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The Development of a Peer Competitor: China's Potential Challenge to U.S. Preeminence

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With the largest population in the world and increasing educated and technical elite, China continues to increase in economic influence while engaged in a dramatic modernization of its military forces. At the regional level China already competes with the United States for influence in the events of East Asia. Nevertheless, the gap China would need to bridge in order to become a peer competitor to the United States is vast. It appears unlikely that the PRC will present an effective challenge to U.S. primacy in global affairs during the next fifty years. However, China increasingly presents a regional challenge for America in East Asia, which can have global ramifications.

In order to understand and measure the components of China’s national power relative to the U.S., a definition of ‘peer competitor’ must be established. Herein, a peer competitor must be able to compete with and resist U.S. influence effectively in all major areas of national power. For purposes of this analysis national power consists of economic strength and diversity, effective political ability and institutions, and military might. This should be balanced against resources management and practices. Accordingly, China would need to effectively challenge the U.S. economically, politically, and militarily while effectively utilizing environmental resources in a manner consistent with growth and potential sustainability in order to be recognized as a true peer competitor. It is clear that China can compete effectively in certain circumstances with the U.S. However, a true peer would consistently be able to compete across a broad range of powers. Therefore, economic, political, military, and environmental issues will be analyzed separately within this article. The measure of China’s power shall be assumed relative to the United States, unless otherwise indicated.

The importance of analyzing China’s potential as a peer competitor to the U.S. will be determined by those utilizing such research and how it affects policy debate and understanding. Notwithstanding, this article may be utilized to broaden understanding of the primary aspects of national power relative to a nation in primacy.
China’s Economic Might

Since the opening of Chinese markets to outside investors, the influx from companies attempting to gain a foothold in China has been increasing. With China’s entrance into the WTO, investment was further encouraged. As more investors enter China, construction increases, as do job opportunities. However, at some point demand must begin to overtake supply. At no point in modern history has growth like this continued indefinitely. Certainly in the current situation is it most difficult to judge when a supply/demand balancing will begin to show. The unique situation posited by the largest country in the world transforming an economic culture has very little linkage to historical events with which we may compare and begin to assume.

The command and control economy of China permits resources management that, without this control, would drastically affect pricing. A huge labor pool and extremely low wages—which in any other country would also be a positive component to growth potential—are encouraged even further by these controls. There are no indications that these factors will change in the near future. However, if these controls were replaced by a freer market economy, China would be placed on a more even playing field. The slow transformation occurring within China’s command economy will eventually lead to a slowing of growth as more market forces act upon the system. Determining when that might be is not my purpose here. The current control China enjoys will eventually hinder growth as the need for a more free market system is realized. The same holds true for its control of the Yuan. China has not revalued the Rinnenbi (RMB) compared with the U.S. dollar since the late 1990’s. This in effect put more strain on nations with floating currency rates as to their proportional share of the U.S. trade deficit. Due to this, it does not seem likely that China will anytime soon alter its system to incorporate a floating currency. This particular advantage should be assumed to continue with moderate re-evaluations of the RMB as China’s globalization advances.

Though the benefit control provides for the economy is substantial, there are indicators that suggest problems for the near future. Allen Seychuk, an economist for RBC Financial Group, effectively questions how long this growth will last by analyzing public spending, foreign investments, and trade as they pertain to growth. Simply put, public spending cannot continue indefinitely. Seychuk identifies China’s entry into the WTO as
the factor temporarily giving investors encouragement. He also recognizes the current trade surplus will eventually balance as service imports increase. The current lack of services will become more effective at decreasing growth rates as China moves forward.iv

Most researchers and economists agree that China is a growing powerhouse in global economics. Recent information suggests a slowing of this growth. What will be continually debated is how long growth in general can be sustained. If the nation continues its gradual transformation into a free market society and avoids crisis, then competition between China and U.S. will also increase. So will the interconnectness of the two nations. If the U.S. maintains its strength through the other aspects of national power, America may have great influence over China’s international objectives. This will particularly be true as the trade deficit balances as China begins to import more services for a population that will begin to desire such services, as occurred in the previous century with western economies. Additionally, this economic growth can run into a number of major stumbling blocks involving political transformation, military confrontation, and environmental catastrophe

The Transformation of Chinese Society

China today has serious problems stemming from an actual lack of control. These same problems will begin to hinder growth if lingering unchecked. This section will explore this lack of internal control and what changes the government is enacting in order to facilitate continued strength. Here also scrutiny of China’s international action and affiliations is appropriate in order to determine possible intentions on the part of Beijing.

