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Philippines and China Today

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"Ni chifan le meiyou (你吃饭了没有 Have you eaten yet)?"

For many, many years, that's how many Chinese typically greeted each other. It's like saying "how do you do!" Because life was so hard and food was so scarce, experts explained, the Chinese then deemed it was a major personal triumph if one had eaten a meal – thus the greetings.

In recent years, however, some upwardly mobile residents came up with novel ways to greet each other.

In the early 1980s, it was: "Ni chuguo le meiyou (你出国了没 Have you gone overseas yet)?"

In the early 2000s, it was: "Ni shangwang le meiyou (你上网了没有 Are you Internet connected yet)?"

Nowadays, it is, "Ni li le meiyou (你离了没有 Are you divorced yet)?"

China has undergone dramatic changes in recent years. I've witnessed them in the 39 years I've lived and worked there.

Tremendous Growth and Change

Although it remains an authoritarian, communist state, China's open door policy and market reforms over the past three decades have produced tremendous growth and change. China is now getting more and more interdependent with the international system – the global village – through trade, investments, tourism, academic exchanges,

diplomacy, media, and the Internet.

Internally, China continues to evolve into a more pluralistic society. Understandably, there are still restrictions on what people can and cannot do. There is repression and censorship. But there is a lot more space for social and individual freedom. It may well be that at no other time in China's history have the Chinese people had it quite so good.

Thanks to its double-digit economic growth the past several years, China is now the world's second biggest economy, just next to the United States, the sole global superpower. It's symbolic because it ushers in a new order.

In recent years, China has chalked up a list of distinctions as one of the world's leading producer and consumer.

- China is already the world's top consumer of steel and copper and the world's No. 2 oil user – and these are bound to increase.
- In 2007, China became the biggest producer of gold, overtaking South Africa, which held the top spot for 100 years. Likewise, China rose to become the world's No. 2 biggest consumer of gold jewelry, just after India.
- In 2009, China surpassed the U.S. as the world's biggest vehicle market, when it sold 13.6 million cars, trucks, and buses.
- As of January 2010, China has emerged as the world's third biggest producer of wind power.

To be sure, China is a paradox. It is the world's fastest growing economy, yet remains a developing country.

- It may be the world's No. 2 largest economy, and yet, its nominal per capita income still hovers at around US\$3,800, almost at par with that of El Salvador and Albania.
- It is still in the early stage of industrialization and urbanization.
- Some 60 percent of its 1.34 billion population is rural, and over 40 to 100 million people still live on less than one U.S. dollar a day.

- Its big population and sprawling territory is its long-term advantage. If and when it becomes a fully developed economy, it will be a massive continental economy largely self-reliant on its domestic market.
- Meantime, its burgeoning population is its big handicap.

Problems amid Development

In her speech on April 29, 2009 at Oxford University on the subject of China's power, Ambassador Fu Ying, China's then ambassador to London, recalled what Premier Wen Jiabao once said: "Any small problem in China can grow into a huge one if multiplied by 1.3 billion. A big achievement can become too tiny to notice once divided by that number."

Definitely, many Chinese have benefited from China's 30-year reform and opening up. Quite often, however, some of these changes have been painful. China's rapid rise has had its price. It has produced many unintended consequences: regionalism, environmental degradation, income gap, rampant corruption, rising criminality, and social instability.

Regionalism remains a big challenge for the central government since economic levers of power have slipped beyond the center to leaders and entrepreneurs in the provinces, where "heaven is high and the Emperor is far away." The central government is hardly able to impose its will on the regions and make them abide by its macro-economic plans and policies.

China's economic boom has seriously degraded the environment. Air quality is poor and 75 percent of rivers and lakes are polluted. Of the world's 20 most polluted cities in the world, 16 are in China. Pollution has made cancer China's leading cause of death, the Ministry of Health says.

There are still pockets of poverty across the country, especially in the western regions. Over 20 million, perhaps even more, live below the "absolute poverty" line (approximately \$90 per year, according to official benchmark). Some 35 million more live below the official "low income" (\$125 per year).

There is a growing gap between the rich and the poor. Li Shi, a professor on income distribution and poverty studies at the Beijing Normal University, said the income of the top 10 percent of the richest Chinese is now 23 times that of the bottom 10 percent in 2007. In 1998, the multiple was only 7.3.

Inequity and Inequality

Regional inequity is serious. Geographically, the eastern seaboard is booming while the western provinces remain poor and isolated. In 2008, the total gross domestic product (GDP) of the west totaled only \$667 billion. That's less than one-fifth of China's total GDP. Income gap between urban and rural residents is also large. In 2009, city dweller's average incomes were 3.33 times greater than the average for farmers.

Corruption remains rampant. Chinese Premier Wen Jiabao described the fight against corruption as "a matter of life and death" for the Communist Party because it threatens its legitimacy. The government has enacted regulations and laws and has launched repeated campaigns to curb it. Still, it remains endemic. In December 2009, the State Council Information Office issued China's first ever "white paper" on corruption. The party's Central Discipline Inspection Commission likewise announced that it had investigated over 119,000 cases of graft and corruption. They included scandalous cases of bribery and abuse of public funds and facilities.

Social and economic inequality and abuse of power are triggering what Chinese authorities call "mass incidents" – mass petitions, public protests, street demonstrations, and even riots. In 2005, the Chinese police authorities acknowledged some 87,000 such cases, up from 10,000 in 1994. Most of them involved labor disputes, but issues also include illegal land expropriations, forced relocation, and unfair compensation, when local officials and real estate developers seize farmland or old housing for redevelopment.

