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## Still Rising or Risen (or both)? Why and How China Matters

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### **Abstract**

When external eyes turned to China thirty years ago (if they did at all), the focus was still on the extent to which it might be breaking away from its socialist economic past. And though we didn't know it at the time, intra-elite debates over how far (and to where) reforms should go would eventually play some part in shaping what happened in Tiananmen Square in 1989; events that would place China on the verge of international isolation. This paper traces the evolution from isolation to a position where some in China now think it is now second only to the US in the ranking of world powers. It will focus on how scholarship on China in the journal has changed over the years, but also on some of the constants and recurring questions and issues that have inspired research over the years. In addition, notwithstanding a very real and very large shift in China's global power capabilities, it will suggest that asking if China matters, or more correctly, how China matters in different issue areas, remains a very useful intellectual exercise today.

While all the topics covered in this special issue will reveal thirty years of immense change, it is hard to think of a country that has undergone greater change over these years than China. When the first issue of *The Pacific Review* (TPR) was published, China was still only at the end of its first decade of economic reform; in terms of reform in urban industrial sectors, less than half a decade had passed. China was still in the process of breaking free from its Maoist past, and was not a particularly important actor on the global scene (or even the regional scene for that matter) either politically or economically. And things were about to take a turn for the worse in a number of ways as political turmoil in 1989 revealed the extent of both intra-elite conflict and also popular discontent, and threatened to leave China in a state of international isolation.

Of course, that threat of isolation did not come to pass. Scroll forward ten years and China had not only survived the Asian Financial Crisis pretty much intact, but had become a major player in the regional and global economy. Add another ten years and China was on the verge of emerging from another economic crisis – this time not a regional one – with an enhanced position in the global order, questioning the wisdom of trying to maintain a low profile in international politics. Another decade on, and China is almost universally thought of as a Great Power by others; and although most Chinese officials and researchers would deny it, the idea that China has risen to the rank of global No.2 behind the USA has at least some proponents even if it is not a universally held consensus.

This paper traces the way in which these changes have been followed, and in some cases predicted, in the pages of this journal. Whilst looking for change, it also looks

for continuity, and identifies some of the key research themes, questions and approaches that have persisted over the years. It does so by viewing snapshots of China related scholarship around four major anniversary events; on and after the journal's first birthday, in the volumes around both the tenth and twentieth anniversaries, and finally the state of scholarship today. One of these constants is uncertainty over where exactly the Chinese economy is going, often combined with unanswered questions about the relationship between economic and socio-political change. Questioning the direction of travel for the economy feeds into another constant, in the search for potential sources of Chinese (regional or global) power. An underpinning question here is whether China, either alone or with allies, might undermine the US dominated liberal order, and how others should respond/have responded to this putative China challenge. Not surprisingly, there is no single collective conclusion from thirty years of scholarship from varied theoretical perspectives. But the resulting collective diversity is in many ways positive, as it allows us to disaggregate the study of China's (potential) global role and to ask how does China matter in different ways across different issue areas, and to different people and states?

### **Volume One, 1988: New Dawn Fades**

Four things stand out from a re-reading of the early volumes of TPR. The first is a reminder that it was a rather different type of journal in its early volumes. Quite apart from its physical manifestation (A4 format with a solid blue cover) it had a specific intention of trying to bridge the academic-policy divide. To this end, it took shorter papers, including those that focussed on issues in the news. Research in the journal has always reflected real world changes – indeed, explaining the changing nature of

China as a global actor from relative isolation to global power is one of overall long-term trends that we have covered over the years. However, the nature of the original incarnation of the journal meant that it could respond rather quickly to important events. And the events that accompanied the early years of the journal from the 13<sup>th</sup> Party Congress to the events in Tiananmen Square in 1989 certainly provided plenty of change to be reflected on.

The second is that it was Japan and not China that was very much seen as the major power in the region, and also a potential challenger to the US as the world's predominant power. While this is not surprising given the relative positions of China and Japan at the time, it is interesting to look at the reasons that Japan was considered the contender power. Emmott (1989: 173) for example pointed to the growth of Japanese capital surpluses, its position as "America's chief creditor" and the world's "most important supplier of liquidity" and the increasing global role of large Japanese banks as reasons why Japan was thought of as "buying up the world". Of course, this does not mean that the China (economic) challenge will similarly ebb away, but it is salient to be reminded that not all trajectories continue forever, and that inevitable futures sometimes evolve into something quite different.

