

## FOREWORD

### **From Domestic to Global: Pertinent Issues in Chinese Polity, Economy and Society**

This third and final issue of Volume 2 of *Contemporary Chinese Political Economy and Strategic Relations: An International Journal* (2016) represents a collection of research articles covering some of the most pertinent aspects of the state and changes in the political economy and strategic relations of today's People's Republic of China (PRC). The six full-length research articles in this issue consist of Jinghao Zhou's paper that focuses on one of the most attention-grabbing campaign initiated by the Xi Jinping 习近平 administration – the unprecedented intensive and large-scale crackdown on public office corruption among the ranks and files of the Chinese Communist Party (CCP)<sup>1</sup>, Guorui Sun and Alex Payette's that looks at the prospects of internationalization of the Chinese currency, renminbi, and explores the model of “impossible trinity” in the Chinese context, Xinxin Bai and Ali Öztüren's comparative study of the successful internationalization models of the three representative, well-known enterprises – Haier, Huawei and Lenovo, Paramitaningrum and Johanes Herlijanto's analysis of Indonesia's economic and diplomatic relations with Taiwan – here conflated by Taiwan's “economic diplomacy” since the turn of the 90s under the Lee Teng-hui administration – today under the looming

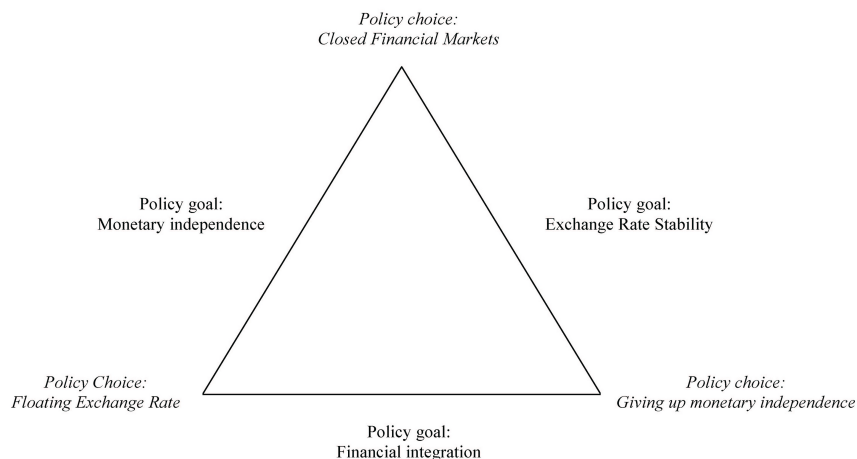
shadow of a China in the ascendant, John H.S. Åberg's paper that attempts to reconceptualize "assertiveness" in the context of China's foreign policy behaviour and her Asian Infrastructure Investment Bank (AIIB) *tour de force*, and Anas Elochukwu's study of the African migrant population and its economy in Guangzhou, Guangdong Province of China, both legitimate traders and the underworld.

In the first paper of this issue, "Will the Communist Party of China Be Able to Win the Anticorruption Battle?", Jinghao Zhou carefully examines the pros and cons of anticorruption campaigns and in China's context today sees these anticorruption campaigns and consolidating the legitimacy of the CCP the "two sides of the same coin", despite acknowledging an argument which exists both inside and outside China that the present, vehement anticorruption campaign could, on the contrary, fundamentally undermine the legitimacy of the CCP. Also mentioned is the view that the present anticorruption campaign represents an attack on political opponents within the Party in order to enhance the personal popularity and consolidate the personal power of President Xi Jinping. As Zhou points out, corruption in the PRC is not a new phenomenon in the post-Mao Zedong 毛澤東 era. In fact, anticorruption measures have continued to constitute a main prong in the Party's political reform notably since the Jiang Zemin 江澤民 administration, as Jiang himself declared in 2002 in his last political report to the National Congress, "If we do not crack down on corruption, the flesh-and-blood ties between the party and the people will suffer a lot and the party will be in danger of losing its ruling position, or possibly heading for self-destruction." That was the time during which Hutton (2006: 127), citing Sun Yan in *Current History* (2005), reminded us that "large-scale corruption is mounting. The average 'take' in the 1980s was \$5000; now it is over \$250,000. The number of arrests of senior cadre members above the county level quadrupled between 1992 and 2001

