

# Analysis of China's Grand Strategy of Peaceful Rise from the Perspective of Politics and Economy

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## Abstract

Peaceful rise strategy is what has been adopted by China for nearly 40 years. Thus, the authors believe that seeking for peace should be China's target in a long period of time. The reasons for it can be divided into both economic and political ones. The authors aim to prove that China will continue its peaceful rise strategy. Adhering to the peaceful rise strategy is conducive to consolidating China's economic foundation, enhancing independent innovation capabilities and deepening international cooperation. For an authoritarian regime, staying peaceful is crucial to increase its influence in the global society and domestically staying peaceful ensures stability and legitimacy of the Party.

## Keywords

Peaceful rise; Political & economic perspective; China's grand strategy.

## 1. Introduction

After the fall of the Soviet Union, the US has maintained its monopoly by being the wealthiest and most military capable nation in the world. However, after China liberated its market in the 1970s, it became the second-largest economy in the world. One of the biggest beneficiaries of globalization, China continued to expand its market and to advance technologically. Furthermore, after Xi's rise, China became more actively engaged in international affairs, forming intimate ties with allies around the globe. The authors believe that although some scholars have put forward Chinese threat theory, influenced by Chinese Confucius's culture, seeking for peace would be a long-term strategy for China's grand strategy. The authors will analyze the reasons for China's grand strategy of peaceful rise from both economic and political perspectives.

## 2. Economic Reasons

Now that globalization has been focusing on high-end manufacturing and emerging innovative industries have become the core areas of the US-China competition. Economy has gradually become a fundamental battleground for both China and US in inserting its international influence. For peaceful rise, the authors believe that China need to formulate a strategy that can reduce potential damage to China's benefit in the process of transformation from its current high-speed development to a high-quality development.

### 2.1. Initial Stage

The US-China economic relation shows preliminary economic contact at the initial stage. The formation of this mutual contact relationship relies on multinational companies and international capitalists in developed countries. Currently, developed countries are dominating the global economic system and respective trading rules. Such a division of global value chain is inevitably beneficial to the core interests of developed countries [1]. In the study of causes and transformation of the global trade scale and the imbalance of interests, Zhang Jie claims

that "...it is precisely because it fits the core interests of developed countries that China can be tolerantly approved to enter the WTO, and China has thus received innovation incentives and economic growth model." [2] China, joining the global value chain and trading system, takes full advantage of this opportunity. The author believes that this fully stimulates the vitality of the market mechanism, forced the supply-side structural reform, stimulated the domestic demand of the people, and released the vitality of innovation.

## 2.2. Current Situation

Nowadays, China's economy is changing from high-speed development to high-quality development. China's production system is also developing to the middle and the high-end [3]. Thus its capacity for independent innovations is gradually improving. In fact, recent studies have shown that China's economic scale is gradually approaching that of the US.

**Table 1.** The Proportion of China-US Economic Strength in the World (%) [4]

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
GDP (Exchange Rate in U.S. Dollar)										
China	7.25	8.50	9.25	10.33	11.42	12.47	13.25	14.78	14.74	15.17
U.S.	23.20	23.98	22.69	21.17	21.55	21.66	22.02	24.21	24.53	24.03
GDP per Capita (Proportion to the World Average)										
China	37.03	43.72	47.94	53.92	60.02	66.00	70.60	79.33	79.57	82.38
U.S.	516.29	535.33	508.49	476.55	487.26	492.20	502.60	554.88	564.55	555.62
Commodity Trade										
China	7.84	8.73	9.66	9.89	10.39	10.95	11.30	11.93	11.44	11.50
U.S.	10.57	10.52	10.55	10.18	10.43	10.29	10.59	11.52	11.49	11.09
Attract Foreign Investment										
China	7.00	9.60	13.10	12.27	11.40	13.65	14.97	10.07	7.14	8.60
U.S.	13.58	11.27	13.94	11.28	11.83	13.52	13.27	21.01	19.58	18.13
Foreign Investment										
China	2.22	3.52	4.41	2.33	3.77	3.47	6.68	7.30	8.90	5.28
U.S.	13.42	25.06	20.61	20.98	21.91	21.88	21.50	14.88	13.70	20.93

The consequence of these changes is that China inevitably threatens the core interests of the US. In recent years, "China threat theory" and "China responsibility theory" [5] have become the mainstream claim. Economic sanctions imposed by the US on China's economy have occurred frequently. Triggered by China's proposal "Made in China 2025," President Donald Trump initiated a specific measure "301 tariff of the presidential memorandum" aimed to suppress China's high-tech innovative industry. Former US Secretary of State James Steinberg and David Lampton believe that US-China relations have reached a "Tipping Point" [6]. Therefore, in the current process of China's rise, China cannot avoid conflicts of economic interests with the US. The author believes that peaceful settlement of economic competition with the US is conducive to China's solid strength, and stimulates domestic innovation momentum in economic competition, promotes foreign cooperation, and seeks further development.