Third, the Cold War still dominated much thinking on the region, which was seen as a key potential site of contestation between the superpowers. As a result, the focus on China as a regional security actor (when there was one) was secondary to broader concern about the Soviet Union. Despite the growth of Chinese arms exports (Shichor 1988), a lack of military modernization meant that China was not really considered to be a significant military power in its own right (O'Neill 1987). More important

was its role (and potential future role) as a willing pawn in a game of superpower rivalry in the region. Although Beijing saw the Soviet Union as the only real threat to Chinese security at the time (Glaser 1988), there was some concern that a move towards Sino-Soviet détente in 1986-7 might lead to a shift in the geometries of power in the region resulting in a decline in US power (Mori 1988: 290).

Fourth, when the focus was specifically on China itself, the main concern was on evolving domestic transitions rather than on even broadly defined international interactions. Again, this is not particularly surprising given China's rather secondary role in the global security architecture, and the still relatively inwardly focussed nature of the Chinese economy. Indeed, China either hadn't established or had suspended diplomatic relations with a number of regional states (Indonesia, Vietnam, Singapore and South Korea) in 1987, and was two years away from facing international embargoes after the events of Tiananmen Square. Notably, when Adshead (1989) published "China joins the world order?", this was still very much an exercise in speculation, rather than a declaration that China had already arrived.

There were, of course, exceptions to the principally domestic focus. For example, whilst still emphasising the predominantly inward looking orientation of the Chinese economy, Chiba (1989) provided one of the first considerations of China's potential role in regional economic cooperation mechanisms. He might have got the details of how China might impact on the regional economy a bit wrong, but even to focus on China and regional cooperation in this way at this time was rather prescient. Even

more prescient was Valencia's (1988) paper on the very real potential for conflict over competing territorial claims in the South China Seas. All that seems to have changed is France's "lingering claim" no longer seems to linger and the Soviet Navy is no longer around to be an actor. But you could more or less give this article to somebody who wanted to know what all the fuss was about in the South China Sea today.<sup>1</sup>

The early emphasis on domestic change is indicated by the two pieces in the first issue; one a comparison between Chinese reform and what was happening in the Soviet Union (Kaser 1988), and the other an analysis of the 13<sup>th</sup> Party Congress that had taken place the year before (Goodman 1988). Collectively, these papers deal with two issues that to various degrees and in different ways still inform much scholarship on China today. The first, as highlighted by the Goodman piece, is the relationship between economic reform and political change. Despite the emergence of "a new modernising elite, and the final passing of the revolutionary generation" in 1987 (Goodman 1988: 101), the political reform that many hoped for (and many thought was essential for the CCP to stay in power) did not seem to be forthcoming. On the contrary, with the forced resignation of the pro-reform Hu Yaobang from his position of party leader in 1987 amidst student protests calling for greater political liberalisation, the immediate direction of travel seemed to be away, rather than towards, greater political freedoms.

### **Disorder?**

The overarching concern here was, and still is, the extent to which illiberal authoritarian one party rule and a relative lack of political freedom is compatible

with an increasingly (though not totally) liberal economic system. In particular, given the abandonment in the early 1980s of the party's previous emphasis on ideological (and charismatic) sources of legitimacy, how could and should the party go about building new ways of convincing the people of its right to rule? And on a more pragmatic level, did/does the party have the capacity and skill to deal with the dislocations and dissatisfactions that emerged as one model of political economy was (often painfully) replaced by a new one? Chan's (1989: 131) analysis from a special issue on China in 1989 was rather prophetic given what happened later in the year. It could have been made in any one of the subsequent years:

China's social and moral fabric is under challenge from the enormous economic changes that are being put in place .... Those who see themselves as the losers are worried and growing impatient. Ordinary people increasingly perceive the officialdom as morally bankrupt, and believe that the large portion of the new monied elite that has ties to bureaucracy is attaining its wealth through illegitimate means

China in the mid-1980s was a country that appeared to be at the dawn of a new bright post-Maoist future. By the end of the decade, that glow had faded considerably.

