

# Decoding the Rise of China

*Taiwanese and Japanese Perspectives*

Edited by Tse-Kang Leng  
and Rumi Aoyama



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Editors

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## Introduction

*Tse-Kang Leng and Rumi Aoyama*

“The rise of China” has become a key phrase in discussion for academics and policy makers since the turn of the century. Skeptics concentrate their arguments on the hegemonic attempts of China to challenge the status quo in the regional as well as global system. Recent activism of Chinese diplomacy is interpreted as assertive actions to expand the sphere of political and military influence after two decades of high economic growth during China’s reform era. On the one hand, the rise of China will lead to a power transition among major powers and thus create more uncertainty in the international system. On the other hand, more optimistic analysts stress that China is instead a supporter, and not a challenger, of the current international system. China is in a transitional period in search of a new type of foreign behavior that matches its comprehensive national capacities. In order to deepen its domestic reforms and consolidate the legitimacy of the party state, China needs a more stable international environment. Therefore, the rise of China will create peace instead of instability.

To solve the new Chinese puzzle, literature on the rise of China mainly delves into the structural and systemic dimensions of power distribution

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and utilization. A more in-depth reflection of Asian aspects, focusing on multiple levels of analysis, is rare among the literature. In order to fill this gap, this book attempts to analyze the domestic sources of Chinese foreign policy from historical and comparative perspectives in the wake of the rise of China. This book is the product of a collaborative effort between Taiwanese and Japanese scholars in the fields of international relations and comparative politics. Instead of focusing on detailed, fragmented events or abstract statistical models, chapters of this book shed light on the application of theories and policies to the topic under deliberation.

The salient characteristic of this volume is the demonstration of the unique Taiwanese and Japanese conceptualizations of Chinese foreign policy. Chapters by the Taiwanese scholars endeavor to understand the historical and strategic logic of Chinese foreign policy behavior. The Japanese scholars analyze the same topic from Japan's domestic and cultural contexts. In other words, this book is the collective wisdom of scholars from the two countries which are very much the focus of China's core national interests. Through such a unique lens of observation, the long-term trajectory of Chinese foreign policy shall be illuminated in this well-organized book.

By highlighting Taiwanese and Japanese viewpoints, this book provides a more comprehensive analysis, integrating Western and Eastern angles of observing contemporary China. Three key dimensions of analysis are integrated into this book: historical trajectory, domestic linkage, and new policy momentum. The authors in this collective work argue that China's current and future patterns of foreign policy must be understood in the context of the historical evolution of the past. By the same token, given the entangled situation of the domestic transition, China's external behaviors are closely linked with political, economic, as well as social concerns in the domestic arena. With the above-mentioned hypotheses in mind, the chapters in this book include a macro, integrated vision of the rise of China with a long-term vision. Historical and cultural factors, from the Taiwanese as well as Japanese perspectives, are considered as a pertinent component in linking domestic politics and foreign policy in China. Moreover, future-oriented policy matters, such as internationalization of the Chinese currency and Arctic diplomacy, are also explained in this book.

Chapter 2, authored by Rumi Aoyama, provides a grand picture of the conceptualization background to the rise of China. This chapter argues that the success of China's grand strategy as a rising power depends on its ability to translate its economic power into political power. Aoyama indicates that China is adopting an aggressive and comprehensive grand

strategic policy. On the one hand, China has been rapidly modernizing its military capabilities and is becoming more and more assertive in defending its “core interests,” including maritime issues. On the other hand, great efforts to stabilize bilateral relations with the United States have been undertaken as well. To analyze China’s evolving grand strategy, this chapter addresses such questions as: What are China’s fundamental foreign policy objectives? And how has the Chinese government employed diplomacy in the pursuit of these objectives over the past two decades? This chapter also stresses that there are three major factors that shape China’s calculative rising strategy. First, the international and regional balance of power works as a significant constraint on China’s behavior. Second, the geopolitical concerns have become a major determinant of Chinese foreign behavior. Finally, “the South-South co-operation principle” has re-emerged as one of the critical guiding principles for China’s policy making in recent years.

