

Can China rise peacefully?

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Glenn Diesen.
(Picture ma)

The spectacular rise of China will inevitably spark security competition with the US and create tensions between the two leading economies in the world. The peaceful rise of China is, however, not solely the responsibility of Beijing as the US must

also manage the security competition by accommodating shifts in the international distribution of power. The US constructed an international system based on unipolarity/global dominance after the Cold War, and attempting to preserve this system when it no longer reflects realities on the ground will make it near impossible to manage the security competition.

A temporary strategy

China's peaceful rise in its previous format was to a large extent a temporary strategy. China's peaceful rise involved rapid industrialisation and building its strength without engaging much in international affairs to avoid attracting unwanted concerns from other great powers. In Deng Xiaoping's own words, a peaceful rise meant that China's objective was to "bide our time and hide our capabilities". China pursued an export-driven development model to rapidly industrialise, build up vast amounts of foreign reserves, and gradually climb up global value chains. What would happen when China could no longer hide its capabilities?

This "mutually beneficial" partnership with the US was not sustainable as China would incrementally increase its industrial competitiveness

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Skyline of the port city of Shanghai (China) on the western Pacific coast. Progress, prosperity and culture flourish through production ... (Picture wikipedia)

vis-à-vis the US and the US would continue to send more money to China to buy Chinese goods. At some point, the US would want to exit the relationship as debt levels become untenable and the loss of production power prevents recovery. The Chinese side would similarly seek to restructure the partnership as the growing US debt becomes a vulnerability as the US would not be able to pay its debts. As John Maynard Keynes succinctly put it: "If you owe your bank a hundred pounds, you have a problem. But if you owe your bank a million pounds, it has ...".

The breaking point for the relationship became the Global Financial Crisis in 2008-09 when the US discovered that borrowing and spending was not a sustainable economic model, while the Chinese took note that the US would not restore its fiscal discipline. Washington's policy to "borrow and consume" its way back to prosperity implied that China could either invest more in an increasingly insolvent US, or alternatively accept the devaluation of its existing investments since the US Federal Reserve would print the money. The US effectively blackmailed China by demanding that China either lend them more money or the US would print the money. Washington also began to recognise that interdependence should not be measure by absolute gain, but by relative gain.

China was destined to outgrow the US-led international economic system and thus challenge

the dominant position of the US. China would need to diversify away from the excessive reliance on the US by connecting with the other Eurasian giants, making inroads into Africa and even entering Latin America as the US “backyard”. The US would naturally view this challenge to its dominant position as a threat, at which point it would be very dangerous to be too reliant on the US. Chinese excessive dependence on US technologies meant that Washington could disrupt Chinese supply chains, excessive dependence on transportation corridors and choke points under the control of the US Navy meant China could be severed from the arteries of international trade, and excessive reliance on US banks, payment systems and the dollar meant that the US could shut down China’s finance. Furthermore, the US would begin to challenge China’s sovereignty over Taiwan, destabilise Hong Kong and Xinjiang with “human rights NGOs”, and pull China’s neighbours into a confrontational US alliance system. A confident US hegemon seeks to build trust in reliance on its international economic architecture and the possibility for peaceful coexistence, but a declining US hegemon is predictably extremely vicious and uses its administrative control over the international economic system to weaken or destroy rivals.

What would be good advice to China after the Global Financial Crisis? China should diversify its economic partners to reduce dependence on the US and prepare for increasingly aggressive US policies aimed at cutting China down in size. China subsequently began to launch ambitious industrial policies to take leadership in the most advanced technologies associated with the Fourth Industrial Revolution, it developed the Belt & Road Initiative to connect with the wider world, and new financial instruments such as alternative development banks, payment systems and trade in national currencies. Furthermore, China began building a powerful military deterrent and prepared to push through the containment of the US island chains.

America Shared Responsibility

A “peaceful rise” can be considered a dual process, as China must be willing to integrate itself into the rules and structures of the international order, while concurrently the power dominating the existing system must be prepared to reform and adjust to accommodate China. Preserving a hegemonic strategy in a multipolar world entails



Skyline of the port city of Seattle (USA) on the eastern Pacific coast. ... and trade between countries, not through confrontation. (Picture wikipedia)

abandoning any efforts to mitigate the security competition, as unipolarity requires the containment, weakening or destruction of rising rivals.

Washington has not accommodated China sufficiently in the existing structures, which compelled China to develop alternative economic structures. The US has for example been reluctant to accommodate China by relinquishing the mechanisms of US primacy within institutions such as the IMF, World Bank and Asian Development Bank. China’s technological development is sabotaged with economic coercion that clearly violates the rules of the WTO. The US no longer abides by the rules of the US-led international economic system.

The US is developing new rules that the other side cannot agree to and thus disrupts stability. The intention of marginalising China was made explicit in an op-ed by Obama in 2016, where he posited that “the world has changed. The rules are changing with it. The United States, not countries like China, should write them”. The economic warfare that further intensified under the Trump presidency and then Biden presidency was rooted in the failure to manage shifts in the international distribution of power. The efforts to build a Europe without Russia as the largest European state predictably led to conflict, and the effort to construct an Asia where China is a spectator will have the same consequences.

A New Format for a Peaceful Rise?

For decades, China has been open about its critical view of a system based on US hegemony, as it is inflexible in accommodating the rise of other powers and shifts in the international distribution of power. The mere rise of other powers threatens to disrupt a system of hegemony. China’s desire to develop alternatives is also not

new. In 1990, *Deng Xiaoping* told members of the Central Committee that the world was moving towards multipolarity:

“The situation in which the United States and the Soviet Union dominated all international affairs is changing. Nevertheless, in the future when the world becomes three-polar, four-polar or five-polar, the Soviet Union, no matter how weakened it may be and even if some of its republics withdraw from it, will still be one pole. In the so-called multi-polar world, China too will be a pole. We should not belittle our own importance: one way or another, China will be counted as a pole. Our foreign policies remain the same: first, opposing hegemonism and power politics and safeguarding world peace; and second,

working to establish a new international political order and a new international economic order”.

China has not necessarily abandoned its “peaceful rise”, but merely reformulated it. Peaceful rise no longer entails building and hiding its strength within the US hegemonic system to avoid unwanted attention. Rather, peaceful rise entails developing a multipolar economic system that is more capable of managing changes in the international distribution of power and thus harmonising its interest with other great powers.

Source: <https://glennndiesen.substack.com/p/can-china-rise-peacefully>, 16 November 2024