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Chinese engagements: Regional issues with global implications

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Chapter Six

The Chinese Development Model: International Development and Hegemony

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Introduction

What is the appropriate role for the People's Republic of China (PRC or China) to play in the contemporary international political economy (IPE)? This chapter employs the discipline of IPE to explain the contemporary state market relationship from a historical perspective, and develops the thesis that China as a great power should take a more active responsibility in order to play a considerably larger role in the IPE. We cannot ignore the fact that today's IPE, because of liberal interdependence and the functions of the mercantilist security dilemma, links regional issues to global issues; given this set of circumstances, China must of necessity engage with the IPE. It is equally important to remember that, as a consequence of its relative size, Chinese development will impact profoundly on the development of all nation-states. The option facing all other nation-states, then, is to decide whether they will view China as an ally or as a threat to their own development. Of course, China does not have to remain passive while such decisions are made, but can strategically influence the choices other nation-states make.

The pertinent question, therefore, is what larger role *should* China play? Clearly, China, as the leading and most

successful developing nation-state, cannot be expected to provide political and public goods akin to those of developed nation-states—it is therefore correct for China to focus on its own development. However, one consequence of the structural power[1] that links regional issues to global outcomes is that the Chinese nation-state will be required by the rest of the world to behave as a great power, beyond actions commensurate to its present per capita statistical profile. Whilst this might be a burden, the Chinese development model offers both examples and opportunities that are valuable to other nation-states; simultaneously, this model can continue to directly benefit Chinese development and facilitate China's path towards greater global power. Importantly, the Chinese development success should not be taken as a model for global development, but as a practical and theoretical catalyst for others to pursue similar outcomes.[2]

China's 'rise' to global political and economic power is neither inevitable nor interminable; indeed, it may already be nearing its height. As its domestic market matures (bringing with it increased labour prices and higher levels of domestic consumption) the resultant increasing requirement for a greater share of global resources will require China to demonstrate hegemony in the IPE if it is to be accepted as more than a global factory.[3] What we are seeing is neither a reluctant hegemon nor a contained hegemon; rather, it is a presently incapable one. If it is to avoid regress, China will be required to provide political and public goods to the IPE. Put bluntly, it will need to give in order to get. China will be incapable of facilitating and obtaining its domestic development goals unless it becomes a responsible and benign hegemon.

The first part of this chapter considers the context of the Chinese development model in order to identify the links

between regional and global development. IPE as a field of study; the state market relationship; state and market in a globalised IPE; the hierarchy of great, middle and small powers; and macro change are all discussed in this context. The second part of the chapter presents an analysis of international development and the opportunity for China to provide political and public goods to the IPE in the role of a benign hegemon.

Section One: Context

What is IPE? What use is it?

Within the scholarly discipline of international relations (IR), the sub-field of IPE was reawakened, phoenix-like, from the earlier Political Economy of Adam Smith (1723–1790), Thomas Malthus (1766–1834), David Ricardo (1772–1823) and Karl Marx (1818–1883). The industrial revolution that bloomed from the midlands of the United Kingdom in the late eighteenth century was one of the first subjects of Political Economy, when Smith challenged mercantilism with the radical concepts of liberalism. Karl Marx began a grander task of looking beyond the temporal structures of politics and economics to critically theorise the inequality of distribution and ownership, while later critical theorists considered gender, environmental stability and the construction of meaning.[4] Political Economy thus began an investigation into how development is achieved.

From the 1970s, pioneering scholars such as Susan Strange, Robert Keohane, Robert Gilpin and Robert Cox noted the confluence of domestic and international, political and economic issues, which led to a realisation that to study the *wealth of nations* was in effect to recognise—and thus harness—the accelerating process of globalisation which was

magnifying domestic potential by overcoming sovereign state limits and domestic market constraints.[5] At the close of the twentieth century, with the Cold War finished and the War on Terror yet to begin, the ideological contest to determine the meaning and purpose of political and economic activity was declared over by many Western scholars—and yet the bulk of humanity remained in abject poverty.[6]

Beyond the developed Western world, the industrial revolution that began in Europe has continued to extend across the planet. The PRC and the Republic of India in the early twenty-first century are achieving the same expansionist Gross Domestic Product (GDP) annual percentage growth rates of the 1980s 'Asian Miracle' Tiger Economies (British Crown Colony of Hong Kong, Republic of Korea, Republic of Singapore and Taiwan) or of 1960s Japan.[7] Study of the ongoing industrial revolution can be deceptive if regional or individual state components are accentuated. From (and in) the Western world, development seemed complete. In Asia, the industrial revolution was described as the Asian Miracle—a thesis of the 1980s and 1990s that was widely debated. Scholarly enquiry and dialogue, however, is dialectic, and in 1994 Paul Krugman correctly identified the Asian Miracle as merely part of the ongoing industrial revolution. He argued that the high growth rates, between five and twelve per cent, simply reflected the input of more factors of production (land, labour, capital and enterprise)—new industries, skills and knowledge being the result.[8] The Asian Currency Crisis of 1997 aided interpretation of the Asian Miracle as part of the industrial revolution; suddenly, the characteristic boom and bust pattern became apparent. However, this insight made the Crisis no less astonishing or easier to analyse, nor was it any easier to incorporate into scholarship and policy, as scholars of the period soon found.

IPE, as with the Political Economy of the eighteenth and nineteenth centuries, has always reflected the observations of scholars who collected data and proposed theory. Scholarly enquiry is only useful beyond the university campus when it responds to events and the requirements of society. The wealth of nations (or development) is arguably the most important subject to be addressed by IPE scholarship. In this context, study and interpretation of China's industrial revolution is part of an ongoing study begun by Political Economy, and is essential to the understanding of how the wealth of nations—or development—is achieved.

Since the late 1970s the Chinese state has pursued socialist politics and market economics, creating a developmental state and a development model that has been labelled 'Socialist State Directed Market Capitalism'.[9] The development success is considerable. The tables below, taken from the United Nations Development Programme, show that despite population increase, per capita wealth has increased fivefold and life expectancy has also increased.[10] These phenomenal development successes are also displayed in the broad composite Human Development Index. Numerous other statistics, such as the GDP Real Growth percentage increase, reflect the inspiring sustained development.[11]

