

TRANSFORMATION OF CHINA'S FOREIGN POLICY CONCEPTS AND ITS PERCEPTION IN THE CONTEXT OF STRATEGIC RIVALRY WITH THE UNITED STATES

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Abstract:

This article examines the evolution of China's foreign policy and the changes in its guidelines at the present stage. There is a connection between the country's domestic and foreign policies. The analysis includes the success parameters of the "Chinese model" in the past and the main problems of the development crisis that China is currently facing. Additionally, an important aspect of the study is the nature of the policies of the People's Republic of China (PRC), complicated by rivalry with the United States, as well as the perception of these policies by other actors.

Keywords: Foreign policy strategies of the PRC, the "Chinese model" of development, new diplomacy, trends in the crisis of the PRC economy, and transformation of the world order

From the late 1970s to the late 1990s, China initiated a policy of economic reform and openness to the outside world. Since 1978, the reformist group led by Deng Xiaoping, which replaced the conservative Mao, began implementing reforms. Unlike the Mao era, China's new leadership shifted the country's strategic priority from ideological struggle to economic development. The "opening up to the outside world and reform" policy aimed to attract foreign investment and accelerate development. Deng Xiaoping, who governed from 1978 to 1992, advocated for China's focus on regulating internal affairs rather than foregrounding itself in foreign policy. During this period, the PRC declined entering allied relations with superpowers, giving preference to economic ties in bilateral relations with many countries. Deng Xiaoping proposed an "open door" policy based on three principles: opposing hegemony, maintaining world peace, and strengthening unity and cooperation with third-world countries.

Since this period, the concept of "peaceful development", based on Confucian principles, has become the ideological core of Chinese foreign policy. According to this approach, also known as "peaceful rise," China's fundamental need to achieve its core foreign policy goals and interests is to ensure regional and international stability and continued access to global financial and technological opportunities. Thus, the concept of "peace and development" has become a manifestation of the need for a transition from the theoretical dogmas of Marxism to state capitalism and the objective reality of globalization. In general terms, China's foreign policy approach since Deng Xiaoping has been based on the formula "hide your strength, bide your time". For diplomacy, this was formulated as "wait for the right moment, never take the initiative into your own hands." Thus, an approach was adopted that included caution, pragmatism, a focus on economic benefits and the avoidance of direct confrontation with external forces, as well as the avoidance or mitigation of ideological and military-political confrontations in interstate relations.

In the 1990s, under Jiang Zemin's leadership (1993-2003)¹, the period of management for the third generation of leaders begins. They formulate the concept of a multipolar world, and strategic partnerships are built with various regions of the world. During this period, China pursued a 'low-key' (or non-assertive) foreign policy strategy and focused on domestic economic growth. Thanks to this, the Chinese economy began to grow rapidly, and the country gradually became the world's factory, leading to China becoming the most important center of the world economy. In this context, Chinese leaders have repeatedly emphasized that China does not claim to be a global political power. In other words, China has taken a 'modest' line of the so-called 'half power' in international relations.

Thus, since 1978, China has managed to transform itself from a closed and planned economy to a much more open and outward-oriented system. The result of this transformation was a tenfold increase in GDP by 2010 compared to 1978. Reforms began with the gradual end of collectivized agriculture and gradual liberalization of prices, increasing autonomy of state-owned enterprises, growth of the private sector, development of the stock market and modern banking system, open trade and investment.

Reasons for the success of China's economy include: •A relatively late start of reforms compared to other countries •An economy that was primarily agricultural at the beginning of reforms •Influence of Confucian values •Emphasis on education •Reduction of the command political system •Gradual implementation of reforms •Experimentalism and decentralization (regional decentralized authoritarianism)² •Competition and rivalry within the state between the public and private sectors •A relatively good level of accountability and the rule of law • Rotating leadership³

Economists attribute China's economic success to competent reforms and substantial investment support from the Chinese foreign diaspora. These supporters promptly backed the newly established free economic zones in China⁴, influencing significant growth. Stimulants of economic growth, such as the invention of shipping containers, cost-effective raw material procurement, the discovery of plastic, and the advent of computers and microcircuits, facilitated production scaling. In just 15 years into the 21st century, China transformed into a global factory⁵.

