

Editorial Note

Nicola Casarini

China is set to become the world's largest economy. As the country becomes richer, it is likely to become more influential in foreign and military affairs. This raises the question as to the impact that an increasingly ascendant China would have on the rest of the world, including whether the West will continue to maintain the supremacy that it has enjoyed over the last centuries. This is a subject that has received a fair amount of attention in the last years. Suffice it to recall here books like Martin Jacques's *When China Rules the World* and James Kyng's *China Shakes the World* to get a sense of the awe and anxiety that pervades the Western world as China establishes its global footprint.¹ Henry Kissinger, in his latest *On China* observes that President Hu Jintao and Prime Minister Wen Jiabao "presided over a country that no longer felt constrained by the sense of apprenticeship to Western technology and institutions", and that the economic meltdown that began in America in 2008 "seriously undermined the mystique of Western economic prowess" among the Chinese. According to Kissinger, these developments have prompted a "new tide of opinion in China to the effect that a fundamental shift in the structure of the international system was taking place".² The sentiment, both in China and in the West, is that the Chinese economy will soon reach a position of pre-eminence. According to the IMF, this could happen as early as 2016. But will China be able to sustain its current pace of economic growth for the next decades? Or will domestic and/or external factors derail China's rise?

China as the world's number one economy?

Claims of China ascending to become the world's major economy are backed by an array of forecasts. The ESPAS report *Global Trends 2030*, for instance, predicts that the People's Republic will become the largest economy, and that it will probably

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¹Jacques, *When China Rules the World*; Kyng, *China Shakes the World*.

²Kissinger, *On China*.

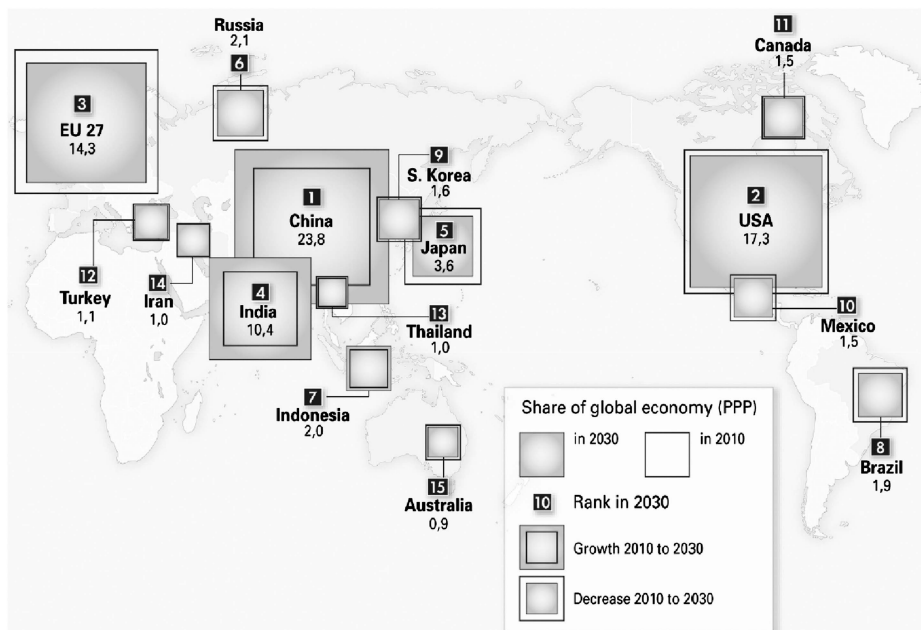


FIGURE 1. The largest economies in 2010 and 2030
 Source: ESPAS, *Global Trends 2030*, 109.⁴

overtake the United States – and the whole of the EU – around 2030, first in purchasing power parity (PPP) terms, and then in nominal USD terms.³

The above scenario is subject to important caveats. It remains to be seen, in fact, whether the new Chinese leadership set to take power in October 2012 will be able to sustain the current pace of growth over the next years and manage a soft landing by rebalancing the domestic economy. There are indications that China will soon enter a period of slower growth. Its developmental model is facing diminishing returns. Demand for its products in Europe and the US, its main export destinations, is likely to remain subdued in the coming years. Record imbalances and overheating dominate the picture in the aftermath of the 2009 stimulus package. Deep-rooted problems of China's increasingly crony-like capitalism and ageing will affect the dynamism of China's economy. The reforms required to graduate into the next era of development, moreover, affect the heart of China's financial and political system.