Figure 6.1 GDP Per Capita PPP, (Constant 2006) 1980–2007

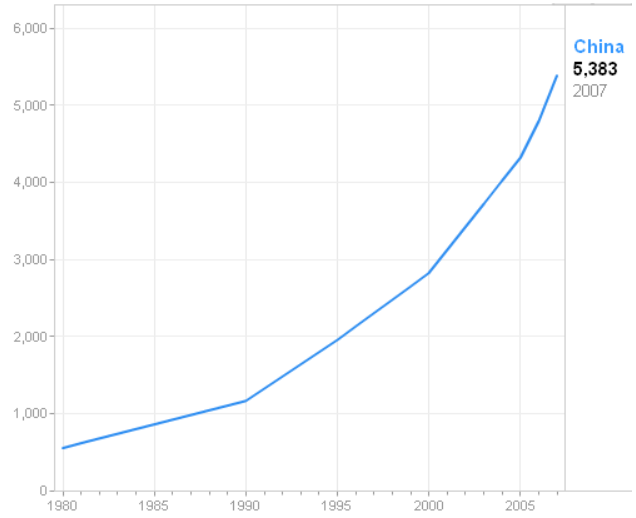


Figure 6.2 Human Development Index 1980–2007

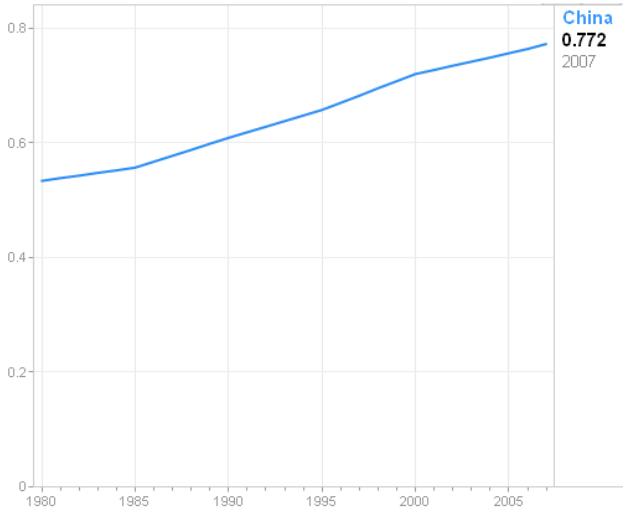


Figure 6.3 Life Expectancy at Birth, years 1980–2007

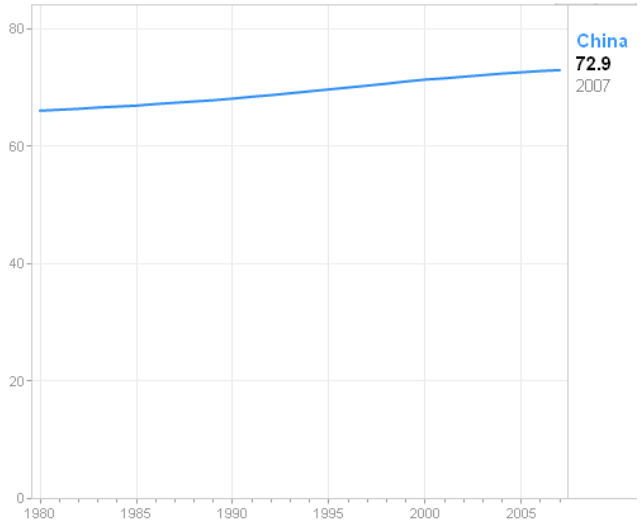
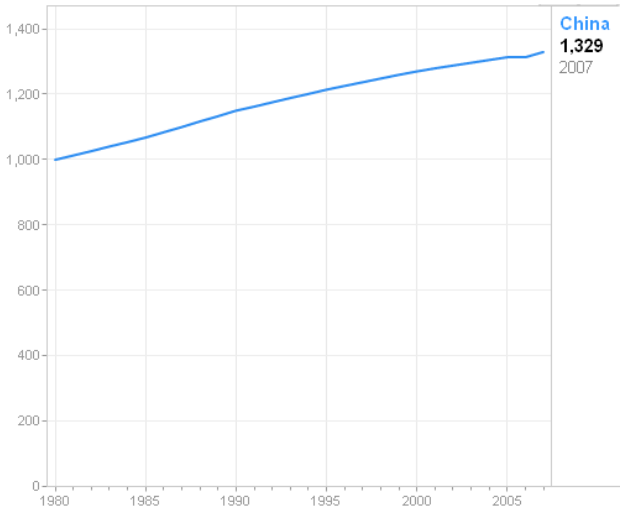


Figure 6.4 Population, millions 1980–2007



The great task for IPE in the twenty-first century is to lift a greater percentage of humanity out of poverty by focusing on outcomes—'black or white, the cat must catch mice'. The state market debate, the study of the role of actors and/or systemic governance, must have a purpose and meaning; namely, to produce development globally.[12] As such, IPE can be enriched by addition of the development success of the PRC.

State and market

A lodestar of this chapter is the state market relationship and the depiction of that relationship by IPE scholars. Conventional IPE scholarship insists that states require control and markets struggle against it.[13] The relationship therefore can be construed as conflictual and competitive. The Westphalian state employs statecraft to build sovereignty against internal and external threats to its ongoing existence—including the threat of an unregulated market. The goal is to (re)create the state through the practice of statecraft, with the ultimate and yet purely theoretical goal being a sovereign state, which holds supreme legitimate authority within a territory.[14] The market inversely requires freedom from restriction, especially from the impost of state regulatory intervention. The perfectly competitive market is the theoretical goal that, if achieved, would produce the most efficient production and exchange. Whilst these statements are correct, they do not necessitate conflict; however, IPE scholarship was encouraged to focus on the struggle between state and market by the normative assumptions of ideologies.

With mercantilism's focus on the state and liberalism's focus on the market, IPE scholars naturally emphasised the state versus market question. This led to broad debates about the consequences of globalisation and the appearance of

alternative actors. A prominent thesis was that globalisation through market liberalisation would be problematic for the state. An equally valid thesis argued that the state was to be replaced and become extinct. During the second half of the twentieth century globalisation has occurred and three new actors have joined the state as powerful elements in the IPE: intergovernmental organisations (IGO); nongovernmental organisations (NGO); and multinational corporations (MNC).

The adversarial state market theses joining globalisation and new actors can be summarised as follows: Intergovernmental, multilateral and/or regional political organisations, such as the International Monetary Fund (IMF), World Bank, United Nations or the European Union (EU), would curtail state control over the IPE. NGOs, through the information revolution, under such circumstances would form global advocacy networks to determine civil, human, environmental and/or other norms and standards, without deference to the sovereign right of the state. The provision of goods and services was to be outsourced to more efficient market-based MNCs. The outcome would be a global market-based civilisation—a victory for liberalism, the market, firm and individual.

However, the adversarial state versus market depiction has been misleadingly over-emphasised. The creation of the European political economy, and the subsequent European Miracle, itself displays a history of compromise and symbiotic cooperation between the state and the market that clearly belies the 'win/lose' 'one or the other' characterisation.[15] From the year 1500, European politics and economics cooperated, with the state providing political stability and security and the market providing efficient production and a source for tax revenue. The exceptional compromise between the state and market within the European political economy

allowed it to outcompete all other forms to become, by the twentieth century, the basis of a global political economy.

