

“Beijing has been largely working within—indeed, deftly leveraging—the current international system to advance its foreign policy objectives.”

## Is Beijing Ready for Global Leadership?

EVAN S. MEDEIROS

**T**he global financial crisis has been a heady time for China's leaders. Among elites in China, a tinge of triumphalism is in the air. The world media are awash in speculation about a historical tipping point from the United States to China. All the major Western economies have been wounded. Their financial institutions, once seen as the white knights of global capitalism, have fallen—some fatally. China now boasts the three largest banks in the world, positions recently held by American behemoths like Citigroup and Bank of America.

The Group of Eight, meanwhile, has become anachronistic as a concept almost overnight. The Group of 20 has emerged as its *de facto* successor, with China as a leading member. The first two summits of G-20 heads of state, held in Washington and London, the Mecca and Medina of the Western financial system, were pregnant with opportunity for China. What was China—now the world's third-largest economy and trading power—going to do? Would it assume the mantle of global leadership?

In fact, Beijing's actions were far from what the clairvoyants of the new discipline of “geo-economics” had been predicting. At the Washington G-20 summit in November 2008, China's initial response to the financial crisis was to say, in essence, “we will help the world by helping ourselves.” China's “contribution” was a 4 trillion renminbi (\$590 billion) domestic stimulus package, some of which was already in the pipeline. During the London summit in April 2009, China lobbied for a greater voice in the International Monetary Fund (IMF) but was reluctant to commit funds

to recapitalizing it. Even more telling was the US-China bargaining at the summit. During the negotiation of parallel press statements, there was much agreement on the severity of the economic crisis and the need for coordinated action. Yet Chinese diplomats made sure one word was eliminated from their statement: leadership.

China's behavior in Washington and London was instructive. China has become a truly global actor. There are few global problems for which Beijing is not a necessary part of the solution. Simply by changing itself, China affects the world. China's policy makers and its people enthusiastically accept the attention and deference resulting from China's position as a rising power that the world increasingly needs. However, for China, there are also limits. China's policy makers regularly point out that their foreign policy serves domestic goals of reform and development. Chinese leaders fear that taking on too many responsibilities would divert their attention and drain their nation's resources.

The result is an emerging tension between the international community and China: The world wants China to do more while Beijing gingerly gropes its way forward with its newfound status, influence, responsibilities, expectations, and constraints. While China may be a global actor, it does not yet see itself as a global power—even less a global leader. And Chinese leaders want to keep it that way, at least for now.

### A WINDOW OF OPPORTUNITY

Understanding China's view of its role in the world begins with an understanding of its past experiences. Chinese policy makers and scholars look at the world through three historically determined lenses that color and shade their perceptions of China's position.

First, China is in the process of *reclaiming* its status as a major regional power and, eventually,

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as a great power—although the latter goal is not well defined or articulated. Chinese policy makers and analysts refer to China's rise as a “revitalization” and a “rejuvenation.” Second, many Chinese see themselves as victims of “100 years of shame and humiliation” at the hands of Western and other foreign powers, especially Japan. The government's promotion of this victimization narrative over the past 60 years has fostered an acute sensitivity to coercion by foreign powers and especially infringements (real or perceived) on its sovereignty. Last, China has a defensive security outlook that stems from fears (based on historical experience) that foreign powers will exploit its internal weaknesses in order to constrain or coerce it.

These views inform more tangible perceptions of China's current external environment. There is now a widely held belief that China's success is inextricably linked to the rest of the world, more so than ever before. In the words of China's 2008 national defense white paper, “the future and destiny of China have been increasingly closely connected with the international community. China cannot develop in isolation from the rest of the world, nor can the world enjoy prosperity and stability without China.” At the same time, a pervasive uncertainty persists among elites about the range and severity of threats to China's economic and security interests. For some, China has never been so secure; for others, the number and types of security threats are growing, which motivates deep insecurity about the future.