³European Strategy and Policy Analysis System (ESPAS), *Global Trends 2030*, 109. <http://www.espas.europa.eu>.

⁴Figure elaborated by the ESPAS research team. Data for 2010 GDP are taken from the IMF World Economic Outlook database; 2030 GDP projections are taken from various sources, including Maddison, *Contours of the World Economy 1-2030*, 12.

According to many analysts and the World Bank, China's economy is fairly bubbly. This is a sign that the upward trend in China's business cycle is bound to reverse. How dramatic this reversal will be, remains to be seen. Many observers still believe China can go on growing at double digit rates or at least very high rates of 7-8 percent and above for the next years. This view is, however, questionable. Along with soaring food and commodity prices, inflation is haunting the economy. Money from excess savings and from abroad is creating too much effervescence in the credit market. A housing bubble is raging in the big coastal cities. There are even chances that China will witness a financial crisis sometime in the next years.⁵

China's ascent could thus be derailed by the slowing down of economic growth coupled with rising social tensions. Social stability in China depends to a great extent on continued economic growth and the consequent rise in living standards. If the economy does not grow, there is a risk that social tensions within society could escalate and possibly lead to political instability which could translate into a more nationalistic and aggressive foreign policy. The biggest unknowns are the possible interactions of China's current economic and financial processes with its social fabric and therefore its politics. Among the domestic problems that could flare up as economic growth slows, and which in turn could lead to a further downward growth spiral are: the role of the Chinese Communist Party and its ability to reform, ethnic conflicts, unemployment, inflation, the growing gap between rich and poor and between the coastal areas and the interior, migration due to inequalities in regional development, environmental degradation, and energy security.

Spending on internal security has been rising in recent times. In 2011, for the first time in its history, China's publicly stated budget to "maintain stability" surpassed the defence budget. In this context, the question of political reform is central. The future of China, including the maintenance, or disruption, of domestic stability will depend to a large extent on the ability of the Chinese leadership to reform itself. As a genuine opening up of the political decision-making process to broader sections of the population may lead the Communist Party to lose its monopoly on power, efforts towards political reform are likely to encounter setbacks from the more conservative elements within the regime. The example of the Soviet Union still haunts Chinese leaders. Yet, to avoid serious social unrest and maintain its legitimacy in power, the Chinese Communist Party needs to launch political reforms to function as a decompression valve.

The gravity of the question was highlighted by Wen Jiabao, the Chinese Premier, during the press conference after the closing of the Fifth Session of the 11th National People's Congress in Beijing on 14 March 2012. Wen warned his Communist Party colleagues that the dark days of the Cultural Revolution

⁵Dreyer, *Potential Contours of the World Economy*. See also, "Fears over China Slowdown Hit Sentiment", *Financial Times*, 21 March 2012, 26.

would return if political reform were not carried out in earnest, declaring that “without a successful political reform, it’s impossible for China to fully institute economic reform and the gains we have made in these areas may be lost, and new problems that popped up in the Chinese society will not be fundamentally resolved, and such historical tragedies as the Cultural Revolution may happen again in China”. He added that “to resolve these problems, we must press ahead with both economic structural reforms and political structural reforms, in particular reforms on the leadership system of the Party and the country”.⁶

The challenges ahead are daunting. Yet, if the next generation of Chinese leaders is able to steer the country away from any serious economic setback and push through serious structural political reforms, the prediction that China will emerge as the world’s largest economy in the next decades has good chances of being confirmed. Economic pre-eminence will not automatically translate, however, into political and military influence. It is very likely that US political dominance will outlast its economic supremacy, allowing Washington to remain the predominant power for the foreseeable future. The US army has a global reach and a technological sophistication that would be very difficult for Beijing to match. US defence spending is on such a scale that it practically equals the total defence spending of all other countries together. The prevalent view is that the military ascendancy of the US will remain unshaken for several decades to come, regardless of any changes in economic ranking that may occur at the global level. But if China, as it becomes wealthier, were to perceive the US as intent on containing its rise and geopolitical interests, it could decide to spend more on defence and military modernisation.