Yu-shan Wu elaborates on the implications of the resurgence of China on the shift of international relations (IR) theory paradigms in Chap. 3. Wu argues that there is a paradigmatic gulf between history and IR studies, and yet both are needed for a full understanding of the resurgence of China, the most significant development in IR since the late twentieth century. This chapter surveys the literature of History-informed International Relations Studies (HIRS) on China. This is the corpus of international relations theories that deals with historical subjects related to China and its neighbors. The core question is: How much of China’s external behavior is influenced by its unique culture? Based on a position regarding the question, four groups of thought in the literature are identified. They are Western generalists, Chinese culturalists, the Chinese School, and the Taiwanese School. They are positioned along two axes: temporal-specificity vs. trans-temporality, and territorial-specificity vs. trans-territoriality. The four groups of thought are then critically reviewed. Finally, the limits and future agenda of HIRS on China are discussed. It is suggested that the corpus of theories in the generalist and culturalist camps be carefully identified, the measurement problem in determining relative explanatory capacity dealt with, the linkage between history and the present proven, the perspectives and strategies of China’s neighbors studied, and the different systems of asymmetrical power relations compared.

Chapter 4 provides a cultural constructivist perspective to explain Sino-Japanese relations. Takeshi Uemura argues that rather than substantiating the agents and issues, its central theme is to bring forth the relational

dynamics of the two nations, against a backdrop of their philosophical ontologies and cultural behavior patterns. From a relational perspective, this chapter analyzes how China and Japan are connected to each other. The epistemological methodology here is interpretive, based on the ontological assumption that social relationality might be different across cultural boundaries. The purpose in examining the cultural differences between the two peoples is not to distinguish their individual national characteristics. Rather, it aims to reinterpret the meanings and implications that culture has for comprehending contemporary world affairs. Longitudinally reviewing bilateral relations since the 1972 rapprochement, this chapter argues that mutual misunderstandings, born not out of lack of information but a cultural fault line of relationality, have exacerbated distrust between the two peoples. Thus, the first step towards disentangling the knot must begin with fostering mutual understanding of each other's philosophical worldviews and cultural behavior patterns.

Following the discussion on the general framework of Chinese foreign policy from systemic, theoretical, and cultural aspects in the first three chapters, the subsequent two chapters analyze the domestic linkages of Chinese foreign policy. Chapter 5 discusses the linkage between domestic politics and China's recent assertive foreign policy. Nien-chung Chang Liao indicates that the questions over China's ascent in the global political arena and whether such a rise will be peaceful or violent have often generated a lively debate amongst international relations theorists. However, while most analysis on this subject is deeply entrenched in the realist/liberal/constructivist prism of traditional international relations theory, little analysis is given to China's domestic politics and the implications of China's rise, especially in the context of China's increased assertiveness. This chapter provides an alternative perspective to this debate by exploring the role of China's domestic politics and its implications on the country's dramatic rise. Chang Liao further argues that the source of China's new assertiveness is in part due to a number of dysfunctional dynamics typifying China's domestic politics. With China now one of the world's leading powers, the characteristics of its domestic politics matter more than ever, and along with a number of international factors, this chapter suggests that both of these combine to show that China's peaceful ascent may be heavily constrained.

Chapter 6, co-authored by Satoshi Amako and Mong Cheung, argues that in terms of the foreign policy relationships of the People's Republic of China (PRC), Japan has always been considered as the most sensitive

and emotional foreign policy issue that needs to be prudently handled in Chinese domestic politics. By examining two cases following the Chinese fishing trawler collision incident in 2010 and the nationalization of the Senkaku/Diaoyutai Islands by Tokyo in 2012, this chapter offers an alternative interpretation of China's Japan policy in the post-Cold War era by highlighting the role of the domestic legitimacy of individual political leaders and the power rivalry within the Chinese Communist Party (CCP) during the leadership transition period. The authors find that the Chinese leadership primarily considers Sino-Japanese relations in their domestic political context. Chinese President Xi Jinping is not the one who desires a military showdown with Japan, but a seemingly tough policy regarding Japan, on the surface, is necessary for him to gain domestic support, a political resource to continue his grand blueprint of reform for China in the foreseeable future.