¹ The expression "China's second generation leadership" is used to refer to the political regime established after Mao's death in 1976 and lasting until Deng Xiaoping left power as a result of the Tiananmen Square events in 1989. In this classification, Chinese leaders led by Mao Zedong constituted the "first generation," the leadership led by Jiang Zemin (1993 to 2003) constituted the "third generation," and Hu Jintao (2003–2012) constituted the "fourth generation." The group of leaders led by Xi Jinping, who came to power in 2012, are called the "fifth generation" of Chinese leaders.

²China has not one integral economy, but 31 separate economies and these economies compete with each other, and each of them is integrated into the world economy, more than with its neighbors in the country. It was this mechanism that pulled China out of poverty. That is, with the help of personnel selection, the Chinese authorities organized competitions between provinces. China consists of 22 provinces, 5 autonomous regions, 4 municipalities and 2 special administrative regions (not including Taiwan).

³Лекция проф. Шапиро Fusing Capitalist Economics with Communist Politics: China and Vietnam https://www.youtube.com/watch?v=4eUS8trd_yI&t=469s

⁴ The powerful Chinese diaspora in ASEAN countries amounts to about 25 million people, including Indonesia — 7.3 million. People, Thailand — 5.7 (10% of the population) etc.

⁵ Китайская экономическая модель / Андрей Мовчан <https://www.youtube.com/watch?v=vdj59hkh8Q0>

Many also recognize internal factors contributing to economic growth, including the effective role of the state, ongoing improvement in labor resource quality, increased investment in fixed capital, and favorable territorial and natural resources. Although China trails the United States and Russia in potential fossil resources, it leads globally in coal, wood, iron, manganese, lead-zinc, and tungsten ore production. Substantial extraction of oil, gas, and uranium occurs across the expansive territory of the People's Republic of China⁶.

Under the leadership of Hu Jintao (2003-2012), the concept of the 'peaceful rise' and 'harmonious world' developed as the central vision of China's foreign policy. The fundamental idea is that China, as a developing country, focuses on enhancing the lives and well-being of its population and economy. Consequently, China's 'peaceful rise' is characterized by a lack of negative impact on other states, no intention to disrupt the existing balance of power, and no threat to the established international order. According to Hu Jintao, the 'harmonious peace' approach embodies four key features: (1) effective multilateralism with a strong role for the United Nations, (2) development of a collective security mechanism, (3) prosperity for all based on mutual benefit and cooperation, and (4) the promotion of tolerance and dialogue among different civilizations. China aims to project an image of a non-threatening rise, disavowing any ambition for hegemony and asserting its commitment to maintaining the current world order. Hu Jintao advocates for global collaboration and efforts to build a harmonious world, emphasizing the collective pursuit of lasting peace and shared prosperity.

Xi Jinping, leading since 2012, represents the fifth generation of leaders, introducing the concept of the 'Chinese Dream.' With Xi's leadership, China emerges as a potential superpower, blending rapid economic growth and expanding global influence across continents. Framed around the vision of rejuvenating the Chinese nation, Xi Jinping's dream encompasses three key elements: (1) building a robust welfare state, (2) achieving national rejuvenation, and (3) promoting national and social happiness. The Chinese Dream aspires to transform the country into a rich, powerful, harmonious, and modernized socialist state by the 100th anniversary of the People's Republic of China in 2049. Xi's development plan, extending until 2035, aims for China to lead globally in innovation. The 'Made in China 2025' program focuses on dominating high-tech manufacturing, including electric vehicles, information technology, and artificial intelligence. By 2025, China aims for 80% independence in the production of high-tech chips, a key dependency. In 2014, Xi Jinping outlined new principles for Chinese foreign policy, emphasizing diplomacy befitting a large state, distinctively Chinese in style, and unwavering in protecting China's legitimate interests, sovereignty, territorial integrity, and maritime rights, while resolving territorial disputes judiciously.

The initial signs of a shift to a proactive foreign policy advocated for a 'new model of relations between the great powers'. China also prioritized 'neighborhood diplomacy' and crafted specific policies to leverage its economic influence into regional leadership. Xi Jinping spearheaded various regional and global initiatives, including the Belt and Road Initiative (encompassing the Silk Road Economic Belt and the 21st Century Maritime Silk Road projects), the Asian Infrastructure Investment Bank, and the Regional

⁶ Проблемы экономики КНР ист. Место Азиатско-Тихоокеанского региона в современных международных отношениях: проблемы безопасности и перспективы развития *сборник статей*. Под редакцией Т.В. Кашириной, В.А. Аваткова, Д.А. Сидорова, О.Н. Петюковой, Н.В. Вильской Москва 2017

Comprehensive Economic Partnership. China asserts that involving Eurasian states in projects reviving the historical Silk Road promotes mutual benefit and shared prosperity. The New Silk Road project aims not only to develop regional infrastructure but also to propagate the concepts of a 'community of common destiny' and 'harmonious development' throughout the Eurasian continent⁷.

