

# The Era of “Doing Some Things” China’s Rise and Its International Implications

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Over the last three decades China has undergone the biggest and most rapid process of industrialisation and urbanisation in history, exceeding even the Industrial Revolution that swept Europe in the 19th century. Since Deng Xiaoping initiated wide-ranging economic reforms, 500 million people have been lifted out of poverty, according to UNDP figures, – probably the largest contribution to human welfare ever. Urbanisation has transformed the geography of the Chinese mainland, such that today, more people live in cities in China than in the whole of Europe and North America combined.

The global economy is re-centring towards East Asia, and an arc of modern industry and urbanisation now spans the Japanese archipelago, the southern half of the Korean peninsula, and the coast of mainland China all the way to the South China Sea. And China’s economic rise is expected to continue. As far as the BRICS group of rising powers is concerned, the titanic scale of China’s economic revival puts it in a class of its own. China has shifted from the periphery to the centre of the global political economy.

China’s rise has coincided with globalisation, a process whereby social and economic processes overflow national political boundaries. Under conditions of globalisation, domestic and international processes become increasingly intertwined. A consequence is that China’s wholesale economic upgrade is not only a domestic but an inherently international process, and the rise of China affects practically all salient international issues, from headline acts such as negotiating a global bargain on climate change, to quotidian affairs like the price of fish. The meaning of China’s rise for international politics is contested. Concerns about Chinese ‘assertiveness’ and the revival of a credible military counterweight to the United States have fuelled speculation about a coming clash of the titans. Others have seen in China’s pragmatic behaviour a country that is mostly satisfied with the existing order and oriented toward international “integration”.

Neither of these perspectives captures the irony and the novelty of China’s rise. The irony is that China’s capacity to challenge the international order has increased in direct proportions to the decline in its interest in doing so. The more of the existing order China has accepted, the greater its capacity to challenge that order has become. The novelty consists in China’s new strategy for transforming the world. China has rejected its revolutionary tradition. Like the other rising powers, China has chosen to attempt to reform the international order from the inside. But which aspects of the system does China want to keep, and which to reform? To understand this we must first place China’s development in its socio-economic context.

China’s approach to economic modernization can be thought of as a form of transnationally integrated state capitalism. Integrated state capitalism involves a reinvigoration of state-led development, but through increased integration into transnational economic structures. It differs from the route taken by many developing countries in the 1950s and 1960s, when the goal was to create a ‘national economy’ that was independent of the former colonial powers. But China’s path also differs from the neoliberal Washington consensus of the International Monetary Fund, the World Bank and the US Treasury, above all by ensuring that transnational integration is accompanied by a strong state. While the Chinese economy has been fundamentally renovated through interaction with the global economy, the Chinese state under the Communist Party has taken an

**Summary:** China has integrated with the global economy, but done so to reinforce the power of the state. This combination of transnational integration and state capitalism shapes its international behavior. While integrating into the global system and its governing institutions, China’s party-state favors sovereignty as the core principle of international relations, supports military strengthening, and demands recognition on equal terms with the West. Acceptance of the international system comes with increased demands upon it.

active role in managing and directing the manner of its transnational integration.

Today, China's economy is heavily dependent on access to foreign markets for its exports of goods and services, and on inward flows of foreign direct investment for access to modern knowledge and technology. China's trade-to-GDP ratio is unusually high for its size and level of development, and its inward stocks of foreign investment represent around a quarter of its GDP. Hence, China's version of capitalism is transnationally integrated. At the same time, this transformation was not accomplished by an autonomous bourgeoisie. In modern China, the bourgeoisie has largely been an ad hoc creation of communist Party-state cadres. Even ostensibly private businessmen are often deeply embedded in the party-state nexus, and Chinese business is characterized by the prominence of interpersonal relationships and networks (*guanxi*) over legal codes.

This phenomenon of party members doubling as private entrepreneurs is referred to as "wearing a red hat". Much of China's economy consists of enterprises owned outright by the state, as well as thousands of quasi-collective township and village enterprises. The Chinese path has also involved picking winners and prioritising globally competitive enterprises over domestic consumption, for example by maintaining a relatively low currency level. In doing so, the state has also taken care to ensure a degree of social stability and human welfare. In general, China has assiduously and selectively integrated with the global economy in order to reinforce, rather than erode, the political capacity of the party state.