Lest this interest on the potential for disorder sounds like a western liberal concern, we should note that it has been the focus of considerable interest and research from within the Chinese Communist Party (CCP) itself. If anything, the party has been more negative in its assessment of its own ruling capacity than most external (Western) observers have been (Zeng 2016); though of course, some external observers are convinced that something must break, and



disparities between the political/social and economic systems cannot hold in the long run (Chang 2012).

### **A means to an end**

If political reform (and the lack of it) provide one of the constants over the last three decades, the ongoing process of economic reform and where it might end provides a second. Both the Goodman (1988) and Kaser (1988) papers considered the ways in which the Chinese leadership were searching for an economic structure that, while increasingly utilising market forces and facilitating the growth of the private sector, remained something short of a fully functioning western style free market economy. Clearly the extent of the non-state sector and of market forces is much greater than it was in 1987. Indeed, it is difficult to be in China today and remember what it was like to be in China in the mid to late 1980s. At times it seems like a different country rather than just a different epoch.

But there are threads that link analyses of the Chinese economy in 1987 to whatever it is that the Chinese economy is evolving into today. The fact that the CCP is still in charge to try and oversee this evolution is notable in itself given what happened in other communist party states. Furthermore, maintaining communist party authority and ensuring that the state has the ability to control the market are as much a source of economic reform agendas today as they were in 1988; and arguably as much a source of uncertainty about the future as well. Facilitating economic growth might be an end in itself, but it has also been a

means to different ends as well; a key tool in the party's attempts to establish new sources of legitimacy in a post-revolutionary age.

### **Volume ten, 1997: Interzone**

In the following years, scholarship in the TPR entered a sort of intermediate zone between the study of the domestic politics of reform alongside a growing interest in China's global role and impact. So a decade after Tiananmen, Lau (1999) was still considering the schisms between the left and right in Chinese elite politics that had formed the backdrop to Tiananmen (Breslin 1989), and what this might mean for the nature of China's economic transition to whatever it was that it might be transiting to. But over these years, China's international profile and activity also grew rapidly, leading to significant change in the way that China was being viewed and assessed.

Scholarship on China's international interactions in TPR over the years has been inspired by a number of different theoretical and conceptual approaches. This has resulted in a varied collection of focuses, types of analyses, and conclusions. However, one of the common threads that a review of thirty years of writing reveals is an almost constant watch for potential axis of power that China might form with others to counter or challenge US power and predominance. Relations with first the Soviet Union then Russia, Europe, China's Asian neighbours and other developing countries have all been identified at one time or another as forming potentially damaging blocs for the US and the West. It is notable, though, that when the analysis moves beyond the identification of potential new alliances, and digs deeper into the nature of them, then it has proved difficult to

find evidence of cohesive coalitions. To be sure, there are plenty of examples of issue-specific cooperation, coordination, and coincidences of interests and objectives. But this is not the same as the creation of the sort of lasting bloc-type relationships that characterised the Cold War era, and some seem to be looking for as the US unipolar era transforms into something else. Whether this leaves the glass half full or half empty rather depends on your view of the nature of the current global order, and the benefits (or not) of challenges to it.

The term “international interactions” is used deliberately above as there has also been a significant focus on broadly defined political economy issues like investment, trade, and regional production networks (connected to broader global processes). And as China’s regional and global economic profile and impact increased in and after the 1990s, so scholarship on China reflected this shift. And while there has been considerable theoretical pluralism, there has perhaps been a tendency for research in the journal to focus on the interplay between the internal and the international, seeking to identify domestic drivers of Chinese action and objectives. This has included scholarship that reports and/or engages with increasingly plural domestic Chinese debates and discourses about the nature of the global order and China’s place within it. And it is notable that in the tenth anniversary year, we published two articles by Chinese scholars at the Chinese academy of Social Sciences (Wang 1997; Zhang 1997) that did exactly this.

### **No love lost: The Human Rights Agenda**

By 1997, three key changes over the previous decade shaped the way that China was acting internationally, and the way that other key actors were responding to a changing China. The first was the end of the Cold War, and the resulting realignment of (potential) alliances in the region. On one level, the potential for a new Russo-China axis identified in the early issues of the journal came under renewed focus (Bilveer 1998). On another more important level, the end of the Cold War removed the strategic space between the two superpowers that China's leaders had quite skilfully operated within in the post-Mao era. This opened the door for the US in particular to reconsider its previously rather benign stance towards China based on the need to be close to Beijing to counter Moscow.

