

# China as a Status Quo or Revisionist Power? Implications for Australia<sup>1</sup>

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This article examines what a rising China means for Australia by first addressing the extent to which China acts in a revisionist fashion, and second, discussing responses the previous point might evoke from the US and, to a lesser extent, the East Asian region. It then argues that while management of destabilising issues will at times prove challenging for Australia, there is nevertheless cause for cautious optimism looking into the region's future. Because China does not appear to be a revisionist power despite its ascendant status, the current 'hedged integration' approach preferred by Washington and Canberra remains fundamentally sound.

Australia's national security is linked to the health of its regional security environment. By using its already large and still fast-growing economy for more effective diplomacy and the modernisation of its military, the People's Republic of China has transformed itself into an influential player in East Asian international affairs. The Australian Government is taking explicit notice of the emergence of Chinese power, as key public addresses by the Prime Minister testify.<sup>2</sup> Alan Gyngell writes of other, more subtle signs: "doors to Ministerial offices open more easily; diplomatic language is crafted more carefully; complaints are responded to more snappily"<sup>3</sup> Over the long term, few issues will be more significant to Australia's national security than the type of power China becomes and the impact it will have on East Asia. Contemporary security issues such as trans-national terrorism, illegal migration, and instability in the South-West Pacific could come to be seen as second- and third-order security issues in view of a rising Chinese great power that does not accept the extant security order.

This article approaches this complex problem by addressing two key points: First, it examines whether China can be seen as acting in a revisionist fashion or a manner which supports the status quo. Second, it discusses responses the previous point might be expected to evoke from the US and region, as well as how Australia can deal with these dynamics to better ensure its national security. The interaction of these two factors will significantly shape, if not determine, the character of the Asia-Pacific security environment.

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<sup>1</sup> The author thanks Dr. Rod Lyon for advice and comments on the project leading to this article—the content and any errors remain wholly the responsibility of the author.

<sup>2</sup> Australian Prime Minister John Howard, Address to the Asia Society, New York City, 12 September 2005. Also John Howard, Address to the Lowy Institute, Sydney, 31 March 2005.

<sup>3</sup> Alan Gyngell, 'Living with the Giants', *Time (Asia)*, 25 April 2005.

## Key Concepts

Revisionism is often linked to a state's 'satisfaction' or 'dissatisfaction' with the international order.<sup>4</sup> Steve Chan explains the concept of a satisfied state as "one that accepts the existing ordering principles of the international system".<sup>5</sup> Randall Schweller takes a similar conception and contrasts it with that of a "truly revisionist" power.<sup>6</sup> He argues status quo states are content to "preserve the essential characteristics of the existing international order", while conversely, revisionists seek to "undermine the established order for the purpose of increasing their power and prestige in the system".<sup>7</sup>

Because countries are seldom ever completely satisfied, that a state appears dissatisfied cannot in itself be considered conclusive evidence of revisionism – revisionists must incur the term through their actions as well as preferences, as Schweller implies. In addition, Schweller provides a further useful benchmark with which to distinguish revisionist from status quo states: revisionist states will "employ military force to change the status quo and extend their values".<sup>8</sup>

The term of an East Asian regional 'order' in this article refers to the governing arrangements and patterns of interaction among the states of the region.<sup>9</sup> These arrangements and patterns define relationships and shape mutual expectations about interaction. Although it does not necessarily determine patterns of interaction in East Asia, the underlying distribution of power within the region is a key factor in the order<sup>10</sup> – not least because strong powers sharpen the implications of the revisionist/status quo issue in a way that weak powers do not.

## Status Quo?

China's interest in engagement with multilateral institutions has been portrayed as indicating commitment to the status quo, replacing a former

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<sup>4</sup> Steve Chan, 'Can't get no satisfaction? The recognition of revisionist states', *International Relations of the Asia-Pacific*, vol. 4, no. 2 (August 2004), pp. 207-238; Steve Chan, 'Exploring puzzles in power-transition theory: Implications for Sino-American relations', *Security Studies*, vol. 13, no. 3 (Spring 2004), pp. 107-108, 135-136; Alastair Ian Johnston, 'Is China a status quo power?', *International Security*, vol. 27, no. 4 (Spring 2003), pp. 5-6; Randall L. Schweller, 'Bandwagoning for profit: Bringing the revisionist state back in', *International Security*, vol. 19, no. 1 (Summer 1994), pp. 86-88; Randall L. Schweller, 'Managing the rise of great powers: History and theory', in *Engaging China: The Management of an Emerging Power*, Alastair Ian Johnston and Robert S. Ross, (eds.), London, Routledge, 1999, pp. 18-24.

<sup>5</sup> Chan, 'Can't get no satisfaction?...' p. 216.

<sup>6</sup> Randall L. Schweller, *Deadly Imbalances: Tripolarity and Hitler's Strategy of World Conquest*, New York, Columbia University Press, 1998, p. 24.

<sup>7</sup> *Ibid.*

<sup>8</sup> Schweller, 'Bandwagoning for profit: Bringing the revisionist state back in', p. 105.

<sup>9</sup> G. John Ikenberry, *After Victory: Institutions, Strategic Restraint, and the Rebuilding of Order after Major Wars*, New Jersey, Princeton University Press, 2001, p. 23.

<sup>10</sup> *Ibid.*, pp. 22-23.

scepticism of multilateralism.<sup>11</sup> While showing itself to be a pragmatic participant within the World Trade Organization and less passive at the United Nations, Chinese multilateral efforts have focused on the 'Shanghai Cooperation Organization' (SCO), which it was instrumental in establishing, and engaging the Association of Southeast Asian Nations (ASEAN).<sup>12</sup> Among others, China also participates in the ASEAN Regional Forum, the Asia-Pacific Economic Cooperation (APEC) forum, became a key member of the inaugural East Asian Summit (EAS) in December 2005, and has even begun attending meetings of the G8 group of industrialised nations (as an observer).<sup>13</sup> China's engagement with key international institutions implies support for the status quo, although a contrary view can be advanced, as will be discussed below.