The symbiotic relationship between state and market was essential to the transition from a mercantile to a capitalist economy in nineteenth century Europe (and still is today). Eric R. Wolf's discussion of this period could easily be read as a paragraph on twentieth century Japan, the Asian Tigers or, indeed, contemporary China:

> Before capitalist relations could come to dominate industrial production, a set of related changes was required to guarantee the new order. The state had to be transformed from a tributary structure to a structure of support for capitalist enterprise. Tributary relations, embodied in monopolies of all kinds, cut into the reproductive capacity of capital and had to be abrogated. The officialdom of the state apparatus had to be made responsive to the needs of capital accumulation by removing state control over productive resources and by reducing the hold of tributary overlords over the machinery of the state. At the same time, state investment had to be directed towards the creation of an infrastructure of transportation and communication that could benefit capital without demanding excessive outlays from it. There was a need for new legal codes, protecting rights of private property and private accumulation, on the one hand, and enforcing new forms of the labor contract, on the other. State intervention had to be mobilized also to break down intra-state barriers to the movement of capital, machines, raw materials, and labor. Finally, state assistance and subsidies were often necessary

> to protect nascent industries against external competition, or to open up new markets abroad.[16]

In Asia, the development success of Japan and the Asian Tigers was accomplished with the use of the European political economy model—a strong and mercantilist state operating within a global market. Both European and Asian Miracles succeeded through a sustained organisation of a symbiotic state-market relationship and a readiness to reach outwards, rather than an exclusive focus on one at the expense of the other. If it is to succeed, the Chinese Miracle must do the same.

Western IPE scholarship in the twentieth century can be excused for its oversights, limited and curtailed as it was by the normative elements of the ideologies within which it operated. This was entrenched by a real conflict in the IPE over the rise and fall of Marxism, that is, the Cold War. To focus on identifying the benefits of a strong socialist state directing the market in the twentieth century context of the Cold War was perilous for the careers of individual scholars. In the twenty-first century, however, when interest is directed to outcomes rather than an ideological contest, it seems foolhardy to ignore the development success of the PRC. In the current context, normative assumptions can be exchanged for rigorous analysis. The state and the market both allocate resources and distribute power. They are both necessary to generate development. The Chinese development model highlights the flaws in a conventional, ideologically and contextually driven characterisation of the state–market relationship precisely because it has produced positive development outcomes. It demonstrates without doubt that the development-adroit market requires a developmental state just as it always has done.

State and market in a globalised IPE

The freedom from ideological contestation that resulted from the end of the Cold War has allowed IPE scholars to focus purely on development outcomes.[17] A second benefit has been the acceleration of globalisation, which has fundamentally changed the state–market relationship. Throughout the latter part of the twentieth century, the reduction of political barriers to trade and the advent of cheaper transport and communication enhanced the development of a global market. The symbiotic relationship between a state and its own domestic market was thus transformed into a symbiotic relationship between individual states and a shared global market. One of the most significant outcomes of this major shift has been structural interdependence.[18]

As a result of this interdependence, nation-states must accommodate the global market in their domestic market structure in order to develop. Anthony Payne deploys Coxian critical political economy[19] to define development as:

> the collective building by the constituent social and political actors of a country (or at least in the first instance a country) of a viable, functioning political economy, grounded in at least a measure of congruence between its core domestic characteristics and attributes and its location within a globalizing world order and capable on that basis of advancing the well-being of those living within its confines.[20]

States must accommodate the global market in order to develop their domestic market. They are unable to create the necessary symbiotic state–market relationship to produce development unless they engage with the globalised world.

Thus the twenty-first century states–market relationship in a globalised IPE results in both opportunities and constraints. The greatest opportunity is the development that results from the sustained organisation of a state-market political economy as originally created in Europe. The greatest constraint is the requirement to reach outward into the global system and have structural interdependence in part determine the type of political economy that is possible. As such, the Chinese development model must increasingly have congruence with the globalising world order. The structural power of the PRC must correspondingly be accommodated by the world order.

The symbiotic states–market relationship must be sustained. The states must legislate, regulate and create the market. In a global market system all states must contribute to the maintenance of the global market. This is initially undertaken through domestic politics, and by regional politics through regional organisations, but increasingly it has, and will increasingly continue to be, undertaken through global IGOs such as the World Trade Organisation, IMF, World Bank, and broader forums such as the Group of Twenty (G20).

However, whilst all states are required to contribute to the maintenance of the global market, the reality is that not all states have the same resources or abilities to do so, and the different levels of development globally mean that not all states receive the same benefits from doing so. A general rule of development in the twenty-first century is that the more developed or larger the state, the more they are expected to contribute to the maintenance of the global market. Additionally, great powers are expected to contribute extra because of these power differentials; correspondingly, great powers have a deterministic role.

Great, middle and small powers

There are many sources of power within the IPE: military and economic capacity; relative size of population or geographic area; GDP growth rate or composition of the economy; resources available or trade volume; life expectancy at birth or level of education. For centuries scholars have employed statistically measurable and perceived sources of power to rank states in order to determine their potential relative power (that is, the ability of A to make B do what A wants, whether or not B wants to). What is critical here, however, is the difference between potential power and the will and capacity to exercise that power. A hierarchy of states reflects the potential ability of states to engage in the IPE and their ability to exercise structural power. This hierarchy has three tiers: great, middle and small.[21]

What level of power do these three types of states have to influence the IPE in order to maintain the global market? Great powers have enough power to impose themselves on the IPE and can resist change imposed on them. Middle powers do not have enough power to impose or to resist change, but they can hybridise. Middle powers hybridise new sources of perceived power and statecraft from the IPE that will help them survive by state recreation (that is, by developing more effective new policies). They blend parts of what is successful for other states (normally the largest or most successful—possibly China in the current situation) with what is unique in themselves to create original forms of statecraft and perceived power. Small powers have no ability to resist or impose change.[22]

What is the expectation of the PRC with regard to its contribution to the maintenance of the global market? China is a great power primarily because of its population size, but

other measures, such as percentage of global trade, size of GDP, military expenditure and many others, are rising. It is not yet a fully developed state. However, as a result of its successful development model, it is developing very quickly, and globally there is an expectation that it will eventually equal or surpass the level of development in Europe and the United States of America (US) to become a developed great power. Thus, China should already be playing a central role in maintaining the global market and its level of contribution should be increasing. Middle and small powers should increasingly look to China for examples of good governance for development. How can this be done?

What is macro change and how does it occur?

Macro change refers to those changes that take effect within and create structural power generally over long time periods. These changes are often imperceptible to those experiencing them—the slow shift from agricultural to mercantile to an industrialised economy is barely noticeable on the ground—or they may be dramatic and life-threatening, as in the case of war. Equally important to the extent to which these changes are noticed by participants is the difference between change being unintentional or purposeful. It is broadly acknowledged that the main actors of change are states, IGOs, NGOs and MNCs; the relative influence of which is debated, primarily, along ideological lines. All agree, however, that the macro change is caused by states, other actors (the IGOs, NGOs and MNCs), and the environment/context.