The second was the consequences of Tiananmen. By 1997, the possibility of China's international isolation that had seemed possible in 1989 had dissipated. The arms embargo remained (and still does today). But any thought of a prolonged economic isolation of China had given way to the economic logic of doing more with and in China that we will discuss shortly. Nevertheless, the combination of these first two changes meant that a space existed for a new light to be shed on China's internal politics and the nature of China's human rights regime (Ming Wan 1997). And although the above-mentioned economic logic increasingly tended to dominate other countries' perceptions of China, dissatisfaction with the pace of political change and the nature of the Chinese political order cast at least some sort of shadow over bilateral relations with Western liberal states.

### **Shadowplay: To engage or contain**

But the third and most significant change was the expansion of an often ill-defined era of globalisation. Or more correctly, it was the way in which China's leaders had decided to reinvigorate the domestic reform momentum and develop a new form of engagement with the capitalist global economy in a way that dovetailed with the interests of globally mobile finance, and increasingly mobile and fragmented post-fordist production processes. This resulted in a phenomenal growth in investment into China after 1992, which helped drive an equally phenomenal growth in Chinese trade (Breslin 1996).

In combination, these changes came together to create an uncertain role for China in the global order. From Chinese perspectives, as noted by Wang Jisi (1997) and Yu (1997) there was a general feeling that while the US was the predominant global power, it could no longer rely on automatic support from its traditional allies, and new poles of power might be emerging. There was still no question, though, of China looking anything like a potential global great power within China itself, with Japan still looking like the most likely challenger power to the US. For China, the main impulse was still to look inward towards economic development and stability rather than outward, with the main goal of China's international strategy being the creation of a stable regional order to facilitate domestic growth. And this had to be done in a global order where the US was determined to remain the dominant power in East Asia.

Outside China, though, China's rise was beginning to be associated with a potentially less benign and peaceful global order than that envisaged (or hoped for) from within China. And we should not forget that there was some concern

that the show of military force shown by the PLA navy in the Taiwan Straits the previous year and China's firm commitment to others maintaining a one China policy might lead to something more serious. It was widely considered unlikely that China would provide a similar threat to the US as that posed by the Soviet Union in the Cold War. Nevertheless, a less than peaceful Pacific was a distinct possibility "because of China's history of aggression, the nature of its regime, and the apparent fragility of security in Asia" (Byman, Cliff and Saunders 1999: 422).

As we will see, there was still considerable disagreement on how far China had already risen, and how far it might go. But the dominant position had shifted from asking if China would rise, to more or less accepting that after the interregnum of Tiananmen, its further rise was inevitable. Now the major question was how could/should this rise be "managed" to ensure that it didn't disrupt the existing global order? (Johnston and Ross 1999). As Maull (1997: 466) put it, as China would at some point become too big and powerful to be managed, then it was imperative to think and act now (or then) and that "reconciling China with international order probably represents the biggest political challenge the world is facing today."

A snapshot of the debates in and after our tenth anniversary reveals a tension between the desire to promote human rights and condition China's rise on the one hand, and a realisation that others might be able to benefit economically from China's ongoing rise on the other. Perhaps more clearly, it shows that this tension was becoming less tense, and that the logic of economic opportunities was already tending to win out. For example, while "the dominant issue in 1990-

94 was the linkage between China's human rights record and its MFN status with the United States" (Ming 1997, 242), this had now given way to what Ming Wan called a "strategic understanding" with a China that was "now widely perceived to be the only country capable of posing a serious challenge to the United States in the future" (Ming 1997: 248).

Similarly, Maull (1997: 470) identified what he called a European shift towards a resolutely commercial approach", led by Germany but also pursued by the UK and France. Moreover, this attempt to privilege commercial and business interests was leading to competition between western states to be friendly towards China in order to gain market access and contracts, leading to a fragmentation of any attempt to manage China's rise.

It is notable that this identification of an emphasis on commercial relations in 1997 came just two years after a vote tabled to criticise China's human rights record was defeated by just one vote in the UN Human Rights Commission. Of course, the argument can be made that engaging China and encouraging it to become part of the existing global liberal economic order was the best way of generating domestic political change in China as well. This was a powerful argument in the engagement versus containment debate (Byman, Cliff and Saunders 1999) that continued to look large in debates over China policy into the new millennium. In general, though, the collective contributions in our journal point more towards the dominance of economic pragmatism than they do an endorsement of Manchester school liberalism.