Chapters 7 and 8 elucidate two policy issues which will shed light on the future prospects of China's new position in the world arena. Szu-yin Ho provides a thorough analysis of the current status and outlook of the internationalization of the renminbi, from a financial aspect, during the rise of China. Ho argues that in response to the Great Recession (2007–09) that exposed the weaknesses of a dollar-centered international currency system, China started to take measures to internationalize its currency, the renminbi. Against the backdrop of China's fast economic growth, renminbi internationalization naturally garnered the attention of financial and academic circles. This chapter addresses three aspects of renminbi internationalization: Why China wants to internationalize its currency; how China goes about doing so; and how far the renminbi internationalization can go. The chapter concludes that the success of renminbi internationalization hinges upon whether China can effectively reform its financial sector, a "high ground" on which China's politico-economic system is based. Ho indicates that if China continues to delay rebalancing its economy, it may fall into a long recession. Under the circumstances, China will have no incentive to liberalize its capital accounts in order to avoid a massive capital exodus. This chapter points out that renminbi internationalization may still move along, but only at a hesitant pace.

In addition to China's financial role in a globalized world, China's proactive actions in the High North are also interpreted as both a threat and opportunity. Chapter 8 by Tse-Kang Leng delves into this new policy area following the rise of China's global influence. Leng argues that Chinese diplomacy in the Arctic region is the reflection of recent adjustments on

the direction of Chinese foreign policy. Beijing's Arctic policies are aimed at the convergence of interests in domestic development and global participation. Maintaining a stable energy supply and avoiding "the Malacca dilemma" are vital to China's national interests. The combination of market benefits and energy security is an approach adopted by China to realize its strategy of hedging in international affairs. China's participation in the Arctic Council is interpreted in this chapter as taking proactive policies in Arctic affairs so as to join the rule-making game. Looking towards the future, China may be intent on demonstrating to the international community that it could serve as a contributor, rather than a free rider, in international affairs. Multiple actors in both the state and society may join the complex game of regional and global governance in the Arctic. Meanwhile, the international community is still keeping watch over China's new Arctic diplomacy. Whether China could utilize the Arctic region as a vehicle to build trust and alleviate skepticism over its rise will be a key factor in the smooth transition of Chinese diplomacy.

Through the joint efforts of Taiwanese and Japanese academics, this book embodies rich Asian aspects, which give it a historical and comparative perspective that emphasizes culture and domestic political structures. The analysis of various dimensions including not only international order but also history, culture, and domestic politics enables us to present the opportunity brought about by China's emergence as well as China's preferences.<sup>1</sup>

Whether domestic factors or the international environment have a stronger influence in shaping foreign policy is at once an old and a new issue in the study of Chinese foreign policy, and one that has always been a source of debate. The direction of a nation's foreign policy is greatly constrained by the state of the international order, that is, the distribution of power in the international system. According to mainstream international political theory, the range of choices that a nation has in its foreign policy is determined by the structure of the international system. In fact, major shifts in China's foreign policy have tended to occur in conjunction with changes in the international order.

Although mainstream Western research can explain the opportunity in Chinese foreign policy, Japanese and Taiwanese research, which are

<sup>1</sup> Although international relations theory may be able to explain state opportunity, it is less able to explain state preferences. See: Shibley Tehami, "Kenneth Waltz, Neorealism, and Foreign Policy", *Security Studies*, 11:3, 158–170.

strongly rooted in area studies, are better at explaining the preference in China's foreign policy. They do so with the emphasis on domestic politics, from the perspective that foreign policy is an extension of domestic policy. In China, power transfers have not been sufficiently institutionalized and rules have not been clarified, and thus, power struggles have tended to be fierce and personal elements have greatly shaped policy. Also, the fact that various actors have influenced China's foreign policy has increased the influence of domestic elements in determining foreign policy. Especially since China began undergoing economic reform, the opinions of intellectuals and national sentiment have had some effect in shaping China's foreign policy. In other words, the marketization of the media and the spread of the Internet have made it easier for various actors to have their voices reflected in the state's policies. In China today, while public opinion faces heavy restrictions from the government, increasingly it also has some influence on the government. In order to achieve a better understanding of the foreign policy of China, domestic politics and the social climate need to be taken into consideration as well.