Great powers have set the rules for centuries, with hegemons having the greatest influence. When it comes to macro change, how is this power displayed? In 1939 the US renounced the Treaty of Commerce and Navigation between itself and the Empire of Japan. This was followed in 1940 by a partial

embargo on aircraft fuel and scrap metal being imported from the US into Japan. On 1 August 1941 the US confronted the Japanese Empire by imposing an oil embargo. The Japanese responded on 7 December with the infamous attack on Pearl Harbour, and the US declared war. The US therefore used, in corresponding order, political, economic and then military power.[23]

It did so purposefully in response to an equally purposeful attempt by the expansionist Japanese to change the IPE. Both of these states were attempting to create alternative IPEs from that established by Great Britain in the nineteenth century. The Japanese envisioned a Greater East Asian Co-Prosperity Sphere. Simultaneously, by the 1940s the US had begun to use its power to establish a liberal global market. It continued its purposeful macro change of the IPE in opposition to another great power, the Union of the Soviet Socialist Republics (Soviet Union), until 1989 when the Soviet Union collapsed, leaving the US as the victor of a fifty-year conflict to determine the nature of the IPE. All of these situations demonstrate how states require political, economic and military power if they are to effect macro changes.

A second source of macro change in the IPE is the IGOs, NGOs and MNCs. Enabled by—and in cooperation with—state power, these other actors have increased in number and become more powerful, to the extent that they all now have the ability to effect macro change both unintentionally and purposefully. Robert Keohane, for example, argues that, through liberal institutionalism, the realist conflict between states can be quelled by IGOs.[24] Margaret Keck's study of Transnational Advocacy Networks articulates the power of NGOs to use information, accountability, leverage and symbolic politics to change the IPE.[25]

IPE textbooks note that in the twenty-first century, MNCs—as independent firms operating within and across state borders—generated global market change through competition based on the factors of production. While this is sometimes a deliberate strategy, unintentional macro change in the IPE can also occur as a result of the competition between MNCs. The 2008–9 Global Financial Crisis is the most recent example. Such macro changes are produced by spreading production technology and knowledge, allocating resources, providing goods and services, diversifying local production and economies, increasing local competition, sponsoring or instigating infrastructure development, enhancing education opportunities, dispersing information, standards and culture, employing labour and paying states tax revenue.

A third source of change in the IPE is the environment or the context of the actors in the form of resource scarcity, innovation, epistemic bases and unexpected shocks. Resource scarcity limits what is possible and, as noted in Chapter Five, oil is the most important of the scarce resources. Innovation in political or economic structures gives rise to change; as we've seen, the invention of the Westphalian state or the first multinational corporate structure had a dramatic effect on the IPE. Epistemic bases generate unexpected elementary knowledge and serendipitous changes (see Chapter Two). Finally, unexpected shocks, such as the terrorist attacks on 11 September 2001 or the 2004 or 2011 Tsunamis, change the environment or context within which the actors operate.

At present, the global macro changes emanating from China are the result of external responses to domestic policies, change and development. China's effect on the IPE is clearly unintentional—China is simply focused on its own development. Nevertheless, the rising prices of scarce resources, the increasing emission of CO^2 globally, the

weaponisation of the Sudanese Darfur conflict, movements in currency values, Australia's miraculous recession-free passage through the 2008–9 Global Financial Crisis, Australia's booming resource sector and the effects on its manufacturing sector, and many other issues have been attributed by governments, the media and academics to the 'China factor'.[26]

China is not contributing to the maintenance of the IPE in a purposeful way as a developing great power, primarily because it is currently incapable of doing so. It does not have the appropriate relationships or capabilities to enforce macro changes. Nor does it have a developmental state that is purposefully assisting in creating and recreating the global market. China has a symbiotic state–market relationship rather than a states–global market relationship as required in a globalised IPE. This arrangement is not sustainable, as the externalities of China's domestic policies will eventually impinge on the interests of other nation-states.[27] Furthermore, China does not have a role in IGOs commensurate with its great power status or of the 'rising China' expectation, nor does it have NGOs promoting its norms and values. It does, however, have MNCs, such as the national oil companies (Sinopec Corporation, China National Petroleum Corporation and China National Offshore Oil Corporation), but these are oil focused and limited by their lack of transparency, and have limited tradability of ownership (see Chapter Five). To be able to make macro changes to the IPE, China needs to establish political, economic and military power and be able to pursue its interests through the other actors. It needs to be proactive in responding to—and planning for—macro changes from the environment/context. Critically, it needs the will and capacity to exercise power.

Section Two: Analysis

International development

International development is the central question and opportunity of this century. The myriad of problems confronting the IPE can be overcome by expanding development of more of the IPE to Western levels (currently approximately only 25% is developed to this level). This is an indication that IPE as a field of study has failed to respond to global demands; rather, it is generating knowledge primarily for the Western developed world. In addition, the enormous number of critical problems that are not being addressed adequately also hints at the failure of scholars to perform a functional role for the global community. By studying China as a developmental state, we may gain crucial insights that lead to a larger percentage of the planet eventually being developed; perhaps the problems of the developing world will also gain more prominence in Western consciousness. International development overall would certainly benefit from more active engagement between China and other nation-states.

There are many examples where this combined knowledge can be enlightening. Global population growth can be slowed by government policy, such as China's 'One Child' policy; equally, population growth rates in the West have fallen as a result of education, the emancipation of women and the desire for self-actualisation over reproduction. Arguably, terrorism is a choice taken as a result of poverty and a lack of alternative paths to self-determination, but is also made possible by the fact that all states collude in allowing the existence of failed states. [28] Cornucopians believe that environmental and population sustainability can be achieved through technology—but that technological knowledge is located in

the developed world. These, as well as many other issues (food production, fair trade, human rights, shelter, clean water and sanitation) can all be improved by linking states through their committed engagement in producing international development.

The definition of development by Payne quoted earlier can be given greater detail to give an understanding of what specific actions need to be taken to achieve development. The definition includes a 'functioning political economy … advancing the well-being of those living within its confines'.[29] Essentially then, development is the provision of goods and services that improve standards of living for human beings. International development is the same on a global scale. The role of states in international development is to provide political and public goods globally.

Political goods arise from the social contract between state and citizen and are funded through taxation—hence, the symbiotic relationship between state and market. Without the market, a state cannot fund political and public goods. Of these political goods, security is the most fundamental—no other political goods can be supplied without security. Others, in descending order of importance, are: rule of law and contract; medical/health care; education (community, school, university); infrastructure (roads, rail, power, water); financial system (currency, banking); fiscal and institutional environment; ground for civil society; and regulation of the common.

Public goods are non-rivalrous and non-excludable. Their availability is not reduced by consumption and consumers cannot be excluded from them by price or other mechanisms. Examples include access to public parks, rule of law, free-to-air national media services, use of a currency, and access to

water and air. This definition is expanded within economics to collective goods, that is, public goods that could be provided by the private sector. Privatisation and public/private partnership are corresponding policies that may allow MNCs to provide collective goods. Thus, public goods are provided to the society by the state and are freely available.