Entering the 21st century, the People's Republic of China holds the status of the world's leading industrial superpower in terms of production, space capabilities, and nuclear power. Despite current economic challenges exacerbated by the Covid-19 pandemic, questions arise about the capacity of Chinese capitalism to rebuild the economy. The Chinese government acknowledges that the current 'Deng Xiaoping' model of economic development is showing signs of exhaustion, particularly evident in the recent decline in the growth rate of the Chinese economy⁸.

According to Professor I. Lipsits, a significant aspect of this process hinges on the management system and the leader. Deng Xiaoping, a sagacious leader, initiated the momentum in China's development. Upon his departure, and with the subsequent arrival of a new generation of leaders following constitutional principles, Xi Jinping assumed leadership. However, Xi's reluctance to seek reelection is viewed as a potential detriment to the economy, necessitating institutional reforms. The crisis processes in China in 2023, exemplified by the bankruptcy of the prominent development organization China Evergrande Group, disruptions in the real estate markets, and challenges with bad debts in Chinese banks, amplify the urgency for reform. Concerns about the sustainability of high growth contribute to expert skepticism⁹.

On the global stage, a situation of confrontation between China and the United States, often labeled a Cold War, is unfolding. The evaluation of Chinese policy beyond its borders becomes crucial. It's essential to recognize the interconnectedness of domestic and foreign policy, a relationship evident in the historical and modern development of many countries, including China. The assessment provided by an Australian sinologist Kevin Rudd¹⁰ aligns with the broader Western evaluation of China's policies.

⁷ Проблемы экономики КНР ист. Место Азиатско-Тихоокеанского региона в современных международных отношениях: проблемы безопасности и перспективы развития *сборник статей*. Под редакцией Т.В. Кашириной, В.А. Аваткова, Д.А. Сидорова, О.Н. Петюковой, Н.В. Вильской Москва 2017

⁸ Few countries maintain high growth rates for more than a generation, and even fewer continue to experience high growth rates once they reach middle income. Growth tends to become more capital and skill-intensive. The domestic market is expanding and becoming an increasingly important driver, especially for service growth. Wages begin to rise, most rapidly for highly skilled workers. The traditional low-wage, manufacturing-export model is no longer working for middle-income countries. They find themselves trapped in a slow growth mode unless they change strategies and move up the value chain. Cost advantages in labor-intensive industries such as manufacturing for export, which once fueled growth, are beginning to decline relative to the lower wages of the country's poor producers. At the same time, middle-income countries lack property rights, capital markets, successful venture capital, or a critical mass of highly skilled professionals begin to grow through innovation, as happened in developed countries. Caught between these two groups, middle-income countries may find themselves trapped without a viable high-growth strategy.

⁹ Экономист Игорь Липсиц: доллар под 150, передел активов и кризис образования
<https://www.youtube.com/watch?v=Rha11yo2QLY&t=2524s>

¹⁰ Former Prime Minister of Australia and president of the Asian Society Research Center in New York, since 2023. Australian Ambassador to the USA

CPC in 2023, characterizes Xi Jinping's policy as a system of 10 concentric circles with the following goals: 1. Preserve the Leninist party as the leading force in the country. 2. Achieve national unity (Taiwan, XUAR, Hong Kong) under a single state. 3. Develop the economy and achieve a high level of income. 4. Modernize the army to ensure victory in wars. 5. Form a cordon sanitaire with 14 neighboring states for security. 6. On the maritime periphery of the East China Sea and South China Sea, counter the United States to unite with Taiwan and undermine US security structures in Asia. 7. Utilize the Belt and Road project to transform Eurasia into a zone of economic opportunity, where countries become dependent on China. 8. Globally, become an indispensable partner for countries in Africa, South America, and other regions, supported by the PRC in international organizations, creating a 'gravitational attraction.' 9. Change the worldview of institutional mechanisms shaping the world order to support China and its values, challenging established priorities like human rights in favor of state sovereignty. Despite China being a signatory to the Civil Rights Covenant and the Universal Declaration of Human Rights, it seeks to challenge them. 10. Establish a 'gravitational pull' by becoming an indispensable economic partner worldwide without resorting to force. However, the researcher argues that Xi Jinping's approach may be too assertive, too early, and too strong, violating the principle of caution and risk aversion in foreign policy advocated by Deng Xiaoping.