In this book, we set forth our analysis from the perspective of both domestic politics and the international system in many of the chapters, with the understanding that a state's foreign policy is primarily determined by the state of the international order. By adopting this approach, chapters in this book have revealed the complexity of China's emergence, which cannot be explained through certain international political theories; and chapters in this book have also shown the complexity of China's policies regarding its emergence. Aoyama depicts China's strategy in contributing to existing international organizations such as the United Nations (UN) and the International Monetary Fund (IMF), as well as China's focus on creating new international organizations that can compete with the Asian Development Bank (ADB) and IMF, such as the Asian Infrastructure Investment Bank (AIIB) and BRICS New Development Bank, all amid China's strong emphasis on the creation of structural power. Leng's chapter indicates that it is premature to interpret China's penetration of the Arctic in terms of opposing axes of China and Russia versus the West, and reveals the cautious approach in China's foreign policy, which favors economic instruments. That is to say, while China and the United States are structurally opposed to each other, China's policy preference is to stabilize relations with the United States while selecting a strategy of emerging through international organizations and economic means. In this sense, this book indicates the necessity, in discussing the emergence of China, for a new

theoretical approach that combines the distribution of power (realism), the economic interdependence relationship (liberalism), and the structure of ideals from international organizations (constructivism).

Policy implications derived from the findings of this volume embody great importance as well. China's foreign policy stance has become more assertive in recent years, especially regarding maritime issues. Since the start of the Xi Jinping administration, the Chinese government has been putting efforts into sharing the "Chinese experience" and "Chinese solution" with other nations in the process of implementing the Belt and Road Initiative (BRI). The United States, Japan, and other Western developed nations have adopted an engagement policy towards China since the 1990s, but have seen the lack of democratization in China even as it developed economically. Recently, there has been an increasing sense in the Western world that the engagement policy has failed.<sup>2</sup>

Chapters in this volume shed light on the importance of domestic politics on China's external behavior. If China's hard-line stance and the rejection of "Western political systems" have their roots in the state of the international order, then policies to restrain China might be desired. However, by digging into domestic politics, history, and strategic culture, a variety of policy options are recommended by Taiwanese and Japanese scholars. If, as argued in Liao's chapter, dysfunctional dynamics have brought on China's hard-line policies, an approach aiming at facilitating China to strengthen its domestic bureaucratic co-ordination would be appropriate. China's hard-line foreign policy can also be the result of a struggle between factions in domestic politics, as Amako and Cheung discuss in their chapter. If this is the case, then a stronger engagement policy towards China, with the aim of increasing the power of the internationalists within the country, would help shape the choices of a rising China. When seen from the perspective of culture, Uemura argues that even simply taking into consideration the cultural elements of China, which place a heavy emphasis on the principle of "give and take," it could have the effect of restraining China's high-handed foreign policy stance. Furthermore, there is room for debate as to whether or not it is even possible for China to emerge. It can be said that China's renminbi internationalization policy is a foreign policy strategy to improve China's international standing as well as to help it attain the status of a world

<sup>2</sup>Harry Harding, "Has U.S. China Policy Failed?", *The Washington Quarterly*, 38:3, 95-122.



power. However, Ho warns that unless China's political and economic systems, including the domestic financial sector, undergo reform, not only might its emergence strategy not succeed, but China could even end up in a long recession.

Different opinions regarding policies towards China are held among the authors included in this book, who investigate aspects of the emergence of China from the angles of history, culture, and domestic politics. As argued in Wu's chapter, continued efforts should be made to refine the core concepts and methodology of area studies. The emergence of China will without a doubt be an important chapter in international politics of the twenty-first century. The approach taken in this book also integrates Western and Eastern perspectives. By emphasizing history, culture, and domestic politics, this book sheds light on the complexity and uncertainty in the outlook of China's non-linear foreign policy, and draws different conclusions from studies based in certain other theories. Thus, this volume, created jointly by Taiwanese and Japanese academics, offers a new and fresh "Asian take" on the rise of China.



