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Dellios, Rosita; Field, Heather

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# Strategic powers in a post-September 11, post-American world: The European Union and China

Heather Field

Rosita Dellios

*Bond University*, [rosita\\_dellios@bond.edu.au](mailto:rosita_dellios@bond.edu.au)

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# **Strategic Powers in a Post-September 11, Post-American World:**

## **The European Union and China (1)**

*by Heather Field and Rosita Dellios*

*The Centre for East-West Cultural and Economic Studies,*

School of Humanities and Social Science,

Bond University, Queensland, Australia

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### **Introduction: An Emerging Post-September 11, Post-American World**

*Superpower* was the creation of the politics of 20<sup>th</sup> century nuclear weapons technology. That which distinguished a nuclear *superpower* from a 19<sup>th</sup> century *great power* was possession of the power of ultimate destruction and a communicated willingness to use it. Diplomacy had habitually been predicated on nuclear deterrence. With the end of the Cold War, one superpower remained. Even at the conventional level, it retained a comparative advantage in armed force, plus a continued willingness to deploy it in a moral-constabulary role. Hence American force was brought to bear in the Persian Gulf against Iraq, in Somalia, and in the Balkans. The terrorist attacks on New York and Washington on 11 September 2001 led to a further punitive expedition in Afghanistan, with a promise of more to follow in Iraq.

Such a clear preponderance of power, however, did not deter a counter-campaign in the form of a terrorist 'war on tourism' in Bali and Mombasa in 2002 (Wilson 2002) - i.e. use of 'soft' targets. Nor did it prevent enhanced terrorism by both sides in the Israeli-Palestinian dispute. It also failed to promote the rhetoric of a coalition operating in wartime conditions. The 'global war against terror' even attempted to recreate a rival axis power, an 'axis of evil' among Iran, Iraq and North Korea. Additions to the axis included Libya and Cuba. These countries were not the instigators, let alone owners, of their axis; it was foisted upon them. Their role, it now appears, may be 'more about rationalizing [the USA's] geopolitical ambitions' than any 'real and present danger' they may pose (Booth and Dunne 2002, p. 12). Moreover, the 'global war against terror', did not produce an equivalent 'Allied Powers' formation. Rather, it may well have created opportunities for regional strategic powers to shape a post-American world. This could well occur if the United States fails to win the 'war on terror', in Iraq and elsewhere, just as it had failed to win the protracted guerilla war in Indochina in the previous century. The 'coalition of the willing' could turn into an equally pragmatic 'concert of the unwilling'. To quote Immanuel Wallerstein (2002, pp. 98-99):

And if there begins to be an anti-war movement in the US, can the European establishment afford to be far behind? It seems dubious. And, if Europe begins to object, can Russia and China afford to be quiescent? The present US casual political dominance in the world system might disintegrate quite rapidly . . .

Already a post-American world order is taking shape. At the World Trade Organisation (WTO) conference at Doha in 2002, French prime minister Lionel Jospin called for the establishment of an Economic and Security Council within the United Nations (*EU Observer* 2002), hence contributing to a stronger global governance structure. At a regional level, China has cooperated with the Association of Southeast Asian Nations (ASEAN) to form what will become the world's largest free trade zone in terms of population by 2010. China also provides an alternative to the US modernisation model based on liberal democracy by having incorporated capitalism into a socialist polity. This role was confirmed during the ruling Chinese Communist Party's (CCP's) 16<sup>th</sup> Congress in November 2002. China's alternative model links favourably with its 'developing country' status. This relates to the advent of the terrorism-poverty nexus, as a 'root cause' issue (Fukuyama 2002, p. 33) in a globalising world. A 'coalition against terror' became problematic as it aligned not so much with a 'clash of civilisations' (Huntington 1993, 1996) scenario of the West versus Islam, but a 'clash of globalisations' (Gill 2002) between the privileged and excluded. Globalisation-from-above is seen to serve the interests of the status quo - developed nations, international financial institutions, corporate capitalism, a borderless bourgeoisie - while globalisation-from-below seeks to redress global inequalities by challenging the legitimacy of 'an American-led hegemonic system of liberalizing capitalism' (Gill 2002, p. 61).

In this light, it is understandable that the 'losers' of the 'globalisation-from-above' model might view 'terrorism' favourably as 'liberation'. Alternatively, they could see it as a dual threat: it is a threat to the state's own political and economic order (a source of domestic instability), and it is doubly a threat when used strategically by greater powers to assert their influence (a source of external interference). Australia caused a diplomatic furore in Southeast Asia in December 2002 when its Prime Minister asserted the right to undertake pre-emptive strikes against terrorists on foreign soil. This would constitute a clear violation of sovereignty.

Thus it may no longer be conducive to one's popularity (let alone security) to boast excessive power or too much development. The old idea of superpower is losing its lustre. Rather, the objective now may be to exhibit qualitative forms of power - or strategic 'soft power' - in areas of diplomatic and largely civilian competence. 'Soft power' is a term used in international relations to describe persuasive power. It contrasts with the hard power of military or economic punishment. In simple terms, soft power's 'carrot' may be compared to hard power's 'stick'. While attractive in a diplomatic sense, soft power is also negatively persuasive in a terroristic sense. 'Soft' targeting by terrorists and nuclear-armed states means civilian targeting. In the language of nuclear deterrence, counter-value targets are cities, while counter-force targets refer to military sites. In reality, it is difficult to avoid civilian deaths even with 'precision' bombing, as was evident in the Gulf War of 1991 and in the Kosovo War of 1999. It may be possible, however, to deter 'soft' civilian targeting with 'soft' civilian power which relies on *affective* relationships of solidarity and trust (discussed below).

Despite the rhetoric of a 'coalition of the willing' - with its 'soft' power implications of concerted effort - Washington persisted after September 11 with its unilateralist tendencies, thereby squandering the opportunity to become a genuinely strategic power. Not only did it continue to impose tariffs in the trade arena on imports which challenged US producers, such as steel and lamb, but it opposed significant international governance treaties. These were the Kyoto Protocol on global warming, the Anti-Ballistic Missile Treaty, the draft protocol to the biological weapons convention, and the Rome statute establishing the International Criminal Court in the Hague. The USA's 'casual political dominance' may just as casually pass away under changed conditions of *affective* power. An unwillingness to accommodate American interests in European decision-making was noted in the 2002 European Union (EU) summit in Copenhagen. Contrary to Washington's wishes for Turkey to be accepted as a new member of the EU, it will not be considered for membership until late in 2004. Turkey's human rights record was at issue, but so too was a perceived forcefulness on the part of the United States, which regards Turkey as a vital ally for any war on Iraq.

As Iraq's northern neighbour, Turkey would be crucial in a war on Iraq, and the wish of Washington and London to get Ankara onside underlined their support . . . The US stand may have been counter-

productive, drawing complaints of heavy-handed tactics as France and Germany led the opposition to Turkey's early admission (Sutherland 2002).

The Turkish leader himself did not escape censure:

"Some states that were rather open towards Turkey have been shocked by the blackmail campaign of the last days," one EU prime minister said, calling the behaviour of Turkish leader Tayyip Erdogan "very counter-productive". He quoted French President Jacques Chirac as saying: "It is not enough to respect European law, you also have to be polite and civilised" (Sutherland 2002).