This novel combination of transnational integration harnessed in the service of a state-led modernization drive shapes the broader implications of China's rise. Four implications may be foregrounded here.

First, transnational integration has led China to fully join the existing institutions of global governance. The reason is that it has chosen to pursue a mode of economic development that is strongly dependent on, rather than opposed to, the existing global economy and its governing institutions. As other rising powers have learned, the opportunity costs of autarky today are simply too great to constitute a viable developmental path. And the global market, on which the rising powers depend, requires an increasingly complex juridical and regulatory framework in order to function, from common industrial standards to the keystone intergovernmental institutions like the World Trade Organization.

Despite the undoubtedly resented first-mover advantage of the liberal West, having a say over the rules that govern the global economy cannot be achieved by retreating into national borders. Prior to 1971 the People's Republic of China was not even a member of the United Nations; today it is a member of any international institution worth its salt. Seeking influence in the modern world requires that China, like other countries, participate in the systems of 'global governance' that have been improvised by the established powers over the last centuries and decades. The task for China, as for other rising powers, has become to try to achieve the influence within these institutions that they think they deserve.

A second implication of China's integrated state capitalism is that China has different preferences regarding the basic rules and principles of international institutions. In common with the other members of the BRICS Forum, China elevates the principle of sovereignty to a greater extent than the liberal West. This is reinforced by memories of aggressive colonialism and unequal treaties. Similarly, China has a different, and less liberal, understanding of the proper relationship between the individual and the collective, and the role of the market in relation to society. State control and security has always been a challenge in a continent-sized country with the world's biggest population. While China has enjoyed 4000 years of self-government, the danger of social instability has been the perennial bane of emperors who lose the mandate of heaven.

Consequently, the Chinese state has emphasised that liberalisation should not come at the expense of social stability, and has argued that political freedoms



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must be balanced with stability and the pursuit of social and economic development. On this score China's preferences for the global human rights regime conflict with those of Western states and of most global (Western) civil society actors. Similarly, China has endorsed a pragmatic rather than dogmatic approach to markets, guided by the Deng Xiaoping philosophy that 'it doesn't matter whether the cat is black or white, as long as it catches mice'. In China's vision, financial markets are there to service industrial policy, not the other way around.

Third, China's state-building project includes a reassertion of its military strength. The People's Liberation Army remains a central pillar of the party-state, and the position of chairman of the Central Military Commission is key to wielding personal authority within the Communist Party. However, this does not mean that China is going down an expansionist revisionist path. Due to economic globalization, economic processes have become less territorial. China's transnational economic integration ensures that its national power can grow without having to acquire foreign territory or colonies. Unfortunately, this does not prevent flash points from erupting, mostly as a result of isolated hangovers from the process of exclusive territorial state formation. Tensions over Taiwan, the Sino-Indian border, and minor islets in the East and South China Seas are concerning. But the nature of modern capitalism ensures that such conflicts do not constitute a defining feature of the system. Rather, they are significant mostly because they challenge China's national image.

This leads, finally, to the more subjective but no less significant issue of recognition. A rising China has asserted its desire to be recognised as a major power on equal terms with any others. Domestically, nationalist sentiments swirl in a political culture in which the 'unequal treaties' during the 'century of humiliation' have not been forgotten. Internationally, China has called for a 'New Model of Major Power Relations' based on mutual respect. This issue is shared by the other rising powers. It is reflected in India's history of anti-colonial struggle, but also in nativist Hindu nationalism. And Russia's new assertiveness can hardly be understood outside of its not coming to terms with a reduced status after the Cold War. China and the other rising powers demand a place in the sun and their tolerance for Western patronisation is over.

China's power has grown in tandem with its acceptance of the ground rules of the international order. But it is also trying to reform the system from the inside, and is increasingly capable of succeeding. A consequence is that in recent years, China and the West seem to disagree more and more, but over less and less. In the 1990s, a 28 character statement attributed to Deng Xiaoping was designed to encapsulate China's new strategy in international affairs. Its four key maxims involved "biding time, hiding brightness, not taking the lead, but doing some things." After a quarter century focused on the former three, China seems to have quietly shifted attention to the fourth: doing some things.

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