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LIST OF ACRONYMS

FDI	Foreign direct investment
IPR	Intellectual Property Rights
OECD	Organization for Economic and Cooperation and Development
PPP	Purchasing power parity
SOE	State owned enterprises
UN	United Nations
UNCTD	United Nations Conference on Trade and Development

1.0 Introduction

China has increasingly captured attention as a rising superpower not to be ignored, with the potential of challenging the established position of United States as the most powerful nation on earth (Abdullahi and Phiri, 2019). This has followed the country's successful reforms for domestic and global growth witnessed in its Belt and Road initiative that has resulted in economic growth and attracted China's goodwill and endorsement from developing countries in South America, Africa and other regions globally (Almotairi, 2021).

According to Wilkinson (2007), the schools of thought dominating the study of international relations are realism and liberalism regardless of having limited scientific proof. In reference to the theory of realism, states are argued to be in a state of anarchy, lacking an authority to intermediate their relations or disputes with other states, hence their need to accumulate power to protect and accelerate their national interests (Donnelly, 2000).

Furthermore, the theory of realism asserts that states that have acquired economic power arising from the wealth obtained from global commerce, trade and industry proceed to invest this wealth in acquiring military power, which is a fundamental requirement to defend and protect the state's national interests. It is in this context that China as a rising global economic power is perceived to be a threat to existing powerful states like the United States (Abulahi and Phiri, 2019), with further potential of changing the world order. This therefore presents a contextual realm of investigating whether China's rise to economic power has the ability to change the existing world order of international relations which is the purpose of this study essay.

The liberalism school of thought however takes on an optimistic view of international relations, with faith in international law and world governance through world organisations like the United

Nations, African Union and European Union (Wilkinson (2007). Some scholars therefore argue that China's participation in international relations respects interdependence and regional cooperation compared to the drive for military power which Beijing leaders believe brought down the Soviet Union (Findlay and Watson, 1997). This essay therefore investigates China's current approach to international relations, whether it is aligned to the theory of realism, liberalism or constructivism and whether there is potential for China's rise to change the world order.

2.0 Research aims and questions

2.1 Main Objective

To investigate through a desk study, evidence of China's rise as an economic power and its impact to world politics and international relations.

2.2 Research questions

1. Is China rising in economic and military power, and if this is the case what is the impact to its relations with other countries versus their relations with existing powers like the United States?
2. What is China's approach to international relations; is it in line with the realist, liberalist or constructivist theory?
3. What is the impact of China's rise in economic and military power on the world order and the position of existing powers like the United States and Russia?

3.0 Rationale and Methodology

The adopted rationale and methodology of this study shall involve the review of literature on international politics and relations to identify evidence of China's approach to its relations with other states and whether this falls within the domains of the accepted theories of international relations; realism, liberalism or constructivism. Furthermore, China's rise as a global economic power shall be assessed to determine whether it's rise shall change the global world order.

According to Wilkinson (2007), the rationale for assessing a state's position as a global super power involves a review of its stake within the global economy, in addition to the level of its investment in military power and subsequently the number of military bases it has across different regions of the world. Furthermore, Wilkinson (2007) argues that based on a state's ability to accumulate power in regards to its economic and military relations with other states, it can be determined whether this state has the ability to influence other states to lean towards its interests.

Therefore, it is in this context that China's rise as an economic and military global power house shall be investigated through evidence available within literature review. China's economic power status shall be analyzed in relation to its previous adopted strategy of the 'Belt and road initiative' which serves the purpose of positioning China as a leading player in international trade across different regions of the world (Almotairi, 2021). The impact of the successful adoption and execution of this belt and road initiative shall be assessed through literature review whether, it has the capacity of substantially increasing China's economic power.

Furthermore, following China's rise in economic power as a result of the potential successful implementation of the belt and road initiative, literature review shall be analyzed to determine China's international relations' policy as to whether it is leaned towards liberalism taking into

account interdependence of the states it interacts with, the theory of realism in its international relations which leans towards more investment in military power following its growth in economic power and GDP or the theory of constructivism which respects individual country differences, cultures and identities.

