

## “China and the Global Great Game: New Order not New Imperialism”

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China’s recent stock-market crisis has undermined international confidence in China as a sure and steady engine of economic growth. The image many now have is of China exporting uncertainty, in addition to everything from toys to high-speed rail infrastructure. This is largely an over-reaction. The crash erased USD 4.5 trillion in wealth, but only a fraction of China’s economy floats on the market. Except for investors, it is of short-term significance.

More important to China is the second international image, the ‘China threat’ thesis. If the ‘China threat’ thesis becomes a widespread and entrenched perception, it could undermine President Xi Jinping’s foreign policy and domestic economic policy. A central plank is the Belt and Road initiative. It and related initiatives point to an integrated global strategy. Xi aims to enhance China’s prosperity, unity, influence, and independence through international trade and investment in transportation, energy resources, and communications.

The ‘China threat’ thesis is a vexing problem for Xi. States, especially in the West and Asia-Pacific region, welcome peaceful co-operation with a ‘rising’ China, but worry that China will throw its weight around and try to coerce them. It is difficult for China to reassure states. This is because the international state system has no higher power other than states. Insecurity, competitive self-help, and fear and envy of the more powerful are constant, seemingly permanent features of the system. All states must struggle ceaselessly to survive.

This article suggests that despite superficial appearances, China will not follow in the footsteps of Europe’s imperialists or the US post-1945. China will not use coercion to forge a new global order more beneficial to its interests and values. As noted, Xi’s priority is improving Chinese living standards. In addition, the balance of power among states, China’s military capabilities, and China’s interests point us in a different direction.

### Echoes of the Past

The Belt and Road initiative, and other related initiatives, raise troubling parallels in international and global history. The global competition between China and the US-led West over resources, markets, and power recalls the age of European expansion and imperialism two centuries ago. European states expanded overseas and built empires, transplanting their cultures, languages, and institutions. They built a global order of laws, norms, and rules suitable to them. The US inherited the order after 1945, and adapted it to service US policy preferences for an open and integrated world economy.

This is where China comes in. It is causing a global shift that will be as far-reaching as those initiated by Europe and the US. Historical parallels with those eras will make ‘brand China’ more challenging, but not impossible for Xi to manage. China’s expansion does not have to cause alarm. The mayor of Madrid, Ana Botella, for example, referred to the China-Spain

cargo rail link that opened in 2014 as “a new silk road for the 21st century, except that now the commerce will travel in both directions.”

China’s rise is challenging the global status quo. It is playing something we have not heard about in a while: the great game. In the original ‘great game’ in the 18th and 19th centuries, Great Britain and Russia competed over Persian lands (modern-day Iran and Iraq). The 21st century’s game is global. China’s initiatives reach into Central Asia, Africa, the Asia-Pacific, and Europe. Except in Central Asia, where the EU is the most prominent, China’s main rival is the US.

### Silk Road & Maritime Silk Road

As noted, Xi has launched major initiatives to link the Asian and European markets: the Silk Road Economic Belt and the 21st Century Maritime Silk Road. The land route follows ancient caravan trails from China’s western deserts through Central Asia’s oil and gas fields to Europe. The maritime route includes custom China-designed ports in various countries, such as Sri Lanka and Pakistan. China is funding huge infrastructure projects, for example trans-continental rail, road, and port links, to make the routes a reality. China has put forward a US\$40B fund to boost Asia-Pacific connectivity. Xi says the money will be for infrastructure, resources, and industrial and financial co-operation.

### Central Asia

Central Asia is ‘in play’ again, but this time China is far ahead. The US is largely absent from the field, and the EU’s focus on energy sector reform and partnership seems to put it at a disadvantage next to China’s single-minded focus on mutual economic growth. Xi again is using China’s deep pockets to maximum advantage, splashing around billions in trade and energy deals in the region’s states.

A rival US vision has been pushed aside. In 2011, then US Secretary of State Hilary Clinton called for a ‘New Silk Road’ connecting Central and Southern Asia. The aim behind the project was to revitalize war-torn Afghanistan. The US idea did not get off the ground. China’s pursuit of its own plan is only part of the reason. It is also because White House attention declined after NATO’s withdrawal from Afghanistan, and the conflict and lack of regional integration hampered trade.

### Scramble for Africa

A new ‘scramble for Africa’ is underway. Rather than carving-up African territory as in the 19th century, the scramble is for commercial and trade opportunities and the title to natural resources. China stresses that it seeks win-win agreements that do not harm African states or the environment. Critics argue that China is following a ‘neo-mercantilist’ approach. China is trying to circumvent international markets, by negotiating contracts directly with African states that deliver guaranteed energy supplies under favourable terms. China has been criticized for ‘resource colonialism’ in Africa due to its effort to acquire national resources, and for importing Chinese workers instead of using African labour.