[...]. In 2005 it was disclosed that a cool \$1 billion had been misappropriated or embezzled in Gansu, one of China's poorest provinces, by a ring of forty or more officials." Hutton cited Hu's (2006) estimate that the annual economic loss due to corruption over the late 1990s alone amounted to between 13.3 and 16.9 per cent of Gross Domestic Product (GDP), while evidence provided by government departments revealed that the annual economic loss between 1999 and 2001 due to corruption averaged 14.5 to 14.9 per cent of GDP.<sup>2</sup> As Hutton (2006: 127) noted, "Every incident of corruption – smuggling, embezzlement, theft, swindling, bribery – arises in the first place from the unchallengeable power of communist officials and the lack of any reliable, independent system of accountability and scrutiny [...] the evidence of the depth of corruption at the apex of government, business and finance, mean that any paradoxical usefulness [of corruption in the early years of reform in providing flexibility to an otherwise highly bureaucratic system] has long since been surpassed. Corruption to this extent is chronically dysfunctional and even threatens the integrity of the state." However, different from previous campaigns, as Zhou notes, Xi's anticorruption campaign is unprecedentedly ambitious. Both the abovesaid purposes might well be true: to save the rule of the CCP lest the "flesh-and-blood ties between the party and the people will suffer" with the Party heading for self-destruction, as Jiang Zemin once warned, as well as to strengthen Xi's legitimacy which in turn would serve to enhance his leadership position within the Party and authoritarian power over the nation. The latter, which in a backward loop also helps to strengthen his leadership credential within the Party, seems to be evident in, parallel to his anticorruption campaign, the also unprecedentedly intensive crackdowns, first kicked off with the arrests of the "Feminist Five" in March 2015, on domestic civil societal movements, civil rights lawyers, labour activists and even Hong Kong's book publishers and

distributors. Recalling that Xi Jinping's father Xi Zhongxun 習仲勳, Mao's close comrade during the Chinese Soviet period, Long March and the Civil War era, who was publicly abused and humiliated during the Cultural Revolution, in fact advocated in 1983 the enactment of a law that would guarantee everyone in China the right to express differing opinion, New York University's Professor Jerome Cohen, a foremost scholar on China's legal system, told CNN, "I hope Xi follows his father's advice rather than continuing along this path. But I don't have my hopes too high."<sup>3</sup> Thus, the unprecedented intensive anticorruption campaign was executed alongside the volatile series of incidents involving a year of relentless crackdowns on domestic civil societal movements, civil rights lawyers, labour activists and Hong Kong's book publishers and distributors, and also notably at the same time which also witnessed the continued rise of China's economic might culminating in the realization of her initiative for the Asian Infrastructure Investment Bank (AIIB) that started operation on 25th December 2015 and the continued progress of her "One Belt, One Road" (OBOR) proposal after the creation of the State-owned Silk Road Fund on 29th December 2014. Such developments on China's domestic and global fronts has to be properly placed in the overall context of China's domestic-foreign policy nexus that has uniquely evolved during from her recent decades of continuous, astounding economic *tour de force* amidst the stagnation of the modernization and democratization of her political structure, which Zhou has also sharply observed, and sociopolitical power configuration, and the rise of her influence in the global system. The three articles that follow by Guorui Sun and Alex Payette, John H.S. Åberg, and Xinxin Bai and Ali Öztüren respectively explore this ascending influence and deeply felt impact of the rise of the PRC in this global system.

Guorui Sun and Alex Payette in their paper, "China and the Impossible Trinity: Economic Transition and the Internationalization of

**Figure 1** Impossible Trinity (“Trilemma”)

Source: Aizenman (2011), Figure 1.

the Renminbi”, look at the plausibility and complexity of the issue of internationalization of the Chinese currency, renminbi 人民幣, that has been a subject of heated discussion and debate among policymakers and in the academic circles after the 2008 financial crisis, weighing the policy choices vis-à-vis Mundell-Fleming’s “impossible trinity” or the “trilemma” in which a country is said to be able to choose any two, but not all of the following three policy goals – monetary independence, exchange rate stability and financial integration (unfettered capital movement), as depicted in Figure 1 above. While making analytical recommendation for China to pursue a specific policy basket to tackle the impossible trinity, the authors also highlight the added importance of well managing this “trilemma” triangle as a country with an economy as big as China’s would stand to destabilise not only her own domestic

economy but also the global economy should the policymakers mismanage the impossible trinity.