Observers have noted a more responsible and constructive role played by China in international affairs.<sup>14</sup> China received recognition from the US and ASEAN for the leadership it showed during and after the 1997 Asian financial crisis.<sup>15</sup> It is slowly moving in line with non-proliferation standards demanded by the international community, especially the US, post-September 11<sup>th</sup> 2001 (9/11). While some concerns remain,<sup>16</sup> the trend is positive.<sup>17</sup> It played a particularly valuable role as a facilitator of the 'Six Party Talks', a multilateral dialogue that unsuccessfully attempted to resolve concerns about North Korea's nuclear program.<sup>18</sup>

China continues to move toward resolving its territorial disputes, including the demarcation of the Sino-Russian border and addressing long-standing disagreements with India. It has put other disputes on hold, notably concerning the South China Sea.<sup>19</sup> One notable exception is the tension with Japan over sovereignty of the Senkaku Islands (known and claimed as

<sup>11</sup> Johnston, *op. cit.*, pp. 11-25. Yueh-Tsan Lai, 'China's strategy toward the Asia-Pacific multilateral mechanism', *RUSI Journal*, vol. 149, no. 1 (February 2004), p. 68.

<sup>12</sup> Robert Sutter, 'China-Southeast Asia relations: Military diplomacy and China's soft power', *Comparative Connections*, vol. 8, no. 2 (July 2006), pp. 78-79.

<sup>13</sup> Yong Deng and Thomas G. Moore, 'China views globalization: toward a new great power politics', *Washington Quarterly*, vol. 27, no. 3 (Summer 2004), p. 124; Evan S. Medeiros and M. Taylor Fravel, 'China's new diplomacy', *Foreign Affairs*, vol. 82, no. 6 (November/December 2003), p. 22; David Shambaugh, 'China engages Asia', *International Security*, vol. 29, no. 3 (Winter 2004/05), pp. 73 -77; Robert Sutter, 'Why does China matter?' *Washington Quarterly*, vol. 27, no. 1 (Winter 2003-04), p. 83.

<sup>14</sup> Medeiros and Fravel, *op. cit.*; Shambaugh, 'China engages Asia'.

<sup>15</sup> Amitav Acharya, 'A concert of Asia?', *Survival*, vol. 41, no. 3 (Autumn 1999), p. 97

<sup>16</sup> Justin Bernier, 'China's strategic proxies', *Orbis*, vol. 47, no. 4 (Autumn 2003), pp. 629-643.

<sup>17</sup> David C. Gompert, François Godement, Evan S. Medeiros, James C. Mulvenon, *China on the move: A Franco-American analysis of emerging Chinese strategic policies and their consequences for Transatlantic relations*, Santa Monica, RAND, 2005, p. 31.

<sup>18</sup> Medeiros and Fravel, *op. cit.*; Anne Wu, 'What China whispers to North Korea', *The Washington Quarterly*, vol. 28, no. 2 (Spring 2005), pp. 35-48.

<sup>19</sup> Somini Sengupta, 'India and China agree to resolve decades of border disputes', *The New York Times*, 12 April 2005; Shambaugh, 'China engages Asia', p. 66; Jane's Intelligence Digest. 'India and China: allies or rivals?' Posted online 20 July 2006. Bruce Loudon, 'India and China in 10-point ties pact', *The Australian*, 23 November 2006.

the Daiyoutai in China), as well as the contest between the two over rights to resources in the East China Sea.<sup>20</sup> How this issue plays out may indicate China's willingness to be a constructive regional player in the longer term.

Maintaining the trajectory of its economic growth has required attracting large quantities of foreign direct investment, which has in turn been accompanied by increasing volumes of international trade and closer integration into the global economy.<sup>21</sup> By accepting the rules of the contemporary US-led global economy, China has become one of its biggest beneficiaries. China has clearly acquired a substantial stake in the international system and its leadership appears to believe that it can achieve most of the further growth and development it needs by operating according to the terms of the existing international economic order.<sup>22</sup> If it can maintain this economic growth, one 2005 estimate suggests that China's economy, measured in US dollars at market rates, could surpass the size of Japan's by the year 2020. In a reminder of the margin of US dominance, however, China will barely approach half of the US Gross Domestic Product (GDP) at that time.<sup>23</sup>

Lastly, Beijing remains a vocal defender of the international status quo in terms of such longstanding Westphalian fundamentals as inviolable state sovereignty, territorial integrity and non-intervention in internal affairs.<sup>24</sup> In this regard, China's preferences are in keeping with those of most of its neighbours. For example, the ASEAN Treaty of Amity and Cooperation, signed by Australia and all fifteen other participants of the inaugural EAS, includes provisions that underline the consonance of China's views on the inviolability of sovereignty with the regional consensus.<sup>25</sup>

China's recent approach to international relations has included support for key aspects of the status quo. It has integrated itself into the international economy, supported international institutions, played a more active and responsible role in dealing with regional crises and sought to resolve outstanding territorial or border disputes with most of its neighbours. These outcomes all tend to strengthen, not undermine, the East Asian status quo and regional stability.

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<sup>20</sup> Strategic Survey, London, International Institute of Strategic Studies, 2005, p. 370.

<sup>21</sup> William H. Overholt, 'China and globalization', Testimony presented to the US-China Economic and Security Review Commission, 19 May 2005.

<sup>22</sup> Zheng Bijian, 'China's "peaceful rise" to Great-Power status', *Foreign Affairs*, vol. 84, no. 5 (September/October 2005), p. 18; Zheng Bijian, (Interview) 'China's rise will be peaceful', *New Perspectives Quarterly*, (Winter 2006), pp. 50-55.

<sup>23</sup> Mark Thirlwell, *The Changing Geography of International Trade: China, India and World Trade*, Sydney, Lowy Institute for International Policy, August 2005.

<sup>24</sup> Steve Chan, 'Realism, revisionism, and the Great Powers', *Issues & Studies*, vol. 40, no. 1 (March 2004), p. 149.