### ***Affective Power***

The strategic powers of the 21<sup>st</sup> century will not be dependent on massive nuclear arsenals for their identification as strategic powers, or even on the interception of the nuclear armoury of others through hypothesised space shields. Military capabilities, and a continued willingness to use them, still matter. That which may be deemed decisive, however, is the capacity of the state to connect cooperatively with others across a whole range of economic, diplomatic, humanitarian and cultural spheres. In an era when potential enemies are not always other states, but allies can be (as in the case of the USA, UK and Australia favouring pre-emptive war), the capacity to form trust-based relationships (termed *guanxi* in Chinese) among strong powers, of diverse cultures, is paramount. In other words, within this highly connected world, diplomatic proficiency at forming partnerships will matter most. Concerts of power are better suited to the current age than contests.

Without recourse to competitive struggle, aspiring superstates can expand their power and influence through the judicious application of opportunities afforded by their regional, global and institutional credentials. States, in their expanded identities, as in the case of a state that belongs to the EU, share in expanded capabilities. Indeed, states - individually or as collectives under a larger organisational identity - retain the potential for strategic power status, should resources, methods and aspiration effectively and *affectively* combine. The only collective of states to operative in an explicitly political fashion to date is the European Union. The only single state to expand under a collective of legally-bound neighbouring states is the People's Republic of China (PRC).(2)

### **Foundations of Strategic 'Soft Power'**

Whether the EU and China are the leading strategic 'soft' powers in the 21<sup>st</sup> century will depend - in large measure - upon their possession and deployment doctrines (or philosophies) of the traditional dimensions of power and influence. These may generally be defined as political, economic and military. To what extent do the EU and China possess these at present and how are they deploying them? Also, what changes are currently taking place, or being anticipated, which will alter this situation, and their potential impact on the prevailing international environment? Will it be a post-American environment? Or will it fail to achieve the coherence of vision and consistency of leadership to represent a new world order?

#### ***(a) Political Influence***

Political influence can refer to the influence exerted by a state or entity on a global basis, and that which it wields on an internal basis within its own territory and over its own institutional, economic and social arrangements. The political influence of a power in global terms is often related to its economic 'clout' and its actual or potential military resources, as well as the extent to which it has relationships with other major powers that operate to enhance its influence. Both of these are related to some extent to territory and population, and the relative wealth of these.

A feature of both the EU and China is that each has been undergoing a process of enlargement through the addition of territory, with the accompanying population and wealth. For the EU this has

involved a process of enlargement from the original European Economic Community (EEC) of six member states - France, Germany, Italy, Netherlands, Belgium and Luxembourg - in 1958, to take in most of western Europe and now part of eastern Europe. The 1973 enlargement meant the addition of the UK, Denmark and Ireland. This was followed by southwards enlargement to include Greece in 1981 and Spain and Portugal in 1986. Recent enlargements have been eastwards and northwards, to take in the territory of the former German Democratic Republic when it was absorbed into the Federal Republic of Germany in 1990, and Austria, Finland and Sweden respectively in 1995. The membership of 15 further expanded in December 2002 at the Copenhagen summit with the addition of 10 new EU countries (Poland, Hungary, the Czech Republic, Slovakia, Slovenia, Estonia, Lithuania, Latvia, Cyprus and Malta) to become full members in May 2004. Turkey's membership, as noted above, will be considered in late 2004, while Bulgaria's and Romania's entry is expected in 2007. There have been moves by the EU to offer special 'association agreements' to Albania, Bosnia, Croatia, and Macedonia (New Europe 1999, O'Rourke 1999, Taylor 1999a), and now with democratisation, Serbia. These open up the prospect of a further third round of enlargement eastwards, and an increase in the number of EU member states to thirty or more. (3)

The issue of free movement of labour will remain difficult to solve, as will the prospective movement westwards. There are issues that will require considerable time to resolve. For example, the large gipsy minorities of Romania and Slovakia exhibit minimal national attachment and would move west and north at the earliest possible opportunity. Also, the enlargement itself is accelerating. The EU stands ready to become a successor organisation to Yugoslavia and the Soviet Union. Though in the latter case, a request from Ukraine for discussions on possible associate membership was rebuffed in 1998, and it would be unthinkable for the prospect of Ukrainian membership to be considered without a complete reversal of its prevailing weaknesses: economic collapse, stagnation of reforms and overwhelming corruption.

Nonetheless, most of the new member states involved in the eastwards enlargement (with full membership to be accorded in 2004) are relatively small and also poor. Poland, with over 40 million inhabitants, is the most populous, while Slovenia and the individual Baltic States of Estonia, Latvia and Lithuania have populations of around 2 million each. Slovenia's GDP per capita level of around US\$10,000 is roughly half that of the present EU, but the GDP per capita levels of most of the new countries are only around a tenth to a quarter of the average EU level. Acceptance of these countries into the EU increases total population by 30 per cent but GDP by only four per cent. The impact of the current round of enlargements will hence be to increase the strains involved in EU decision-making and to reduce the average level of prosperity, although institutional and political change and economic growth may soften this impact. The population of the 'expanded' EU of 25 to 30 or more member states in the next decade or two will total 475 to 500 million, making it much more populous than the USA or Japan but less than half that of China and below the 800 million of the proposed Free Trade of the Americas Agreement (FTAA).

While the EU is a widely recognised nouveau political construct, the Chinese state's own forays into unconventional modes of expansion are not always immediately grasped; the results, however, are unequivocal. Its addition of Hong Kong in 1997 and Macao in 1999 has rendered China the world's fourth largest trading nation. This political arrangement with its economic rewards has been made possible through the policy of 'one country, two systems', meaning one sovereignty, but different societies with their own legal structures and identities.

By the time this formula is applied to Taiwan, if it succumbs to the threat or ultimate seduction of reunification (see O'Donnell 2001), China is likely to resemble a region of states (a not uncommon experience in its millennia-long history) more than a single nation-state. Yet its sovereignty would remain intact. In this circumstance, ironically, Taiwan's state survival will depend more on 'one country, two systems' *linkage* with China than Cold War-style *struggle* against it. Moreover, the linkage will be to different parts of China, and not only to its 'one country, two systems' sister states of Hong Kong and Macao. This is because the Chinese 'mainland' is, in fact, devolving considerably into politico-economic entities with a high degree of autonomy. It was a process that began in 1980

with the introduction of *special economic zones* (SEZs), followed by *open coastal cities* in 1984, and *open border cities* in 1992. Since 1992, China's State Council opened all the capital cities of inland provinces and autonomous regions. By 1996, the Chinese government formulated a plan that by 2010 there will be large 'trans-provincial economic regions' as well as localised economic 'hot spots' (*China's Ten Economic Hot Spots* 1997, pp. 1-2), making China more attractive than ever to investors. In 2000, the government announced a program to invest US\$15 billion in 10 western provinces to advance their economic growth. With China's long-awaited entry into the WTO in November 2001, its integration into the global economic system has reached a turning point. Moreover, in the same month China and ASEAN agreed to form a Free Trade Area in 2010, whereby tariffs would be reduced to between 5% and zero and investment barriers removed. This trade region will create an integrated market of 1.7 billion people, account for an estimated total GDP of US\$2 trillion (10 per cent of world GDP), a trade volume of US\$1.2 trillion per annum, and 40 per cent of global foreign exchange reserves (*China Daily* 2002; *Businessline* 2002). China will take the lead in opening its market to ASEAN before ASEAN does so for China. This will allow ASEAN manufactures time to become more competitive, and China will consider preferential treatment for the more backward economies of ASEAN - Cambodia, Laos and Myanmar (see Huang 2002; and 'China-ASEAN FTA Benefits ASEAN' 2002). These three ASEAN counties are also part of China's southern sector NET (Natural Economic Territory, elaborated below) membership: the Greater Mekong Region. Thus recent developments are conducive in allowing the PRC's global economic credentials to become as impressive as its political ones, issuing from permanent membership of the United Nations Security Council.