To explore further the making of China's global economic impact, Xinxin Bai and Ali Öztüren in their paper on China's export brand development delve into such export brand development process of Chinese enterprises by focusing on the different strategies involved in the three success stories of Lenovo ( 聯想 ), Haier ( 海爾 ) and Huawei ( 華為 ). With detailed comparative analysis of the three models of export brand internationalization, the paper unearths strategic advantages and weaknesses in the Chinese enterprises' protean efforts in enhancing brand awareness and reputations in the world. John H.S. Åberg, on the other hand, in his paper "A Struggle for Leadership Recognition: The AIIB, Reactive Chinese Assertiveness, and Regional Order" looks at the rising global influence of China vis-à-vis the United States from an international political economy perspective, by first reconceptualising "assertiveness", that current buzzword in IR circles of China Studies scholars and then zooming in on the creation of the Asian Infrastructure Investment Bank (AIIB) as a manifestation of China's abandoning Deng Xiaoping 鄧小平's strategy of "keeping a low profile" (*tao guang yang hui* 韜光養晦) in favour of a new strategy of "striving for achievement".

It is also within this unfolding international reality with the behemoth Chinese presence that the next article by Paramitaningrum and Johanes Herlijanto, "Economic Diplomacy, Soft Power, and Taiwan's Relations with Indonesia", examines the changing factors that are affecting the evolving relations between Indonesia and the island nation of Taiwan (Republic of China or ROC) which PRC considers a renegade province of her possession. As cited by the authors<sup>4</sup>, Professor Samuel Ku 顧長永, director of the Institute of China and Asia-Pacific Studies (ICAPS) at Taiwan's National Sun Yat-sen University ( 國立中山大學 )

till his retirement by end of July 2016, used to refer to the island state's main thrust of foreign policy as "economic diplomacy", i.e. mobilising her significant economic resources in exchange for political support in the global community, especially continued diplomatic relations with and statehood recognition from just around a score of countries mostly in Central America and Africa that still have not switched recognition to the PRC since the ROC lost her United Nations seat in 1971 to the PRC. However, further to that, Paramitaningrum and Herlijanto also explore Taiwan's investment of "soft power" which, similar to that of China, in its implementation that does not exclude the manipulation of its economic power in the form of foreign direct investments and international aid, which has served to conflate the different notions of "hard" and "soft" power following the original conceptualisation of Joseph Nye. The delicate relationship between Indonesia, the Southeast Asian archipelagic behemoth which is ranked fifth by population and fifteenth by land area globally, with both China and Taiwan inevitably brings to mind Lowell Dittmer's strategic triangle theory though the latter has not been often used where cross-Strait relations were involved.

As Dittmer explained earlier in an article published in the April 2016 issue of this journal:

A strategic triangle may be said to be operational if three conditions obtain: (1) all three participants are sovereign (i.e., free to decide their own national interests and foreign policy preferences), rational actors (i.e., ideology, religion, etc. does not limit linkage options); (2) each actor takes into account the third actor in managing its relationship with the second; and (3) each actor is deemed essential to the game in the sense that its defection from one side to the other would affect the strategic balance. If we assume that relations among actors may be classified as either "positive" or "negative" (a simplification, but

sometimes a necessary one), there are only four possible configurations of the triangle.

(Dittmer, 2016: 118)

These four configurations can be depicted as in Figure 2 overleaf.

On each player's policy choice Dittmer elucidates further:

The individual actor's logical objective in this triangle is to have as many positive and as few negative relationships as possible. The implications are that first, each actor will prefer to have positive relations with both other actors; second, failing that, each will prefer to have positive relations with at least one other actor; and third, that in any event each actor will try to avoid incurring negative relations with both other actors. This in implies a fairly clear rank order, with the pivot position in a romantic triangle being the optimal choice, followed by an actor in a ménage à trois, followed by wing player in a marriage, followed by any actor in a veto triangle, with the position of pariah in a stable marriage being the least preferred option.