Will Chinese military power catch up with the US?

China’s technological and military capabilities have been enhanced in recent years and are projected to continue to grow in the foreseeable future. In March 2012, the Chinese government released the figures regarding the annual military budget. According to official data, China’s defence spending for 2012 will be around USD 106.4 billion, making it the second largest in the world after the US and up by about 11.2 percent from 2011.

Unofficial estimates place the total amount of military spending for the People’s Republic of China higher than the Chinese government figures, but these calculations tend to differ between organisations and research institutes. In 2011, the US Department of Defense estimated that China’s total military-related spending for 2010 was over USD160 billion, using 2010 prices and exchange rates.⁷ The Stockholm International Peace Research Institute (SIPRI), using its own methods

⁶“Wen says China needs Political Reform, Warns of Another Cultural Revolution if Without”, *China Daily*, 14 March 2012, 1.

⁷Office of the Secretary of Defense, *Annual Report to Congress: 2011*.

of calculation, estimates that China's actual national defence spending is 1.5 to 1.6 times higher than the official budget, but lower than the US Department of Defense projections.

The International Institute for Strategic Studies (IISS), in a 2010 Adelphi Paper, predicted that if spending trends continue, China may achieve military equality with the US in 15-20 years.⁸ Jane's Defence Forecasts argues that China's defence budget will increase from USD 119.8 billion to 238.2 billion between 2011 and 2015. This would make it larger than the defence budgets of all other major Asian nations combined, but still smaller than the estimated US defence budget for the same period.

More recently, the Tokyo Foundation conducted a long-term outlook study on national defence spending by the US, China and Japan, taking the nominal GDP projections for these three countries and correlating them with the SIPRI database (data on national defence spending), using figures in US dollars converted according to 2009 exchange rates in the US, China and Japan (constant as of 2009) for comparison purposes. It found that the current national defence spending in 2010 was USD 687.1 billion for the US, USD 114.3 billion for China, and USD 51.4 billion for Japan.⁹

According to researchers at the Tokyo Foundation, the above estimates represent no more than a working hypothesis in which military expenditures as percentages derived from a nominal GDP growth model are applied.¹⁰ In other words, it is far from certain that the predictions indicated in Figure 2 will come true. As discussed earlier, it depends to a large extent on whether China will be able to sustain its current pace of economic growth over the next years. Moreover, as Beijing's national defence spending approaches that of Washington, domestic pressure within the US is likely to resurface, including demands to raise the Pentagon's budget. It should be noted, also, that Japanese policymakers and experts are increasingly worried about China's growing military expenditures and this may be reflected in their analysis. Yet, China's capacity to catch up sometime in the next decades should not be ruled out too quickly, as Beijing's recent technological advances in various industrial sectors have demonstrated. In the end, though, what is most important is not whether – and/or when – China will become the world's largest economy and reach some kind of technological and military parity with the US. The key question is what use will China make of its growing capabilities?

To answer, *The International Spectator* has put together this special issue, asking some prominent China experts to share their opinions regarding the foreign policy

⁸Holslag, *Trapped Giant*.

⁹Tokyo Foundation, *Japan's Security Strategy Toward China*, 26. The Tokyo Foundation has also produced some projections for 2030.

¹⁰Personal consultation with researchers of the Tokyo Foundation-Asia Security Project, Tokyo, February 2012.