The concept of global public goods (GPG) has gained increasing attention over the past decade, with the concept being noted by IGOs in particular. The UN, IMF, World Bank and many others have all discussed the concept and added to the list of GPGs. These include health, financial security and market efficiency, environment, human security and peace, information and knowledge, water, air and food. In a similar way, credit has been advocated as a human right by Professor Mohamed Yunus, founder of the Grameen Bank in Bangladesh.[30] The failure of the GPG concept to be put into practice is primarily because of the financial implications, but the question of who will actually provide them also remains unanswered.[31]

IGOs and NGOs are not able to provide public goods because they do not have the necessary tax revenue from the symbiotic states–market relationship to fund those goods. Rather, IGOs are funded by states; while NGOs are funded by states, IGOs and donations. MNCs, in contrast, are obliged to make a profit. Thus, states remain the only viable actor to provide public goods. Given this situation, it becomes the responsibility of great powers to provide global public goods. Although they are not specifically designed to do so, this is in fact the consequence of their global reach. The result is simulated or pseudo GPGs. Examples are the global positioning system, internet, secure sea lanes, nuclear umbrella, and confrontation with and containment of rogue states. The US has provided these services globally, but always fundamentally for their

own national interest. In a purely global context, security and the (re)creation of the global market are the public goods provided by the US that are of greatest importance. What political public goods and pseudo GPGs could China provide globally?

The concept of international development, through the provision of political public goods and pseudo GPGs, greatly affects traditional IR and IPE. When we place basic definitions within the international development dialectic, their requisites change radically. Suddenly, a threatening superpower wielding nuclear weapons is transformed into a nation-state providing a wide range of high quality political and public goods to the IPE. The US is a case in point: it is a superpower as defined by traditional measures, but the lense of international development reveals that it has a low Human Development Index because of its large poor population.

This conceptual change builds from the work of Robert Rotberg, who employs the concept of political goods in order to classify states.[32] His typology categorises states according to the quality and range of political goods they provide, labelling them as strong, weak, failed or collapsed. This lexicon has in turn been used to consider global security. Weak, failed and collapsed states have been identified as vehicles for globally destabilising forces such as transnational security threats, humanitarian disasters or global terrorism. Seen from this perspective, China can be seen as having the potential to be an international development superpower. However, China can only effect macro change if it is aided by other actors as well.

International development offers a huge business opportunity for MNCs. Obviously, ‘Chinese’ MNCs can provide a major advantage for China’s attempts to effect macro change. There

are approximately four billion potential customers waiting for goods and services—the other 75% of the world that is not yet developed to Western levels. The products themselves already exist. Look around the room or space that you are in; any of the goods or services you see that are not already in the developing world are in demand there. However, to deliver them to the bulk of humanity requires a significant revision in the terms and methods that are employed in their creation and distribution. A good example is the innovative provision of credit to the poor through micro-finance that developed outside of the Western world, first in South America and then in South Asia.[33] Similarly, China's developmental model is certainly working effectively and can provide the stimulus for further innovation elsewhere.

Unlike the creation of new products, or the technologies that make them, the international development business opportunity entails known and manageable risks, such as transport and language barriers. There is minimal competition from established MNCs, as they are generally focused on the Western markets. This, however, may not continue; more and more, scholars in the West are calling for an increased role for MNCs in international development. Professor Lodge of Princeton University, for example, has demanded the pooling of risk through the establishment of a World Corporation in the US, while Craig and Peter Wilson have reached similar conclusions in *Make Poverty Business.*[34]

However, this idea of profiting from the poor raises the issues of dependency theory and the problems of the core exploiting the periphery. Western MNCs have been labelled exploitative, extracting profits from developing states by taking advantage of their cheaper labour. This cannot be entirely refuted—higher profits have undeniably resulted—but there are also development benefits. However, 'Chinese' MNCs cannot be

accused of such exploitation, as they are, theoretically at least, in the periphery. Indeed, 'Chinese' MNCs have already been identified by the developing world as being more palatable actors in these matters, and it is problematic for academics to deploy dependency theory against a peripheral developing state (see discussion and quotes by African leaders in Chapter Five).

Secondary arguments for China to encourage its MNCs to focus on the opportunities afforded by international development can be built from historical precedent and economics. Eric R. Wolf noted that historically states have guided their MNCs; as quoted earlier: '… state assistance and subsidies were often necessary to protect nascent industries against external competition, or to open up new markets abroad'.[35] Contemporary IPE scholarship argues that selling higher value-added and luxury goods is more profitable and thus an obvious state and corporate goal. Historically, however, this can be challenged: the British Empire lost control of the luxury spice trade (from the Malay Archipelago to Europe) to the Dutch, but eventually became more powerful by trading in the alternative mass market in cotton (from South Asia to Europe).[36] The present hegemon, the US, rose to power on a mass consumption consumer domestic market. US Fordist mass production provided employment and income for labour, and thus consumers and profits for businesses. Mass consumption or survival goods and services also have a stable demand curve because they are accompanied by an inelastic price curve in comparison with niche market or luxury goods.

Selling basic development goods and services such as food, shelter, water and sanitation to four billion consumers may be better for the Chinese state and 'Chinese' MNCs than selling aircraft or cars to a shrinking Western population.[37] Finally,

there is a historical precedent that, over long periods of time, macro changes made by states that result in the provision of more and higher quality political goods and services leads to power because they simply out-govern the opposition, winning support by supporting the population.[38]

China, as a great power and a developing state that has already provided a large portion of humanity with political and public goods, is in a significantly better position to take advantage of the international development opportunity than an already developed great power. There are significant barriers to the US or EU playing a role in macro change in the IPE. China is not without competition here, however; the other BRIC (Brazil, Russia, India, China) states have the potential to participate. India and Brazil are serious contenders as alternative peripheral sources of state leadership in the IPE. The UN has projected that India's population will outstrip China's by 2050.[39] Furthermore, India is a democracy and has English as a national link language, making it compatible with the West politically and economically. It already manages an extremely diverse polity that can easily be described as a micro or continental-size model for globalisation. Arguably, the Chinese Socialist State Directed Market Capitalism is at present statistically best placed of the developed great powers and the BRIC states.

The opportunity to gain power by becoming capable of making macro change in the IPE is undermined by three ordering principles: democracy, self-determination and human rights. There are three main theses about the link between democracy and development: firstly, economic development leads to democracy; secondly, democracy is essential for development; and thirdly, development has nothing to do with democracy. All of these theses have been researched

extensively, both theoretically and through the collection of data, with no clear result.[40]

The first thesis argues that economic development creates surplus wealth and time. A middle class expands and has the capacity to become concerned with quality of life. However, the resultant wish for self-determination requires political activity, and political activity leads to a call for access to statecraft. The broadest level of access to statecraft is through the application of democratic theory.

The second thesis argues that development is the fulfilment of individuals' lives. Thus development determined by 'any other' than each individual is not able to provide individual fulfilment. As a result of this, democracy is regarded as the best form of political organisation because it gives precedence to the individual. Lack of individual fulfilment under any other system creates political instability and threatens development and sustainability. Thus democracy is essential for development; without it, nation-states will reach an insurmountable political barrier to development.