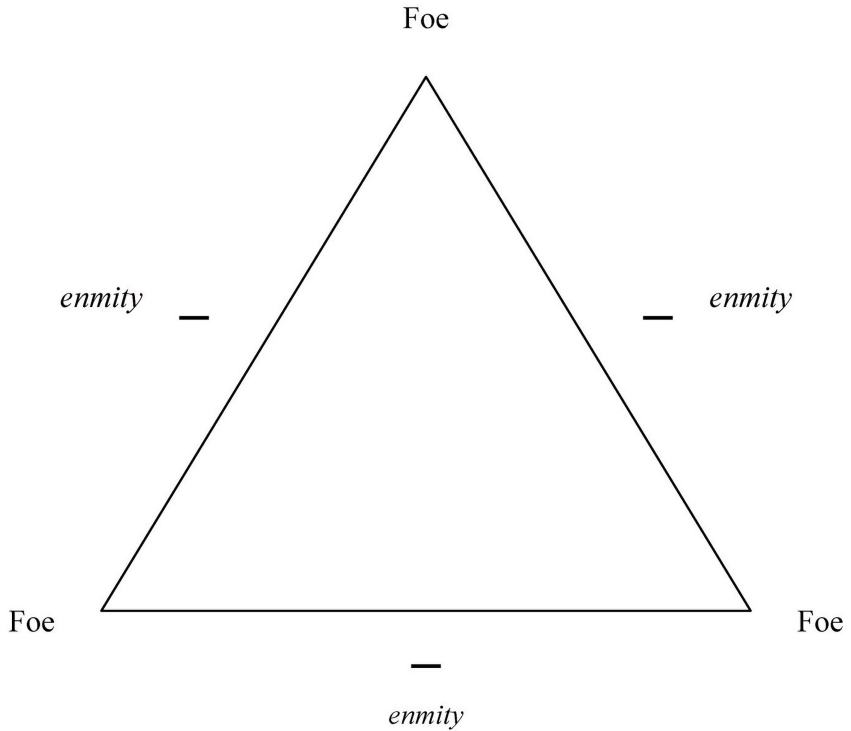
(Dittmer, 2016: 118-119)

Today, Indonesia's relationships with the two states across the Taiwan Strait can best be depicted with Dittmer's "romantic triangle" (the pivot position in which being the optimal choice), with the United States as a pivot (in most works employing this framework that involve cross-Strait relations) replaced in this case by Indonesia, though imperfectly. Yaeji Hong (2016), in a paper on U.S.-China-Taiwan relations, actually proposes a "dual-romantic triangle" in which both amity and enmity are present between the pivot and each wing by taking into consideration the ambiguity in American foreign policy that depends on Administration-Congress convergence or divergence.



**Figure 2** Lowell Dittmer's Strategic Triangle: Four configurations

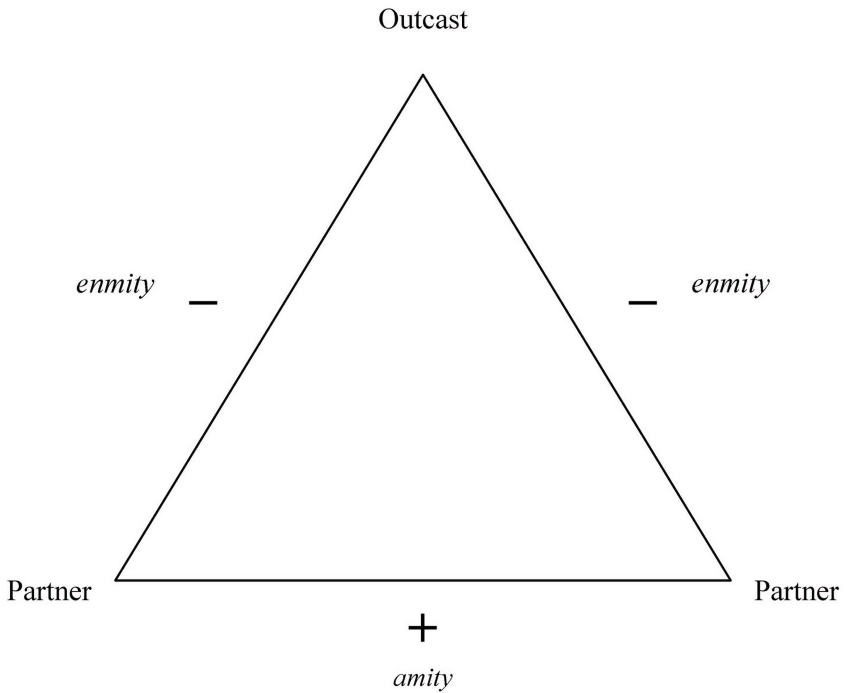
(a) Unit veto – enmity among all three actors