On top of all these challenges, Beijing grapples with high inflation, lack of affordable housing, medical care and public education, efficient social security system, plus ethnic separatism in Tibet and Xinjiang. All these add pressure to the already explosive situation.

So, one may imagine all these problems as centrifugal forces pulling China outwards in different directions. Beijing's leaders are valiantly holding the country together, but only tenuously. They find it difficult because they no longer have a strong-man leader in the mold of Chairman Mao Zedong and Deng Xiaoping. They no longer have a dominant ideology. More and more Chinese view communist ideology as largely irrelevant in their daily lives. Many of them are spiritually adrift, preoccupied with money-making, but searching for a belief system – a set of values, norms and perhaps spiritual goals – on which to anchor their lives.

Growing Global Influence

As China rises, it is redefining its national interest.

In many ways, China's foreign policy is conditioned by Beijing's desire for a peaceful and stable international environment aimed at facilitating high economic growth, maintaining social stability and ensuring the Communist Party's hold on power.

China may still be a relatively poor country but it already wields considerable global clout, exerting influence through trade, investment, diplomacy, tourism, research and development, space exploration, military, and culture. China is making global impact through its voice and vote in the United Nations and international conferences, influencing decisions on transnational issues ranging from nuclear disarmament to climate change, from human and drug trafficking to global pandemics.

China is likewise enhancing its hard power. Its military budget for 2011 increased by 12.7 percent – to RMB601.1 bil-

lion (US\$91.5 billion) from RMB532.1 billion last year – a return to double-digit spending that stirs up unease overseas.

China's growing military clout has coincided with its more assertive diplomatic moves. In the past year, China has sparred with Japan and some Southeast Asian countries over disputed islands and territories and with the U.S. over trade, with Taiwan, over human rights and currency issues. Some say China now moves on the global stage with a new found swagger, even arrogance.

But China has made some eye-catching moves in recent months, none more so than conducting its first test flight of a stealth fighter jet when U.S. Defense Secretary Robert Gates was visiting Beijing in January this year.

Chinese officials often point out that China's military spending is small compared with U.S., and that its military upgrades are for defensive purposes. But that sounds unconvincing when it conducts test flights for its stealth fighter jet and when it plans to launch its first aircraft carrier.

Increasing 'Soft Power'

China is also exerting influence through "soft power" – its enduring culture and civilization. Note the growing contingent of students from overseas learning Mandarin in China, the number of Confucius Institutes sprouting in many countries. Also the ongoing infusion of funds to buildup CCTV, Xinhua, and other Chinese media groups as world-class media with amplified voices overseas.

China's spectacular rise is already making waves the world over. Its insatiable appetite for goods and resources has moved markets, directly and indirectly.

Chinese officials typically downplay China's spectacular rise and seeks to allay concerns and fears overseas.

They assure us that China's goal is straight forward and pragmatic: "We are hoping to develop China into a country with prosperity, democracy, and rule of law and a country

that works for peace and cooperation in the world." Again, that was how Fu Ying puts it in the simplest terms. The Chinese pursuit of prosperity, she explains, is to enable everyone to have a roof over his head, every child to be in school, the sick to have access to medical care, and the elderly to be taken care of.

China is steadily moving to achieve those goals.

There are some concerns about what kind of power will an economically, militarily and politically strong and modern China turn out to be – a benign continental power or an aggressive and assertive one? Is China going to impose its will upon others?

President Hu Jintao puts it succinctly: "Let's seek a harmonious society (*gou jian hexie shehui* 构建和谐社会)." That may be China's long-term goal. China's history and traditional philosophy is replete with such quest for universal harmony. But it remains a high and elusive goal.

In the meantime, Chinese officials are admonished to follow the advice of the late leader Deng Xiaoping. Zhao Qizheng, spokesman of the Chinese People's Political Consultative Conference, an advisory body, explained: "China's late leader Deng Xiaoping once said, '*Tao guang yang hui* (韬光养晦).' I believe the saying means both expressing and listening modestly, without doing things which do not conform to reality, or doing and saying things that others aren't able to understand. From the perspective of the Chinese government, we are not trying to be high-profile."

Does that also apply in China's diplomacy?

Fu Ying in her 2009 speech attempted to provide a reassuring answer.

"On the international front, the role China wants to play is to encourage dialogue and cooperation.

We do not believe in imposing our will on others, or interfering in other's internal affairs.

We see our role in the world as to contribute to peace. China's interests have never been so closely linked with those of the world and vice versa."

Fu Ying allows that, given its huge population, its smart, hardworking and happy people, China is destined to be a strong country in the world. But, she assures us, China will not become a hegemonic power.

Perhaps. It's hard to predict or forecast without a "crystal ball."

Meantime, it's best to figure out a few things: What drives China's foreign policy and international relations today? Who are the foreign policy actors in China?

Aside from the Communist Party, Chinese government agencies and the People's Liberation Army, there are now new players – top business leaders (of conglomerates and state enterprises, including those in oil and gas, technology, and other strategic sectors) leaders of local governments (with extensive commercial interests), top officials of financial institutions (central bank and others in charge of currency exchanges, financial ties), academics, media leaders and opinion makers, and Netizens.

China is no longer a monolithic state, thus decision making is consensus driven and complex. It is also opaque.

If China is to assuage the outside world of its benign intention and vision as a rising global power, it will have to do better in making China more open and transparent. It will have to do a better job of communicating, through its public diplomacy and media.

On our part, we need more painstaking and sustained scholarship and analyses. We need to understand China better and appreciate all the nuances that surround it. Think tanks and China scholar groups like PACS share those challenging tasks.

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