In contrast to this progressive expansion on the part of the EU and China, no further territorial enlargement is envisaged for the US, and the Soviet Union's main successor state of Russia only regained control of the territory of Chechnya after a bitter conflict, and with subsequent terrorist action in Moscow against a 'soft' target of a theatre audience. The major expansions of the US and what was then Tsarist Russia took place in the 19th century. The US expanded into what was formerly Mexican, Spanish and independent Hawaiian territory, and purchased Alaska from Russia, while the Tsarist Russian empire expanded into areas formerly under the overlordship of the Ottoman empire and Qing-dynasty China. The political integration, economic development and strategic utility of these areas were major factors behind the superpower status of the US and the Soviet Union respectively in the 20<sup>th</sup> century. For the EU and China, the benefits of their expansion in more recent time are still to be fully realised and are likely to heighten the profile of both as the present century unfolds.

The EU has been described as the world's 'first truly postmodern political form' (Anderson and Goodman 1995, p. 603), and it has been a relatively recent creation of the second half of the twentieth century. In this it can be contrasted with China, which has had a great imperial presence and continuous civilisation dating for more than 3,500 years. Despite China's diverse geography, climate and dialects, it coheres as a greater whole through a common ideographic script and the official *putonghua* spoken language. This is suffused with the Han cultural legacy of Confucianism, Daoism, and a civilisational identity traced back to mythical first emperor, Huang Di.

In the past, such as the Warring States Period (481-221 BC) when China was divided, the aim of the rival leaders was not the modern notion of 'independence' but the acquisition of the hallowed title of Son of Heaven, emperor and unifier of all of China. Even Mao Zedong in modern times has been admired for his emperor-like qualities in unifying China. Thus in periods of serious political upheaval, China - the Middle Kingdom or *Zhongguo* - remained the prize. This ethos of political unity, predicated by a common formalised culture, has advantaged the 'one China' over the 'many'.

While independent states featured more prominently in European history, the EU can draw upon many common linkages between its member states and earlier situations of partial unification. These have included the 'universal' system of the Roman Catholic Church in Western Christendom in the medieval era, the overlordship of the Holy Roman Empire and Habsburg dynasty over a substantial proportion of the present EU. Also, the modern EU has been unified through its subjection to

common cultural influences, especially modernist and post-modernist thinking.

Enlargement has gone hand-in-hand with the deepening of the EU's integrative political arrangements and an enhancement of the control exerted by its common political and administrative institutions in Brussels, Strasbourg and Luxembourg. From the establishment of the EEC by the 'six' in 1958 until the signing of the Single European Act (SEA) in 1985, moves towards greater economic and political integration tended to be slow and incremental. However, the SEA, which was ratified and came into force in 1997, paved the way for swifter economic integration through the further removal of trade barriers by what was known as the '1992' or 'Single European Market' (SEM) initiative. The end of the Cold War and collapse of the Soviet bloc proved a stimulus not only for the moves towards further enlargement described above, but also for closer political integration. In 1992 the Maastricht Treaty on European Union was signed, establishing the European Union upon its ratification in 1993. The Maastricht Treaty enhanced the powers of the European Parliament by giving it a power of 'co-decision' over legislation in some areas, and greatly expanded the number of common policy areas. It involved agreement upon steps towards Economic and Monetary Union (EMU), and the introduction of the euro currency - which is now in use. It also acknowledged the possibility of the EU developing its own defence arrangement. A Common Foreign and Security Policy (CFSP) was instituted, as well as a common policy with regard to policing, justice and home affairs, although these were to be intergovernmental arrangements and not under the direction of the EU's political institutions. An Amsterdam Treaty followed soon afterwards, further expanding the number of common policies and the powers of the European Parliament and placing the CFSP and justice and home affairs arrangements under the control of the EU's institutions, with a five-year delay being instituted in decisions on a common immigration and asylum policy. The 2000 Nice summit made a number of constitutional changes necessary to prepare for eastwards enlargement of the EU. These included increasing the relative power of the larger member states, with changes which included the introduction of a triple majority system on votes. The limit in the number of seats in the European Parliament will be increased from 700 to 732 in 2004.

The EU has also moved to increase the influence of regions, establishing a Committee of the Regions on which these are represented. While there has been encouragement of substate regionalism by the EU's institutions, it has been argued that regions have in practice found it to their benefit to cooperate with their national governments in dealing with Brussels rather than taking an independent line (Borzal 1998). Hence while the EU seeks to strengthen regions in order to weaken nation-states and consolidate its own powers, it has not necessarily succeeded in doing so to any significant degree.

The formation of a common 'European identity' remains a problem for the EU, but it could also be said that there are substantial common cultural elements, at least among its existing membership. While China has a more unified and accepted common identity in the form of Han Chinese ethnicity and identity, it too has a problem in overcoming the ethnic and cultural differences between the majority and minorities, particularly independence-prone Tibetans and Uighurs in China's far west.

The PRC's cultural diversity may be viewed not only in terms of the 55 officially recognised non-Han minorities, but also among the Han majority which forms 93 per cent of the population and whose regional loyalties are bolstered by economic success in the coastal regions. Moreover, the politics of intra-Han ethnicity in Greater China needs to be sensitively handled by Beijing if 'one country, two systems' is to prove itself to be more than a mere slogan. It holds relevance to the identity politics of people in Hong Kong in their changed circumstances of sovereignty, as much as to emergent 'Taiwanese consciousness' (Wu 1999). Recognition of difference, and hence improved prospects for reunification with Taiwan, requires Beijing to relax its claims on Chinese identity. This is not a new problem. Historically, 'the Chinese state was regarded as coterminous with Chinese culture' (Reischauer and Fairbank 1970, p. 293). Today, the ruling Chinese Communist Party continues to blur the distinction between itself and the state, thereby bolstering its legitimacy while drawing on the populist appeal of the state's cultural nationalism. If the PRC does take Taiwan by force, it will do so to strengthen CCP rule on the mainland via the ultimate nationalist endeavour - reunification of the 'motherland'.



In both China and the EU there is a problem of 'dissent', but one which takes different forms and has resulted in correspondingly different responses. In China dissent takes an ethnic and separatist bent - as evidenced by Tibetans and Uighurs - but there is also dissatisfaction with the system. The latter was graphically demonstrated by the Tiananmen Square demonstrations of 1989, their bloody suppression and the subsequent banning and monitoring of anti-government movements. In recent times this has included the Falun Gong sect, as well as a range of dissident websites. Such websites are admittedly difficult to block given the nature of the Internet which allows users to bypass the government's 'firewall' through 'proxy servers' (an anonymous relay computer). Nonetheless, contrary to widespread belief, there is no evidence to suggest that 'dictatorships in the digital age' are any less effective (Drake, Kalathil and Boas 2000). Certainly in China's case, it has used the Internet proactively to strengthen central control by such measures as advancing e-commerce projects, streamlining governmental operations, looking at increasing transparency via online auctions to prevent corrupt 'kick-back' practices in the award of government contracts, and spreading pro-government propaganda through its own websites and 'chat-rooms' (Drake, Kalathil and Boas 2000).