<sup>25</sup> Treaty of Amity and Cooperation in Southeast Asia, 24 February 1976, (Indonesia). Also William T. Tow, *Asia-Pacific Strategic Relations: Seeking Convergent Security*. Cambridge (UK): Cambridge University Press, 2001, p. 4.

## Revisionist?

At the same time, other Chinese actions are more consistent with those of a country seeking revision. China expresses dissatisfaction with the notion of US unipolarity. This position has been articulated in the form of joint announcements by Chinese and Russian political leaders expressing opposition to “hegemonism”.<sup>26</sup> China tends not to see US hegemony as inherently benign.<sup>27</sup> Several analysts have noted that Beijing finds it difficult to accept a US hegemony that, in effect, supports Taiwan’s de facto independence.<sup>28</sup> Beijing’s preference is for the present dominant position of America to gradually give way to multipolarity, with China emerging as one of the principal poles.

Although observers of the Chinese discourse on multipolarity have discerned some moderation since 2001, it is far from clear that Beijing’s preference has changed. For example, the latest Chinese Defence White Paper – *China’s National Defense in 2004* – sees the “prolonged existence of unipolarity vis-a-vis multipolarity” as being a “challenge” to an otherwise improved “national security environment”. The White Paper argues that “a fair and rational new international political and economic order is yet to be established”, and takes aim at Washington, claiming that “tendencies of hegemonism and unilateralism have gained new ground.”<sup>29</sup> China’s infrequent promulgation of its New Security Concept since 1997 can similarly be seen as a ‘soft’ attempt at offering an alternative to the present-day US-led order.<sup>30</sup>

China’s preference for reduced American dominance has induced limited balancing behaviour by China. ‘Balancing’ as used herein refers to the formation of alliances in a bid to counter concentrations of military power (external balancing), accompanied by the shifting or generating of additional resources toward military self-strengthening (internal balancing).<sup>31</sup>

Externally, China has consolidated closer relations with Russia. Although the improved bilateral relationship does not constitute a “full-fledged alliance”, it has a strategic dimension and appears to be seen by Beijing as a

<sup>26</sup> Sherman Garnett, ‘Challenges of the Sino-Russian strategic partnership’, *The Washington Quarterly*, vol. 24, no. 4 (Autumn 2001), p. 42; Peter Hays Gries, ‘China eyes the hegemon’, *Orbis*, vol. 49, no. 3 (Summer 2005), p. 406; Keith Crane et al. *Modernizing China’s Military: Opportunities and Constraints*, Santa Monica: RAND, 2005, p. 195

<sup>27</sup> Gries, *op. cit.*, p. 403; Denny Roy, ‘China’s reaction to American predominance’, *Survival*, vol. 45, no. 3 (Autumn 2003), p. 59.

<sup>28</sup> For example Michael Mastanduno, ‘Incomplete Hegemony: The United States and security order in Asia’, in *Asian Security Order: Instrumental and normative Features*, Muthiah Alagappa (Ed.), Stanford, Stanford University Press, 2003, p. 159; Roy, ‘China’s reaction to American predominance’, p. 59.

<sup>29</sup> *China’s National Defense in 2004*. Hereafter also China’s ‘Defence White Paper’.

<sup>30</sup> Roy, ‘China’s reaction to American predominance’, pp. 70-71.

<sup>31</sup> Adapted from Jack S. Levy and William R. Thompson, ‘Hegemonic threats and Great Power Balancing in Europe, 1495-1999’, *Security Studies*, vol. 14, no. 1 (January-March 2005), p. 14; Roy, ‘China’s reaction to American predominance’, p. 60.

potential pathway toward a multipolar global order.<sup>32</sup> Reflecting shared dissatisfaction with current US dominance, in July 2005 a Sino-Russian summit in Moscow produced a joint declaration outlining key principles for a “new and fair” international order.<sup>33</sup> Both countries have worked through the SCO to extend their influence in Central Asia, somewhat reversing the gains US influence had made in that region post-9/11.<sup>34</sup>

Also noteworthy was the completion in August 2005 of major Sino-Russian joint military exercises held in the vicinity of China’s Shandong Peninsula.<sup>35</sup> Russia continues to transfer substantial quantities of advanced weaponry to China, including capable Su-30MKK fighter aircraft, ‘Sovremenny’-class destroyers, ‘Kilo’-class diesel submarines, and SA-10/15/20 surface-to-air missiles.<sup>36</sup>

Beijing’s so-called ‘strategic cooperative partnership’ with Moscow aside, there are few other states with whom China could usefully cooperate in an attempt to balance US unipolarity: China’s other security partners tend to be weak states, such as North Korea, Myanmar and Pakistan, poorly placed to offer meaningful political weight. These security relationships do see some cooperation, for example with Myanmar allowing China access to naval facilities, but they are not “genuinely robust” alliances.<sup>37</sup>

Outcomes consistent with internal Chinese balancing efforts are discernible, although these too are more modest than what could be expected from a clearly revisionist power. China’s economic growth has been accompanied by increased spending on its armed forces. The actual level of spending remains difficult to establish due to a lack of transparency and the disaggregated nature of the People’s Liberation Army’s (PLA) military

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<sup>32</sup> Garnett, *op. cit.*, p. 51. On alliances see for example Stephen M. Walt, ‘Why alliances endure or collapse’, *Survival*, vol.39, no. 1 (Spring 1997), p. 156 (24).

<sup>33</sup> Yu Bin, ‘China-Russia relations: The New World Order according to Moscow and Beijing’, *Comparative Connections*, vol. 7, no. 3 (October 2005), pp. 139-152.

<sup>34</sup> The Military Balance 2005-06, London, International Institute for Strategic Studies, p. 260. Subodh Atal, ‘The New Great Game’, *The National Interest*, no. 81 (Fall 2005), p. 101.