The third thesis argues that democracy is a purely theoretical concept: it does not exist in practice. Access to statecraft is only an issue when nation-states are politically fractured or economically incompetent. The quality of statecraft is the central determinant of development. The link between development and democracy is an ideological question for each individual, and for the nation-state. However, the ideological position of great powers, states in general, IGOs, NGOs and MNCs has an impact on development: if they believe that democracy is the best system, then they are likely to offer assistance to democracies before other states. Consequently, the development outcome for democracies is more successful than other types of states.

A passage past these three theses is provided by a focus on international development. Democracy is a political good, but only one of many. After all, democracy is expensive, with the electoral process costing hundreds of millions.[41] The allocation of limited state resources for the creation of a democracy may be better spent on alternative political and public goods if a high level of development has not already been achieved. Is it better to have education, health care or democracy? In 2009 the PRC acknowledged the need for political reform; however, it clearly stated that this would be undertaken on terms set by the Chinese Communist Party (CCP). Importantly, the CCP also acknowledged the congruence required between China and the IPE, with Xinhua reporting: 'Yu Keping, deputy chief of the Central Compilation and Translation Bureau, praised democracy as "the least defective" among all political institutions created and adopted by human beings'.[42]

From an international development perspective, the PRC, since the late 1970s, has been a developmental state and this is arguably more important than democratic governance. The developmental state has 'good enough governance', with the essential components being a strong stable state committed to the development agenda, and one that in practice pursues policies for economic growth and human development. It must provide political and public goods in congruence with a global states–market IPE.

The issues of self-determination and human rights are far more problematic for the PRC and its ability to engage with the IPE as a benign hegemon promoting international development. In the states–market IPE states are unable to repudiate self-determination and abuse human rights over long periods of time. Self-determination is a component of international development and accommodation of individual

identities and development preferences may be achieved without the loss of another's self-determination. However, this loss does often occur when development is seen in a mercantilist win/lose scenario. The structural power relations of the IPE fundamentally require development to be truly international development, so the PRC will need to address the desires of the Tibetan, Uighur and Taiwanese peoples.

Human rights are often achieved in opposition to state power. The win/lose scenario of mercantilism is similar to the individual versus the people dichotomy of state policy. As development spreads more broadly in China (predominantly westward), the PRC needs increasingly to see the people as individuals, or at least culturally as families. Thus the three ordering principles of the IPE—democracy, self-determination and human rights—are barriers to China gaining power in the IPE, but they are not unacknowledged or insurmountable. In the interim, what immediate international development opportunities exist for China?

Opportunities in international development to provide political and public goods

As a great power and a developing state, China can lead change globally. Historically it has played a role in its own region. As the most advanced political economy in the 1400s it regulated trade in the states of Asia. For example, the Ming Dynasty Emperor Chu Ti supported Prince Sri Parameswara and his descendants at Malacca. This enabled an independent power base, protection against Siam, the subsequent dominance of Islam in Southeast Asia, and regional development through transhipment trade between India and China. [43] Technologically, the Chinese civilisation has contributed significant inventions to develop humanity, such

as gunpowder, paper making, movable type and the compass. It can certainly do these things again.

The current maintenance of the global market is an immediate opportunity for China; when seen through a G20 or G2 (the US and China) approach, the terrified post-2008–09 Global Financial Crisis nation-states can only perceive this as benign and benevolent. It is, after all, a developmentally successful state of global importance, with a large market, productive economy and high savings rate—elements currently lacking in the global arena. Nevertheless, Ngaire Woods, Professor of IPE and Director of the Global Economic Governance Programme at Oxford University, when commenting on the 2008–09 Global Financial Crisis, highlights the need for great power leadership and IGO reform, as well as the lack of Chinese commitment to the global character of the IPE:

> In respect of the IMF, the G20 have outlined a plan for the institution to play a stronger and more robust role in monitoring and surveillance, working with the newly created Financial Stability Board to ensure effective regulation. However, there is no plan to give the fund the authority to do this.[44]

Woods continues:

> Conversely, the failure to reform the IMF after the East Asian financial crisis of 1997 led these countries [China, India and Brazil] to amass foreign reserves as 'self-insurance' or 'financial independence' from the IMF. A greater number of countries sought recourse anywhere but with the IMF in the decade after the East Asian crisis, the IMF's income plummeted, leaving the institution with an estimated shortfall of $400 million a year

> by 2010 and forcing the once-powerful institution to lay off 300–400 staff (the total of which was 2600). Giving countries who turned their backs on the institution a reason to return—and thereby reversing the amassing of self-insurance reserves—would require deep reform indeed.[45]

China has the resources of a great power and thus the potential power capacity to pursue reform and recreate the global market for the benefit of all nation-states. Although it would be doing so primarily for its own benefit, the secondary effect of assisting all nation-states can be presented as a political and public good with a pseudo GPG effect. The structural power of the PRC must correspondingly be accommodated in the world order by the other nation-states and, as indicated by Woods, the IGOs as well.

A second immediate opportunity for China is the global environmental threat of carbon energy. The industrial revolution began in the midlands of the United Kingdom in part to overcome the lack of firewood.[46] Today, 'peak oil' and industrial pollution are unwelcome global threats—but also provide opportunities. Resource scarcity has often led to innovation; in the current situation, China, as the largest developing state and also as a great power, is uniquely positioned to respond. A shift to environmentally sustainable capitalism will require a developmental great power to impose state regulation if there is any chance of influencing and recreating the global market. A technology paradigm shift is required from oil and coal to nuclear (fission or fusion) and electric energy. Carbon neutral energy is technologically possible, but its successful implementation requires appropriate political and economic leadership.

A global market unguided by a developmental state will exhaust the current paradigm, as it is still profitable. It will not move to a new paradigm unless regulated by a developmental state, as to do so requires the acceptance of great risk. It also requires the initial loss of capital in the research and development phase of product development and the loss of existing profitably invested capital. Only great powers are in a position to reconstruct the global market. The already developed EU and US are beholden to the MNCs that are profitable because of the old technology paradigm. China, as a developing great power with the successful development model of Socialist State Directed Market Capitalism, can lead the world towards a new global political economy that is an environmentally sustainable form of capitalism.

There are precedents for Chinese provision of political and public goods as pseudo GPGs. At the 2009 China Foreign Affairs University East Asia Security Symposium, senior Chinese military, government and academic individuals proudly, clearly and with Chinese intensity argued this point. They listed that China is the largest contributor to the UN of the five permanent members of the Security Council; that the navy was conducting anti-piracy (sea lane security) operations in the Gulf of Aden and the seas off Somalia; that China was a financial contributor to Afghanistan and was helping stabilise Central Asia through the Shanghai Cooperation Organisation. My own point, widely accepted, was that these are a limited use of the potential capability of the PRC. A finding of the discussion at that symposium is that hegemony, by definition, is a problem.