# China's Foreign Policy as a Rising Power

*Rumi Aoyama*

## CHINA'S RISE AND INTERNATIONAL ORDER

In the past 30 years, China has experienced remarkable economic development with an average growth rate in the double digits per year. China's gross domestic product (GDP) in 1978, the year China embarked on its economic reform (Reform and Opening Up), amounted to only an estimated 364.5 billion RMB, but by 2010, China's economy overtook Japan's to become the second largest economy after the United States, with its GDP in 2014 reaching 63.6463 trillion RMB (approximately \$10.36 trillion). Since the start of the Xi Jinping administration, China set forth its “hundred-year dream”<sup>1</sup> to coincide with the one-hundredth anniversary of the founding of the Communist Party of China. This plan entails China doubling its GDP and per capita national income by 2020 compared to 2010 levels. If this “hundred-year dream” is realized, China's

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<sup>1</sup>The “hundred-year dream” refers to the Xi Jinping administration's slogan “Two 100s.” This entails China achieving a moderately prosperous society by the hundredth anniversary (2021) of the establishment of the Communist Party of China, and to realize its “dream of a great revival of the Chinese people” by the hundredth anniversary of the founding of the new China.

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influence on the political and economic landscape in Asia, as well as the globe, will certainly increase dramatically.

During the past 30 years, China's perception of the international order has changed dramatically. When the Soviet Union collapsed and the Cold War came to an end, the Chinese government deemed that the world was entering a new multipolar international phase and the United States would decline rapidly. But this optimistic view soon disappeared. In the mid-1990s, especially after the war in Kosovo, China came to realize that the world was still largely dominated by the United States—the single superpower—in politics, economic, and military terms. In the aftermath of the financial crisis, China indicated its understanding that the international order has “entered a period of major reform, major adjustment, and major development,”<sup>2</sup> and Xi Jinping, the paramount leader of China, is calling for China to transform itself into a “mighty force” that could lead the world on political, economic, military, and environmental issues.<sup>3</sup>

Historically speaking, there have been very few cases of emerging nations rising peacefully. Thus, the rise of China is a significant issue in terms of global peace and security, and has drawn much interest. Changes that would be wrought upon the international order are being vigorously debated among scholars of international relations (IR). Arguments based in classical realism, offensive realism, and power transition theory largely take a pessimistic view, theorizing that vigorous competition surrounding security would further escalate and that the probability of war breaking out would increase. As early as 1993, Aaron Friedberg stressed that Asia would become a “cockpit of great power conflict,”<sup>4</sup> and John Mearsheimer asserted that China cannot rise peacefully.<sup>5</sup> However, there are arguments that take a more optimistic view, stating that China's rise need not necessarily lead to war. According to liberalism, deepening interdependence through capital movement and expansion of trade would mean an increased cost to a large emerging nation of starting a war, which would

<sup>2</sup>“Waijiaobu buzhang Yang Jiechi huijian zhongwai jizhe (Foreign Minister Yang Jiechi answers questions from domestic and overseas journalists),” <http://news.qq.com/photonyjc2011.htm> (accessed July 3, 2015).

<sup>3</sup>“Xi Jinping Herald ‘New Era’ of Chinese Power at Communist Party Congress,” <https://www.theguardian.com/world/2017/oct/18/xi-jinping-speech-new-era-chinese-power-party-congress> (accessed October 18, 2017).

<sup>4</sup>Aaron Friedberg, “Ripe for Rivalry: Prospects for Peace in a Multipolar Asia,” *International Security*, 18–3 (Winter 1993/1994), pp. 5–33.

<sup>5</sup>John Mearsheimer, “Why China's Rise Will not be Peaceful,” <http://mearsheimer.uchicago.edu/pdfs/A0034b.pdf> (accessed July 3, 2015).