<sup>35</sup> Bin, *op. cit.*

<sup>36</sup> Keith Crane et al., *op. cit.*, p. 127; also Edward Cody, ‘China builds a smaller, stronger military’, *Washington Post*, 12 April 2005, p. A01; Robert S. Ross, ‘Assessing the China Threat’, *The National Interest*, no. 81 (Fall 2005), p. 84.

<sup>37</sup> Arthur Waldron, ‘The rise of China: Political and Military implications’, *Review of International Studies*, vol. 31, no. 4 (2005), p. 724

budget.<sup>38</sup> The official Chinese defence budget for 2003 was US\$22.4 billion, rose to US\$25 billion in 2004, and reached US\$29.5 billion in 2005.<sup>39</sup>

A comprehensive study by RAND in 2005 reckoned actual Chinese military expenditure to be somewhat higher in 2003, with US\$31 billion as a low estimate and a high of US\$38 billion.<sup>40</sup> The International Institute for Strategic Studies estimated Chinese military expenditure in the same year as being considerably higher, at roughly US\$56 billion.<sup>41</sup> Official military expenditure has been increasing as a percentage of GDP for a decade or so, prompting questions from then-US Secretary of Defense Donald Rumsfeld in June 2005.<sup>42</sup>

Toshi Yoshihara and James Holmes have written of China's attempt to "create a contested zone adjacent to its coasts" by purchasing the Russian weapons mentioned above and developing cruise and ballistic missiles under indigenous programs.<sup>43</sup> While Yoshihara and Holmes suggest that China will focus on enhancing its coastal "sea-denial" capacities, they also note that some Chinese analysts foresee a future with Chinese naval platforms operating out to 500 miles. Any Chinese contestation of US naval dominance in the open ocean would represent a shift toward a more revisionist posture, and should certainly be regarded with concern from an Australian and US perspective.

China does thus exhibit "limited" balancing behaviour,<sup>44</sup> and although it has moderated its rhetoric post-9/11, it still appears to be dissatisfied with American unipolarity. China may not be aggressively balancing, much less confronting, US global predominance for the time being, but there are signs that Beijing seeks a future order where it is more powerful relative to America. To that end, China is investing in its military and articulating an alternative vision of the future, one in which US power is less dominant.

China's success in settling border disputes and stabilising the South China Sea issue has not extended to the standoff over Taiwan's status. China's Defence White Paper declares a commitment to "advancing the process of

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<sup>38</sup> Department of Defense, 'Annual Report to Congress: The Military Power of the People's Republic of China', 2005, p. 21; Keith Crane et al., *op. cit.*, p. 101. See also for a concise overview of the difficulties of accurately estimating Chinese military spending The Military Balance 2006, 'Calculating China's Defence Expenditure', London, International Institute for Strategic Studies, pp. 249-253.

<sup>39</sup> Military Balance 2004-05, London, International Institute for Strategic Studies, p. 322; Military Balance 2005-06, p. 270.

<sup>40</sup> Crane et al., *op. cit.*, p. 133.

<sup>41</sup> Military Balance 2005-06, p. 355.

<sup>42</sup> Donald Rumsfeld, 'Remarks as delivered to the International Institute for Strategic Studies', 4 June 2005, Singapore.

<sup>43</sup> Toshi Yoshihara and James Holmes, 'Command of the sea with Chinese characteristics', *Orbis*, vol. 49, no. 4 (Autumn 2005), p. 689.

<sup>44</sup> Roy, 'China's reaction to American predominance', p. 61.

peaceful reunification of the motherland". Despite this undertaking, it goes on to assert that in the event of Taiwanese authorities causing a "major incident of 'Taiwan independence,' the Chinese people and armed forces will resolutely and thoroughly crush it at any cost".<sup>45</sup> No matter how healthy China's international relations appear, the Taiwan problem thus retains the potential to lead to war.

There are two complex and somewhat contradictory dimensions to the issue of Taiwan. One, China is dissatisfied with the status quo vis-à-vis Taiwan and is committed to seeing the eventual reunification of the island with the mainland.<sup>46</sup> Two, notwithstanding that China prefers eventual reunification, Beijing's current strategic posture is necessarily aimed as much at preventing Taiwan drifting further toward independence as it is about coercing or compelling reunification.<sup>47</sup> In short, China has actually been acting as a status quo power vis-à-vis Taiwan for at least a decade.

The prospect of Taiwanese independence challenges core interests that go to the very heart of the Chinese Communist Party's (CCP) legitimacy and grip on political power: preservation of territorial integrity and maintenance of national sovereignty.<sup>48</sup> These are core interests because they comprise two of the CCP's three key pillars of legitimacy, the third now being the ability to sustain economic growth, which in turn staves off looming challenges posed by social instability and the shaky integrity of the Chinese finance sector.<sup>49</sup> The fate of the island is thus seen as inextricably linked to that of the CCP itself. It is worth recalling that in 1989 the CCP preferred to have the PLA quell demonstrators in Tiananmen Square rather than relinquish or revise its position. There is thus good reason to take seriously Beijing's insistence that it will defend 'One China' from the threat of Taiwanese independence – such as a declaration of de jure independence – at any cost.<sup>50</sup>

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<sup>45</sup> China's National Defense in 2004.

<sup>46</sup> See Richard Halloran, 'Taiwan', *Parameters*, vol. 33, no. 1 (Spring 2003), p. 22; Michael D. Swaine, 'China: Exploiting a strategic opening', in *Strategic Asia 2004-05: Confronting Terrorism in the Pursuit of Power*, Ashley J. Tellis and Michael Wills (Eds.), Seattle, The National Bureau of Asian Research, 2004, pp. 87-89.

<sup>47</sup> See Chan, 'Exploring puzzles in power-transition theory...', p. 140; Thomas J. Christensen, 'Posing problems without catching up: China's rise and challenges for US security policy', *International Security*, vol. 25, no. 4 (Spring 2001), pp. 36-38; Yong Deng, 'Hegemon on the offensive: Chinese perspectives on US global strategy', *Political Science Quarterly*, vol. 116, no. 3 (Fall 2001), p. 360. Andrew J. Nathan, 'China's goals in the Taiwan Strait', *The China Journal*, no. 36 (July 1996), p. 88.

