From Poverty to Power: What China's Emerging Status as a Superpower Means for the United States

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For most people, the term "China" evokes a vaguely threatening presence, whether in terms of economic might, military posture or diplomatic actions. Yet, understanding the history of this economically mighty (if still developing) country is crucial for policymakers and people interested in global affairs. This backgrounder explores China in all its aspects, from its geography and population, to its history as a colonial outpost and its evolution away from pure Marxist ideals (a move that made possible the development of its powerful and influential economy), to its current strengths and weaknesses as seen from a global perspective. Finally, we conclude with what China's rise to power really means for the United States and the world at large.

China's Geography and Population

Even though it's the fourth largest country by surface area after Russia, Canada and the United States, China remains the world's most populous country with more than 1.3 billion inhabitants. Given that the country is only slightly smaller than the United States, China is extremely diverse from a geographic point of view and includes rainforests, temperate plains, sandy deserts, steppes, massive rivers and majestic mountains. In fact, Mount Everest, the world's highest peak, is on the border between China and Nepal. The size of the country and its tremendous geographic diversity have made the challenge of holding the nation together one of the defining themes of Chinese history.

While there are exceptions due to interceding mountain ranges and plateaus, generally the farther west one travels in China, the higher the altitude will be. Western China, which comprises about two-thirds of the country, is generally high and dry, consisting of dry plateaus (as in Tibet), large sandy deserts and tall mountains, and it is sparsely populated. The eastern third of China contains the overwhelming majority of its population and includes fertile river valleys, plains, mountains and rainforests. Along the northern borders with Mongolia and Russia, China's terrain is primarily grassland and steppe, while the far southeast is mainly tropical or subtropical. China also has many major rivers, including two river systems: the Huang He (Yellow) and Chang Jiang (Yangtze), which are 5,464 kilometers and over 6,300 kilometers, respectively. The world's largest dam, the Three Gorges Dam, spans the Yangtze River in the Hubei province.

China's territory is divided into 23 provinces (if you count Taiwan, as the Chinese do, as the 23rd province), five autonomous regions (generally associated with ethnic minorities and given marginally more power than provinces), four large municipalities and the Special Administrative regions of Hong Kong and Macau, which are former British and Portuguese colonies, respectively.

With the exception of Japan, China is more ethnically homogeneous than virtually any large country in terms of the population. Nearly 92 percent of the population belongs to the Han Chinese ethnic group, with the remaining eight percent made up of ethnic minorities, including Mongols, Manchu, Tibetans, Koreans, Uighurs and other groups. Linguistically, however, China's population is much more divided and speaks 292 languages belonging to eight different linguistic families. The primary language of the educational system, government and media is Mandarin, and this is the language spoken by the vast majority of the population, either as a mother tongue or a second language. Most Chinese dialects are mutually unintelligible[1] with a wide variety of other Chinese languages, such as Wu, Cantonese, Hakka and others spoken only in particular regions. Additionally, non-Han Chinese populations have their own respective mother tongues, such as Mongolian, Korean, Uighur, Tibetan, Manchu and more.

For decades, the Han Chinese have been settling in minority areas, such as Tibet, Xinjang, Manchuria, Inner Mongolia and elsewhere. This movement has taken place with government support, as successive Chinese governments exhibited mistrust of ethnic minorities and sought to ensure all areas of the country were settled by Han Chinese. As a result, the ethnic Chinese form the majority of the population in most of the regions once dominated by ethnic minorities. Not surprisingly, there are occasional flare-ups of sectarian conflict, most commonly actions by Tibetans or Uighurs, against the government. These are put down harshly by the government and have not presented any real threat to the unity of China or the dominance of the Han Chinese.

The degree of ethnic pride and unity is high among the Han Chinese, who are acutely aware that they possess one of the oldest civilizations in the world stretching back 5,000 years. To most Chinese, the idea that their country should take its place alongside the United States as a superpower is probably an obvious one. But in many ways, China is still a developing country, and much of its population still lives as peasants in villages, although that is rapidly changing. China has certainly come a long way from the poverty-stricken, weak and divided country it was for much of the 20th century.