David M Lampton, in an article written for Foreign Policy, identifies areas that China has much less control than is commonly thought. As many as 200 million people travel around China searching for temporary employment, roughly 40,000 university students in the U.S. are Chinese nationals, China controls less than 45% of its economy – down from 90%, and the government employs 18% of the population – down from 90%. Media outlets have expanded and through the use of illegal satellite dishes, more Chinese than ever are receiving television broadcasts from other nations. The Internet is also a growing source of information freedom within the nation.v The stated goal of
the Chinese government is to have 200 million people logging on to the Internet in the next five years. Clearly they have some restriction on content. As has been seen elsewhere, the opening of a society motivates an ever increasing desire for freedoms.

In order for these added freedoms to be useful to China as a whole the government must reform. Law must be implemented and upheld for crimes such as piracy – a challenge for China. Government institutions must allow for constructive criticism and facilitate needed change. Also, the population must be educated in the responsible use of new freedoms. Free societies are not borne overnight. For that reason it will take decades if not more for China to develop the capacity to utilize a new found openness efficiently to compete with the U.S. However, China’s internal parameters are not the only measure of its competitiveness or intentions.

The very fact that I am asking the question of China’s potential as a peer competitor assumes intent, as well as potential ability. Therefore, it is wise to investigate China’s current and recent international activities in order to gauge possible intent. Lampton questions Chinese intentions and looks toward their international record for answers. He argues that due to a lack of assertiveness on the part of the Chinese during crisis issues involving the United Nations Security Council, China is not showing the hallmarks of a nation wishing to lead in world affairs. With few veto uses in open session since 1972, China seems more the quite shy kid in the classroom as opposed to the bully insisting on his way.

The issues surrounding the U.S.’s attempt to get U.N. support for the invasion of Iraq showed China as a mere follower of those opposed to the action, but not as a leader. It was never identified as the “Chinese coalition”, but rather the” French opposition.” China continued to play the quite role in situations that did not directly affect its security. Lampton identifies this as a constructive stance in not generating problematic issues while remaining involved in the important matters. ‘Playing it safe’ does not indicate intent towards international leadership.

China’s membership in twenty seven international organizations since 2000 seems aimed at becoming more of a regional influence than a true world leader. The international organizations that China has recently become involved with indicates active
participation on the regional level in a non-confrontational manner, while membership in more significant worldwide organizations remains more for China’s benefit than external influence.

China continues to seek an enhanced role for the United Nations in securing peace and stability while not attempting to lead the way itself. In a speech given by Mr. Shen Guofang Assistant Foreign Minister of China, he states,

Upholding the international collective security mechanism is the fundamental guarantee for a more stable and prosperous world. according to the Charter of the United Nations, the UN Security Council is the core of such a mechanism and the most authoritative and legitimate institution of the multilateral security regime. Ever since the end of the Cold War, the United Nations Security Council has played an irreplaceable role in maintaining world peace and security.

It would appear that China does not desire leadership. Rather, assimilation into the larger international body seems to be the preferred path of Chinese diplomats. Without a desire to lead in international endeavors it seems unlikely China could become a preeminent power, or effectively challenge one.

A Revolution in Military Affairs for China?

The term Revolution in Military Affairs (RMA) seems to stimulate in the imagination the concept of a great leap forward or massive infrastructure change in military capability for a nation. Because generalizations of the meaning of RMA are significant in number and potentially useful in labeling certain changes within China’s infrastructure, I will utilize research definitions provided by Dr. Bates Gill of the Stockholm International Peace Research Institute (SIPRI). Dr. Gill analyzes competing and varying definitions of a RMA and provides for what is in common among these definitions.

In his paper “China and the Revolution in Military Affairs,” Dr. Gill identifies:

That RMA’s are not simply technological in nature, but concern significant progress and change in at least 4-5 important military related areas: technology, systems, organization, operations, and strategy [emphasis added].
With these insights in mind we can look and China’s changing military structure and determine if the identified criteria, (i.e. technology, systems, organization, operations, and strategy) are being met. More importantly we may determine what type of threat China may appear to the U.S. and does this rise to the level of peer competitor.