<sup>48</sup> Chu Shulong, 'National Unity, Sovereignty and Territorial Integration', *The China Journal*, no. 36 (July 1996), pp. 98-102; David Shambaugh, 'Containment or engagement of China: Calculating Beijing's responses', *International Security*, vol. 21, no. 2 (Autumn 1996), p. 204.

<sup>49</sup> Waldron, 2005, pp. 717-721.

<sup>50</sup> For example China's National Defense in 2004; Frank Langdon, 'American Northeast Asian strategy', *Pacific Affairs*, vol. 74, no. 2 (Summer 2001), p. 175; Jim Yardley, 'China denies 'Taiwan' law on secession is a 'war bill'', *New York Times*, 14 March 2005.

In other theatres, China has initiated the use of force on several occasions in a little over four decades. These included the defeat of the Indian army at Aksai Chin in 1962; an unsuccessful intervention into northern Vietnam in 1979 to prevent "Vietnamese hegemony in Indochina",<sup>51</sup> and several militarised incidents in the South China Sea, such as clashes between Chinese and Vietnamese navy vessels at the Paracel Islands and Johnson Reef in 1974 and 1988 respectively.<sup>52</sup> By 1995, China had occupied parts of Mischief Reef, an island group claimed by the Philippines.<sup>53</sup>

China's engagement with international institutions, as noted above, is in many respects consistent with expectations of a status quo orientated power.<sup>54</sup> Yet, as John Mearsheimer writes, self-interested states concerned with maintaining or increasing their relative influence also operate through multilateral institutions.<sup>55</sup> China can in fact be seen to be acting in a revisionist fashion by translating its economic influence into political clout through dominating regional institutions, thus increasing its power and prestige. Or as one Chinese academic reportedly put it: "Increasing regionalism is an important way to restrain American hegemonism."<sup>56</sup>

China does not appear a satisfied power. It prefers multipolarity to current American unipolarity, and it seeks to narrow or negate the gap in military capability between itself and the US, particularly vis-à-vis Taiwan conflict scenarios. Toward those ends, China has engaged in limited balancing and sought to enhance key military capabilities, even using force in a limited fashion. It has vigorously expanded its diplomacy in East Asian institutions, perhaps out-performing the Americans in the regional contest for a so-called "balance of influence".<sup>57</sup> It has not, however, been prepared to seriously challenge either the status quo or the US directly in an attempt to bring about changes it would prefer. China has not undermined the established order for the purpose of increasing its power and prestige in the system.

## The Hegemon's Response

China does not closely conform to the revisionist conception outlined at the outset of this paper. The trend towards a Chinese role in support of the status quo warrants optimism that Beijing has concluded it can continue its ascent without undermining the existing order. At the same time, Chinese dissatisfaction sits uneasily alongside this conception of a status quo state.

<sup>51</sup> Tow, *op. cit.*, p. 129.

<sup>52</sup> Lee Lai To, 'China's relations with ASEAN: Partners in the 21<sup>st</sup> Century', *Pacifica Review*, vol.13, no. 1 (2001), p. 69.

<sup>53</sup> Leszek Buszynski, 'ASEAN, the declaration on conduct, and the South China Sea', *Contemporary Southeast Asia*, vol. 25, no. 3 (December 2003), p. 343 (20).

<sup>54</sup> See Johnston, *op. cit.*, pp. 12-25.

<sup>55</sup> John J. Mearsheimer, 'The False Promise of International Institutions', *International Security*, vol. 19, no. 3 (Winter 1994/95), pp. 5-49.

<sup>56</sup> Xu Jian in Gries, *op. cit.*, p. 408.

<sup>57</sup> Shambaugh, 'China engages Asia', p. 66.

Dissatisfaction is a revisionist trait, albeit not decisive in itself. The assessment above suggests it would be inaccurate to label China as either a revisionist or a status quo power. A plausible case can be built for either, but this must not be done by ignoring or discounting substantial evidence in support of the contrary view. How East Asian states and the US respond to growing Chinese power given this uncertainty will be an important factor in how Australia's regional security environment develops.

Michael Mastanduno employs 'balance-of-threat' theory to develop three broad policy predictions that a dominant power might adopt vis-à-vis a rising state. He argues the dominant power will adopt policies of "accommodation and reassurance" toward rising powers that appear oriented toward the status quo. The purpose is to reinforce in the status quo state the conviction that it can be secure in the existing order, dominated as it is by American power and the hub-and-spokes system arranged around that power in East Asia.<sup>58</sup>

Mastanduno contrasts this with his prediction for a dominant state's approach to a rising revisionist. In that case, he expects to see policies of "containment and confrontation" along with efforts to organise countervailing coalitions. If the existing order appears unable to contain (or 'convert') the revisionist challenger, then a new, more robust order may need to be assembled. Thus, whether brought about by the challenger or instigated by the established hegemon, eventual systemic change and associated instability would result.

Mastanduno's third policy category pertains to what he terms "undecided" states. These are states whose foreign policy appears uncertain whether it will emerge supportive of or opposed to the existing order. Mastanduno suggests the dominant power will adopt policies similar to those it would employ to deal with status quo states. However, "extra steps" may be taken to bring the undecided state further into the order and share the benefits on offer, thus increasing its stakes in the status quo and reducing any incentive to destabilise or undermine the regional order.<sup>59</sup> Given that China exhibits both revisionist and status quo behaviours, there is good reason for the US to view it as an undecided state.