### **Autosuggestion: Did China Matter?**

The engagement-containment debate was in large part driven by the politics of prediction and considerations of what China could or would become in the future. This resulted in a number of publications that in their titles at least upped the ante by predicting ever more dramatic futures. Arguably the most influential of these was the prediction by Bernstein and Munro (1997) of “The Coming Conflict with China”.

This type of posturing and positioning irked Gerry Segal, who by then had passed the editorship of TPR on to Richard Higgott. Annoyingly for us, his most memorable intervention in the debates over China’s rise was published elsewhere. But as we wouldn’t have been here without him, and his editorship of TPR paved the way for others to take the study of China forward, it seems appropriate to take a side step away from the pages of this journal and to briefly consider his take on China a decade on from the journal’s launch.<sup>2</sup>

It is perhaps sometimes forgotten that the widely remembered title “Does China Matter” had a question mark after it, and was not an outright statement that China didn’t matter at all. For Segal (1998, 1999), China really did matter in different ways in different areas to different people. Nonetheless, the reality was that China was not as important as it was being made out to be by most political commentators and some academic scholars. Its significance was being considerably exaggerated by both those who wanted to engage China, and those who sought ways to contain and control its rise; and the ante was often being upped in response to the latest pronouncement/evaluation by the opposing



camp. This unrealistic understanding of China's capabilities, he argued, was not just a matter of academic (mis)adventure, but was also leading to bad policy making.

It is not my intention to go into detail here about the extent of this exaggeration or what Segal thought a more realistic appreciation of China should look like – a re-read (or first time read) of the original is still a rewarding exercise. That it forces the reader to think about what they are taking for granted is an important lesson that we will return to later. And another key lesson is that one of the key sources of China's growing power might be the assumption by others that it already has that power. Or more often, others treated China not as it was at the time, but because of the global power they expected it to (inevitably) become in the future. China's "imagined power" of the future, became a source of its real and tangible power much earlier (Breslin 2011).

### **Volume Twenty, 2007: A Change of Speed, a Change of Style**

It takes time for real life events to become reflected in academic scholarship that tries to analyse and explain them (and be refereed and published). So the unfolding Asian Financial Crisis was not reflected in publications in 1997-8. A decade on, though, the crisis and its consequences had helped shape both the external environment in which China's rise continued, and domestic debates in China about the security and sustainability of this rise. Those who focussed on domestic change in China were still questioning China's leaders ability to manage reform – and in particular to control the social consequences of reform for the most vulnerable. This included identifying an at best rather mixed record of

dealing with unemployment - and in particular, the more long term consequences of not having a job in terms of access to health, education and welfare services (Duckett and Hussain 2008). The same was true of analyses of the provision of basic services in rural areas, which also highlighted the extent of regional inequalities (including within provinces rather than just between them) and the still ongoing tension between the central and local governments when it came to funding and spending decisions and responsibilities (Yep 2008; Li 2008).

For those more concerned with China's external economic relations and impact, the consensus was that China had had a good crisis, earning considerable approval for acting "responsibly" in not devaluing the Renminbi to restore the competitiveness of Chinese exports relative to those from the crisis hit states of the region. The relatively closed nature of the Chinese financial system had also proved the wisdom of not moving to a more liberal system too quickly. But at the same time the crisis had provided an example of the vulnerabilities that emerged from becoming integrated into regional and global economic structures, particularly when exports were an important source of growth, and through this, an important part of performance based legitimacy for the CCP.

### **From Safety to Where?**

The emergence and evolution of the discourse on economic (in)security within China, as traced in the journal by Benjamin Yeung (2008), helped change Chinese thinking; both on the nature of security challenges and the best way of dealing with these new challenges. Alongside other crises like bird flu and SARs, and also influenced by the September 11<sup>th</sup> terrorist attacks, a consensus emerged that China

needed a “new security concept” (xin anquan guan) (Naramore 2008). With economic flows, infectious diseases and terrorist activity not fitting easily into a world of independent sovereign states ensuring their own security, this new approach meant focussing on building partnerships with others to solve collective transnational problems. Most notably of all, this meant that a country that was once very suspicious of regional organisations and institutions that were widely viewed as antithetical to Chinese interests now became not just an active partner in them, but also an enthusiastic promoter of new regional forms (Ming Wan 2007).