John Ashcroft, in his 1997 speech to the U.S. Senate spoke of China as a looming military threat. He points to China as the largest military force on the globe with goals of attaining more force projection capability, improving both naval and air forces. The decade of the 1990’s saw China’s military spending grow from $43.3 billion to $88.9 billion, approximately 8.2% of their annual budget. Many concealed or off-budget projects are difficult to estimate into military spending, however, it is safe to assume that China has become the world’s second largest military spender.

Technological improvement is the vital component to these spending increases. An article appearing in China Military Science in the Summer of 1994 outlines the goals of this increased spending in the area of technology as:

- Owing to the needs of modern technology, especially in a high-tech regional war, we [China] have to speed up research and development of new weapons and develop our national defense science and technology in order to reach the advanced world level.
- The second strategic goal of socialist modernization is for us to continue to carry out a policy of linking the army and civilians and to accelerate this step of strategic transition so as to release more power into the main battle field of national economic construction.

There is also a realization in China that the firmly centralized economic system must adapt and restructure in order to meet the demands of a growing military. One aspect of the decline of the Soviet Union was that nation’s military expenditures and the failure of the economy to adapt to the needs required. The Chinese were witness to the devastation that occurred in the Soviet Union. A conscious effort to avoid such an outcome has placed on China certain burdens and restrictions of pace.
The military shakeup of 1998 in China provided for the reorganization of military departments. A key component to this restructuring was the addition of rapid reaction forces. These forces have the ability to react quickly in time of emergency anywhere within their region or the nation. Also the communication structure is in the process of being modernized due to the realization of severe weakness in this area. Changes within the ranking system and leadership positions followed in an attempt to more effectively utilize the chain of command.

Changes in operational doctrine exist throughout Chinese military affairs. Most prominently these changes can be seen in the Chinese Navy. Considering the establishment of economic centers on the coastal areas of China along with disputed island territories, maritime issues play a prominent role in the RMA. It is with this transformation the term “active defense” is first voiced by General Liu Huaqing. This includes a navy with the operational capability to perform missions hundreds of miles from coastal areas. Whereas previous operational capabilities required direct coastal operational defenses, this newer concept utilizes a green water navy and island chains as a defensive perimeter. Similar operational changes can be seen with the purchase of longer range modern military aircraft from the Russians.

Strategy is what binds the other elements of this revolution together. The question of whether this concept has been internalized and continued openness to change will exist are much more difficult to answer. China seems to be on its way to becoming a great power in the military sense. Moreover when compared to the U.S. they may be tightening the gap. But again, the gap is enormous. Realistically in another 10 years the Chinese may have the capabilities demonstrated by the U.S. in the first Gulf War. Most importantly, the direction this RMA is taking China seems to indicate a need for military options in the event of actions regarding Taiwan, not competing with U.S. forces worldwide.

A Disaster Waiting to Happen

With more attention being shown towards environmental issues as more resources are utilized and nations advance, I thought it appropriate to analyze how this issue may affect a nation’s growing power. In my research for this article in the other areas of
concern, environmental issues were discussed in many of the source materials. A rather consistent pattern of inquiry regarding the state of the environment in China was apparent and not positive. The leap forward in technological and economic growth if left unchecked is bound to have detrimental effects on the environment. I will examine this problem and describe the major environmental concerns facing China currently. Using this description it will become clear that China’s problems will eventual effect their growth in all of the above-discussed areas.

The classification of the major concerns relating to this topic is drawn from a study conducted by Li ZhiDong, a visiting Fellow at the Japanese Institute of Technology. He identifies the major problems facing China’s environment as, “net energy imports, environmental pollution and ecological destruction at home, cross-border pollution, and mounting carbon dioxide (CO2) emissions.” China’s continued desire for extreme economic growth may drive these problems to worsen over the next twenty years. Nonetheless, China strives towards a quadrupling of the economy in that time period.