Sources: Dittmer (1981), Dittmer (2016), Mao (2003), Hong (2016).

**Figure 2** (continued)

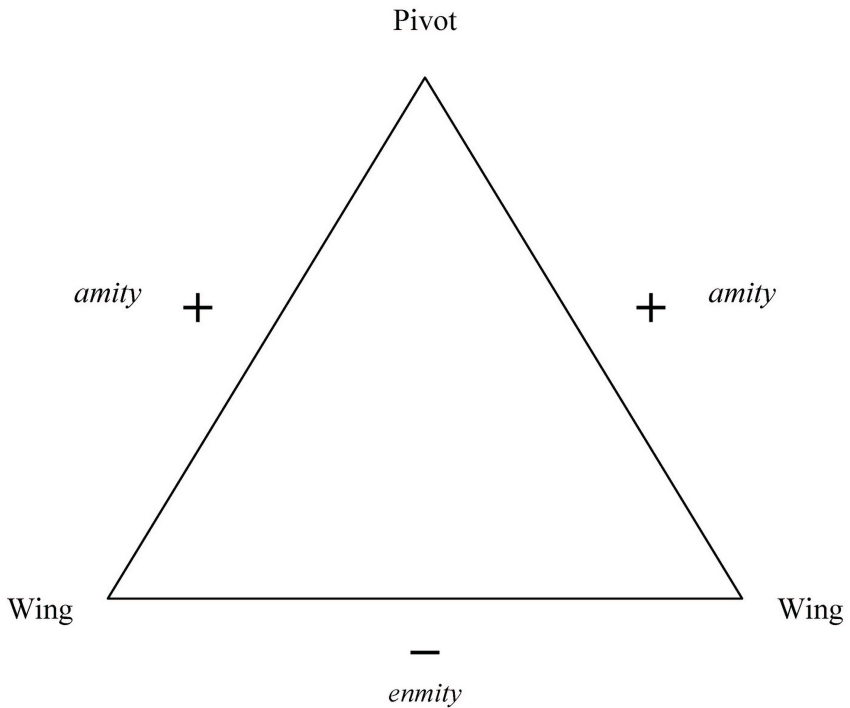
**(b)** Marriage – a positive relationship between two partners against a third “pariah”



Sources: As of Figure 2 (a).