On balance, China's top leaders have concluded that their external environment is favorable and that the next 15 to 20 years represent a “strategic window of opportunity” (*zhanlue jiyuqi*) for China to achieve its ultimate objective of national revitalization through continued economic, social, and military development. Chinese policy makers seek, to the extent possible, to extend this window of opportunity through diplomacy.

## COHERENT STRATEGY

China's perceptions of its interests and place in the world have produced a distinct set of foreign policy objectives and policies. These collectively comprise a relatively coherent (but not always consistent) international strategy.

First, as Chinese policy makers have articulated for decades, China seeks to maintain a stable international environment to facilitate continued

reform and development at home. This domestic focus entails a growing variety of external requirements: China actively uses its diplomacy to expand access to markets, capital, technology, and natural resources. Second, China seeks to reassure the international community that its growing capabilities will not undermine other states' economic and security interests, particularly those of China's Asian neighbors and countries it sees as “major powers.”

Third, Chinese diplomacy, especially in Asia, seeks to reduce the ability or willingness of other nations, singularly or collectively, to contain, constrain, or otherwise hinder China's revitalization. Fourth, China is striving to diversify its access to energy and other natural resources, with a focus on Africa, the Middle East, and Latin America. Energy security encompasses diversifying both suppliers and supply routes. Fifth, China seeks to reduce Taiwan's international space and limit other nations' ability to confer legitimacy on Taiwan. Manifestations of this goal have moderated in the past year following improvements in cross-strait relations, but the objective remains a core one.

China has developed a bevy of new and effective ways to pursue these five objectives. Beijing has established “strategic partnerships” with devel-

oped and developing countries alike and has initiated high-level “strategic dialogues” with several major powers. It has embraced multilateral institutions, in every region and on several functional issues. China's expansion of its role in existing organizations and its formation of new organizations have become staples of its regional diplomacy.

China's use of economic diplomacy is robust and multifaceted; it includes not only bilateral trade but also outward direct investment, financial arrangements, development aid, and free trade agreements to advance both economic and political objectives. China's military diplomacy now incorporates extensive participation in United Nations peacekeeping operations, high-level defense exchanges, joint exercises, and joint training and education; reassurance is a major goal of these enhanced efforts.

What does this all mean for China's role in the world?

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It sees more opportunities than constraints in using the current system to promote its interests. China's international behavior is not ideologically driven. Beijing has not pursued a revolutionary foreign policy that seeks primarily to acquire new territory, forge balancing coalitions, or advance alternative models of economic development or global security.

China, in sum, is not trying to tear down or radically revise the current constellation of global rules, norms, and institutions on economic and security affairs. Rather, it has been seeking to master them to advance its interests—an approach that, to date, has proved quite productive for Beijing.

To be sure, China has been dissatisfied with certain attributes of the current status quo, such as the undetermined status of Taiwan and US global predominance in security and, more recently, in economic affairs. Beijing's response has been to leverage the system to address its concerns. This strategy has included attempts to reduce the relative power and influence of the United States, such as questioning the US dollar's role as the world's reserve currency. But China does not currently seek to confront the United States to erect a new international order, nor does it have the capability to do so.

China's overall approach has been geared more toward attracting and binding others to it, rather than directly challenging their interests: It is more gravitational than confrontational. It seeks to create an environment in Asia, and globally, in which states are drawn to, become reliant on, and thereby are deferential to Beijing. It sees this as a way to reduce vulnerabilities, minimize constraints, and thus maximize freedom of action.

## RELUCTANT TO LEAD

China's worldview and its international strategy produce a unique reluctance to be a global leader. China wants the status and influence associated with global activism but it fears the burdens of leadership. Chinese leaders still approach their international behavior from the vantage point of domestic affairs: using foreign policy to assist the increasingly complex tasks of economic and social development at home. As such, China's policy makers worry their country lacks the expertise to be effective as a global leader and that trying to play

such a role would divert political and economic resources away from national development.