Although the net energy importer issue can be left to another paper, the other issues determined in the above-mentioned report are of significance here. Environmental pollution is of serious concern. It is estimated that from 3% to 5% of China’s annual Gross Domestic Product (GDP) has been lost every year due to pollution since the mid 1990’s. The World Bank estimates an even higher 8% of GDP is lost due to air and water pollution alone. Acid rain destroys much of China’s food production. $1.8 billion a year of direct food losses of some 12 billion kilograms is estimated on an annual basis. 10 million hectares of farmland have been polluted by this acid rain. China is an environmental disaster in progress. If things do not change, serious consequences will prevail.

Pollution affects many areas of the Chinese economy. Death due to chronic obstructive pulmonary disease is five times the levels seen in the U.S. In an article written for Foreign Policy it is stated that:

Beyond the direct monetary expenses (such as additional hospital admissions), there are other costs: lost work time due to sickness;
decaying infrastructure from acid rain; lost crops and farmland; and forfeited tourist revenues.xxxv

Furthermore the author asserts logically that the costs of these pollution related problems have offset three quarters of China's real GDP growth.xxxvi

The pollution experienced within China is beginning now to be felt in those neighboring countries such as Korea and Japan. Acid rain in the primary transmitter, however waterways and sea water are beginning to effect other nations as well as China. 90% of China's urban water is polluted by it dumping of up to 43 billion tons annually. 400 out of it 668 cities are experiencing water shortages.xxxvii Much of their sewage is dumped untreated off shore, polluting sea resources shared by Japan and Korea. Sandstorms due to erosion of Chinese land have effect both neighboring nations. Approximately 18% of China had experienced desertification totaling 1.75 million square kilometers.xxxviii

Due to these environmental problems and pressure from the international community, China has begun to define environmental policy. Nevertheless, their effort has not been drastic enough. In 1996 in the Report on the Outline of the Ninth Five-Year Plan (1996-2000) for National Economic and Social Development and the Long-range Objectives to the Year 2010 China seemed to be aware of the problems. Former Premier Li Peng stated:

Since our country is now rapidly promoting industrialization and since we have adopted methods of extensive production and operation, waste of natural resources and environmental pollution are quite serious. With population growth and economic development, this problem will probably become even worse.xxxix

The Premier’s goal was to have these problems under control by the year 2000. However the problems have only become worse during the ensuing years.

During the course of the 1990’s there have been several attempts to provide a sound sustainable environmental policy to China. The last Five Year Plan contained a section devoted to environmental concerns. Chinese leaders have toured the countryside proclaiming their astonishment at the appalling environmental conditions. There is
opposition to this effort within China, specifically among those more interested in economic growth – The Ministry of Finance. They have been calmed by Communist Party leadership assurance that environmental protection will only be “phased in” without hurting economic growth. This is clearly an unrealistic possibility. In order to contain pollution, growth must be slowed or protective features introduced to industry, which in turn will slow growth as well. In 1999 the government made another bold yet unrealistic proclamation that they “plan to stop environmental degradation…by 2010.” Yet they have accomplished very little. A ministry level State Environmental Protection Agency was established in 1998 and increased spending on environmental issues, about 1% of the GDP, is being claimed. They have seen limited growth, sometimes none at all, in particulate emission since the 1980’s even though energy consumption has doubled. Nonetheless, the major problems persist.

How these problems can affect the rise of national power for China are evident. One of the foundations of U.S. and European power stems from the rate of consumption for those nations. Higher rates of consumption require means to fulfill that consumption. With China’s huge population and environmental troubles they will not be able to consume as much as the western nations without disrupting the world system, both economically and environmentally. China may be able to utilize technological improvements to help with environmental degradation, but so far has not incorporated existing technologies at a rate necessary to sustain growth in the long run. This would mean that at some point China must slow growth. Outside pressure and unrest from the inside will eventually force changes. The environmental lobby in China is far less significant that in the U.S. and Europe when it comes to effecting positive change. Change is occurring, but not fast enough.