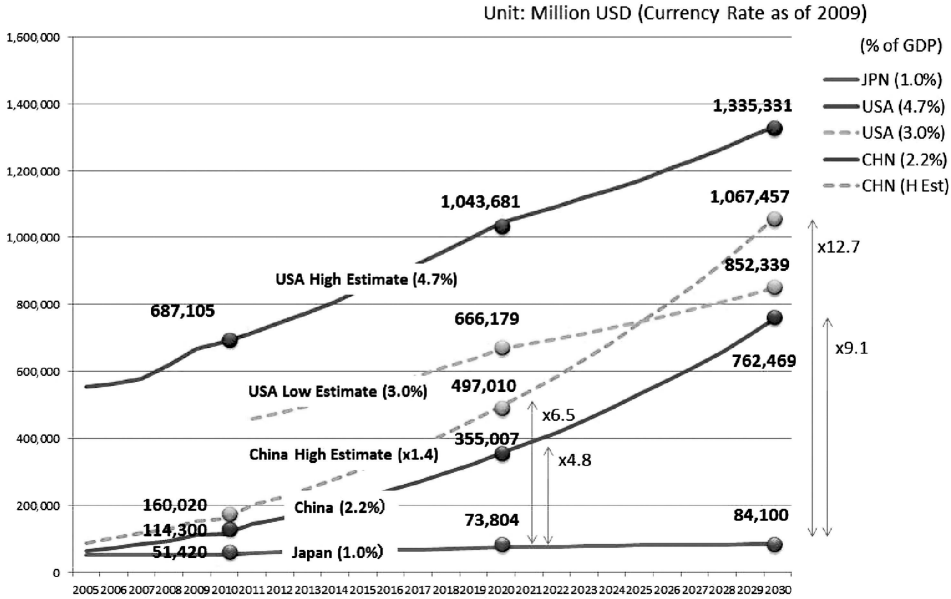


FIGURE 2. Military expenditures of the US, China and Japan (2010–2030 projection)
 Source: The Tokyo Foundation, *Japan’s Security Strategy Toward China*, 26.

direction of China, to examine its role in the international system, and to analyse the strategic impact that a rising China is having on key policy areas.

Debating China’s rise and its strategic impact

The debate opens with a piece by Cui Liru on “Peaceful Rise: China’s Modernisation Theory”. Cui is one of China’s leading experts on world affairs and President of the China Institutes of Contemporary International Relations (CICIR), which is China’s leading think tank in the field of international affairs. His essay tackles a number of important questions, including how the world views China and how China views the world, China’s approach to the international system and assessments of how the system is evolving. It touches on the history and purpose of China’s drive for modernisation and the content of China’s growth model. Among the challenges for the future are the legitimacy of the Chinese Communist Party and the future of political reform, the purpose and emphasis of Chinese diplomacy and the prospects for US–China relations. It would not do justice to the richness of Cui’s essay to try to summarise its main points. It is enough to say that his perspectives are an important indicator of current thinking in China concerning the country’s future domestic developmental path and its foreign policy direction.

Cui’s piece is commented on by two world renowned scholars. The first rejoinder is by David Shambaugh, Director of the China Policy Program in the Elliott School of International Affairs at George Washington University, and Senior Fellow

at the Brookings Institution. Shambaugh is one of America's foremost China experts. His piece, "Thinking about China's Future", addresses from a scholarly perspective some of the difficult questions facing the Obama administration as it re-engages with Asia. The US appears intent on promoting a regional environment that would make a Chinese bid for hegemony in the Far East impossible, but without embracing a clear policy of containment that would put the US allies in the region in the uneasy position of having to take sides. In his essay, Shambaugh provides an insightful analysis of US perceptions of China's "peaceful rise" and its implications for US-China relations. He maintains that

the most interesting and enduring question concerns whether China, as a rising power, will buck the trend of history and pursue a peaceful path (as Cui and others predict) – or whether its development will inevitably bring it into conflict not only with foreigners, but possibly also with those people living within its borders? Thus far, the Chinese response is that peace and harmony will prevail internally and externally, but many observers are sceptical about these absolutist assertions. It may well be the Chinese intent, but even the best of intents can be derailed by the complexities of domestic and international forces.

The exchange between Cui Liru and David Shambaugh offers the readers a perceptive examination of current thinking in the US and China, including hints at how the US-China relationship may evolve and what challenges lie ahead in reaching a deeper understanding between the two Asia-Pacific powers.

The second rejoinder to Cui Liru's piece is by François Godement, Senior Policy Fellow at the European Council on Foreign Relations (ECFR) and Director of the Asia Centre in Paris. Godement is possibly the most authoritative China expert in Europe. His rejoinder, "China's Rise as an International Factor: Connecting the Dots", provides the reader with an insightful analysis of a rising – or risen, as he puts it – China, addressing the hotly debated question of whether China's rise can be compared (and to what extent) with other rising powers in the past. In his conclusion, he welcomes

the confirmation by Cui that he sees China as much a part of Western culture as an exponent of Oriental civilisation. China's dynamic society is increasingly global, its economy is an international powerhouse. We hope China will understand the usefulness for rising powers to make long-lasting compromises, and that it will strengthen instead of weaken a set of international institutions that have built the most prosperous and peaceful era in human history.

