

The Waking Dragon: Rise of the New China
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Is there a future China as a superpower?

The rise of China appears to be a popular topic these days, but what does this rise actually mean, and not in connection with the resulting effects on the world.

Only a decade ago, China had barely the international presence it does today and mass urbanization seemed far off in the future. Times have changed drastically. But of course a booming economy and good economic policies would have China eventually join the ranks of developed countries. The question of China's ascension was never in doubt, but what degree of power will this new China wield?

Formerly the Rising Sun

During the 1980s it had been speculated that Japan would overtake the United States as an economic superpower. American businesses, politicians, and even ordinary citizens, were panicked, frightened by the seemingly inevitable prospect of a Japanese takeover. How could this happen? What went wrong? But as we now know, such a takeover never occurred.

Today, Japan is still recovering from a recession that had crippled its economy. While the 1990s marked the beginning of a 20 year-plus journey for Japan to regain its economic strength, the United States was in the midst of a decade of prosperity. Suddenly, the idea that Japan would have overtaken the United States was laughable, if only because it never happened.

Despite its economic difficulties, Japan has remained a manufacturing giant in various industries, particularly in automobiles (Toyota, Nissan, and Honda) and electronics (Sony, Panasonic, Hitachi, among a plethora of others). Although Japan did not overpower the United States in its entirety, Japan remains a dominant actor in these areas and others.

A comparative advantage

The rise of China should be discussed in terms of its comparative advantage over the United States in mass producing goods at a lower cost. The weak yuan and cheap labor force makes China an attractive place for businesses to relocate. Jobs "lost" to China are simply market forces at work. It is almost inevitable that American jobs would have transferred to China given these market forces; however, is the transferring of jobs leading to American economic decline?

It's safe to say that China's economic boom was inevitable. However, it is less certain that China's booming economy would have sunk the US economy. The housing market crash in the US kicked off the current recession, aided in no small part by poor economic decisions past and present. Given that Japan once posed the same threat as China—fear of losing American jobs to foreign countries—it is uncertain that the US would have "fallen," so to speak, had the recession not occurred. That said, given the financial

difficulties of the US, a recession may not have been far off in the future.

China, along with other developing countries, has established itself as an ideal place for businesses to produce goods more cheaply than in developed countries. Regulations (or lack thereof) and lower living standards are especially enticing to companies looking to expand their profit margins. Yet, for the US, American automobiles are still assembled domestically, even if parts are manufactured overseas. American pharmaceutical companies are still producing drugs at home rather than abroad. So while the US has seen certain jobs leave its borders, there are still other jobs to be had.

There are, however, valid criticisms regarding China artificially suppressing its currency and refusing to let it float. By suppressing the yuan, China is able to create profit-friendly conditions for companies. Yet, if the yuan were to float like the dollar, euro, and other currencies, it's unlikely that these same conditions would continue to exist over the long run. Wages will increase and, eventually, so will the cost of doing business. As a nation becomes wealthy, so should its people; and if the people become wealthy, so should their living standards.

We need only look at Shanghai and Hong Kong to see where the rest of China could be heading, for it too, in time, will face the same challenges as other developed countries. Massive urbanization has seen millions of people leaving the countryside to find better work, a better life, in the city. Will this urbanization see a shift from a largely agrarian and industrial economy to a service economy? Of course, given China's massive population, they probably needn't worry about this just yet.

Superpowers

China has already become a major player on the world economy, but there are also predictions that it will become a superpower. The question we must first ask ourselves is this: "What defines a superpower?" Having economic dominance alone is not indicative of a superpower, although having a strong economy is often necessary.

Japan, for all its might during the 1980s, was not a superpower. Pure military might is not indicative of a superpower, although having a capable military is also not out of the question. In terms of total manpower, Russia possesses the largest military in the world, but its capabilities are somewhat limited.

So is having a strong economy and military the definition of a superpower? Yes but tentatively so. A superpower is more than just having the biggest stick and deepest pockets. It's also having the ability to project oneself whenever and wherever. During the Cold War, the US and the Soviet Union were superpowers in that, yes, they had both a powerful military and capable economy, but they were also able to project their influence. They had the ability to shape the world according to their foreign policy objectives. Not completely, not totally, but just enough to achieve their desired goals. More importantly, large parts of the world were willing participants in assisting these superpowers, if only to benefit in some way from their dominance.

Since the Cold War, the US has managed to hold onto its sizeable economic and military advantage, and its ability to carry out its foreign policy around the world, for better or worse. It is this combination of economic and military dominance, and the resulting

ability to project soft and hard power, that has made the US a superpower.

For China to attain this level of influence, we may have to wait several decades. Should this day come, it remains to be seen if the international community as a whole, never mind its immediate neighbors, are willing to accept China as a superpower.

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