David Lampton refers to Washington's actual approach as one of "hedged integration".<sup>60</sup> This has entailed bringing China into the existing order, sharing the economic benefits of being connected to the global economy, and increasingly, providing opportunities for China to play a constructive role in the hope that it will "develop shared responsibility for system

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<sup>58</sup> Michael Mastanduno, 'Preserving the Unipolar moment: Realist theories and US grand strategy after the Cold War', *International Security*, vol. 21, no. 4 (Spring 1997), p. 62

<sup>59</sup> Mastanduno, 'Preserving the Unipolar Moment...', p. 62

<sup>60</sup> David M. Lampton, 'Paradigm Lost: the demise of 'weak China'', *The National Interest*, no. 81 (Fall 2005), p. 75.

maintenance”.<sup>61</sup> The hedging aspect of Washington’s China policy is provided by US strategic preponderance projected into East Asia via the hub-and-spokes alliance system, a fundamental feature of regional order.<sup>62</sup>

The strong emphasis currently placed on integration relative to hedging by the US indeed suggests it sees an undecided state, one to be reassured rather than confronted. For two important reasons, based on this article’s assessment of recent Chinese actions, hedged engagement should remain for the time being the broad framework within which Washington’s China policy is organised.

Firstly, China is not actively undermining the existing order, nor is it challenging US hegemony. Attempting to thwart, contain or confront a rising China because it may turn out to be revisionist would risk converting it into a dissatisfied and frustrated power. Frustration could lead to a willingness to run risks in the attempt to undermine an order which did not accept it, and which denied China the benefits to which it felt entitled. Concluding that China is a revisionist even though it does not act like one might just ensure that it becomes one after all. Contrary to the advice of some,<sup>63</sup> officials in Washington, Canberra, and other Asia-Pacific capitals therefore need to consider that decisions based on the assumption that China is a revisionist power could well be more destabilising than continuing to emphasise constructive engagement.

Secondly, the structural condition of unipolarity allows the US, East Asian states and Australia to assume that a China which does not appear revisionist, is not revisionist. As the dominant state, the US is in a “relatively good position to accept the risks inherent in a foreign policy orientation that errs on the side of reassurance.”<sup>64</sup> As long as the US is prepared to accept that risk, other status quo states can also premise their policies on the assumption that China is undecided and needs to be ‘brought in’. Moreover, if Washington calculates it can rely on strong security partners to share the risk, it will be more likely to continue playing its indispensable role.

Australia and other states in the region thus have a strong incentive to support the US regional presence and cooperate on security policy where possible. In turn, the strategy will be more attractive to Washington if other states support its broad approach. Further cause for optimism from

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<sup>61</sup> Lampton, *op. cit.*, p. 76. See Robert B. Zoellick, ‘Whither China: from membership to responsibility?’ (Remarks to National Committee on US-China Relations), 21 September 2005.

<sup>62</sup> Michael Mastanduno, ‘Hegemonic order, September 11, and the consequences of the Bush revolution’, *International Relations of the Asia-Pacific*, vol. 5, no. 2 (August 2005), pp. 179-180.

<sup>63</sup> For an analysis that contrasts sharply with this paper, see Chris Rahman’s 2006 submission to the Australian Government’s ‘Joint Standing Committee on Foreign Affairs, Defence and Trade’ for the ‘Inquiry into the Economic, Social and Strategic Trends in Australia’s region and the consequences for our Defence Requirements.’

<sup>64</sup> Mastanduno, ‘Preserving the Unipolar moment...’, p. 62.

Canberra's perspective is provided by the work of Evelyn Goh. Goh notes that the strategies of Southeast Asian countries are, in general, aimed at "maintaining the existing imbalance...of power in favour of the US".<sup>65</sup> The broad consensus with Canberra on this critical characteristic of regional order will greatly assist implementation of hedged integration. Beyond emphasising the integration aspect, however, several issues will need to be carefully managed if the policy is to be successful.

## **Instability**

Scholars have noted processes of disequilibrium that will challenge East Asian stability as China's economic weight grows – even as it adheres to key norms of behaviour of the existing order. Kent Calder sees East Asia's familiar hub-and-spokes system being greatly stressed in coming years. America's East Asian partners have traditionally looked to it as a guarantor of security and a key economic player – particularly as a destination for exports. An ascendant China's "gradual inclusion in a political-economic order long reserved for security allies", he writes, could be "corrosive" to the hub-and-spoke arrangement.<sup>66</sup> Indeed, Ashley Tellis goes further and asserts China's grand strategy is focused on "making this a reality".<sup>67</sup>

Similarly, G. John Ikenberry observes that China's rise within East Asia has led to a "growing disjunction between where countries in the region see their security and their economic futures".<sup>68</sup> He questions how stability will be maintained as the "economic and security anchors of the region increasingly divide between Beijing and Washington".<sup>69</sup> As the region turns toward China for its trading future, the US-led security order cannot but change as a result of rising Chinese influence.

This suggests that China will drive significant shifts in patterns of interaction in the region without necessarily being revisionist. Although US strategic dominance will do much to assure a peaceful transition, this does not mean East Asia will be unaltered. Even as China accepts the rules of the existing order, so the Australian government's foreign policy priority of 'regional stability' will need to be conceived of in an increasingly dynamic, fluid way.

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<sup>65</sup> Evelyn Goh, 'Great Powers and Southeast Asian regional security strategies: Omni-entmeshment, balancing and hierarchical order', Working Paper no. 84, Singapore, Institute of Defence and Strategic Studies, (July 2005), p. 13.

<sup>66</sup> Kent E. Calder, 'Securing security through prosperity: the 'San Francisco System' in comparative perspective', *The Pacific Review*, vol. 17, no. 1 (March 2004), p. 153.

<sup>67</sup> Ashley J. Tellis, 'A Grand Chessboard', *Foreign Policy*, no. 146 (January/February 2005), p. 54.

<sup>68</sup> G. John Ikenberry, 'American hegemony and East Asian order', *Australian Journal of International Affairs*, vol. 58, no. 3 (September 2004), p. 354.

<sup>69</sup> *Ibid.*, p. 365.

## The Chinese Communist Party and Military Transparency

China's expanding influence is significant, but in terms of comprehensive national power, it does not yet approach that wielded by the US. As Kishore Mahbubani explains, "although there is almost nothing China can do to disrupt the political stability of the United States, the United States can do plenty to destabilize China".<sup>70</sup> China's unwillingness to directly oppose Washington became plain when it accepted American power projection into what Beijing considers its Central Asian sphere of influence despite concerns it was being "encircled", then left the diplomatic charge in opposition of the 2003 US-led intervention into Iraq to France, Germany and Russia.<sup>71</sup> The CCP is highly sensitive to what it sees as threats to its rule, but on non-core interests, it is pragmatic enough to understand the necessity of compromise in an era of unipolarity.