This disposition has a strong basis in Communist Party doctrine—a significant, though not insurmountable, barrier to change in a Leninist political system. Two decades ago, Deng Xiaoping cautioned Chinese leaders “not to fly their flag” (*bu kang qi*) and “not to stick their head above the fray” (*bu dang tou*); perhaps most famously (and inscrutably), Deng also counseled them “to hide their capabilities and bide their time” (*tao guang yang hui*). These ideas continue to influence internal debates, especially on controversial foreign policy issues that require a break from past practice. Given the prominence of Deng's judgments in Communist Party orthodoxy, these ideas can constrain—and have constrained—high-profile international activities.

Policy manifestations of China's reluctance to lead abound, in the past and today. It took almost a decade before Beijing was willing to support UN Security Council action against North Korea and

Iran's nuclear weapons programs, preferring to support its developing-nation brethren and their skepticism regarding nonproliferation. For the past several years, China has quietly rejected entreaties to join the G-8, arguing in part that it had

not reached that level of development. Meanwhile, President Hu Jintao specifically termed his external strategy in the most benign manner possible: “peaceful development.” He did so to signal explicitly a desire to avoid the experiences of past rising powers (for example, Nazi Germany and Imperial Japan) that prominently staked claims to global leadership by challenging the dominant powers at the time.

More recently, China's top diplomats were quick to reject any notion of a US-China “G-2” strategic condominium because they feared it would needlessly thrust China into the global spotlight at the very time it needed to tackle the immodest task of reengineering its national growth strategy. (Privately, Chinese elites relished the idea that the United States and China would be treated as the two most powerful countries in the world.)

As a further indication of a reluctance to lead, China continues to be adept at free-riding off the progress of other states and institutions. China's leaders, for example, reiterate that they will fully

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participate in international climate change and arms control negotiations, but only *after* the major powers responsible for originally creating these problems have made binding and costly commitments.

## **CAPACITY CONSTRAINTS**

China's role as a global leader is limited not only by the country's reluctance to take on such a responsibility but also by capacity constraints. Beijing's foreign aid bureaucracy, for example, suffers from serious communication and coordination problems. No single organization sets policy on foreign assistance or harmonizes the provision of development and humanitarian aid with the much larger category of government-supported overseas investment. Indeed, Beijing does not even publish a single figure for how much official development assistance and state-subsidized investment China dispenses each year. A major reason that China has long resisted conducting a regular dialogue on foreign aid policies with US agencies is precisely that Beijing cannot decide who will lead China's delegation.

This lack of coordination results in behavior that has undermined China's image and its economic and political interests, especially in Africa. It has even put China at cross purposes with international financial institutions such as the IMF. Contributing to this problem is the fact that China's Foreign Ministry has no effective economic component, which could coordinate the country's diplomatic, trade, and investment goals. Some of China's main economic agencies, such as the Finance Ministry, are politically weak institutions and have little authority to make international economic policy. These limitations will only become more glaring as China's activities in global economic institutions become more complex and prominent.

China has twice tried and failed to produce a Ministry of Energy to coordinate both internal energy policies and their external manifestations. As Erica Downs of the Brookings Institution has argued, China's national-level energy bureaucracy is understaffed, underfunded, and lacking in political authority vis-à-vis the increasingly influential state-owned energy companies, which are well staffed, well funded, and in possession of substantial political clout.

These imbalances have had major consequences for China's foreign policy. The equity investments of Chinese energy firms have had undue influ-

ence in shaping China's policies toward Sudan, the Middle East, Russia, and Central Asia. Where corporate interests diverge from national interests, the former have tended to dominate in recent years. President Hu and Prime Minister Wen Jiabao are notably trying to address this issue.

China's national security bureaucracy is plagued with problems arising from excessive secrecy; from divisions among the civilian, intelligence, and military decision-making structures; and from a lack of means to coordinate between civilian and military organizations. These problems have resulted in slow and haphazard responses to crises with international dimensions. Prominent examples of these weaknesses include China's delayed and inadequate response to the SARS epidemic, the prominence of the military's narrative in the April 2001 incident involving a downed US surveillance aircraft, and the tardy and vague explanation of China's January 2007 test of a direct-ascent anti-satellite weapon.