Conceptions of economic insecurity fed into, and were also informed by, China’s pursuit of WTO membership. Despite considerable concerns in China about the impact of opening up the domestic economy to foreign competition, in the years after WTO entry was attained in 2001, the main focus of attention was outwards, rather than inwards. One key outward consequence was a phenomenal build up of foreign exchange reserves, and a build up of dollar holdings and US debt. And of course these trends were on the verge of taking on an even greater significance when attention turned to the cause and significance of global imbalances in and for the impending global financial crisis. When combined with a relatively new focus on China’s economic interactions with other developing countries,<sup>3</sup> then there was a growing acceptance that China had joined Japan, the European Union and the USA as “great powers in the contemporary world” (Ming Wang, 2007: 408).

Within China itself, there remained a strong feeling that the existing powers were trying to maintain their predominance in the global order, and prevent China’s rise. This feeling of being victimised built on strong pre-existing

resentment to the way that the west, and more important Japan, had treated China in the past (and the perceived lack of an apology for this treatment from Japan) to generate a new wave of nationalist sentiment across China. Or more correctly as contributions to the journal showed, a variety of different types of broadly nationalist beliefs held and articulated by different sets of Chinese actors (Suzuki 2007; Shen and Cheung 2007).

Amongst China's leaders at the time, there was concern that an increasingly powerful China might result in a revival of the "China threat thesis" overseas. The idea here was that those hostile to China's rise would try to portray it as a danger to the status quo and destabilising for the international order. As such it was important to maintain a low profile, which became widely known as the "taoguang yanghui" strategy (Shen and Cheung 2007). The key here was to reassure the world – and primarily China's neighbours – that China had no hegemonic intentions at all, and that they had nothing to fear from a rising China that was committed to peace and cooperation (Naramore 2008). Moreover, a responsible and increasingly wealthy rising or risen China was a good thing for the region.

This perception of China's global role on the eve of the global crisis in 2008 marked a considerable and substantial shift from the position on the eve of the Asian Financial Crisis just over a decade earlier. Whilst those who studied domestic politics still saw potential vulnerabilities and weaknesses, the predominant focus was very much on how China would behave as a great power – or indeed, was already acting as one. But in hindsight, we can suggest with

some confidence that an even bigger change in China's international status was just round the corner.

### **These Days: Leaders of Men?**

In the third issue of volume 29 in 2016, we published a special section consisting of four Chinese scholars' perceptions of the current state of global governance reform. This in itself might not have surprised somebody trying to predict future trends in 2007-8, as the possibility of China trying to change the western dominated global order was already being debated at the time (Ikenberry 2008). But the choice of the specific case studies of governance forms really would have surprised, as none of them even existed in 2007; at least in their current forms. While the G20 (Zhu 2016) can be traced back to its first incarnation as a forum for finance ministers to 1999, its current embodiment including heads of states' summits was very much a product of the global financial crisis. And though the idea of a group of dissatisfied rising powers and the term BRIC had been established as early as 2001, but the first summit did not take place until 2009, and the BRICS (now including South Africa) New Development Bank was not proposed until 2012 (Liu 2016). But even if these two had some pre-2008 antecedents, the creation of the Asian Infrastructure Investment Bank (Ren 2016) and the promotion of the One Belt One Road initiative (Wang 2016) are very much new issues and agendas. And collectively, they point to a very different Chinese position than before the global crisis, and Xi Jinping's assumption of power in 2012.

Trying to identify clean beginning and end dates for historical epochs is always fraught with difficulty. And it is always possible that things may change around again and head in different directions. But with all this in mind, the global financial crisis does seem to mark a key turning point – not least in China itself where conceptions of China’s place in a hierarchy of global powers has shifted. Although a number of Chinese international relations specialists remain a little sceptical about how much power China really has, there is a clear consensus that the time has come to be more assertive and proactive in defending China’s core interests and trying to find ways of facilitating China’s interests and objectives at the global level.