## 2.3. Strategy and Evaluation

To ensure a peaceful rise, the author believes that China should do follows. First, China should promote its development in the high-end manufacturing sector. At the same time, China should endorse emerging industries, promote an expansion in domestic innovation capability. In all, China should aim on facilitate a transformation and upgrading of the economic structure<sup>3</sup>. The government should apply some market incentive mechanisms to encourage innovation and

keep adapting to the global imports and exports regulations. In addition, the government should reduce the production costs and the research and development costs of emerging industries through tax reduction reforms. More importantly, China should expand its current Intellectual Property Protection Law to protect innovation achievements.

Second, the author believes that China needs to build a multilateral, cooperative, economic and trade platform, countering a US-led international system. For example, China has already implemented new international systems such as the BRICS Development Bank, the Asian Infrastructure Investment Bank, and the "Belt and Road" initiative [7]. All of these listed programs are China's current effort in formulating new, multilateral trade doctrine and free trade system rules. Employing these programs, China is taking full advantage of its "domestic demand market"<sup>1</sup> and making it an endogenous driving force to sustain a continuous growth of the Chinese economy. Simultaneously, it also acted as an important factor in attracting stakeholders and alliances.

Third, the author believes that, learning from the historical rivalry between Germany and Great Britain, China should work with allies to protect international rules, set new economic standards to safeguard its financial interests, punish theft, and fund research to protect innovation achievements. The commercial rivalry between China and the US in the 21st century holds an uncanny resemblance to that of Germany and Great Britain in the 19th century.<sup>1</sup> Both rivalries take place amidst an era of economic interdependence and explosive innovation. The powers involve choosing to use beyond protective tariffs as a way of standard-setting by dabbling technology theft, financial power, and infrastructure investment<sup>1</sup>.

The advantages of this strategy are clear. First, the author believes that it promotes the development of China's high-end manufacturing, emerging technologies, and independent innovation capabilities, which would enhance China's position in the global value chain and increase its international influence. Therefore, it enables China to actively participate in global economic governance with global economic influence increasing. Second, the author considers that it promotes the transformation of the US-China economic relations "from interdependence to mutual competition"<sup>4</sup>, weakening the US's role in restricting China's economy. Third, the author holds that the rise of China's economy has brought about stability, dissemination, and replication of China's system and values into the world. By participating globalization, the rest of the world has to influence and compromise to China's core values.

In the meantime, by adapting to a peaceful rise policy, China should also bear the loss of it. First, the author believes that the trade war between China and the US is getting into a situation of deadlock, with both side continuously expanding its markets and upgrade its technologies, which possibly spills over to all fields of trade goods, service commodities, investment system, financial system, and exchange rates. In the long run, the US-China economic competition will become more complicated as more conflicts of interest will arise. The author considers that China's trade earnings and economic development space will be squeezed and contracted, which is not conducive to China's peaceful rise. Second, the author holds that the US may take advantage of China's weaknesses such as its territorial disputes and complex geopolitical environment. It may try to restrict China's rise to maintain its own hegemony. As the current world leader, the US will not satisfy in staying in current economic competition. It might inevitably chose to adopt policies that forcing China to compromise and curbing China's economic development. Third, the author believes that the improvement of China's independent innovation capability system will promote the development of high-end manufacturing and strategic emerging industries, resulting in China's upward position in the global value chain. The consequence is that China and Japan, the European Union and other major developed countries will form direct competition and conflicts of interest, thereby building more enemies for China.

In general, China's peaceful rise strategy will inevitably encounter economic competition with other countries, especially with the US. Since the 1970s, China is gradually consolidating its economic strength and advancing the development of independent innovation capabilities. Therefore, with the deepening of globalization, China should use this opportunity to continue to promote global economic cooperation and find common ground of interest under the premise of inevitable economic competition.

### 3. Political Reasons

Talking on the political reasons which will keep China adopting a peaceful rise strategy, the author believes that the causes are divided. In China, current domestic political circumstances are special. The CCP, which stands for China Communist Party, dominates the entire political decision-making process, illustrating an indivisibility of China's domestic and international politics. In order to establish its own legitimacy in border, the CCP's political strategy may lining toward following what it has already employed for about 40 years.

#### 3.1. Domestic Politics

The main political reasons for China being mild is its inner political instability. Causing by its post-conflict history and employing an authoritarian regime, the CCP can hardly set a perfect model for its in-border citizens when it's become aggressive. Furthermore, the CCP has also made the maintenance of its legitimacy as the national priority. Without popular support of its personal-cult [8], an authoritarian system like China seems no advantage compared to the democratic ones, which is also a reason that China does not want an aggressive competition with other democratic superpowers.