Weaknesses of this sort will become more problematic for China's foreign relations as the military improves its force projection capabilities and conducts operations beyond China's immediate periphery. Some military activities, such as submarine patrols, are already raising concerns among China's neighbors.

## **GREATER EXPECTATIONS**

Internal and external pressures for China to play a more prominent, if not leading, role in international affairs are growing. The external requirements for ensuring continued economic and social development at home are intensifying and have assumed new dimensions. For China, acting locally now requires that it think globally.

Thus domestic pressures such as urbanization and increased energy consumption have led China, within the past decade, to expand significantly its trade and investment with Latin America and the Middle East, regions once of marginal interest. Trade with these regions is now the fastest growing aspect of China's global trade and will be critical to sustaining a modest level of exports in a global recession. Importantly, China's growth requirements have thrust energy security onto its foreign policy agenda and, in doing so, have given considerable influence to state-owned oil companies in the formulation and execution of China's foreign policy.

One of the newest and most influential internal pressures for a greater global role is the Chinese people. They are tuned into China's policies and



practices on global affairs, and they voice their views. Chinese “netizens” in the spring of 2005 initiated an online petition to derail Japan’s bid to become a permanent member of the UN Security Council, sparking a few days of violent anti-Japan protests in Shanghai. Anti-Japanese sentiment among the public has consistently constrained the leadership’s ability to put China-Japan relations on a stable footing.

Of even greater significance, Chinese citizens now are traveling and living abroad more than ever before. According to Chinese data, 32 million Chinese citizens traveled abroad in 2006; 7,000 Chinese companies were operating or investing abroad; and 670,000 citizens studied or worked abroad, with about 100,000 in Africa alone. As China’s international footprint expands, the Chinese people expect their government to do more to protect both their investments and their physical security. Between 2004 and 2007, according to Chinese data, 27 Chinese citizens were killed abroad (in Ethiopia, Pakistan, and Afghanistan), 45 were kidnapped (in Pakistan, Nigeria, and Iraq), and some 911 were evacuated from crises in Lebanon, East Timor, Tonga, and the Solomon Islands.

The international community expects more of China as well. Many nations now want China, as the greatest current producer of greenhouse gases, to accept binding quantitative limits on these pollutants; at a minimum the international community agrees that, for any climate change solution to be meaningful, China must participate. Most Asian policy makers see China as the key to coercing North Korea to give up its nuclear weapons program, even if this provokes some instability on China’s northeastern border. An important external motivation for China to expand its international reach came in 2004 and 2005 during the tsunami disaster in Southeast Asia. China was embarrassed and frustrated that it could not provide much humanitarian aid due to the military’s limited airlift and sealift capabilities and its lack of experience providing crisis assistance.

In the current global recession, the world looks longingly to China as one of the only large economies that continues to grow. Although China’s economy is less than a third the size of America’s or the European Union’s (at market exchange rates), China’s importance to global growth is increasing.

The IMF estimates that China will account for as much as 60 percent of global growth during the current downturn, and that by 2014 China’s gross domestic product could be 50 percent as large as America’s. As China shifts to a more consumption-oriented growth model, its domestic market may play a bigger role in the economic growth of its Asian neighbors (assuming they adjust their growth models accordingly). In 2008, in fact, China exceeded Japan, for a second consecutive year, as the largest retail market in Asia.

## A BIGGER COMFORT ZONE

These internal and external pressures have induced a variety of new behaviors that reflect China’s recognition that it can and should do more. Beijing increasingly sees the need and opportunity to be more active, even assertive, globally. China, for example, has moved far away from its original reluctance to be heavily involved in the North Korean and Iranian nuclear crises. In both of these cases, China within the past five years has supported multiple UN Security Council resolutions—

including imposition of UN Chapter 7 economic sanctions, penalties it had long abjured. As the convener of the six-party talks on North Korea’s nuclear program, China has assumed de facto leadership in managing that crisis.