China's Political Evolution

At the dawn of the 20th century, China found itself divided, weak and subject to the predations of colonial powers. China was still under the imperial system at that time, and had been for millennia. These were the final years of the Qing Dynasty (the Qing were Manchu, not Han Chinese), which had conquered China in the mid-17th century and thus established the last of China's imperial dynasties. The rise of the Qing coincided with the beginning of the age of European exploration, and throughout the period of Qing rule, China, which had turned inward in the hope of isolating itself from the outside world (and the outside world's technological advances), saw a steady increase in European colonial encroachment (and, from the mid-19th century on, the colonial encroachment of Imperial Japan). As a result, by the first decade of the 20th century, large swaths of Chinese territory were either directly or indirectly ruled by outside powers, including the British, Germans, Portuguese, Russians and French, while much of the rest of China was controlled by warlords (military dictators). Foreign intervention in Chinese affairs (the Qing dynasty was also viewed as foreign since it was Manchurian) and the general weakness and disunity of the country created a great degree of discontent that helped lead to the 1911 revolution. That revolution brought an end to the decrepit Qing Dynasty and led to the creation of a Chinese republic under a Chinese nationalist party known as the Guomindang. The Nationalists, however, proved ineffective in pushing the foreign powers out of China or in unifying the country and reforming its largely feudal economy. So by the beginning of the 1920s, Chinese adherents to Marxism had formed a Communist Party to vie for control of China. During the late 1920s and into the 1930s, Japanese power in China continued to grow, and the Japanese increasingly came to view China as a natural part of Japan's "sphere of influence."

In 1937, war broke out between China and Japan, with Japan launching a full-scale invasion of China's coastal provinces while perpetrating large-scale atrocities against the Chinese population. China ultimately proved far too large for Japan to swallow, but the Sino-Japanese war lasted for eight bloody years and was engulfed in the larger Pacific Theater of World War II. During this time, Chinese Nationalists and Chinese Communists fought the Japanese (and sometimes cooperated with them against their Chinese rivals). After Japan's capitulation on August 6, 1945, and the subsequent surrender of its military forces in China, the Chinese Nationalists and Communists continued to fight each other in a widespread civil war, which ended in 1949 with the victory of the Communists under Mao Zedong. The Nationalists, under the leadership of General Chiang Kaishek, fled to the island of Formosa (Taiwan) and set up a Nationalist Chinese government in the city of Taipei.

As a result, from 1949 to the present, China has had two governments. The mainland government, based in Beijing, is ruled by the Communist Party and is known as the People's Republic of China (PRC), whereas

Taiwan, formally known as the Republic of China (ROC), is governed under the principle that it is part of China but with a rival government that claims sovereignty over all of China. Initially, most Western countries did not recognize the PRC and viewed the ROC as the only legitimate government of China. However, that began to change in the early 1970s as the United States thawed out its icy relationship with the PRC. This rapidly led to a situation in which most countries now recognize the PRC as the legitimate Chinese state and have withdrawn recognition of the ROC. (The Taiwanese are not even allowed to fly their national flag at the Olympics.) Eventually, the PRC decided to make its peace with the ROC in the sense that Beijing has promised not to try to conquer Taiwan as long as Taiwan remains the Republic of China and does not try to become an independent country. (The mainland Chinese still nurse the hope that Taiwan will eventually unite with them.) The leadership in Beijing has, however, made it clear they would consider an act of war any attempt to create an independent Taiwan that was not part of China. Given that the United States provides arms to Taiwan and has promised to assist in its defense, it is not surprising that Washington, D.C., is just as opposed to a Taiwanese declaration of independence from China as Beijing because it does not want to be drawn into a war with China.

For much of the early decades of its existence, the PRC was ruled by Chairman (of the Communist Party) Mao and underwent significant travails, such as large-scale famine brought on by forced collectivization of peasant landholdings (known as "The Great Leap Forward") and wrenching political instability (especially during the period of the so-called "Cultural Revolution" from 1965 to 1968). After Chairman Mao died in 1976, China was ruled by a series of leaders who gradually liberalized the country's economy, while attempting to maintain the Communist Party's control over Chinese political life and the military and security services.

Today, the PRC is governed by the Chinese Communist Party (CCP). China is a one-party authoritarian state, and the CCP is committed to maintaining a permanent monopoly on political power. Presently, China has a collective leadership, meaning major decisions require consensus among the CCP's senior echelons, unlike North Korea and Cuba whose communist parties have acted as support structures for the rule of dictators.