The earliest modern interaction between China and the world can be traced back to the middle of the 19th to the middle of the 20th centuries which is called China's adaptation to Western international society.<sup>8</sup> The interactions then led to the internal violent revolution and the Civil War, and the eventual rise and later domination of the CCP in China. Then in the 1960s, under the personal worship of Mao, a Cultural Revolution started and resulted in the power struggle inside the CCP. The revolution, for China's scholars and right-wing politics, was a catastrophe. It impoverished the whole country and exposed to external security threats.<sup>8</sup>

In the mid and late 1970s, the CCP finally ended the splits of the Party and restarted a close communication and then cooperation with the Western Society. However, the truth is that accompanied by the wavering attitudes inside the Party. China had great difficulty promoting any political revolution in the Post-Mao era. Thus, with the ups and downs of personal political rights, the students on campus led a Tiananmen social unrest. From 1989 and on, the CCP could not easily accept what is standard in the West and had to seek a workable blend of what is efficient and safe in China.<sup>8</sup> Also, history have taught the CCP lessons. [9] Before the complete formation of a unique "Chinese Characteristic", becoming aggressive cannot win the support of the citizens, and without system advantages and inner unity, winning a military competition is like an unattainable dream.

#### 3.2. International Politics and Civilian Nationalism

Considering the CCP's priority and the current circumstances of China's domestic political needs, in a relatively conservative perspective, China should be willing to keep the status quo with the bordering and other East-Asian countries. It not only helps the continuous duration of China's economic prosperity but also is beneficial to continue the cultivation of civilian nationalism.

Considering the nationalism effects, it is one of the most important reasons why China does not actually become allies with countries like Japan and Philippine on account of interdependence [10]. China's nationalism is one of the biggest determinant in China's international policies.

Though China's system does not need citizen's participation, the CCP still needs its people's unweaving support. For the CCP, arousing people's nationalism is the key to protect its own legitimacy<sup>9</sup> and internal stability. However, staying overly aggressive led only to blind decisions. Setting a clear political enemy is just what Mao did in the 1960s-1970s<sup>9</sup>, which led to a significant economic recession. Thus, a simple enemy-setting strategy is not useful. Staying relatively peaceful to the international society, in the long run, can keep a moderate level to help build legitimacy and maintain domestic peace while placing an invisible control on people. For countries like Japan, which tried to colonize China in the near past, the CCP may take Japan as a tool to cultivate its civilian nationalism. By controlling media, the government controls the publicity of the news, selecting what should be shown to its citizens, including debuting controversial problems in other democratic countries. Different from the separation of media and politics in western countries, China's decision-makers can broadcast whatever they think is necessary for inner stability while causing no harm for external relations.<sup>9</sup>

### 3.3. Strategy and Evaluation

In brief, China is a country that politically needs internal stability. To realize it, China may have to adopt a more peaceful strategy to the external world like what has been taken in the past 30 years, which may seem difficult but extremely worthwhile.<sup>8</sup> For China, it is always a country of the Party. To maintain its authoritarian power, the CCP can only adopt political isolation. Only with political isolation generated civilian nationalism, the CCP can have unchallenged support in all of its proposed domestic policies and gradually reach its developmental target without any disturbance from the outside world. And the author believes China's strategy will turn out as follows.

By controlling highly-trained troops, the CCP ensures its essential ability to handle all potential of unrest and riots that is likely to happen in its borders, like in Xinjiang. However, the military command does not necessarily always mean an aggressive attitude. In China's case, it is the CCP's effort to insert an absolute control within its boarder without a slight possibility of betrayal.<sup>9</sup> Meanwhile, China controls the media. Though sometimes the media is swayed by audiences' tastes, the leading tone is always "guided" by the propaganda authorities to reinforce civilian nationalism. [11]

Internationally, the author believes China will still adopt a peaceful strategy. China wants a more independent social phenomenon that is more helpful in implementing its in-border policies<sup>8</sup>. This may decrease its international influences and create challenges for its growing status in the world. There are also complex responsibilities China shall take for it to carry on the strategy.<sup>8</sup> Overall, a peaceful strategy can serve the domestic political needs and stay a relatively low profile on the international stage. However, the CCP should also weigh the foreign interference and due responsibility a superpower should claim which are both brought by internal prosperity.

## 4. Conclusion

All in all, for China, choosing a peaceful strategy looks like the best choice to make. Economically speaking, independent innovation capability system will be improved, resulting in China's upward position in the global value chain and thus enhance its core values and global status. Furthermore, adopting a peaceful strategy is beneficial for the alleviation of controversy of an authoritarian regime. However, the increasing status may put heavier burden on China when facing a global issue. It cannot always be a peaceful, innocent stand-by superpower encountering international challenges. The authors believe that China should stress on a balance of the responsibility it should claim and its effects placed on the domestic market and stability of political system.

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