On reading Godement's rejoinder, *The International Spectator's* readership will welcome his distinctive European perspective on China's international strategy, something which is much needed for advancing current transatlantic debates on China's rise and Asia's regional order.

The question of Asia's evolving security dynamics in the context of new Chinese assertiveness is examined by Michael Yahuda in the first of the essays of

this special issue. Yahuda is Professor Emeritus at the London School of Economics and Visiting Scholar in the Sigur Center of Asian Studies at the Elliott School for International Affairs, George Washington University. His piece on “China’s Recent Relations with Maritime Neighbours” offers a perceptive and detailed examination of Chinese maritime assertiveness since 2008. Yahuda argues that this new assertiveness is

a product of China’s growing economic and military power combined with a centrally fostered nationalism. Although incidents with several maritime neighbours may not have all been initiated by China, the Chinese over-reacted. Matters were made worse by the opacity of Chinese decision-making processes and by problems of governance as shown by the multiplicity of Chinese authorities in charge of separate naval forces.

Yahuda’s essay provides much food for thought on recent dynamics that have rung alarm bells among some of the US’s Asian allies and have led Washington to adopt a policy of re-engagement with the region, in particular on security matters. Yahuda’s conclusion is telling of the challenges ahead for Asian elites. He maintains that “the American ‘pivot’ to Asia provides neighbours with a hedge against an overbearing China. But they still need to cultivate relations with China on whom they are economically dependent.” Accommodating a rising China and its new assertiveness with the hard fact that China has become the main trading partner of all Asia-Pacific nations is possibly the most crucial foreign policy challenge for the region’s policymakers.

The impact of Chinese power is not restricted to the Asia-Pacific region, though it is there that the combined effect of economic interdependence and the security dilemma is most evident. A more powerful China is also trying to influence – and shape – global institutions as Rana Siu Inboden and Titus C. Chen argue in their article on “China’s Response to International Normative Pressure: The Case of Human Rights”. Rana Siu Inboden is a doctoral candidate at the University of Oxford and an Associate with the Robert S. Strauss Center for International Security and Law at the University of Texas-Austin. Titus C. Chen is an Assistant Research Fellow at the Institute of International Relations of the National Chengchi University in Taipei. The two authors present the readers with an analysis of how China has come to influence and shape international human rights institutions. They argue that

the People’s Republic of China’s response to international human rights pressure has been guided by its strong state identity, an identity that has prioritised the pursuit of economic productivity, material power and international prestige. The goal of a strong socialist state has thus led Beijing to participate in the UN human rights regime for strategic and diplomatic gains, and later to endorse human rights norms that were perceived as consistent with them. Accordingly, the PRC sees colonialism, imperialism, hegemonism, and racism as key human rights violations, while

opposing the universality of human rights and rejecting intrusive human rights monitoring, deemed as detrimental to its strong state goal. Since the 1989 Tiananmen Square protests, China has faced unprecedented international pressure and has responded by challenging aspects of the human rights system.

The two authors mention the negotiations to replace the UN Commission on Human Rights with the Human Rights Council, when China again sought to shield itself from human rights pressure, primarily by challenging country specific approaches. The two authors conclude, thus, that “instead of the normative influence leading to norm-compliant behaviour, China has sought to diminish human rights pressure and shape international human rights institutions in ways that are advantageous to its state interests”.

China’s challenge to the Western-dominated global order is not limited to the realm of values and norms. In monetary affairs, for instance, China is trying to challenge the dominant position of the dollar. The latest data released by the US Treasury indicate that China started in earnest last year to diversify its foreign reserves away from the dollar and increase its holdings in euro. Around 55 percent of China’s foreign currency reserves currently are held in US dollar-denominated assets and around one-third in euro, with investments in the latter up by more than 7 percent since June 2011. This trend confirms Chinese Premier Wen Jiabao’s declarations that the euro is currently the prime target of China’s purchases. China buys euro mainly to diversify risk away from the dollar. Yet, strategic considerations are not absent. Beijing would in fact like to lessen the predominant role of the dollar and see the emergence of a multipolar monetary order in which the renminbi – the Chinese currency – could also have a role. To do that, however, China needs to adopt structural reforms and make its currency fully convertible. This is the subject of the article by Jean François Di Meglio, President of the Asia Centre in Paris. Di Meglio has more than two decades of experience in financial institutions in Asia, having been most recently the head of the energy and commodities programme for BNP Paribas in China, and has firsthand knowledge of the Middle Kingdom’s banking and financial system.