Defining Government

The power of the CCP comes from the following:

- Control of the Chinese military. Known as the People's Liberation Army, the Chinese armed forces consist of approximately 2.25 million men and women.
- Control of personnel appointments throughout government, the military and government-owned industries.

- Control of the media.
- Control of the police, judiciary and other internal security bodies.[2]

The CCP itself is governed by a nine-member Politburo Standing Committee and, below that, a 25-member Politburo. Like other past and present communist countries, the Communist Party governs via a separate governmental apparatus. The government side of the house primarily consists of a State Council, which is similar to a Cabinet; central government ministries; and provisional governments.

Governing through state institutions rather than directly gives the CCP more legitimacy. It can argue that the CCP represents the will of the people, and that government machinery is independent and focused on running the country. However, no one can be appointed to a significant government position without holding a post within the CCP. In the past, the CCP was subservient to a supreme leader, and for decades, that role was filled by Party Chairman Mao Tse-tung. The last supreme CCP leader was Deng Xiaoping, who died in 1997, although he had previously stepped down from this role. Since the 1990s, China has been governed by a collective leadership led by Party Chairman Xi Jinping.

Communism to Capitalism

Ideologically, China once had one of the most extreme and aggressive communist systems. In the late 1950s and throughout the 1960s, China's relationship with the Soviet Union went from a staunch alliance, with China playing the role of little brother to the Soviet big brother, to bitter mutual rivalry and hostility. China increasingly viewed itself as the main repository of "true" communism and saw its role as one of fostering global communist revolution, particularly in the developing world. Needless to say, things have changed quite a bit in China.

Under the leadership of Deng Xiaoping from 1982 to 1987, and later under his successors, China moved away from the actual practice of communism, though it still provides lip service to communist ideals, to increasingly encourage the development of a free-market economy. Xiaoping was arguably the most important Chinese reformer who paved the way for the creation of a China that largely embraced free-market values (though the Chinese government still plays a predominant role in the economy) and had basically abandoned true communism. The changes instituted by Xiaoping and his successors led to the transformation of China from a largely impoverished, developing society into an economic powerhouse and "the world's workshop." While it would be an exaggeration to say that China has become a truly capitalist country in all but name, the current model offers considerable support for free markets and private enterprise. It still allows the government to play a major role in the economy, not only by regulating the private sector but also through the huge, state-owned enterprises that are thought to account for over 40

percent of China's non-agricultural Gross Domestic Product (GDP).[3] Instead of sending revolutionary propagandists to developing countries, China sends its businesspeople and investors.

Limited Independence

From the capital of Beijing, the CCP and government often have trouble holding sway over the country's provinces, autonomous regions, cities, etc. Unlike the United States, China does not have a federal system. Consequently, the provinces, unlike American states, have autonomy to run their own affairs only on the basis of their ability to negotiate greater freedom of action from the central government in Beijing. China's provinces, municipalities and other regional governments are also governed by parallel CCP and governmental institutions, provincial CCP secretaries and provincial governors respectively. Provinces and other local governments have the right to pass their own laws and regulations as long as the acts do not conflict with those of the national government and provinces, municipalities, etc., and those laws often differ significantly from each other in the area of economic policy.[4]

All this seems to suggest a rapid evolution towards a free-market economy and greater regional autonomy. China has effectively jettisoned communist economic principles and stifled central control over local governments. Can we expect it also to toss out the one-party state and create a democracy? In short, not anytime soon.

The last time China was faced with a major pro-democracy movement was during the Tiananmen Square protests in 1989. The Chinese leadership crushed the movement and executed several thousand activists. Since then, the CCP has made it clear that it has no intention of sharing power. Policy debates will occur within the CCP (although very few Chinese are privy to these debates), but not between the CCP and future rival political parties. The CCP seems to believe that political stability and economic growth will appeal to the Chinese people more than the risks of democracy, particularly because democracy brings disunity. One of the central themes of Chinese history is that the country has been weak, poor and dominated by outside powers when it lacked unity. Consequently, the CCP is on fairly firm popular ground in arguing that China cannot afford the collapse of the one-party system.

The CCP seems to believe that economic growth will mitigate the demand for political change, and so far, the CCP has been right, if only just.