This desk study shall involve review of literature from Ebsco, Emerald and Research Gate, in addition to review of the core text book by Wilkinson (2007); International Relations: A Very Short Introduction and other leading reliable sources of credible literature.

4.0 Literature review

The literature review section here under has been develop in line with the research questions above to gather and obtain insights that inform investigation of the study's research questions.

4.1 Is China rising to economic and military power and what is the impact on its international relations.

According to the World Bank, China's economy has grown by an average of 9.5% since it implemented free-market reforms in 1979 and opened up to global free trade and investment. As a result, China has one of the fastest growing economies in the world (Morrison, 2019).

According to Morrison (2019), China's GDP grew at an average yearly pace of roughly 10% between 1979 and 2017, making it the fastest growing economy in history and pulling more than 800 million people out of poverty. China has henceforth become a global economic power in this sense, with the IMF ranking the nation as the biggest economy in terms of purchasing power parity (PPP), value-added manufacturing, trade and foreign exchange reserve holdings (Morrison, 2019).

With overall trade between the two nations increasing from \$5 billion in 1980 to \$660 billion in 2018, China's rapid economic expansion has led to a rise in bilateral commercial ties with the United States (Morrison, 2019). China has consequently grown to be the United States' greatest trading partner in terms of goods, as well as its third-largest export market and largest source of imports. Additionally, as of April 2019, China held the record for the most purchases of US Treasury securities, with a \$1.1 trillion total.

4.2 Chinese economic growth and reforms

Morrison (2019) estimates that between 1979 and 2018, China's annual real GDP averaged 9.5%, enabling China to double the size of its economy after every eight years. The global financial crisis of 2008, however, caused China's GDP to decrease between 2008 and 2018, and the OECD predicts that this decline will continue if China and the U.S. continue to raise tariffs on all trade between their two countries.

4.3 Cause of China's economic growth

Morrison (2019) claims that economists attribute two things to China's swift economic development: large-scale capital investment resulting from significant domestic savings and foreign direct investment (FDI) and swift productivity increase. China's state-owned enterprises (SOEs) which accounted for 32% of GDP in 1979 were a major contributor of the high rate of savings and supported the government's domestic investment.

Furthermore, China's gross savings exceed the net investment which supports China's growth policy as the world's net lender (Morrison, 2019). Productivity gains supported economic growth through the reallocation of resources, while workers were freed to pursue employment in the productive manufacturing sector from sectors such as agriculture where there was less value addition. In addition, the reforms led to decentralization of the economy promoting a free economy with more competitive forces at play (Morrison, 2019).

Additionally, new processes and technology were introduced into China through FDI, which increased efficiency. China's ambition to switch from relying on high-polluting and energy-intensive industries to relying on high technology and green energy solutions shows its dedication to the economic changes necessary to achieve a high-income position.

4.4 Size of the Chinese economy

Concerns, particularly from the west, about whether China will reach and overtake the United States as the greatest economy in the world gave rise to debates about the scale of the Chinese economy. Economic measurements indicate that the size of the economy is 65.3% that of the US, with a per capita GDP of \$9,608; 15% of the US per capital level (Morrison, 2019).

However, analysts contend that because of differences in the cost of products and services between China and the United States, using standard exchange rates to compare the two nations' economies may be misleading. Therefore, economists utilize the idea of purchasing power parity (PPP) to reflect this change in the cost of products and services, which typically cost China half as much as they do in the United States. One US dollar would now buy more goods and services in China.

Therefore, based on PPP, China surpassed the US as the largest economy in the world in 2014, according to the IMF. In contrast to the US's GDP of \$20.4 trillion, China's GDP for 2018 jumped from \$13.4 trillion to \$25.3 trillion when adjusted for PPP (Morrison, 2019).

Furthermore, the IMF forecasts that by 2024, China's GDP would be 56% larger than the US's on a PPP basis. Despite its quick expansion, China's GDP is only 28.9% that of the US on a per capita basis, and given that China has a much larger population than the US, it would take a long time for it to catch up.

4.5 Impact of China's economy on the global economy

China has developed into a large consumer of FDI inflows as well as a big provider of FDI outflows, according to further statistics from the United Nations Conference on Trade and Development (UNCTAD) (Morrison, 2019). China received \$139 billion in FDI as of 2018, making it the second-largest beneficiary behind the United States.