In the EU 'dissent' is associated with Euroscepticism and the general lack of enthusiasm of the mass of the EU's population for the EU and further integration. It is associated with the low level of turnout in the elections for the European Parliament, including the 1999 election which was less than half overall and only 23 per cent in the UK. Other manifestations have included the initial Danish rejection of the Maastricht Treaty in the Danish 1992 referendum on this, and the close call in the French referendum on it held the same year. There were demonstrations against the EU by unemployed groups and others in Amsterdam when the Amsterdam Treaty was being negotiated and signed there in 1997. However, the level of opposition varies considerably by country, with the British, Swedes and Danes being relatively Eurosceptic and the Irish and Greeks, who benefit from net budgetary transfers from the EU worth several percentage points of national GDP each year, strongly supportive. Manifestations of opposition have included staying out of Economic and Monetary Union (EMU), opting out of particular parts of the Treaties, and opposing steps leading to further integration. However, the progressive widening of the policy areas to which majority voting applies and individual countries have no right of veto, is progressively reducing the ability of individual countries to resist changes opposed by the majority of their national populations.

Integration continues at a relatively swift pace, in spite of the absence of significant popular support for this, because the elites in government in the member states and in the EU's common political institutions tend to be, on the whole, strongly supportive of it. Populations can sometimes alter this by voting for a change of government. They did so in Germany in 1998 when the Christian Democratic Union led coalition was replaced by a Socialist/Greens coalition which was less enthusiastic than its predecessor about EU eastwards enlargement and further integration. However, the change achieved in attitude was a limited one, reflecting the situation that majority parties to the right and left of the political centre tend to support further EU integration and enlargement. This was the case with Germany's 2002 election in which, interestingly, the most vocal election issue was not the EU but opposition to following the US in a war on Iraq.

### ***(b) The Economic Dimension***

The main power of the EU to date has been in economic terms. It accounts for around a fifth of world trade and is a major recipient and source of investment, being the source of 47 per cent of world Foreign Direct Investment (FDI) but host to only 31 per cent. Its major exports include manufactures, high-technology and cultural products, as well as services. Its main imports include energy, raw materials, labour intensive items such as textiles and clothing, tropical products, and high-technology software and computing equipment. However, the EU is also a mature economy, with few natural resources not already being exploited, and it has tended to lack the dynamism of the US. Its average growth rate has remained low, dipping to below two per cent per year during the early part of the 1990s and in 1997, and subsequently in improved conditions expected to reach no more than a three per cent annual growth rate at best. At the same time, unemployment remains high at just under 10 per cent of the workforce, although it has decreased from the level of 11 per cent reached in the

earlier part of the 90s decade. In comparison to this, economic growth in the US has been higher and unemployment rates lower.

The reasons for the relatively sluggish performance of the EU economy include the existence of welfare state arrangements, and transfer payments which involve the taxation of middle and higher income earners so as to cover the costs of the welfare state and provide assistance to low income earners and welfare recipients. The majority of the EU's population supports such arrangements, hence they are not going to be removed in order to stimulate growth. Nevertheless, attempts have been made in many EU countries to cut back the scope of the welfare state, and income differentials have been widening.

Further causes of slow growth are found in the relative inflexibility of EU economies (Field 1998). As George Soros remarked, 'employment is too heavily taxed and labour markets are too rigid in Western Europe' (Soros 1996, p. 9). There are restrictions in some countries on hiring as well as firing. Scharpf (1997) indicated how 'Bismarckian' policies with respect to employment and the funding of social security contributions had a negative impact on employment and growth. He found that the size of the welfare state did not affect the externally exposed sectors of the economy.

It would not be acceptable to most of the EU population if existing welfare state and income redistribution arrangements were scrapped, hence the example of the US is not one which it is feasible to suggest as a model. EU growth rates are therefore likely to remain lower than those of the US, and unemployment rates higher. However, there are clearly many other areas where reform, deregulation, and the removal of unnecessary or unjustifiable impediments could increase the flexibility of the EU economy, improving its prospective impact in the current climate.

One way in which the EU has sought to increase its economic influence in the world, as well as furthering the level of economic and political integration between its member states, has been through economic and monetary union and the introduction of the euro as a common currency. European Court judge Federigo Mancini had pointed out that an important motivation behind the introduction of the euro was the EU's desire for a greater degree of independence from the economic influence which the US enjoys because its dollar is the main world reserve currency (Mancini 1998). He cites (p. 16) André Fontaine, 'Le Monde's former editor and a most respected French political writer', as saying that 'The real *raison d'être* of the European Union ... is to be distinct from the American colossus and able to weigh against it.' Nevertheless, Mancini (1998, p. 17) sees the 'perspective' of a Euro-American condominium as 'more reassuring' than a Sino-American duopoly.

This might be so if China is viewed in conjunction with the USA. But what of the unspoken combination - the EU and China? Quite apart from representing distinctive and vital cultures as a counterweight to American global culture, a Euro-Chinese ascendancy represents sound economic strategy. Their economies are largely complementary, in that China's is developing (though some aspects are more advanced than others) and is in need of export markets as well as sources of advanced technology; the other is mature and also in need of markets and investment opportunities. This mutuality is reflected in China becoming by 1997 the EU's fourth most important trading partner. The EU, in turn, is China's third largest trading partner. However, it lags behind the United States, Japan and Singapore in FDI, even though the EU had increased its FDI in China in absolute terms during the 1990s.

It is anticipated that now that China has joined the WTO conditions will be more conducive to higher levels of EU investment. Among these conditions are greater transparency in rules and regulations within China, greater market access to foreign products and services, the lowering of comparatively high tariff rates, and an overcoming of the inherent restrictions of conducting trade on a bilateral basis. This bilateral rather than a multilateral approach has meant that the USA could outflank the EU in trade diplomacy by exerting pressure on China, with the 'EU pursuing a reactive policy of following preceding US initiatives on bilateral agreements' (Dent 1999, pp. 140-1). China has long wished to escape this dilemma of bilateral pressure, having applied for membership of the WTO's

predecessor, the General Agreement on Tariffs and Trade (GATT) in 1986, when Deng Xiaoping's economic reforms - designed to transform China from a command to a market economy - were well underway but, for GATT membership purposes, were still deemed insufficient.

While China still poses for the EU competition in its declining manufacturing industries (and this is more a structural problem for the EU economy than a poor reflection on China's trade practices), it is expected that an economy on-the-move such as China's will not dwell long in the shadows of other nations' economic fears. Its own maturing market means that China will have increased internal demand for its products. Eventually China is expected to become its own largest market (Eglin 1997), with consumer demand increasing at a brisk pace as incomes rise above the threshold annual income of US\$800 at which consumerism becomes possible (Ayala and Lai 1996). At the vanguard of this consumer revolution is the so-called 'S-Generation', the first of the single-child family generation who are now themselves adults. They number 290 million, of whom 90 million live in urban environments (Forman 1998), and who are about to lavish attention upon their own children as well as demand services for their upbringing. Once consumerism takes hold, the attributes of a common market, currency, language, and even time zone, are no longer mere evidence of central political control but, more significantly, the indicators of a vast economic region. In other words, China's growing economic strength issues from a substantial domestic base.