A Tremendous Economic Impact

China has been characterized as "the world's workshop" because so much global manufacturing is carried out there. In fact, in 2012, China overtook the United States as the world's largest manufacturer. Overall,

China has the world's second largest economy and is slated to overtake the United States by 2020. This is astounding given that only 25 years ago, the Chinese government contributed less than two percent to global Gross Domestic Product (GDP) – the sum of goods and services produced in an economy – and now it makes up roughly nine percent of global GDP. The United States however, still provides 25 percent of global GDP and thus is still the single most important economic player in the world.

As late as 25 years ago, China was an impoverished country with low income levels, poor infrastructure and a largely agrarian economy. Under the leadership of Xiaoping, China's economy began to pull away from the constraints of government management of the economy (as is typical in communist systems) and towards limited free markets. The reforms began in the agricultural sector and were gradually extended to the industrial and service sectors. These reforms included legislation allowing the creation of private corporations and opening up the country to foreign investment.

As a result, the Chinese economy has grown nearly 10 percent, on average, each year. In 1990, China was still a developing country. Today it is firmly within the ranks of middle-income countries and on its way to joining the wealthy world. The standards of living in China have not yet reached those of the wealthier countries in the Western world. However, the sheer number of Chinese and the shift from low to medium income levels has meant a significant increase in the buying power of a huge number of people. As a result, the Chinese impact on the global economy has been tremendous.

Not surprisingly, incomes have not risen equally for everyone. Consequently, China is experiencing an increasing disparity of income. This, perhaps more than anything else, illustrates how far China has moved from its earlier Marxist ideals. Nevertheless, average income levels in China are still far lower than those in wealthy countries, such as the United States.

An Economic (R)evolution

China's GDP per capita is under $6,000, whereas that of the United States is over $48,000. This means that Chinese wages are very low and, as a result, Chinese companies' production costs are far lower than those of American companies. Chinese manufacturers have been able to compete effectively against U.S. firms and have enticed many of them to outsource their industrial production to China. This, in turn, has led to a big balance of payments deficit – the difference between the monetary value of exports versus those of imports – between the United States and China. A large part of America's balance of payments deficit of $137.3 billion is a result of massive importation of goods manufactured in China and far fewer goods and services being sold to China from the United States.

The Chinese are big savers with one of the highest household savings rates in the world – about 29 percent of annual income in 2009. Americans, with high debt-income ratios – roughly 112 percent annually – and high consumer spending levels, typically put aside less than five percent of their annual income. This means that China has a lot of extra cash for its banks to loan and that has resulted in Chinese banks purchasing U.S. Treasury bonds and otherwise investing in the American economy. All told, China is estimated to have approximately $900 billion in Treasury holdings. Chinese investment in the United States grew at an annual rate of 53 percent between 2005 and 2010. Chinese overseas investment has also taken off. Chinese investors and businesspeople can be found throughout the world.

Of course, not all is rosy for China. Outside the major cities, the country still has a long way to go in terms of becoming a developed country. There are endemic problems of corruption and inefficiency, as well as public health issues and serious environmental challenges. Since China has invested so much in the United States and other countries, it is also vulnerable to the faltering of other economies. As a result, China is increasingly willing to use its influence to impact the global economy and economic decision-making in the United States and elsewhere.

The rise of China as an economic powerhouse is a fact of our times. The size and industriousness of the Chinese population, as well as China's industrial capacity, will ensure the country's growing role in the global economy. Criticizing Chinese economic policies may be a popular tactic for U.S. politicians, but the reality is that the world is so economically interdependent that it is becoming increasingly unrealistic to view a country's economy as entirely its own.

As China's economic might and global economic footprint have increased, so too have China's aspirations to play a larger political and military role, partly to protect its growing international interests. China's rapidly growing industries have produced a voracious appetite for raw materials, many of which need to be obtained from overseas. For example, China has a significant and growing presence on the African continent. Chinese communities have become a fixture of life in the cities of many of Africa's energy- and resource-rich countries. China is Australia's largest trading partner and Canada's second largest – after the United States. China is also dependent on oil supplies from the Middle East, Nigeria, Angola, Sudan and other countries. All this has meant that China, which for several centuries has been almost exclusively a land power, must now cultivate a "blue water navy," a navy that can project power on the high seas as opposed to a "brown water navy" – one that serves primarily coastal-defense purposes.