Hedged integration relies on convincing China that it is better off being a status quo power than reverting to revisionism by offering a persuasive balance of incentives and disincentives. Over time, it is hoped that China will accept the existing "rules of the game", thus reducing the risk of profound instability and potential conflict associated with an eventual power transition.<sup>72</sup> While Australia is right to speak out about practices of the authoritarian CCP with which it disagrees, Canberra will need to ensure that neither it nor other countries come to be seen as acting in a manner that undermines the CCP's legitimacy. To do so would risk drastically affecting Beijing's view on whether it can be secure in the existing order. While democratic reform and improved human rights should certainly be encouraged, this should not entail attempting to speed the process in a manner which would alarm the present regime or lead it to feel "backed into a corner".<sup>73</sup>

Canberra should also quietly urge continued reform and improvements to the way China accounts for spending on its armed forces. This should be undertaken as part of constructive engagement, not a faultfinding exercise. If Beijing can be made to see that it is in its own interests to foster regional confidence in its benign intentions, the conviction in other capital cities around the region that China is essentially a status quo power would be strengthened. This would in turn diminish the perceived need to hedge, ameliorating East Asia's underlying security dilemmas. Australia's regional

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<sup>70</sup> Kishore Mahbubani, 'Understanding China', *Foreign Affairs*, vol. 84, no. 5 (September/October 2005), p. 50.

<sup>71</sup> J.Mohan Malik, 'Dragon on terrorism: assessing China's tactical gains and strategic losses after 11 September', *Contemporary Southeast Asia*, vol. 24, no. 2 (August 2002), p. 271-274.

<sup>72</sup> Chan, 'Exploring puzzles in power-transition theory...'; Jack S. Levy, 'Declining Power and the Preventive Motivation for War', *World Politics*, vol. 40, no. 1 (October 1987), pp. 82-107.

<sup>73</sup> The phrase is Christensen's, 'Posing problems without catching up: China's rise and challenges for US security policy', pp. 14-16.

security environment would benefit – greatly – from a Beijing prepared to engage in reciprocation of reassurance.

## Japan

For Australia, Japan represents an ostensibly attractive security partner with which to cooperate in an uncertain region. Strong trade relations have been the basis of the bilateral relationship, with the two countries also sharing liberal democratic political institutions and similar values notwithstanding cultural differences. Both are longstanding allies of the US with the US-Japan alliance comprising a salient piece of East Asian security architecture. Both Australia and America have been strongly supportive of a more active Japanese role in international security affairs.<sup>74</sup>

Nevertheless, it is not clear what Japan can offer Australia's national security that is needed now and that cannot be obtained from the US alliance. There are at least two good reasons why Australia should consider carefully its strong support for elevating Japan's role in international security, as it seems determined to do, for example, with the now-Ministerial Level 'Trilateral Security Dialogue'. Any transition from Japan's generally strategically passive "traditional internationalism" to the emerging, more assertive "new internationalism" must be made cautiously.<sup>75</sup>

One, it is unlikely that China will readily accept a more substantial Japanese strategic role in the region. This would in fact be regarded by Beijing as a deterioration of its security environment, and something to be countered. It would seek support for its position, and Seoul, as it does in dealing with North Korea, would tend to side with Beijing on this matter. Ongoing Sino-Japanese tension,<sup>76</sup> which would be heightened by a more strategically active Japan, would complicate efforts to induce China to support the existing order. To be sure, part of the impetus for Japan's gradual shift toward a more active role is the rise of China itself. But for the time being, adding a more assertive Japan to a regional order already adjusting to the emerging Chinese giant may well reduce stability rather than improve confidence and security in East Asia.

Two, Canberra will undermine its ability to argue for China to show restraint in upgrading its armed forces and improved transparency in military affairs if it is seen by Beijing to be supporting a more active Japanese strategic role in the region. China could respond subtly, for example, by reducing its efforts

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<sup>74</sup> Howard, 'Address...to the Lowy Institute'; Australian Foreign Minister Alexander Downer, 'ANZAC Lecture' to the CSIS, 5 May 2005. Ralph Cossa, 'US security strategy in Asia and the prospects for an Asian regional security regime', *Asia-Pacific Review*, vol. 12, no. 1 (2005), pp. 64-86.

<sup>75</sup> See Malcolm Cook, *Japan's 'New Internationalism'*, Sydney, Lowy Institute for International Policy, 2005.

<sup>76</sup> For example Alan Dupont, 'Regional Tensions Awake', *Australian Financial Review*, 3 March 2005.

to inspect cargo passing from North Korea into China following North Korea's atomic detonation. Or it might ramp up spending on what it would argue to be defensive measures. This is not to question that Australia may prefer a region in which Japan was able to play a more substantial security role. But it is to argue that there are likely to be consequences and costs that need to be considered, and that such moves could well be counterproductive on balance.

The rationale for encouraging a greater Japanese role in strategic affairs is not self-evidently compelling. In the absence of real need, Australia might best be served by maintaining a low-key security partnership. This could usefully focus on non-conventional security issues, such as preventing the proliferation of weapons of mass destruction through the Proliferation Security Initiative, counter terrorism initiatives, countering piracy in Southeast Asia, and addressing human security needs within the region. Indeed, many of these offer a rare place for Chinese-Japanese-Australian-US security cooperation.<sup>77</sup> None of these would require a significantly greater Japanese strategic profile, while all would address identifiable Australian national security concerns.<sup>78</sup>

### **'Masked revisionist...'**

The earlier analysis suggested China is not a revisionist power and argued that it would be inappropriate – even dangerous – to begin basing policy on the assumption that it is. But this cannot rule out the possibility that China has in fact been a 'masked revisionist', that it means to challenge the order at a more favourable future time. It is this very possibility that sustains the hedge dimension of hedged integration. However unlikely a shift to unambiguous Chinese revisionism seems today, prudence dictates consideration of such a scenario.