China is moving away from a strict interpretation and application of the principle of noninterference in the internal affairs of states, which has long circumscribed its foreign policy. Beijing’s involvement, albeit limited, in managing the political crises in Sudan and Myanmar offers some evidence of this. As China’s political and economic investments in such countries have grown and China has become more comfortable with using its influence to effect change, Beijing has come to recognize the net value of promoting political stability and reducing violence in these regions.

One of the most interesting, if perhaps ominous, shifts has been in China’s military doctrine and operations. Chinese military strategists now state that the People’s Liberation Army (PLA) is transitioning from an exclusive focus on the defense of “Chinese territory” to a new and additional focus on the protection of “Chinese interests.” China’s latest defense white paper highlighted that the PLA now sees “military operations other than war (MOOTW)” as a new mission—a concept that,

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for US strategists, includes maritime interdiction, peace operations, protection of sea lanes, noncombatant evacuation, and many other tasks.

Recent forays into this new world of MOOTW include China's deployment of naval vessels to the Gulf of Aden off Somalia's coast to participate in a UN-sanctioned counter-piracy operation. This was a first for the PLA. The military also just commissioned its first hospital ship (the "Peace Ark") and other large naval vessels that will allow it to contribute to humanitarian relief operations far from China's borders.

These new missions and capabilities reflect China's desire to be seen as contributing to global "public goods" in a manner consistent with China's stated policy of acting like a "responsible major power." They could also be the harbinger of improved power projection capabilities that could be used to enforce maritime territorial claims or to secure access to resources.

## A PLACE AT THE TABLE

Yet another important force is motivating China to play a leading role in international affairs: Chinese policy makers want to participate in shaping global rules, norms, and institutions. In part for reasons of status and in part for tangible influence over these processes, China wants more "voice opportunities." This has been most evident in Beijing's multilateral diplomacy: China has created new organizations (for example, the Shanghai Cooperation Organization and the China-Africa Cooperation Forum) and expanded its participation in existing ones (for example, the Association of Southeast Asian Nations Regional Forum).

China's role as an agenda- and rule-setter will only become a more prominent feature of its diplomacy in the future. Experience in these realms will also push China to think about the cost-benefit ratios associated with leadership.

To date, however, China's actual track record in the shaping of international rules and institutions has been limited and episodic. Far more instances exist of China gradually accepting international rules than of objecting to and trying to revise them (and succeeding). Globally, China has adopted numerous, complex trade and weapons nonproliferation commitments, albeit with a mixed compliance record. Even in East Asia, China's strategic backyard, Beijing backed down after overplaying its hand trying to influence the membership and agenda of the East Asia Summit. Although China took charge of the six-party process on North Ko-

rea, it did so only after it began to fear that the situation would escalate beyond its control; Beijing has subsequently sought to calibrate its role so that it is not held solely responsible if the process fails.

In Southeast Asia, Beijing appears, so far, to have accepted regional norms on conflict resolution and has made pledges about peacefully resolving maritime territorial disputes in the South China Sea. Although the nature of China's ultimate behavior in these territorial disputes is still being determined (and that behavior includes some provocative activities), Beijing's initial commitments indicate, importantly, a degree of self-binding for the sake of reassurance.

The limits of China's rule-making potential are particularly evident in the recent Chinese proposal challenging the US dollar as the world's reserve currency. China's head banker, Zhou Xiaochuan, in the spring of 2009 called for increasing the use of a specialized IMF monetary instrument, called special drawing rights, to reduce the US dollar's global prevalence. This proposal reflected China's anxiety over its deep vulnerability to the dollar's value and to the overall health of the US economy. It also reflected the impotence of the renminbi (because of China's closed capital account) to present any kind of alternative.