Growth in China's FDI outflows is attributed to a range of factors; encouragement of the firms to go global, a move to access intellectual property rights (IPR), technology, so as to support Chinese firms to move up the chain of value addition in manufacturing, industry and different services sectors. Access to these overseas industrial assets would support domestic innovation and enable the SOEs to become global competitors.

Furthermore, FDI outflows have been driven by China's accumulation of foreign exchange reserves, in addition to the desire to acquire natural resources such as oil, minerals which are needed for the country's rapid economic growth.

4.6 China's approach to international relations

According to Qianqian. (2018), China's threat as a superpower is explained through the international relations theory of 'realism'. As China's power in the international state system increase, the shift power within the states it interacts with tends to move more towards its direction.

Robert Gilpin cited in Qianqian. (2018), states that, 'a state will seek to change the international system through territorial, political and economic expansion until the marginal costs of further change are equal to or greater than the marginal benefits'

According to Almotairi (2021), many pessimistic realists believe that China would love to challenge the existing status quo of the international state system, with the aim of achieving global hegemony. Others view China as seeking to challenge the US authority in Asia, with a risk of a war occurring between the two states.

Mearsheimer (2006) cited in Qianqian. (2018) argues that a rising China would love to see the United States pushed out of Asia. Qianqian. (2018) however argues that Chinese have mixed feelings towards China; they perceive it as both a strong and weak power. In terms of being a

strong power, China would love to demonstrate its ability to equal the US as an economic super power. However, as a weak power, China is still undergoing economic development, with its western side still largely underdeveloped.

4.7 Limitations of the realist theory in context to China's military capability.

Abdullahi and Phiri (2019) argue that the goal of China's accelerated military expenditure is to balance the US' military position in East Asia. However, on a different note, China's expenditure on military power is so little compared to that of the US (Qianqian, 2018).

Other views on China's military expenditure perceive it differently, in that when the expenditure is measured as a ratio of GDP, China only spent 2% in 2008 compared to the US that spent 4% of its GDP (Han and Paul, 2020). Furthermore, China's expenditure was even lower than global average, making its military expenditure normal and not a supposedly threat to the US power.

According to Qianqian, (2018) realists especially those who emphasize the China threat consider the emerging China as a dissatisfied power, which will challenge the dominant powers in the world. However, given that China has limited military power compared to the US, and it not deliberately pursuing accelerated military strength, it could be argued that the realist theory does not apply in the context of China's relations with the U.S and whether it is ready to directly challenge the United States as the world's leading military power. This goes against the theory of realism which leave in consideration for the option of war occurring between two conflicting nations.

4.8 The liberalists view on China's international relations

According to the liberalists, China's increased economic interdependence within its Asian region and beyond decreases the likelihood of political conflicts (Han and Paul, 2020). Qianqian (2018)

furthermore states that ‘economic interdependence’ refers to the ‘reciprocal effects among states’ due to ‘international transactions involving goods, services, people across their borders.

In light of this, it is argued that China’s relationship with the world relates to that of ‘complex interdependence’, involving China promoting more economic interdependences as a way of protecting its economic growth interests. A harmonious relationship is that promoted between China and the rest of world so that more trade can occur between the two parties.

Liberalists believe given that China has joined multilateral economic institutions such as IMF and WTO and APEC, it is willing to cooperate to align itself with global expectations for harmonious trade and economic relationships that have mutual benefits for all parties involved (Qianqian, 2018)

4.9 Limitations of China’s liberal/neoliberal perspective to international relations.

According to Qianqian (2018), the theory of economic interdependence between China and its neighbors assumes that there is no possible conflict between two economically trading countries. This view is challenged by the long political conflict existing between China and Taiwan which are at the same time long time trading partners.

The same scenario occurred between Japan and China where both countries agree to the importance of their economic interdependence for the sustainability of their economies. However, this has not stopped or undermined their poor political relations which have over time instead deteriorated. Economic interdependence in its own right has not been enough to resolve historical disputes and generally elements of mistrust between China and Japan. According to Qianqian (2018) economic interdependence has not provided sufficient ground to resolve political and security issues between China and its trading partners and neighbors; Japan and Taiwan.