Hegemony and international development

A significant barrier to a greater role for China is the Chinese and uniquely socialist PRC, CCP understanding of hegemony.

Hegemony is viewed in China through the European, historically inspired prism of the Gwai Lo, 'Ghost Devil' (more commonly translated in the West as 'Foreign Devil'). For example, a core document of the PRC, *China's Philosophy on Foreign Affairs in the 21st Century: China in Peaceful Development* states: 'Hegemony and power politics remain the major chief threat to world peace and development'.[47] Just as normative assumptions affected IPE scholarship and the depiction of the state–market relationship in the late twentieth century in the West, currently in the twenty-first century the historical experience and the socialist/communist/Maoist context of Chinese scholarship is affecting the depiction of hegemony, thus limiting Chinese engagement and consequently international development. This must be overcome as the IPE requires the power of China to be converted, through will and capacity, to political and public goods, and pseudo GPG, in order for all of us to be developed.

Engagement between Chinese and Western (and global) knowledge could overcome the negative interpretation and miscommunication of hegemony. A common and twenty-first century engagement can be aided by the pursuit of international development. When applied to the international development dialectic, as with the effect on the definition of superpower discussed earlier, it has the same effect on hegemony; with the definition and concept receding from the work of Kindleberger and moving towards Keohane (as discussed in Chapter Two) and, in particular, becoming akin to the consent aspects of the revisionist Marxist Antonio Gramsci.[48] A hegemon in international development is a nation-state that provides political and public goods, and pseudo GPG, and where consent and belief by lesser nation-states, IGOs, NGOs and MNCs is critically given judged on that basis and because they believe that their interests are the

same as—or at least in part satisfied by—the preferences of the hegemon.

This is a departure from what Western scholars generally argue, and also works in opposition to Kindleberger's 'seeded' hegemonic stability theory, because it must also be recognised that, in the twenty-first century, a states–market relationship is necessary for development. Furthermore, macro change is effected not only by nation-states, but also by the other actors and the environment/context. This insight reshapes hegemonic stability theory in several ways. In the IPE a hegemon is not required to establish rules and norms; rather, it is required to provide political and public goods as pseudo GPG. Hegemony is not the preponderance of material resources, but the facilitator of their use through the global market. Hegemonic powers do not need control over raw materials, capital or markets. They have a competitive advantage in their production of highly valued goods and services, as they hold the goal of international development. A hegemon is not required for this cooperation to take place, but can greatly enhance it. Regimes can persist without a hegemon, but will be improved through their purposeful macro change.[49]

The Chinese development model and global perceptions

Why does the Chinese development model need to include international development and the provision of political and public goods as pseudo GPG? As discussed in Chapter Two, the PRC has created concepts that are all complementary to the thesis of this chapter, namely, a Harmonious World, a New Security Concept, and Harmonious World Orientated Diplomacy. The PRC has published numerous documents to support these philosophically, such as already noted *China's Philosophy on Foreign Affairs in the 21st Century: China in Peaceful Development.*[50] These goals cannot be achieved

without international development because, as China develops, its demand for resources will bring it into conflict with all other nation-states that are also aiming to develop (see Chapter Five on oil). The slow macro change, and even the PRC's obtaining of the sources of macro change, is often seen as an additional threat.

Military capability and security is a good example of this kind of threat. When, for the first time in history, the Chinese Navy joined a UN Security Council anti-piracy mission, many welcomed the responsible decision, but others, such as Denny Roy, Senior Fellow at the East-West Center, Hawaii, reflected the fear of 'rising' China:

> The Chinese deployment gets at a question the US and other governments have been asking: 'Why the big Chinese military build-up when no country threatens China?' Or more bluntly, 'Why do the Chinese need a blue-water navy when the US Navy already polices the world's oceans?'[51]

Sinologist politicians also have problems understanding Chinese intentions. In 2007 for the first time Australia elected a Prime Minister fluent in Mandarin Chinese. Ex-Prime Minister Kevin Rudd is an experienced diplomat. He worked for the Australian Department of Foreign Affairs and Trade between 1981 and 1988 and was posted as First Secretary to the Beijing Embassy.[52] A new expectation and sense of relief was felt in Beijing on his electoral success, as the PRC had found a Western friend sympathetic and understanding of Chinese history, thinking and developmental challenges. However, in 2008 the Rudd Government announced the commissioning of a Defence White Paper that was released in 2009. It announced, in the midst of the world's worst financial

crisis since the Great Depression, the largest naval expansion since the Second World War. The paper noted:

> 4.26 China will also be the strongest Asian military power, by a considerable margin. Its military modernisation will be increasingly characterised by the development of power projection capabilities. A major power of China's stature can be expected to develop a globally significant military capability befitting its size. But the pace, scope and structure of China's military modernisation have the potential to give its neighbours cause for concern if not carefully explained, and if China does not reach out to others to build confidence regarding its military plans.
>
> 4.27 China has begun to do this in recent years, but needs to do more. If it does not, there is likely to be a question in the minds of regional states about the long-term strategic purpose of its force development plans, particularly as the modernisation appears potentially to be beyond the scope of what would be required for a conflict over Taiwan.[53]

The White Paper was widely reported as listing China as Australia's number one threat and as a threat to US dominance in the Pacific.[54] By employing international development as a goal of the PRC, its power potential can be explained and perceived as beneficial. China having power projection capabilities to police sea lanes or respond to natural disasters, as GPG, is better than China having these to invade Taiwan.

There are many positive and extraordinary elements of the Chinese development model that can be promoted globally as political and public goods and as pseudo GPG. They include: security, size, production of development, representation of the developing world, recognition that population growth rate is a barrier to development, the building of environmentally sustainable cities, stable 'good enough governance', and an alternative non-Eurocentric perspective (as noted in other chapters). However, unless the PRC becomes capable and willing to employ its power through political and public goods and as pseudo GPGs, as selected and guided by national interest, then it may increasingly find global perceptions turning against Chinese development.

Conclusion

By studying the Chinese development model, international development and hegemony in the contemporary IPE, this chapter has continued the study of how the *wealth of nations* is created that was begun by Political Economy over two centuries ago. IPE, through the study of Chinese Socialist State Directed Market Capitalism, can contribute significantly to addressing the most important challenge of this century—development. This chapter identified normative ideological barriers in contemporary IPE study that over-emphasised the conflict potential within the state–market relationship, and thus underestimated that relationship's importance to development. It also identified the historical and ideological understanding, and resulting definition of hegemony, within Chinese scholarship as a barrier to greater engagement in the IPE by China. These findings have been fundamental to the thesis of the chapter and also offer a path for future and broader research.