Yet few other IMF members endorsed China's proposal. Indeed, some senior *Chinese* officials publicly backed away from it, noting that it was meant to mollify domestic critics of China's lackluster investments in US equities. In sum, China's reserve currency initiative was—by design—far more symbolic than substantive. It allowed the government to appear responsive to domestic frustrations, but, given the proposal's lack of feasibility and domestic or international appeal, there was no intention of pursuing it.

As with institutions, China's success at shaping other countries' policies and preferences has been limited. Despite China's growing international presence and its interactions with countries and institutions all over the world, the instances of China using its diplomacy to change the behavior of other states are very few.

China has been somewhat successful in shaping others' policies on issues of particular sensitivity to Beijing, such as Taiwan and Tibet. In these instances, the costs to the target state of accommodating China were often low and the benefits were substantial. China has been most effective at raising its profile among countries in Asia, Africa,

and Latin America. States in these regions are now more aware of Chinese views and interests, resulting in some accommodation of Beijing's views but also some rejection as well.

## THE STAKEHOLDER PARADOX

So, is China ready for global leadership? The short answer is: not any time soon. But this conclusion requires constant reassessment.

Multiple forces tug China in different directions. Its default position, ingrained in the current generation of policy makers, is to avoid international leadership while focusing on domestic development. This tendency will persist for the foreseeable future. The opposite forces, those pushing China to be more globally involved, are diverse and growing stronger as well. As a result, China will be more prominent and effective in using its diplomacy to meet its domestic needs, and it will look for opportunities to contribute to maintaining the global commons.

In pursuing both goals, China will seek a greater voice in international rule-making. These imperatives have already led China to become an international actor of major consequence and occasionally to assume a *leading role*—at times grudgingly—with other major powers in managing regional and global problems.

But these activities are not global leadership. They are more about working within an existing consensus than about generating a new one and then leading the charge. Moreover, evidence suggesting that other nations would be willing to follow China's lead on a major international issue is scant. Thus, while China is willing occasionally to assume a leading role in concert with other states, it remains far from being a global leader in terms of either its mindset or its capabilities.

Analyzing China's leadership potential brings to light a tension at the center of US policy toward China. I call this the "stakeholder paradox." On one hand, Washington is encouraging China to define broadly its national interests; it is trying to empower Beijing to contribute to global problem solving and, ultimately, to the maintenance of the current international system. This was the thrust of former US Deputy Secretary of State Robert Zoellick's policy of challenging China to be a

"responsible stakeholder," the essential logic of which persists today.

On the other hand, many American and international strategists worry that this policy may broaden China's global ambitions while improving its capabilities to pursue them—including in ways that may not buttress global rules, norms, and institutions.

The ability of US policy makers to balance these concerns will be critical to the success of America's China policy. The arguments in this essay suggest that this balance is decidedly manageable for the foreseeable future. As China's capabilities grow, the internal constraints and external restraints on a revisionist turn in China's foreign and defense policies remain substantial, and some of them will increase.

China's current and next generations of leaders are resistant to assuming too many responsibilities and commitments. They are acutely aware of China's myriad domestic challenges—many of which will grow. They remain mindful of the miscalculations of past rising powers.

Externally, China lives in a tough neighborhood, much unlike the United States at the beginning of the twentieth century. China shares borders with 14 nations, some of which it has gone to war with. China's neighbors, especially Russia, Japan, and India, are monitoring China's behavior and will check its advances. As China's global interactions grow, the costs of becoming a revisionist state will increase exponentially, if not geometrically.

A critical element of US policy responses to China's rise is to maintain America's material and moral strengths while ensuring the credibility of US commitments. These goals begin with restoring America's economic health and well-being, both to ensure the foundations of US power and as a sign of American self-discipline. Internationally, Washington needs to take a broad view of its global responsibilities and its participation in international institutions, including an acceptance that restraint can be a powerful source of legitimacy and influence—especially for a superpower. These actions would help ensure that the United States is well positioned to deal with a more economically vibrant and geopolitically influential China in the years ahead. ■