Mastanduno's work suggests a swing towards overt containment by status quo states that share the perception of a revisionist China. This is broadly consistent with policies called for by analysts who take a more pessimistic view of China's intentions, seeing it as essentially revisionist. While this view would still see efforts made to shape the rise of China, the basic policy framework for doing so would be built around more robust, overt security collaboration with the US, openly aimed at offsetting Chinese power.<sup>79</sup> As Denny Roy notes, America's strong presence in the region, facilitated by its network of alliances and basing agreements, means "the basic building

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<sup>77</sup> Gompert et al., *op. cit.*, p. 36

<sup>78</sup> Australian Minister for Defence Senator Robert Hill, 'Australia's defence and security: Challenges and opportunities at the start of the 21<sup>st</sup> Century', Address to the Australian Strategic Policy Institute, 14 September 2005, Canberra.

<sup>79</sup> For example Dan Blumenthal, 'Strengthening the US-Australian alliance: Progress and pitfalls', American Enterprise Institute (AEI), (Asian Outlook) April-May, 2005, pp. 4-6; Dan Blumenthal, 'Towards an East Asian Strategy', AEI Short Publication, 18 August 2005.

blocks of a potential containment strategy are already in place”.<sup>80</sup> In the face of Chinese revisionism, the US could mobilise substantial resources in defence of the status quo it largely built, imposing high costs on any attempt by Beijing to challenge the existing order and limiting its scope to do so.

This might lead to a standoff situation with parallels to Robert Ross’s argument, which he in fact says has already come about, whereby both China and the US reign supreme in their own spheres of influence.<sup>81</sup> Chinese land power holds sway on the continent while America’s maritime might locks in an essentially bipolar division by dominating littoral East Asia. States choose sides, with geography being the determining factor. With no agreement on a mutually acceptable vision of order for the whole of East Asia, Australia finds itself in a divided region. The notion of containment, if it was adopted, could well lead to this scenario.

Unfortunately for Australian policy-makers, beyond containment, there are few practical alternatives for coping with the revisionist scenario. The first is a preventive war now or in the near future – with the timing determined by the incumbent hegemon and its allies. From a policy perspective, this is clearly a non-starter.

The second is a war later, at a time chosen by the rising power. The rising Chinese challenger eventually decides that war is a necessary and preferred alternative to tolerating the existing order. China will act to overturn the regional order when it judges the benefits of doing so outweigh the costs. A hegemonic war results, with the status quo powers defending the existing order and the eventual victor implementing its preferred vision of East Asian order.

The third is a future perhaps similar to the vision offered by David Kang. Chinese influence invites either capitulation-type or opportunistic, gain-seeking bandwagoning so effectively that it remakes order and re-establishes stability without the need for war.<sup>82</sup> Chinese power supplants US predominance, states in East Asia consent to China’s preferred order, and the order is changed amicably. Whether or not a Chinese-centred hierarchy emerges, China’s preferences are privileged and prevail over those of the US, while the US allows itself to be pushed out of Asia without a fight.

The fourth is part of the rationale of the current approach. Before war becomes preferable to either the status quo or the revisionist parties, an

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<sup>80</sup> Denny Roy, ‘Rising China and US interests: Inevitable vs. contingent hazards’, *Orbis*, vol. 47, no. 1 (Winter 2003), p. 134.

<sup>81</sup> Robert S. Ross, ‘The geography of the peace: East Asia in the Twenty-First Century’, *International Security*, vol. 23, no. 4 (Spring 1999), pp. 81-118.

<sup>82</sup> David Kang, ‘Getting Asia wrong: the need for new analytical frameworks’, *International Security*, vol. 27, no. 4 (Spring 2003), pp. 57-85.

order that all parties can agree to will be established. This will involve an adversarial relationship eventually sliding towards compromise, with status quo powers recognising that some improvement in a rising power's military capabilities is inevitable as China develops global interests and increases its national wealth. It will also involve the rising, revisionist China reconciling itself to some features of the existing order, such as non-use of force in territorial disputes and the ongoing preference of many East Asian states for maintaining security ties with Washington.

Thus, the fourth scenario entails all parties – including the masked revisionist – reaching agreement on the essential characteristics of East Asian order without the resort to arms. Importantly, we are already well advanced toward this outcome under the current hedged integration approach and China does not conform to a revisionist orientation.<sup>83</sup> There is thus greater cause for optimism than is commonly assumed, because even if China is for the moment a masked revisionist, this fourth scenario appears at least as likely as any other.

## Conclusion

On the really big strategic questions, China is more appropriately regarded by Canberra and Washington as a status quo power that can be worked with than a revisionist whose rise must be thwarted. US strategic primacy in the Asia Pacific and China's actions in the recent past provide more reassurance than pessimistic commentators allow. That said, China's rise poses a number of challenges to the extant security order that will in all likelihood increase – not decrease – in the degree to which they challenge stability in the not-too-distant future. To the extent that it can shape these potentially unsettling outcomes in a manner favourable to its own interests, Canberra would be well advised to think carefully about the mechanisms and paths it might choose sooner rather than later. In relation to one of these, this paper suggested that a closer security relationship with Japan might not be so favourable on balance. On the whole, however, the fundamental hedged integration policy framework guiding Canberra and Washington vis-à-vis China and the Asia-Pacific remains sound.

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<sup>83</sup> For contrasting prognoses from a similar perspective, see Thomas J. Christensen, 'Fostering Stability or creating a monster? The rise of China and US policy toward East Asia', *International Security*, vol. 31, no. 1 (Summer 2006), pp. 81-126, and Evan S. Medeiros, 'Strategic Hedging and the future of Asia-Pacific Stability', *The Washington Quarterly*, vol. 29, no. 1 (Winter 2005-06), pp. 145-167.