This is fortified by cultural-regional links. Using the natural advantages conferred upon it by Chinese diaspora linkages - often pursued through the operation of *guanxi* or trust-based relationships - as well as a regionalising capacity in the Asian region,(4) China is networking beyond its borders through a structure of Natural Economic Territories or (appropriately) NETs. These are economic regions that ignore political borders and are nurtured by governments in an effort to raise levels of economic prosperity in their share of the NET. The first recognisable NET was that of Hong-Hong-Pearl River Delta (inclusive of Macao). It expanded to the southern and southeastern coastal NET of Guangdong-Hong Kong-Macao-Taiwan-Fujian. It has since spread to Hainan and Guangxi in the southwest of China. NETs have developed elsewhere, as in Southeast Asia's Singapore-based NET with Malaysia's Johor state and Indonesia's Riau island. Most NETs, however, remain Chinese constructs. Even the Singapore-based NET does so by virtue of its inter-Chinese regional affiliation - Singapore having a predominantly ethnic Chinese population and being among the largest FDI sources for the PRC. Another Southeast Asian NET is the above-mentioned Greater Mekong Region, of which China's Yunnan Province is the largest and potentially the most influential member. To the northeast, in the Tumen River valley of the Eurasian-Pacific region, lies a NET sponsored by the United Nations Development Program (UNDP) and enthusiastically endorsed by the Chinese government.

Beyond ethnic networks and regional NETs, there is the international institutional dimension of China's economic power. WTO membership is projected by the World Bank to increase China's share of total world trade from the current three per cent to just under 10 per cent - a threefold increase. Besides bestowing upon China decisive clout as a top-bracket trading nation, membership of the WTO gives it a considerable share in the exercise of global institutional power. Institutional power matters greatly in a globalising world as it embodies an inclusive rules and conduct based regime. This rules-based, norms-enhancing dimension to world order forms a necessary adjunct to the informal modalities of the Internet (of which China will be the largest user country within a decade), *guanxi* and NETs. In Chinese cultural terms, the institutional dimension equates with Confucian *li* (rules for proper conduct reflective of civilised values); while the informal, decentralised and often spontaneous dimension accords with the spirit of Daoist and Chan (Zen) action. In other words, codes of conduct are deployed alongside mutually-agreeable pathways of connectivity. Either way, and indeed both ways, concerts of strategic power are formed.

Recognising China's emerging status as an economic giant, the EU has set in place a strategic plan for relations with China in what clearly appears to be heading towards a concert of strategic power, as distinct from the old 'struggle for power' paradigm. This EU strategy is contained in three policy documents on EU-China relations produced by the Commission of the European Communities (CEC) or, as it is also known, the European Commission: *Towards a New Asia Strategy* (CEC 1994); A

*Long-Term Policy for China-Europe Relations* (CEC 1995); and *Building a Comprehensive Partnership with China* (CEC 1998). All three are related in the objective (promoting the EU-China partnership) but differ in responding to the prevailing international contexts. For example, the 1998 paper was not only consolidating the efforts of the previous one but concerned itself with China's accession to the WTO. The type of initiatives to issue from the EU strategy formulated in these 1990s policy documents were such matters as (Dent 1999, pp.142; see also European Commission Delegation in China, Website):

- establishing a China Experts Group
- an EU Business Council in Beijing
- 'Europa Houses' in China's major provincial cities
- an Economic and Trade Working Group.

With regard to the first point on China experts, a 1999 report on Chinese studies by the Higher Education Funding Council for England is instructive. It recommended to the British government increased resources in academic expertise if the UK wished to succeed in China economically. Specifically, it suggested that the government allocate five million pounds to the field of Chinese studies over the next five years if Britain was to keep pace with the opportunities offered by China's growing importance, including the expectation that Chinese will be the second international language along with English (HEFCE 1999). The report noted that both Germany and France, which invested greater amounts into establishing academic expertise on Chinese studies, had a larger market share in China than the UK.

Certainly the United States is well versed in the benefits of maintaining a competency in Chinese Studies in its institutions of learning and policy formation. It is also the world's largest recipient of Chinese tertiary students. This educational dimension has meant in practical terms that: 'Tens of thousands of Chinese engineers . . . help keep the U.S. hi-tech sector humming, while hundreds of American non-governmental organizations work in China on projects ranging from legal reform to wetlands preservation' (Gilley, Saywell and Holland 1999). The American business community has benefited from these educational and social ties-that-bind, as well as helping strengthen them. This was evident in the decade 1989 to 1999, when investment by US companies in China rose from US\$1.7 billion to US\$21 billion (Gilley, Saywell and Holland 1999), with large commercial agreements including the US\$3 billion Boeing contract (Grier and Thurnman 1999).

The reason why such ties are not as 'strategic' as those along the lines suggested for the EU and China, is that in the EU's case there is a studied absence of geostrategic posturing. This cannot be said of Washington which claimed 'strategic partnership' with Beijing during 1997 and 1998 under the Clinton presidency but acted in a contrary fashion, for example:

- the bombing of the Chinese Embassy in Belgrade in 1999
- the Cox Report of the same year alleging the theft by China of US nuclear secrets
- the constantly festering Taiwan issue which brings out elements of the US Seventh Fleet on Taiwanese presidential election years, and which also entails sensitive weapons sales to Taiwan
- the equally tense issue of ballistic missile defences in Northeast Asia
- the US spy missions along China's coast which resulted in the 2001 'spy plane incident', and which (for that period) shifted Washington's rhetoric on China to 'strategic competitor'.

- the potential for the US to make geostrategic gains in Central Asia in its war on terror campaign.

The strategic competitiveness and mistrust of Sino-US relations renders precarious any other arrangement (including 'strategic partnership', a term employed by both sides during the Clinton visit to China in 1998, but for a time dropped by the new Bush Administration in 2001).

Europe has not viewed China in terms of the military balance but in the less confronting and more encouraging terms of economy, trade and integration into global institutional culture (strategic soft power). This contrasts with a suspicion of the United States and a desire for a 'Eurasian anti-unilateralism', to quote Lanxin Xiang (2001, p. 22). As a two-ocean nation with capabilities of dominating both Atlantic and Pacific allies in foreign policy and defence issues, an advantage in military technology, plus an economy of comparative endurance, the US is still a superpower without rival. For this reason, the politically subdued Japan remains an underperformer in superpower leadership. Even with the one power dimension it can identify, economic strength, its performance has still to recover to pre-1990 levels. If Japan seems unready for the running, and its vast potential for the exercise of strategic soft power still to be unleashed, the same cannot be said of the EU. It has taken up the challenge of building up its defence capability - the one area in which the US clearly surpasses the EU within the sphere Europe's own security. And the EU, unlike Japan, is not constitutionally obliged to renounce development of military power.