In his essay, “Internationalisation of the Chinese Currency, Act II: Uncharted Waters, Unclear Direction”, Di Meglio attempts to demonstrate that, like some other Chinese reform processes of the past, the path towards internationalisation of the renminbi “is not yet very clear and claims of deep changes and unwavering success would be largely premature”. He maintains, in fact, that after the two waves of important changes in the Chinese system of foreign exchange, a deep reform could have taken place.

The creation of a ‘twin’ currency in Hong Kong, initially led to the belief that a real set of deep reforms was under way. Yet, like some reforms of the past, which were hesitant or even annulled, the path towards monetary and financial reform is encountering difficulty. The steps taken towards the ‘regionalisation’ or possibly

the ‘internationalisation’ of the Chinese currency may well be taking the same route. Before the reforms have had time to come to fruition and deliver deep changes, there seems to be some indecisiveness, a sense of relative failure, or at least discovery of the limitations in a process which many, at least at the beginning, believed would be quick and decisive.

Thus, it might be some time before the renminbi acquires the status of a global reserve currency. In the meantime, China’s financial clout is spreading worldwide through direct investments. In his essay on “Chinese Overseas Investment in the European Union”, Kerry Brown examines the question of growing Chinese investments in Europe, including their political implications. Kerry Brown is Head of the Asia Programme at Chatham House in London and Team Leader of the EU-funded Europe-China Research and Advice Network (ECRAN). In his article, Brown maintains that “Chinese overseas investment is a new and growing phenomenon. In the last decade, there have been exponential increases in how much direct investment is flowing from China, particularly into the resource sector.” Brown’s piece demystifies some assumptions about a perceived Chinese scramble for European industrial and strategic assets. He argues that since the deepening of the eurozone sovereign debt crisis

there has been continuing talk by political and business leaders of investment in Europe being a key target for Chinese companies. And yet, the amounts invested so far come to less than 5 percent of China’s global overseas foreign direct investment (FDI) total. In the crucial determinants of Chinese FDI, the EU ranks low. There is therefore a good structural reason why, despite the ambitious talk of the Chinese coming to invest more in vital sectors in the EU, this is not happening at the moment and is not likely to happen until China develops into a middle income, more developed economy.

It remains to be seen whether this trend will eventually change in the next years, following the recent decision by the China Investment Corporation (the Chinese sovereign wealth fund) to use its newly-acquired cash pot of USD 30 billion to purchase industrial assets in Europe. The last essay, “The Political Economy of Italy’s Relations with China” examines this question from the perspective of a recipient country. Giovanni Andornino, Assistant Professor of International Relations of East Asia at the University of Turin and Vice President of the Torino World Affairs Institute (T.wai) argues that, against the background of the global financial crisis, China might become a key source of foreign investments for Italy. His essay explains how Sino-Italian bilateral relations are eminently economic in their focus, with trade and investments working as the main drivers of engagement. Andornino maintains that “two distinctive features have marked the economic interaction in recent years: a pattern of asymmetrical competition, and an asynchrony of opportunities in bilateral trade and investment flows”. He concludes that “China’s efforts to promote domestic demand under

the Twelfth Five-Year Plan might create unprecedented opportunities for Italian exports”.

The case of Italy is not an isolated one. If the eurozone’s sovereign debt crisis worsens, an increasing number of European countries may look to China as their financial saviour. It may well be, then, that large parts of the West will have an interest in China continuing to rise – so that they can acquire growing shares of its ever-expanding market and attract large pools of Chinese money to their countries. This brings us back to the initial question regarding China as the world’s number one economy and its global implications. The discussion continues in the last section of the special issue where some prominent experts contribute to the debate on China’s rise and its strategic impact by reviewing recently published books.