Xi Jinping’s assertion that China and the US need to find a new type of relationship (*xinxing daguo guanxi*) that does not repeat the confrontational mistakes of previous Great Power competition makes it very clear that he at least considers China to be a Great Power. To be sure, the United States might be an even Greater Power than China is, and is likely to remain so for some time to come. But in much of what is said in China about China’s global position, China seems to be perceived as not just one of a group of emerging Great Powers, but as standing out from that group of emerging dissatisfied powers as “second among equals in the Great Power club” (Zhang 2016: 797). Perhaps it is time to stop talking of China as rising, and accepting that while its journey is far from over, in many respects it is already risen.

However, amongst change, there is some continuity. In part, the last decade of TPR’s life has simply seen the intensification of long standing concerns and

research focuses and heightened their significance. For example, the search is still on for potential alliances and blocs that might challenge the Western liberal order. Russia is still seen as the most likely candidate, due to shared common resistance to both liberal political norms and also liberal economic forms of global governance. To be sure, the two do not share common positions on all issues, and the relationship is a long long way from some type of Cold War style alliance (Liu 2016). But there is evidence that this shared dissatisfaction has led to joint action that has implications for the functioning of the liberal global order (if not the construction of a coherent alternative to it) (Wishnick, 2016/forthcoming).

The search for solutions to China's many maritime disputes with its regional neighbours also continues, shaped by the overarching reality that China is simultaneously a key engine of regional economic growth, and also one of the major sources of insecurity. And China's significance in both economic and security terms has increased in recent years (Nakano 2016). For countries like Australia, which have benefitted from the expansion of Chinese overseas investment (particularly in this case in the search for raw materials) this has added a new dimension to the existing challenge of balancing the economic opportunities from a rising China with political/security concerns; the danger of economic dependence (Bloomfield 2016).

However, it is not just that countries inside and outside the region are continuing to debate how best to handle their bilateral relationship with China. The nature of China's rise is also "changing the scope of action for other international actors"

(Maier-Knapp 2016: 411) and thus influencing relationships between other actors where China is not directly involved; in Maier-Knapp's example, between the EU and ASEAN. This seems to represent something more than just an escalation of previous trends. And if this is one of the answers to the question, "what's new?", we might also add the growing significance of India as a regional actor; not least in partnership with those seeking ways of mitigating Chinese regional power like Australia (Chako and Davis 2015). Indeed, if the region we are studying was identified as a potential site of contestation between the Soviet Union and the USA in 1987, then what the region itself actually is, might be or should be seems to be increasingly being defined by contestation between China and a number of "others" today.

### **Conclusion: Three Decades of Insight**

In a very short period in the late summer of 2015, the rather dominant common sense assumption that China was on an inexorable rise to global dominance took a bit of a hit. With growth slowing in China, the Shanghai stock market plunging, and the government spending millions trying to maintain currency stability, a new sense of caution set in. Not just caution about China's future, but also about what this might mean for a global economy still trying to rebound from the consequences of the global financial crisis. This response shows the extent to which China has rapidly come to be seen as central to the functioning of the global economy; it is instructive to note that no such concern spread through global markets and major governments (and much less attention was paid) when China previously suffered a stock market crash in 2007.



If looking back over the last thirty days of TPR teaches us one thing, it is the folly of making firm and confident predictions about future power transitions. If we keep this lesson in mind, add the memory of the economic problems of 2015 and also the assertion that the link between the domestic and the international needs strengthening, then what does 30 years of scholarship suggest about the future?

In terms of economic futures, three constants run through the entire reform era which continue to influence the directions that China might take from here.

These three constants are built around three contradictions – or three competing tensions that if not handled correctly might become antagonistic contradictions that could lead to disorder. Referring back to the Kaser (1988) paper from issue one, the first of these is the desire to unleash the economic benefits to be gained from liberalisation on the one hand, and the above mentioned desire to retain the ability to control and manage the economy on the other (in ways that go beyond the “normal” tools of macroeconomic management utilised in more market based systems). A great example comes in the Commercial Bank Law. This law, promulgated in 1995 but still in force today, mandates the banks to consider commercial criteria before extending loans. But at the same time, Article 34 specifically mandates the banks to “conduct their business of lending in accordance with the needs of the national economic and social development and under the guidance of the industrial policies of the State” (Szamosszegi and Kyle 2011: 51). This one sentence on its own says a lot about the nature of the Chinese market economy. The same tensions between market efficiency versus control can also be observed in some of the impulse behind State Owned Enterprise reform (and their residual role in the Chinese economy).