### *(c) Military Power*

While it cannot be disputed that the EU is an economic superpower, its influence has been limited to date by its lack of political cohesion and of a common defence policy and force administered by its supranational institutions. In 1991 Belgian foreign minister Mark Eyskens described the then EC as an economic giant, but also a political dwarf and a military worm (*New York Times* 1991, cited in McCormick 1996, p. 278). As Henry Kissinger stated in 1998 (Kissinger 1998, p. 2): 'The United States is the only superpower in only one field of activity, and that is the military.' But the times they are a-changin'. With the impetus from cooperation through and with NATO in the war over the 'ethnic cleansing' of Kosovo, and with Javier Solana brought from NATO to be the EU's head of foreign and defence policy, arrangements for the EU's common European Security and Defence Policy have been gathering steam. Such a common arrangement would necessarily be very powerful. The EU's prospective combined forces number some 2.5 million, more numerous than those of the US (1.4 million), and slightly more than China's 2.27 million. The forces of EU member states presently make up 85 - 95 per cent of NATO capability in Europe. While the level of training and equipment of much of the EU's forces is not as high as that of the US, and the prospective effectiveness of the conscript component questionable, this would nevertheless represent a force unmatched outside the US if the relative nuclear weapons capabilities of the EU and Russia are not taken into account. The accession of the central European countries of Poland, Hungary and the Czech Republic alone to the EU add another half-million to its forces, albeit mainly conscripts.

The relative failure to date of the EU to develop common military arrangements has been characterised by what Christopher Hill (1993) describes as a 'capabilities-expectations' gap (see also Yost 2000). NATO has remained the main organisation through which defence has been organised, with the most powerful member of NATO being the United States. This arrangement has allowed European states to operate their own defence arrangements and make military interventions as necessary, these tending to be related to former colonial territories as in the case of Britain and the Falklands, and French involvement in Africa.

However, this is all changing. One of the most important recent developments in the area of military security has been that of the 'new' European rapid reaction force. This involves the construction of a common intervention force of around 60,000 to 100,000 troops with 400 aircraft and 100 ships. So far Germany has been the largest committed contributor, offering some 18,000 troops, followed by Britain and France with a little less than this (IISS 2002, p. 30). All other EU countries have offered

to contribute except Denmark.

In order to deploy up to 80,000 troops at any one time, a force with a strength of 230,000 would be needed, backed up by 300-350 combat aircraft and 80 naval vessels. The contributions of each of the member states will include different components of the new force. For example, of the 18,000 troops Germany has indicated it will provide, 12,000 will go in the ground army and the rest in the navy and air force. Belgium has indicated it will provide a mechanised brigade of 3000, a squadron of F-16 fighter planes, two frigates, six mine-sweepers and a support aircraft (IISS 2002, p. 30; *European Voice* 2000a). Even to provide what might be considered a minimum deployment strength of 60,000, around 200,000 troops will be required in the force because of the need to rotate them. There is doubt as to whether the target of 60,000 troops ready for deployment by 2003 will be met (IISS 2002, p. 29; *European Voice* 2000b; see also Yost 2000, pp. 116-117).

The 1999 Kosovo conflict is argued to have highlighted the need for the EU to depend upon the US in any significant military action, and as a result sharpened the desires of EU leaders to have their own substantial rapid reaction force for use in such situations (Medley 1999). The EU was forced to recognise that it was unable to take action without US help, even in a situation which threatened its own stability (*European Voice* 2000c). Its weaponry was 'humiliatingly obsolete' compared to that of the US with its stealth bombers and its laser-guided missiles (*The Economist* 1999, p. 9).

However, the new EU initiatives do follow earlier ones such as the formation of the Western European Union (WEU), and the Franco-German-Spanish-Belgian Eurocorps. They also follow the Franco-British defence breakthroughs at the St Malo Anglo-French summit of December 1998 (Howorth 2000, p. 35).

The recent crisis in the Balkans, with ethnic Albanian rebels launching a major action in an attempt to take control of Macedonia's second largest city of Tetovo, brought to the fore the issue of future peacekeeping arrangements in the Balkans. One of the factors behind the attack was the failure of KFOR international peacekeeping forces in Kosovo to prevent Kosovo being used as a base by the fighters, some of whom are believed to have been former Kosovo Liberation Army (KLA) members. The crisis, as well as continued lower-level conflict in south Serbia in the Presevo valley, led to calls for more troops to be provided to strengthen KFOR. US President George W. Bush said shortly after his election that he would withdraw US forces from the area within four years (FreeB92 2001). US Secretary of State Colin Powell has since given assurances that there will be no sudden or short-term action in this respect, although over 700 United States' troops are being withdrawn from peacekeeping in Bosnia. It seems clear that the EU will have to take over a greater role in the area, and this seems particularly appropriate in view of the situation that most of the countries in the area are seeking eventual EU membership, with Slovenia have been approved for full membership in 2004. However, it is also highly possible that further conflicts will break out, and losses in the Balkans would likely lead to a questioning of involvement there and possibly reduced enthusiasm for common defence arrangements among EU electorates.

By comparison, China has a unitary defence system with established independence from other powers and with indigenous procurement capabilities. At present (and excluding the EU's potential force), it has the world's largest armed forces, capable of defending Chinese territory but not of projecting power beyond its immediate region. Only its small independent nuclear deterrent is able to threaten intercontinental damage, although Washington's renewed interest in developing missile defences would considerably diminish China's nuclear credibility (see the IISS 1999a, 1999b). If China attempted to match the US in this technology and its deployment, the cost would be prohibitive. China is still too poor to threaten the US with an arms race. China will need to maintain selective modernisation of its armed strength, and this appears to be happening with its missile capabilities as well as airforce improvements through purchase of Russian aircraft since the early 1990s. In 1999, for example, Russia agreed to sell to China 50 Sukhoi Su-30 fighter-bombers - currently, according to *The Military Balance* (IISS 2002, p. 147), China has 38 - and permitted the Chinese to produce a further 250 under licence. This exchange served both parties' crucial needs well: updated weapons for

China and hard currency for Russia. China has also purchased two Russian built Sovremenny-class, Moskit missile-bearing destroyers for improved naval capability. These are expected to be delivered in late 2005. These purchases, as well as additional submarines, represent continued Chinese efforts at building a competent regional navy to ensure no other navy can interdict Chinese trade flows or threaten its sovereignty claims in the South China Sea. Taiwan, of course, is a constant cause for military preparedness on the PRC's part - irrespective of whether it be for rhetorical purposes or reality.

Whatever China's defence shortcomings, its aggregate power puts any dismissal of China's global significance into sharp perspective. Contra Segal (1999), China is no 'middle power' but a nation with enormous resources and the *will* to deploy them. China's overall influence derives from its sheer scale of existence, involving:

- a fifth of humanity at 1.3 billion people,
- in the world's third largest country (after Russia and Canada),
- controlling an independent nuclear deterrent force and
- the veto in matters of global war and peace by virtue of its status as a permanent member of the Security Council of the United Nations.

Both China and the EU are predominantly 'soft power' countries in terms of strengths and inclination. Chinese strategic culture has long esteemed psychological victories over battlefield confrontations and favoured a defensive doctrine (see Dellios 1994a, 1994b); while one of the striking features about the EU and its predecessors is that it has until recently remained a 'civilian power' which has used persuasion ('soft power') rather than force (Krupnick 1996).

### **Strategic Soft Power Endeavours: Cultivating the Self and the Other**

A key issue remains as to whether the probable emergence of these strategic soft powers in concert is more beneficial or hazardous to the global order. One might point, for example, to the lack of democracy in China and note that spreading democracy is not part of its international mission. While the EU has been a prosperous and peaceful civilian power which has supported ideals such as democracy and human rights, being a stronger power, and one with a large post-communist membership and stronger military profile, could make these less pressing concerns. For example, writer and analyst Timothy Garton Ash (Garton Ash 1998) argues that there is now a need to consolidate the new model of liberal order which the EU has created, embodying the key value of peace and freedom, and to spread it across the continent of Europe, rather than pursue a 'forced march' (p. 63) towards unity.

