 15, 2004.

²⁰ See, e.g. Benjamin Robertson, “Dragon Debate Reflects Beijing’s Growing Sense of Image,” *South China Morning Post*, January 4, 2007.

he employs fifteen Zambians for every Chinese, says he prefers the latter because

. . . Chinese people can stand hard work. This is a cultural difference. Chinese people work until they finish and then rest. Here they are like the British; they work according to a plan. They have tea breaks and a lot of days off. For our construction company, that means it costs a lot more.²¹

Chinese companies have also rejected charges that they are exploiters, pointing out that they take risks in investing in markets in Southeast Asia, Africa, and Latin America where other countries' companies would be reluctant to go. This volatility includes political turbulence, potential terrorist attacks, and changeable investment environments. To some extent, they have been forced to deal with less savory regimes to obtain oil supplies. When a Chinese company attempted to purchase American-owned UNOCAL in 2005, it was a U.S. uproar which forced a cancellation of the negotiations.

China's supporters point out that, however much the PLA's abilities have increased, it is no match for the United States, and will not be for the foreseeable future. Moreover, it is natural for a country to want to provide for its defense. More than half of the country's oil comes through the Straits of Malacca: if these should be interdicted in time of war, China's economic lifeline would be threatened. The PLA Navy must prepare against such a contingency, as well as to protect the PRC's other growing commercial interests.

Skeptics believe these soothing words disguise more militant future intentions. The PRC leadership's grand strategy, they believe, is to build its economy and military while denying any but peaceful intentions. When China becomes strong enough to dominate the established world order, it will do so. Those who are suspicious of Beijing's intentions point to the advice paramount leader Deng Xiaoping gave to PRC foreign and security policy makers in the early 1990s. Known as the 24 character strategy, it admonishes Chinese to "observe calmly; secure our position; cope with affairs calmly; hide our capabilities and bide our time; be good at maintaining a low profile; never claim leadership." The phrase, "make some contributions" was added later.²² A few years after, in a 1999 speech that was interpreted as trying to restrain the country's militants from a more aggressive international posture, President Jiang Zemin made a statement with a similar meaning, arguing that although it may be

. . . perfectly obvious that the wolf [unspecified, but almost certainly meaning the United States and its liberal democratic allies] is going to attack man, we still need to deal with the wolf. That is, we must 'dance with the wolf. This is the reality we must face and the diplomatic strategy we must adopt.'²³

²¹ Lui Pin, cited in McCreal, February 7, 2007.

²² The statement can be seen in its entirety in a number of venues, most recently *Annual Report . . . 2006*, p. 9.

²³ Ching-sheng Yu, "Jiang Zemin Repeatedly Expounds China's Domestic and Foreign Policies in Three Internal Speeches Giving a Quick Response and Winning the Support of the Public," *Ching Pao*, July 1, 1999, pp. 24–26, trans. in *Foreign Broadcast Information Service/China*, July 9, 1999.

A military strategist, who has closely examined the historical, i.e. pre-1949 record, observes that Chinese strategic thought is characterized by a long tradition of denial and deception. Finding resonances of this tradition in contemporary military doctrine and outright assertions by Chinese officials, he concedes that these “may simply be a concatenation of possibilities with no assignable probability.”²⁴ However, for the U.S. policymaker who must deal with the near term, concatenations of possibilities with no assignable probability are of scant help.

Conclusion

We cannot be sure whether to take Beijing’s words about its peaceful intentions at face value, or whether to interpret its actions as indicative of a coordinated military and economic strategy for world domination. Without certainty about the actual nature of Chinese strategy, one should hope for the best but plan for the worst. For example, there are areas such as energy research and environmental improvement where the PRC and the United States have been cooperating for the benefit of both.²⁵

Although there is a natural tendency to give credence to protestations of peace, such credence does not mean that these views are either well formulated or widely held among the factions that comprise the PRC’s dominant authorities.²⁶ As noted by Moeletsi Mbeki, deputy chairman of the South African Institute of International Affairs, China is simultaneously a tantalizing opportunity and a terrifying threat.²⁷ In securing the resources it needs to continue a grand strategy of rapid military and economic development, the PRC must perform a delicate balancing act between playing its revolutionary role versus its capitalist role—that is, acting as the ally of those who want a counterweight to pressures from more powerful external states versus acting as a traditional commercial stakeholder much like those very same powerful external states.



²⁴ Ralph D. Sawyer, “Chinese Strategic Power: Myths, Intent, and Projections,” *Journal of Military and Strategic Studies* (Winter 2006/07), p. 62.

²⁵ See June Teufel Dreyer, “Sino-American Energy Cooperation,” *Journal of Contemporary China*, Spring 2007, forthcoming.

²⁶ Sawyer, p. 61.

²⁷ Paul Mooney, “China’s Wooing of a Coy Africa,” *South China Morning Post*, January 5, 2006.