4.10 Constructivist theory of international relations

Han and Paul (2020) state that the theory of constructivists in relation to China's policy of international relations relates to the ideational factors that define China's behavior as it relates with other countries. The theory focusses on China's image and national identity as a great power in its region and beyond.

According to Qianqian (2018), China's national identity is defined by its history of humiliation under domination by other powers, as well as its pride derived from the current success level of its civilization as an economic powerhouse.

According to Han and Paul (2020), China's humiliation period refers to the time from 1840 when western powers dominated Chinese territory and brought the citizens a lot of suffering and thus have defined the Chinese national identity as aggressive towards regaining its national pride through economic progress as a way of erasing the historical humiliation.

Goldstein (2007) argues that China's foreign policy is largely defined by identity framing in the sense of respecting sovereignty and non-interference with the domestic affairs of other states. This view of constructivism considers an optimistic view of China's international relations by taking the view of China engaging with other countries by appreciating their interests and identities and henceforth only engaging on mutual benefit terms.

Ding, (2010) adds that this view of China's soft power international politics involving respect for interests and identities largely defines its relations with the other countries that make up East Asia and that in fact the East Asian states share in on these views and principles of international relations. It is upon this same context that Almotairi, (2021) argues that China has been able to

expand its influence across the Asian, Africa, Europe and middle east regions through its belt and road initiative of promoting infrastructural development and trade partnerships across the globe.

Therefore, the framework of China's soft power politics, and the non-interference model of Chinese international relations informs the argument of this study that China has the potential of changing the existing world order, by promoting peaceful economic transactions between states without the need for interference in domestic interests and affairs of other states. China's pursuit of its belt and road initiative there fore is fair ground for exploitation of this world view.

5.0 Findings

China's economic growth and global expansion by extending its debt financing to developing countries within the sectors of infrastructure, marked by the Belt and Road Initiative and the Made in China 2024 initiative are all measures of strengthening its global economic influence and spread of its soft power. The findings of this study reveal that China's economy is the largest based on purchasing power parity due to its lower costs of goods and services compared to the United States.

However, the conclusions of the theories of international relations, in particular the theories of realism and the theory of liberalism, are not in position to explain China's indifference to the normally expected behavior of countries pursuing either of two directions towards international relations.

The study indeed discovered that China is growing economically and following this has also invested in building its military strength, but within normally expected standard, not to the extent to which countries like the United States should be concerned about China as a threat.

The realist theories explain why China's neighboring countries and even others like the United States are concerned about the economic growth of China because with this growth, they can easily convert the financial power to military power, however, China's military investment as a share of GDP is too small compared to that of the US or other developed economies, which undermines this realism theory of perceiving China as a military threat.

The liberalist theories as well are limiting due to substantial evidence which directs us towards China having a strong economic interdependence with its neighbors like Japan and Taiwan, which all parties are cognizant of, however this economic reliance upon each has not been sufficient enough to prevent political conflicts between each from occurring.

China's rise as an economic power is under way given that the IMF and world bank still regard China as a developing country as it still has development issues to handle, regardless of their recognition of China having a larger economy than the United States based on purchasing power parity.

However, with its successful implementation of the belt and road initiative and the 'Made in China 2025', China would indeed accelerate its economic growth globally making it an undisputed economic power.

6.0 Conclusions

The findings of this study reveals that indeed China is an economic power with a GDP second only to the United States, however based on GDP measured against purchasing power parity, China's economy is recognized by the IMF as being bigger. Nonetheless the study does not warrant that a growing economy means China is investing in military power as a way of changing the world order.

The study reveals that China's approach to international relations leans more towards liberalism and constructivism compared to realism through the promotion of interdependence between states for mutual economic prosperity for the case of liberalism and the respect of national interests and identities for the case of China's adoption of the constructivist theory of international relations.

The study henceforth argues that China has adopted the liberalist and constructivist theories to international relations to develop its soft power which supports its push for its push for the belt and road initiative that shall include economic partnerships with all major regions of the world an aspect which the study argues will shift global power from existing players like the United States.

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