We might also use centre-local relations as another example. But whilst very much related, the conflicts that Blecher (1989) identified in volume two between the desire to unleash local initiative and innovation on one hand, and the desire to control (the national economy as a whole) on the other, has specific nuances. It is thus considered to be a separate second tension here. It is also one that continues to be at the heart of the reform agenda today, as the central government seeks to find ways of reforming a fiscal system put in place in 1994 that is widely perceived to be struggling to be fit for purpose (Bloomberg 2016).

The third tension takes us back to the question of political reform and revolves around the desire to unleash the economic efficiency gains from liberalisation on one hand, and fear of the political consequences of the social dislocations that this might generate on the other. The point needs making again that the specifics are very very different today than they were in 1988. But as the consequences of the transition to a different (slower) model of growth and the “new normal” are studied and debated, once more we see how the logic of reform impulses and instincts can lead in a different directions to initiatives that are instead built on political logics and concerned with managing and dissipating potential disaffection.

### **At a later date**

This paper is not, of course, the first to try and think about “The Future of China” in this journal; Tony Saich’s (1989) early contribution to the journal was called exactly that. In it, Saich argued that perceptions of China’s future had become

entwined with hopes for this future, and this had resulted in overly-optimistic (and ultimately unfulfilled) expectations:

“Part of the reason for failing to predict the course of events lies with the wishful thinking by foreigners. Many outsiders wanted reforms in China to succeed and thus there was a collective blindness to facts that suggested the fundamentals of the system were not changing much. Dissenting voices found it very difficult to penetrate the fog of mild Chinaeuphoria.” (Saich 1989, 351)

In a similar vein, trying to penetrate fog was what Segal later tried to do in “Does China Matter”. Not always a euphoric fog given that Chinese power was being asserted by those who feared it as much as wanted it. But a fog created by a widely held and asserted common-sense acceptance of Chinese power that seemed difficult to contradict. And I want to finish by returning to this idea and arguing that “Does China Matter?” – including its question mark - is still important today and has a lot to say that could influence good future scholarship on China. This might sound odd in an era when it is difficult to come across clearly articulated and convincing arguments that establish why China is globally irrelevant and does not matter. But the spirit of the original still has importance and salience, even if its overarching conclusion seems difficult to defend today.

On one level it pushes us to not just treat China as a single potential power across the board, but to take a more nuanced disaggregated view. This entails both thinking in terms of the potential arena in which China can exercise its power (for example, neighbourhood, wider regional or global) and also identifying different degrees of

(potential) power in different policy/issue areas (for example, military and economic). On another level, it suggests that to do so, we should not just assess China's capabilities by comparing China now to China in the past and seeing how much bigger and better it is today. Rather, we should look at China in comparison with the power capabilities of other (existing and rising) global powers. The former tells us a lot about China. The latter tells us more about China's (potential) place in the world.

Add these two levels together, and the spirit of "does China matter" tells us not to just accept the "common sense" assumption of the reality of China's power, but to step back, ask questions, and look for evidence. It is easier to find evidence today that China really does matter across a range of issue areas than it did in 1997 (and certainly more than in 1987). And evidence can be found in the writings on China in this journal. This includes highlighting cases where Chinese power capabilities have been utilised to bring about change in others that they might otherwise not have made. Evidence that shows the relationship between power and influence. Conversely, recent research has shown that in some areas, it is harder to find evidence that Chinese influence has actually resulted in the real concrete change in others that a common sense view might simply assume (Goh 2016). But whatever the case, evidence should be sought out and presented rather than just assumed; dissenting voices should be heard and discussed; and good policy making should be based on considerations of a range of possible futures, rather than just on acceptance of a single, linear and inevitable Chinese (and therefore global) future.

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#### **Notes**

<sup>1</sup> This was also the focus of an early paper by Yu (1990), which primarily focused on Taiwan's response to the arrest of fisherman by the Malaysian navy in 1988.

<sup>2</sup> Although "Does China Matter" (Segal 1999) was published in 1999, the ideas in it were first aired in a special section of *New Political Economy* on China's emergence the previous year (Segal 1998).

<sup>3</sup> One of the earliest assessments here was provided by Cornelissen and Taylor (2000) in a comparison of Chinese and Japanese engagement of Africa.