This chapter has established that China must engage globally in order to develop. Greater engagement with the IPE is mandatory in the contemporary environment for all nation-states. This is the case because, as a result of globalisation, the state–market relationship has been fundamentally altered to become a states–market relationship. A states–market relationship is now the primary source of development. As a consequence of China's relative size, it is a great power. This places expectations on China to employ its power to assist in the maintenance of the IPE. This is undertaken through macro change, which occurs through the four powerful actors in the IPE states, IGOs, NGOs and MNCs. In order to be able to affect the IPE, China will need to develop the capability to make macro change through all four actors.

China's increased role in the IPE should be in international development. It is uniquely positioned to take advantage of the greatest question and opportunity of this century because of its unique characteristic of being both a great power and also a developing state. It has a successful development model—Socialist State Directed Market Capitalism—that it can offer to the IPE as an example of development that challenges the dominant Western universal neoliberal model of development. The developed great powers do not have the same capacity because they are already developed, and use of Western MNCs is contentious because of the core–periphery exploitation prospect (as argued within dependency theory).

China is thus exclusively able to provide political and public goods as pseudo GPG to the IPE in order to affect macro change for international development. However, three core norms or values within the IPE—democracy, self-determination and human rights—presently hinder China from taking full advantage of its unique position. These barriers, and the need for reform, have been acknowledged by the CCP.

In the immediate future China has two opportunities—global market maintenance and environmentally sustainable capitalism. By providing pseudo GPG to the IPE, China would enable its own development. International development would also occur because of China's capacity to convert its power potential, through will, into use. It would become a benign and benevolent hegemon, as redefined through the perspective of international development.

Notes

[1] Strange, *States and Markets*, p. 25. Structural Power is 'The power to decide how things shall be done, the power to shape frameworks within which states relate to each other, relate to people or relate to corporate entities.'

[2] Payne and Phillips, *Development*, pp. 152–158.

[3] See Chapter Five by Blazevic, '*Oil, Sea lanes and the Security Dilemma'*.

[4] O'Brien and Williams, *Global Political Economy*, pp. 11–39.

[5] Cohen, *International Political Economy*.

[6] Fukuyama, *The End of History and the Last Man*; Fukuyama, 'The End of History?'.

[7] International Monetary Fund, 'International Financial Statistics'.

[8] Krugman, 'The Myth of Asia's Miracle', pp. 62–78.

[9] The label was offered by China Foreign Affairs University scholars.

[10] United Nations Development Program, 'International Human Development Indicators'.

[11] For example please see statistics available at World Bank http://data.worldbank.org/country/china, International Monetary Fund http://www.imf.org/external/data.htm, or People's Republic of China http://www.gov.cn/english/

[12] Phillips, 'Whither IPE?', pp. 246–69. A similar proposition appears in Chapter Two by Dellios, which discusses contemporary international relations as a Western invention that can be enriched by Chinese philosophy.

[13] Strange, *States and Markets.*

[14] Philpott, 'Sovereignty', pp. 352–68.

[15] Schwartz, *States Versus Markets*, pp. 11–41.

[16] Wolf, *Europe and the People without History*, pp. 265–6.

[17] Payne, *The Global Politics of Unequal Development;* Leys, *The Rise and Fall of Development Theory*.

[18] Structural interdependence refers to the constraints and opportunities placed upon actors by the fundamental, stable and enduring relationships in the IPE that result in events and action taken in one location having effects elsewhere.

[19] Cox, *Approaches to World Order*, pp. 85–123.

[20] Payne, *The Global Politics of Unequal Development*, p. 234.

[21] Ping, *Middle Power Statecraft.*

[22] Ping, *Middle Power Statecraft*, p. 226.

[23] Auer and Watanabe, *From Marco Polo Bridge to Pearl Harbor*; Davidann, *Cultural Diplomacy in U.S.–Japanese Relations, 1919–1941*.

[24] Keohane, *After Hegemony*, pp. 31-46.

[25] Keck and Sikkink, *Activists Beyond Borders.*

[26] For example see Frangos, 'China flexes its financial muscle', p. 22; Human Rights First, 'China's Arms Sales to Sudan'; Maslen, 'In the Wake of the Boom', pp. 24-7; Worldwatch Institute, 'The China Factor'.

[27] Payne and Phillips, *Development*, p. 157.

[28] Pape, *Dying to Win.*

[29] Payne, *The Global Politics of Unequal Development*, p. 234.

[30] Grameen Bank, 'About Us'.

[31] Kaul, Grunberg and Stern, *Global Public Goods.*

[32] Rotberg, *When States Fail*; Rotberg, *State Failure and State Weakness in a Time of Terror*.

[33] Develtere and Huybrechts, 'The Impact of Microcredit on the Poor in Bangladesh'.

[34] Lodge and Wilson, *A Corporate Solution to Global Poverty*; Wilson and Wilson, *Make Poverty Business.*

[35] Wolf, *Europe and the People without History*, p. 266.

[36] Wolf, *Europe and the People without History.*

[37] Bloom, Canning and Sevilla, *The Demographic Dividend*; United Nations Population Fund, 'Linking Population, Poverty and Development'.

[38] Galula, *Counterinsurgency Warfare;* Kennedy, *The Rise and Fall of the Great Powers;* Kilcullen, *The Accidental Guerrilla.*

[39] United Nations Population Division, 'World Population Prospects'.

[40] For example see Decker and Lim, 'What Fundamentally Drives Growth?'; Gradstein and Milanovic, 'Does Liberte = Egalite?'; Grugel, 'Democratization and the Realm of Politics in International Political Economy'; Hope, 'Capacity Development for Good Governance in Developing Societies'; Huntington, *The Third Wave*; Hyden and Court, 'Governance and Development'; Inglehart and Welzel, 'How Development Leads to Democracy'; Mushkat and Mushkat, 'Economic Growth, Democracy, the Rule of Law, and China's Future'; Smith, *Good Governance and Development.*

[41] Australian Electoral Commission, 'Costs of Elections and Referendums 1901–Present'.

[42] Xinhua, 'China Will Carry Out Political Reform Actively Yet Prudently'; Vollmer and Ziegler, 'Political Institutions and Human Development'.

[43] Ryan, *The Cultural Heritage of Malaya*; Ping, *Middle Power Statecraft*, p. 148; Ricklefs, *A History of Modern Indonesia c.1300.*

[44] Woods, 'Global Crisis', p. 5.

[45] Ibid

[46] Perlin, 'Peak Wood Forges an Industrial Revolution'; Wolf, *Europe and the People without History.*

[47] Binjie, *China in Peaceful Development*, pp. 21-22.

[48] Bellamy and Schecter, *Gramsci and the Italian state.*

[49] Keohane, *After Hegemony*; Kindleberger, *The World in Depression.*

[50] Binjie, *China in Peaceful Development.*

[51] Barrowclough, 'China Sends Navy to Fight Somali Pirates'.

[52] Macklin, *Kevin Rudd*; Stuart, *Kevin Rudd.*

[53] Commonwealth of Australia, *Defence White Paper 2009, Defending Australia in the Asia Pacific Century*, p. 34.

[54] Sainsbury and Stewart, 'China a "Peaceful Force" in Beijing's Response to Defence Paper'.

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