**Figure 2** (continued)

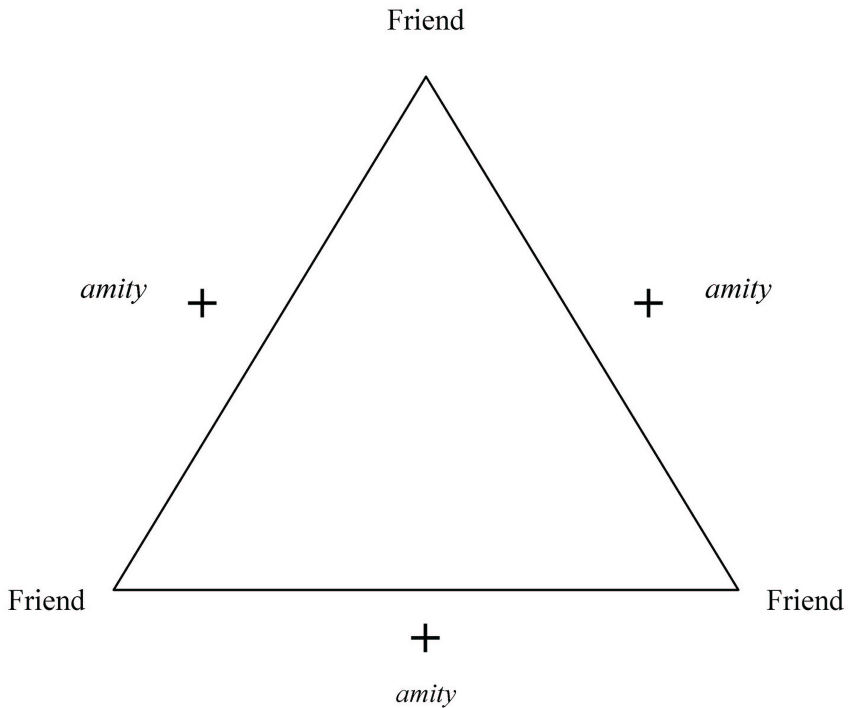
- (c) Romantic triangle – positive relationships between one “pivot” and two “wing” actors, who have better relations with the pivot than they have with each other



Sources: As of Figure 2 (a).

**Figure 2** (continued)

(d) *Ménage à trois* – positive relationships among all three actors



Sources: As of Figure 2 (a).

Professor Wen-cheng Lin 林文程, current acting director of ICAPS from August 2016, highlighted in a paper earlier in 2008, as cited by Paramitaningrum and Herlijanto<sup>5</sup>, Taiwan's "Go South" policy gaining further impetus in 2002 when the island state was under

the Democratic Progressive Party (DPP, 民主進步黨 / 民進黨) government. Now with the new president Tsai Ing-wen 蔡英文 from the DPP, after the DPP's landslide electoral win in January 2016, launching the "New Southbound Policy" to further win the hearts and minds of South and Southeast Asians under the looming shadow of the deterioration in cross-Straits relations, further changes, even if only subtle, in this "romantic triangle" or "dual-romantic triangle" of relationships among Indonesia, and ASEAN (Association of Southeast Asian Nations) at large, and the two states across the Taiwan Strait are bound to occur, as Dittmer points out:

Thus the dynamics of change from one triangular configuration to another might thus be conceived to ensue from competition for the limited number of favorable positions, so that as actors maneuver the configuration shifts shape. But changes in configuration might also be viewed as a response to growth in the capabilities or ambitions of one or another actor and the consequent need to adapt to the redistribution of threats.

(Dittmer, 2016: 119)

Nevertheless, unlike in the case of U.S.-China-Taiwan relations, in this case the presence of ethnic Chinese minorities in the ASEAN member countries is also inevitably going to impact upon such "romantic triangle" relationships, either positively or negatively depending upon the variety of majority-minority, dominant group-subordinate group relationship in each of these ASEAN member countries. Such influence of ethnic minorities on international relations in addition to domestic sociopolitical stability, while in a different setting, is the focus of this journal issue's next article, "Guangzhou's African Migrants: Implications for China's Social Stability and China-Africa Relations",

by Anas Elochukwu. Showing much concern for the negative, and deteriorating, impact of the issue of African migrants on China's social fabric – by taking Guangzhou, the Chinese metropolis with the presence of a large community of Africans, as a case in focus – as well as China's image in Africa that would affect China-Africa relations in general, Elochukwu's article presents a riveting study on both the phenomenon and the background factors, the realities and the fallacies, of this African "migrant crisis" in China, increasingly regarded so since the 2008 African migrants' protest over the death of a Nigerian fleeing an immigration raid. Analysing various pertinent issues including the very nature of African migrants' activities in the host country, Chinese State actions, and African-Chinese intermarriage and status of children from such marriages, the paper derives concrete advice for the governments of the African source countries of these migrants and prospective migrants including a better set of "quality control" measures as well as for the host country to more seriously address complaints from the migrant population and abandon her one-size-fits-all approaches in order to adopt better measures to aid the adaptation of migrants with genuine aspirations.