The researcher suggests that Xi Jinping has shifted China's domestic policy towards left-wing Leninists, economics towards left-wing Marxists, and foreign policy towards right-wing nationalists¹¹. D. Mosyakov contends that the current situation, specifically the second decade of the 21st century, is characterized by China's entry into competition and economic expansion. This expansion is grounded in China's imperative to develop, not merely due to subjective reasons but rooted in objective needs. As a large country, China recognizes that continued development is crucial to address internal challenges. Consequently, it seeks opportunities for growth in Africa, Asia, and the Americas. The imperative for state economic growth aligns with the subjective assessment of its leaders who are determined to retain power.¹² In this context, the ideologeme of the 'Chinese Dream' becomes clear, expressing the vision of China's modernization breakthrough with a focus on both internal and external development.

The leaders prioritize development as a means to ensure stability and the preservation of the CCP's power. There is a global competition for leadership between the USA and China, where China positions itself to surpass the USA and become the leading world power. Naturally, the USA opposes this and is actively attempting to curb China's rise. Statistical data reveals that 18% of the global economy originates from China, 15% from the USA, making the 3% difference significant¹³.

The perception of China also involves a prominent ideological aspect. The USA no longer accepts the state capitalism model that enabled the People's Republic of China (PRC) to achieve rapid economic growth. However, the PRC maintains that this model is historically optimal and within its sovereign

¹¹ Kevin Rudd: Understanding How China Sees the World. https://www.youtube.com/watch?v=ftD_qoqbjQ4

¹² Азия: психолого-экономический портрет. Дмитрий Мосяков (Институт Востоковедения РАН). <https://www.youtube.com/watch?v=p8XQg0BtYW4&t=5739s>

¹³ Экономист Игорь Липсиц: доллар под 150, передел активов и кризис образования <https://www.youtube.com/watch?v=Rha11yo2QLY&t=2524s>

right to follow, rejecting attempts by the USA to impose different rules. The USA alleges that the PRC, in partnerships, technology usage, production capacities, and negotiations, promised democratization and liberalization upon achieving certain economic goals, yet failed to deliver. This disagreement leads to narratives of the West emphasizing commitment to democratization, human rights, and the liberal capitalist model, while the PRC presents itself as a fair democratic socialist state society. This ideological confrontation revolves around accusations that the USA imposes its values globally. The era of the neoliberal order, according to the PRC, resulted in significant costs for many countries, primarily manifested in heightened global inequality. The G7 states grew richer while developing nations became poorer, perpetually striving to catch up in development. In East Asia, this inequality is evident in the dominant role of countries allied with the United States. Many analysts consider this ideological confrontation to be crucial, as both parties will need to prove the worth and attractiveness of their respective models in the future.

Western analysts assert that historical human experience has demonstrated that democracy and a free-market economy form an optimally balanced model for societal development, while China holds a different perspective, contending that humanity still needs to construct a fair society. At the outset of the 21st century, the United States expressed aspirations for the democratization of Chinese society, prompting questions about the extent to which Chinese society seeks democratization post-authoritarianism. A gap in understanding the concept of development exists between Western and Chinese perspectives. For China, factors such as pragmatism, state involvement, and national success are crucial. China maintains a high standard of living for its population, and there's no apparent inclination for a shift in priorities. Recognizing the distinct civilization and thought processes, China approaches these matters differently. In contemporary international relations, the world faces challenging times marked by strategic uncertainty. The previous trend of uncertainty has given way to turbulence, crises, and the ongoing conflict in Eastern Europe. Analysts are cautious in forecasting future events, with some predicting a major conflict comparable in scale to a world war, speculating that the war in Ukraine could involve many countries. Others suggest that Taiwan may be the next theater of war, and China aims to resolve the issue of its accession by 2025. Analysts believe this could trigger a tectonic shift in the system of international relations and geopolitics in East Asia, where the interests of the United States and China are intricately intertwined.

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