## Plans for the Asia-Pacific

In October 2014, China launched the multilateral lender, the Asia Infrastructure Investment Bank. The AIIB was founded with 21 member countries, including India, but excluding the US. Beijing provides \$50B – half the initial start-up capital. China claims the AIIB will not compete with the western-dominated World Bank and International Monetary Fund.

The United Kingdom boasted about being the first major western country to join. It was soon followed by other European powers, such as Germany. Australia – one of the US's closest allies in the Asia-Pacific region, has joined. The fact that western states, close US allies among them, are flocking to join the AIIB is a sign that Chinese regional diplomacy has come of age.

China is also negotiating a Free Trade Area of the Asia Pacific. This massive regional trade pact will greatly enhance regional trade and integration. It will drive China's development and reinforce its growing regional influence. The pact is also a riposte to the US strategic rebalancing towards the Asia-Pacific, AKA 'the pivot'. Arguably to contain China, the US has upgraded security co-operation with a number of countries, such as Japan and Australia, and is negotiating the Trans-Pacific Partnership, but this agreement has encountered significant opposition in the US Congress and from labour movements.

## The global great game?

So historical parallels are evident in China's globe-spanning Belt and Road and in related initiatives. As noted, anarchy was and is central to the state system. This does not mean that the past will repeat itself in today's global great game. There are several reasons for expecting this:

First, China has to work with the US, the only western player in the 21st century great game that matters, to forge a consensus on how the world should be run. China does not have a free hand and cannot rely on coercion to bend other peoples to its will. Europe's empires and the US after 1945 held sway and set the tone for much of the world. China's power is expanding, but its economic and diplomatic strength is not matched by military muscle. The US military is far superior and will dominate for decades to come.

In addition, China has territorial disputes with Japan, Vietnam, the Philippines, and India that will keep relations with the key regional states cool if not cold. Some African states also regard China with suspicion, while at the same time admitting that its approach to investment and aid is a refreshing departure from human rights lecturing by the West.

Second, China is following a different development trajectory than did Europe and the US, whose 'rises' also came in historically specific circumstances. From a low level of development, China experienced over three decades of break-neck 10% GDP growth from 1979-2010. China has the fastest-growing consumer market, and is the second-largest importer of goods. In 2014, China became a net exporter of capital. It has the world's second-largest economy by GDP, with growth at 7.5% in 2015.

China will seek to revise global order to better reflect its distinct political and economic interests, and expectations for higher status and respect. For example, when China's calls for World Bank reform were held up in the US Congress, it established the Asia Infrastructure Investment Bank. Prestige indicator changes are coming. China's RMB may be added later this year to the International Monetary Fund's special drawing rights basket of currencies (currently the US Dollar, Euro, UK Pound, and Japanese Yen). Some have proposed use of the special drawing rights as a global currency reserve, to stabilize the global financial system.

And third, China will play the great game differently than the European imperialists and US. Imperialism was a collective experience, shared unequally. One must not glamorize imperialism, but political ties and bonds of sentiment and loyalty did develop and some remain – take the Commonwealth. The US eschewed empire and did not seek direct control. Central to US foreign policy post-1945 was opening and integrating developing world markets into the (US dominated) world economy.

China's great game is all about commerce and contracts, and harmonious and respectful relations with partner states. President Xi believes that access to markets, transportation, and communications will determine domestic economic growth. Safe and reliable land / sea trade routes less vulnerable to the US Navy are crucial. China does not want to create special bonds beyond win-win trade deals, and does not need to force markets since they are mostly open already.

The new global order?

China is flexing its muscles and wallet. It does not want major war, but is expecting more power, influence, and respect. The Belt and Road is 'open' to all, but states using them will have to co-operate with Chinese designs. Harmony is a virtue in Chinese society and foreign policy. Take the Asia Infrastructure Investment Bank. States receiving China's money may feel pressure to mute dissent on China's foreign policy on the South China Sea territorial disputes.

It has been reported that China's Belt and Road will both end at Venice. Situated at the crossroads of the Mediterranean community and Western, Eastern, and Central Europe, the city in many respects is the natural terminus. Yet Venice is also a reminder of European decline and lost influence and independence. Venice was once a republic and manufacturing and mercantile center. There is something about its faded glory that is sad rather than charming. China's choice of Venice may be deliberately symbolic in that sense.

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