Two-Ocean Strategy

China is currently pursuing a two-ocean strategy <http://www.cnas.org/files/documents/publications/

CNAS%20China's%20Arrival_Final%20Report.pdf>. While it cannot yet aspire to project maritime power over the entire planet, as the United States does, China's focus is increasingly trained on building a major maritime presence in the Pacific and Indian oceans. Chinese ships have been involved in anti-piracy activities in the Horn of Africa region and in Southeast Asia, as well as in patrolling shipping lanes in both oceans. While the Chinese navy is not in a position to compete with the U.S. Navy, China has reportedly been seeking the ability, in a wartime scenario, to deny the U.S. Navy access to the "first island chain" comprising of Japan, the Ryuku Islands, the Philippines, Indonesia and Australia. According to Robert Kaplan of the Center for a New American Security, the collapse of the Soviet Union has allowed China, for the first time in centuries, to pursue sea power because of the absence of a potential land invasion. Kaplan points to speculation that China will finance the building of a canal across the Isthmus of Kra in Thailand to facilitate movement from the Pacific to the Indian oceans. The Chinese navy has dubbed its strategy for the Indian Ocean "String of Pearls" – it's a plan that will involve naval bases and listening posts across the Indian Ocean from Pakistan, to Sri Lanka, to Bangladesh, to Southeast Asia.

China has also been more aggressive in revisiting old territorial claims to areas that are now known to have the potential for being rich in oil and natural gas. In the South China Sea lie two sparsely populated island chains, the Paracel Islands and the Spratly Islands. Ownership of the Paracel Islands is disputed by China, Taiwan and Vietnam; while the Philippines, Malaysia, Brunei and Indonesia dispute ownership over the Spratly Islands. The rapid increase in the size of the Chinese navy will provide Beijing with a greater ability to exercise power and sovereignty over the islands, irrespective of the desires of its Southeast Asian neighbors.

In short, the United States, which has enjoyed effective naval hegemony over the Pacific since the end of the Second World War, is set to lose its unchallenged control over that part of the world. The Chinese are building ships, including naval ones, at a furious pace, and China may become the world's largest shipbuilder by the middle of the decade. All of these factors suggest that the United States will need to reassess its Pacific Ocean and East Asian strategies.

Space and Cyberspace Dominance

China is also increasing its ability to challenge U.S. dominance over space-based platforms and the cyberspace domain. While China does not expect to be able to produce and deploy satellite systems in numbers capable of challenging the United States' domination of Earth's orbit, it is working on systems designed to blind, shoot down or otherwise disrupt U.S. satellite communications, espionage and other systems. (In 2007, China carried out a successful test of its first anti-satellite weapon, destroying an aging

Chinese weather satellite.) In the process, the country is creating ever more debris in space that could pose a threat to existing satellites or astronauts in Earth's orbit.

In the cyber realm, China has developed a cyber war-fighting doctrine and capacity that is considered to be a significant potential threat to the United States and any of China's other adversaries. The Chinese military has been working to identify logistics, command, control, communications, intelligence, surveillance and reconnaissance (C4ISR) vulnerabilities of U.S. military forces. They are expected to target these systems with electronic countermeasures, network attack and exploitation tools in the event of a clash between the United States and China – for example, over Taiwan.

This, however, is just a brief snapshot of the geopolitical impact of a rising China. There are many more areas in which China is active and challenging U.S. supremacy.

Conclusions

The 21st century is likely to be dubbed the "Chinese century" in the way that the 20th century was the "American century." Of course, this does not mean the United States is in decline and China will be able to play as large a role in global affairs as the United States has done thus far. The Chinese are still a very long way from that, and the United States has by no means gone into eclipse as a global power. What is more likely is that, just as during the Cold War, the United States will have to get used to dealing with other globally-dominant countries, such as China. The world will thus become more complicated for American strategists as they contemplate a stronger and more assertive China. This new China will be seen not only as an increasingly powerful potential adversary, but one with whom the United States is also intertwined in bonds of trade and finance, and dependent upon economically. The old concepts of friend and foe will become less relevant as a dichotomy, because China is going to be both.

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Homeland Security and CTU

The field of homeland security continues to evolve, as does the focus of dedicated professionals seeking advanced knowledge and skills relevant to the protection of United States territories, communities and organizations from a variety of threats, including cybersecurity.

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