There are also dangers that the EU's new and prospective postcommunist members may be less supportive of the EU's role as the world's largest aid donor, and also seek a more protectionist environment than the EU hitherto provides. However, this will depend largely on the extent to which their economies are able to grow to meet the level of the existing EU member states.

It will also depend on the cultural assertiveness which tends to accompany great power status. Just as history is said to be written by the victors, so too dominant cultural values derive from the prevailing hegemon. This is amply evident in the global spread of American consumer culture. It may be postulated that the universalist tendencies of both the European Enlightenment, sponsored most visibly by the French, and Confucian culture, rehabilitated under the less strident ethos of reformist China, will make a comeback through the assistance of the new information technology.

At this point it is worth pursuing the specifically French contribution to the EU's cultural politics in

order to delineate differences within the somewhat arbitrary typology of the 'West'. It is a term often designating the US and its allies but not describing the inherent differences contained therein. Indeed, in terms of oppositional cultural politics, the French and Chinese have more in common than either does with the US. Both the Chinese and French languages are determined inhabitants of the Internet - the Chinese by magnitude of users as much as by cultural preference, the French by determination of cultural policy. What might appear to be French and Chinese chauvinism could equally be interpreted as a spirited form of cultural defence. That both countries have traditionally great cultures to defend certainly helps their cause. There is a basis upon which to claim a politico-cultural mantle of power. As Leys (1988) aptly observed, both cultures regard great ideas expressed in their own language to be a true mark of cultivation.

France is accustomed to seeing itself as the exemplary centre of progressive European culture. It was not so long ago that French, not English, had been the language of international diplomacy and that Paris served as the ideological training ground for many of the world's Communist revolutionary leaders. China's paramount leader after Mao, Deng Xiaoping, had studied in France as a youth. He was even entitled to a pension for his work there. Thus in addition to cultural greatness, both countries share a common political heritage of revolutionary statehood (France in 1789 and China in 1949). Their anti-establishment propensity in world politics has lived on, this time against the Americanisation of the global political arena. Their critiques, ironically, are framed within the established state system, thereby avoiding the feared extremities of unbounded capitalism and its opponents.

A further Sino-French commonality is their independence in foreign policy. In this, France appears to be a forerunner for the EU. An expression of France's independent foreign policy is that it has long recognised the People's Republic of China, De Gaulle having established diplomatic relations with Peking in 1964 when the American-influenced Western world shunned China. After all, it was not until 1971 that China was admitted to the 'China seat' of the United Nations. Finally, France, like China, is a permanent member of the UN Security Council and is nuclear armed. Moreover, it has a territorial presence in the Pacific through the French territories. Herein resides a latent strategic possibility of France linking up with the expanding Chinese naval presence in the South China Sea and into the adjoining Pacific, should a demonstration of a *concert of power* be required in the 'American Lake' (as the Pacific Ocean has been called), particularly in light of the US having failed to relinquish its 'first among equals' strategic posture.

France is not alone in the EU as a distinctive partner for China. Germany leads the way as China's economic partner, accounting for about a quarter of total EU imports from China in the late 1990s while contributing almost a third of EU exports to China (Dent 1999, p. 138). In terms of China's principal export and import destinations by country, Germany ranks fifth (DFAT 2001). With the Cold War over and hence the diminution of American dominance of economic relations in the anti-Communist Western strategic alliance, the EU and (increasingly) China are players in their own right in the global economy.

Powers contiguous to the Sino-EU sphere are also worth noting in that they could be viewed as a help or a hindrance to European and Chinese ambitions. Japan, already economically developed, is stunted by strategic reliance on the United States and a war-renouncing constitution. With American forces still based in Japan and with dependence upon the US defence 'umbrella' in East Asia, Japan could inadvertently find itself at war with China through US military action over the defence of Taiwan or other regional contingencies. Even if there was no war between the US and China, any technological improvements to the American defence 'umbrella' through the introduction of theatre missile defences would place Japan in heightened strategic opposition to China. Beijing would need to counteract this development, not to mention a nuclearising North Korea, with further modernisation and expansion of its nuclear arsenal. Indeed, it has been observed that 'no one can be sure of the size of the [missile] force at which the current Chinese programme aims' (Daalder and Makins 2001, p. 65). Should Japan abandon its defence treaty with the United States and alter its postwar constitution to permit it unrestricted development of its defence forces, with possible inclusion of a nuclear deterrent, Japan



would also become a military great power, though its will to project such power is in question. This option, in the absence of a concerted 'soft power' doctrine, is no comfort to China either. With or without the American defence alliance, Japan continues to pose the centuries' old dilemma of competitive Sino-Japanese power interests in Eastern Asia. An enhanced trust-based relationship of *guanxi* proportions would be in order.

For this reason, strengthened economic relations may be used to offset military-based strategic rivalry. The economic relationship has progressed solidly. Japan accounts for 70 per cent of China's exports, ranking as Japan's second largest trading partner, while Japan ranks as China's first (Japanese Ministry of Foreign Affairs, 1999). Only greater regional and institutional integration could tie the fates of these two great Asian powers closer together. This appears to be progressing on a number of fronts, not only China's membership of WTO, but with regionalism flowering under the recently popular ASEAN+3,(5) as well as attention devoted to the Tumen River development zone, which takes in North Korean and Russian territory.

Indeed, the Russian Federation represents another significant power contiguous to the Sino-EU sphere. Russia sits outside of the EU but within the crucially sensitive Eurasian common ground between the two potential strategic soft powers of the 21st century. It is likely that the EU would benefit from China's current 'strategic partnership' with Russia insofar as it prevents Russia from becoming isolated, even shunned over the Chechnyan issue, which still tends to be categorised as a human rights rather than a terrorist problem. Like France, with its *avant-garde* political past, Russia has pursued a subversive role in global politics, to the extent that it succeeded in holding the USA in ideological combat for four decades. This relationship of contention, however, could not be sustained in view of American military expenditure and the power of *glasnost*. Thus the Soviet Union switched in the 1980s to a superpower relationship of cooperation in an effort to bring the 'balance of terror' to an end. The price was disintegration of the politics of terror within; the Soviet empire collapsed. With its Communist persona gone, Russia still holds a permanent seat in the UN Security Council, the world's second largest territory (after Canada), and remains a nuclear armed military power. Moreover, the former Soviet republics remain within Russia's sphere of influence and, increasingly, China's.

In 1996, China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan become parties to a treaty, signed in Shanghai, demilitarising their common border. The treaty, called the Agreement on Mutual Military Confidence-Building Measures, created a buffer zone 100 kilometres wide and 8000 kilometres long between China and the former Soviet countries of Russia and the three above-named Central Asian states. The following year, in April 1997, a Sino-Russian declaration endorsed 'a new multipolar world' and the new Sino-Russian relationship which resulted was termed a 'strategic partnership'. China and Russia, through their now-named Shanghai Organisation for Cooperation (SOC, also known as SCO) have their own regional multilateral system for combating terrorism. As *The Military Balance 2002-2003* (IISS 2002, p. 138) points out: 'The SOC's definition of terrorism includes separatism and extremism.' This differs to that of the US which has tried to globalise in territory and meaning its idea of terrorism, and 'has cautioned China that the "war on terror" should not be used as an excuse to persecute minorities' (IISS 2002, p. 138).