In his piece on “US No. 1, China No. 2, or Will it Be the Other Way Round?” Jean-Pierre Cabestan joins in the debate by reviewing the following works: *Ancient Chinese thought, modern Chinese power* by Yan Xuetong; *A contest for supremacy: China, America, and the struggle for mastery in Asia* by Aaron L. Friedberg; and *America’s challenge: engaging a rising China in the twenty-first century* by Michael D. Swaine.

Jean-Pierre Cabestan is Professor and Head of the Department of Government and International Studies, Hong Kong Baptist University, and Associate Research Fellow at the Asia Centre in Paris. In his book review essay, Cabestan argues that “the first two books tend to give the shivers while the third, much more nuanced and balanced, is somewhat reassuring – up to a point”, maintaining that “all share a focus on, if not an obsession with the United States which, in spite of its supposed decline, clearly remains in their eyes the ultimate benchmark of leadership and success”. The topic of the Chinese rise, US relative decline, and the future of US-China relations is also addressed, from a historical perspective, in the book review essay by Enrico Fardella, Bairen Jihua Research Fellow at Peking University. In “A Conforming China”, Fardella discusses *On China* by Henry Kissinger and *Strategic Vision: America and the crisis of global power* by Zbigniew Brzezinski. These are possibly the US’s two leading strategic thinkers, as Fardella puts it, “sophisticated intellectuals, Central European émigrés who found fame and fortune in the US and who look at the world and at China from a particular perspective, one that mirrors Beijing’s Sino-centric perspective”. He points out that both authors write from their ‘centre’, a ‘centre’ in whose power and glory they have taken part. Today, continues Fardella, “more than ever, the centre from which the two authors are writing is feeling fragile, at the very time at which it is called upon to stand up to another ‘centre’, the Chinese centre”.

The battle between these two ‘centres’, the one in relative decline and the other on the rise, is nowhere more evident than in regard to the Taiwan issue which, since the early 1970s, takes the pulse of the US–China strategic relationship. This is the

subject of the book review essay by Christopher Hughes on “How Not to Play the Blame Game of Cross-Strait Relations”. Christopher Hughes is Professor in the International Relations Department of the London School of Economics and Political Science. He assesses the current situation in cross-Strait relations following the recent presidential elections by reviewing the following works: *Cross-Taiwan Straits relations since 1979: policy adjustment and institutional change across the straits*, edited by Kevin G. Cai; *The future of United States, China, and Taiwan relations*, edited by Cheng-yi Lin and Denny Roy; and *Strait talk: United States–Taiwan relations and the crisis with China* by Nancy Bernkopf Tucker. Hughes presents us with an insightful view of both the internal and international dynamics being played out in – and on – Taiwan, including the prospects of cross-Strait relations in the context of a rising and more powerful Chinese mainland.

The book review section concludes with two short pieces which address China’s rise from the perspective of those inside the policymaking elite in Beijing. In his piece on “Beyond the ‘Cognitive Iron Curtain’. China’s White Paper on Peaceful Development”, Simone Dossi, sinologist and Research Assistant at the Torino World Affairs Institute, examines *China’s Peaceful Development* by the State Council Information Office of the People’s Republic of China. The document was released in both Chinese and English in September 2011 with the stated aim of explaining the basic features of China’s development strategy to foreign audiences. Dossi concentrates his analysis on the Chinese version.

The last book review is devoted to the seminal biography of the man who has made China’s contemporary rise to great power status possible. Claudia Astarita, Adjoint Professor at John Cabot University and Researcher at CeMiSS in Rome, reviews one of the most important works on China published in recent years: *Deng Xiaoping and the transformation of China* by Ezra F. Vogel. This is a book that provides the reader with a background understanding of the forces at work in China over the last decades and of the man who was in the driving seat when China’s remarkable success story was set into motion.

As some of the authors of this special issue acknowledge, China’s rise, including its growth model, is the result of a marriage between Oriental and Western civilisations. As China augments its power, it could accelerate the decline of the West, but also become an increasingly important component of the future socio-economic development of the West, thus binding itself even more tightly to the fate of Western powers. These developments are likely to produce a level of interdependence that would make a conflict between the West and China catastrophic for world civilisation. Peaceful management of a power shift for the benefit of the largest possible number of human beings is feasible, if both Western and Chinese policymakers focus on the things that tie them and succeed in marginalising those forces that seek to bring the two sides to a confrontation.

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