If the Chinese leadership takes seriously the potential for disaster, they will be able to avoid it. It will require massive changes to their existing system of industry, disposal, and water usage. These changes will take time and money. A balance between economic growth and environmental security needs to be struck in order for China to maintain a prominent international role. Even so, these changes will ultimately hold them back from competing with the U.S. as a peer.
Conclusions

What must be taken into consideration when analyzing China’s potential as a peer competitor to the U.S. are those components that make up national power. Here, I have attempted to quantify four of the primary components of such power. I admit that there are other aspects of national power that might be considered, such as cultural influence. However, those I have identified are the most accepted gauges of a nation’s power. If a nation’s ability to protect and promote its national ideals and objectives is the outcome of that nation utilizing its “power,” then the factors discussed herein are the most apparent measures of that power. Economic, political, military, and environmental constraints and capabilities are an effective relative measure as to national power, especially when seen relative to another nation.

There have been straight line economic predictions of continued unimpeded growth of the Chinese economy. In those predictions China would be a larger percentage of the world economy than the U.S. by somewhere between twenty and fifty years from today. However, that type of analysis is unrealistic and not useful for our needs. Analysis of economic trends and forces provides much better indicators of China’s future. Even if the numbers reported by Beijing are questionable, most economists agree that the Chinese economy is growing at roughly 6-8% annually. Economic indicators however show a likelihood of slowing growth in the decades to come. The unabashed claims by China, and some political scientists, of potential unlimited economic expansion, remind one of the euphoria distinguished in the U.S. during the market expansion in the mid 1990’s. However, logic dictated then, as is does now, that expansion has its limits, and when something seems to good to be true, it usually is. That may sound simplistic, but it boils down to just that. Finally, the economy does not exist within a vacuum and is affected by the political, military, and environmental situation of a nation.

The necessary political changes that must occur as China moves towards a more free society will momentarily (historically speaking) slow chances of relative ‘peerness’ to the U.S. These challenges will require cultural adaptation on a large scale. The rule of law and respect for the individual will begin to infiltrate Chinese society in much the same way we have seen other societies opening to democratic ideals in the recent past. Political adaptability will be paramount for this change. It will be these changes
themselves that will slow China’s charge towards expansion. Also, Chinese political and diplomatic intentions belie the argument for their becoming a peer competitor of the U.S. Recent international activity and intentions indicate China’s focus on regional issues. There too, they will walk a difficult path if they want to challenge U.S. influence in the region. Reforming nations already look towards U.S. leadership in their endeavor to crawl out of the mire the last century put them in. It is military challenges in East Asia that present the greatest concern for the U.S. and China.

The much touted growth in Chinese military capabilities, likely will not permit China to challenge the U.S. symmetrically within the next half century. Even with great technological leaps forward China could not catch-up to the U.S.’s military’s capabilities. The potential of asymmetric options appear more likely and can present challenges to the U.S.--but not “peer” challenges. China’s stated objectives are not military equalization with the U.S. The most significant military related issue in the region is Taiwan. China wants military alternatives and options should something occur involving that region.

As shown previously China has numerous environmental problems stemming from their industrial growth, political motives, and military buildup. In order to truly compete as a peer to the U.S. consumption levels would need to increase in a nation already flirting with disaster. Without serious controls and limitations on Chinese waste, they may face a disastrous future. The U.S. has problems associated with waste and industrial by products as well, yet is much better at finding solutions to these concerns. China, on the other hand is placing economic growth as the forefront and damn the consequences. Surely international pressure has resulted in some change, but not to the magnitude necessary to avoid catastrophe in the coming decades.

China’s potential to rise to the level of peer, therefore, is quite low during the next fifty years. They will pose problems, likely regionally, and present challenges to U.S. international influence. Should the U.S. propose an international effort at something distinctly opposed to China’s objectives, that challenge could be serious. Nevertheless, to suggest that China can provide effective leadership on a global scale opposing America’s interests is not consistent with this analysis. Therefore, it is unlikely that China will present the kind of challenge to the U.S. that would bring about another bipolar world order. The future challenges China will present to America’s primacy by participating in coalitions or as a regional leader provide more realistic potentialities for further research.
ENDNOTES


i ibid.

iv ibid.

vii ibid.

viii ibid.


xi ibid.


xviii ibid. p.115-118

xx ibid. p.129

xv Gill, ibid. p 44.


xxi Lampton, ibid.

xxiii Foster, ibid.

xxviii ibid.

xxvii Li ZhiDong, ibid.

xxxvii ibid.


xxxvii ibid.

xxxviii ibid.
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