So while the relationship with Russia remains sustainable as a partnership, any such revival between Beijing and Washington is tenuous and contingent. The Chinese approach to significant issues of the contemporary world differs from the American. These issues are most notably: (a) the Chinese model of modernisation in the presence of socialist politics, and (b) anti-terrorism in a context of unitary national politics. Washington can at least draw comfort from China's incomplete modernisation and its pragmatism when it comes to resuming a 'business-as-usual' posture in the aftermath of bilateral upheavals. This was evident with the successful Sino-US WTO trade agreement in November 1999, just six months after the high diplomatic drama following the embassy bombing in Belgrade, and in the 'spy plane' crew being released after a token apology from the US. By September 2001, Sino-US military relations were being rebuilt through a conference on military maritime safety held at Guam (Reuters, 16 September 2001, in Taiwan Security Research 2001). Also, Chinese authorities have

censored any anti-US reaction on government-monitored Internet sites in the wake of the terrorist assault on the US (*Washington Post*, 15 September 2001, in Taiwan Security Research 2001); and President Jiang Zemin offered to join an international war on terrorism (*Reuters*, 13 September 2001, in Taiwan Security Research 2001) despite retaining SOC's above-mentioned definition of terrorism.

## Conclusion

In terms of the three traditional dimensions of power - political, economic and military - the EU and China have ample scope for becoming leading strategic soft powers, especially if they partner each other as a counter-cultural balance to any state-eroding globalisation on the one hand, or hegemonic Americanisation on the other. In traditional diplomatic parlance, there might well be a 21<sup>st</sup> century *concert of power*. The shift from a 'struggle for power' under the competitive balance-of-power to a system of *concerts* in a multipolar world requires adjustments from above and below. From above it is difficult to give up a preponderance of power, such as the USA enjoys. However, as vulnerability to terrorism has demonstrated, it is unwise to stand out as the 'only indispensable superpower' (Xiang 2001, p. 21), due to 'visibility, enmity, and transitoriness' (Dellios 1997, p. 211). From below, greater emphasis on shared responsibility toward improved domestic and world order, rather than residing in the politics of rights and blame, would improve the climate of cooperation. Extremities in wealth brought about by economic globalisation would need to be checked by a more socialistically inclined governance. And this, ironically, calls for greater democratisation of the world system. Multilateralism is a first vital step in this direction.

A world of several strategic soft powers (not just the EU and China, but also eventually Japan, Russia, India, Brazil, and perhaps a Nordic coalition) is not necessarily more destabilising than a world of one superpower. On the contrary, it generates numerous centres of state responsibility for world order by *attractive* rather than *coercive* means. As to the prospect of the emergence of a 'rogue superpower' rather than a strategic soft power, this might be plausible in a 'struggle for power' paradigm. But it is implausible in one where an aberrant power is likely to lose the partnerships upon which its very status depends, as suggested by the comprehensive nature of global security. This is why the US cannot sustain unilateralism in a multipolar global setting; nor cannot it combat civilian targeting by terrorists through hard power policies. American exceptionalism is a form of extremism. Its conversion to 'normal country' status calls not for the opposite extreme of isolationism but a careful calibration of what being 'normal' entails in a democratic community of nations. In short, the USA needs to find its equilibrium in a changing world structure of strategic powers. From this perspective, a post-American environment is inevitable. Whether a 'normalised' America and the rest of the world, particularly its more powerful members, can inspire a new world order still needs to be questioned. If they cannot, alternative visions of chaos may well ensue.

However, it may be argued that the power of globalisation, when humanised, is such that its rigours of connectivity ensure a Confucian-like care for the protocols of good behaviour. So long as the 'other' is cultivated as well as the 'self', the post-American world order offers considerable benefits for stability. In terms of cultivating the 'self', both the EU and China show great promise. It is conceded that China, with its huge developmental problems, needs to concentrate on socio-economic issues, at least until mid-century. The EU, too, is courting problems in the socio-economic and possibly ideological sphere with its expansion into the poorer parts of Europe. However, Chinese-European cultivation of each 'other', across a wide range of global governance and economic issues,(6) redressing the imbalance between an Asian East and a European West, a developed North and developing South, are likely to ease the burden on *themselves*, as well as their wider representative worlds of rich and poor. Together with American moderation in foreign policy, the EU and China may well pave the way to an expanding concert of strategic soft powers maintaining a globalised system.

## Endnotes

1. This Research Paper is in fond memory of the late Dr Heather Field who died in June 2002 of natural causes. She was a valued colleague and friend to Dr Rosita Dellios and Dr R. James Ferguson of the International Relations department of Bond University, where she gave guest lectures as a visiting European specialist, received the prestigious Jean Monnet Module teaching award of 2002, and engaged in collaborative research with Dr Dellios. Their last published work was: Rosita Dellios and Heather Field, 'China and the European Union: Potential Beneficiaries of Bush's Global Coalition'. *Australian Journal of International Affairs*, Vol. 56, No. 1, 2002, pp. 83-98. Heather Field was a fine scholar and is a sad loss to the world of contemporary European studies. The current research paper which Field and Dellios wrote collaboratively has been slightly updated by Dellios to account for recent international developments.

2. The EU differs from other regional organisations such as the Association of Southeast Asian Nations (ASEAN) and the North American Free Trade Association (NAFTA) in that it is formally established as a political union through the Maastricht Treaty of 1992. China's legally-bound neighbouring states are Hong Kong and Macao. The significance of this arrangement is elaborated below.

3. Arguments have even been put forward that EU elites supported NATO action in the Balkans over Kosovo because they expected to benefit from its economic consequences and also, less directly, from the full integration of the Balkans into the EU (Fotopoulos 1999, pp. 363-364). Tsyganov (1999) describes how the action by NATO over Kosovo led to China and Russia coming closer together.

4. This is exemplified by the Association of Southeast Asian Nations (ASEAN) and its offshoots - the ASEAN Regional Forum, ASEAN Free Trade Association, ASEAN+3 (the 3 being China, Japan and South Korea), the countries of which form the Asian side of ASEM (Asia-Europe Meetings). There is the large-scale Asia Pacific Economic Cooperation forum, and sub-regional economic zones known as 'growth triangles' or Natural Economic Territories (NETs). Regionalism is an established practice in Asia, and it is conducted without any 'pooling of sovereignty', as is the case with EU regionalism.

5. ASEAN+3 is the forum established in 1999 by the ASEAN group plus the three Northeast Asian powers - China, Japan and South Korea. The timing of this development comes immediately after the Asian financial crisis of 1997-98, when vulnerabilities gave rise to the search for solidarity across East Asia.

6. The EU and China have begun to make headway in this process through the Asia-Europe Meetings (ASEM), which began in 1996.

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#### **Note on Authors:**

The late Heather Field, PhD, was Senior Lecturer in Contemporary European Studies at Griffith University. She died of natural causes in June 2002.

Rosita Dellios, PhD, is Associate Professor of International Relations at Bond University.

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**The Centre for East-West Cultural and Economic Studies,**

**The School of Humanities and Social Sciences,**

Bond University, Queensland, Australia

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