Following these six full-length articles described above is a thought-provoking thinkpiece under the Policy Comments section by Chien-yuan Tseng exploring the reality behind and exposing the fallacy involved in the so-called "1992 consensus" and "one China" principle that have together formed the political and diplomatic cornerstone of cross-Strait relations especially during the Nationalist Party (Kuomintang 中國國民黨)'s Ma Ying-jeou 馬英九 presidency in Taiwan. This thinkpiece is both important and timely after the Taiwanese general elections on 16th January 2016 that ended with the pro-independence DPP for the first time ever winning control of both the presidency and the Legislative Yuan that has thrown this political cornerstone into chaos, subsequently

followed by the globe-shaking November United States presidential election results that produced a president-elect that began talking about reviewing the “one China” policy that have both political leaders and foreign policy analysts on both sides of the Taiwan Strait scratching their heads searching for interpretations.

Finally, this journal issue also contains a piece of empirical Research Notes by Lavanchawee Sujarittanonta, Kittichok Nithisathian, Lin Fan and John C. Walsh on the prospects for the internationalization of Taiwan’s and China’s higher education before it closes with two book reviews – one by Joanne Hoi-Lee Loh on Ivan Tselichtchev’s *China versus the West: The global power shift of the 21st Century* (2012), and the other by Monir Hossain Moni on Claude Meyer’s *China or Japan: Which will lead Asia?* (2012).

The present issue of *Contemporary Chinese Political Economy and Strategic Relations: An International Journal*, the third and final issue (December) of this year thus significantly completes the 2016 volume beginning with the April special issue (Vol. 2, No. 1), *China amidst competing dynamics in the Asia-Pacific: National identity, economic integration and political governance*, and followed by the August/September *Focus* issue (Vol. 2, No. 2), *From Handover to Occupy Campaign: Democracy, identity and the Umbrella Movement of Hong Kong*. The present issue, Vol. 2, No. 3, hence brings the journal’s second volume to a close by directing its focus one more time onto some of the most critical areas of the state and changes in the political economy and strategic relations of today’s mainland China and Taiwan which the journal was exploring in this year’s first issue in April.

Before ending this foreword, we would like to thank all the contributing authors and the anonymous reviewers for their invaluable efforts in making the publication of the three issues of this second volume (2016) possible. For the present issue of Volume 2, Number 3,

we are also grateful to our proof-reader, Miss Amy Kwan Diet Weng 官狄雯, for her crucial assistance in checking the final galley proofs and CRCs, and to Miss Wu Chien-yi 吳千宜 for the journal's website construction and maintenance. The responsibility for any errors and inadequacies that remain is of course fully mine.

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## Notes

1. Or officially the “Communist Party of China” (CPC, 中國共產黨).
2. Hu Angang (2006). *Great transformations in China: Challenges and opportunities*. Oxford University Press. (Cited in Hutton, 2006: 127.)
3. “Trial by media? Confessions go prime time in China” (by Steven Jiang), *CNN (Cable News Network)*, 26th January 2016. <<http://edition.cnn.com/2016/01/26/asia/chinatelevisionconfessions/index.html>>
4. Samuel C.Y. Ku (2002). Indonesia's relations with China and Taiwan: From politics to economics. *Asian Perspective*, Vol. 26, No. 4, pp. 227-256.
5. Wen-cheng Lin (2008). The limits of democratic appeal and economic leverages: Relations with ASEAN countries. In: Steve Tsang (ed.), *Taiwan and the international community*. Bern: Peter Lang AG International Academic Publishers, pp. 189-212.



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*Democracy, cross-Strait relations and regional security* (edited Focus issue, *IJCS*, 2014, 195 pp. + x), “Evolving agencies amid rapid social change: Political leadership and State-civil society relations in China” (book chapter, Palgrave Macmillan, 2013) and *China: Developmental model, State-civil societal interplay and foreign relations* (edited monograph, 745 pp. + xxi, ICS, 2013). His latest research projects include the Equitable Society Research Cluster UMRG Programme on public administration and governance (2016-2017, principal investigator), Malaysian Ministry of Higher Education/University of Malaya High-Impact Research (HIR) Grant project “The China Model: Implications of the contemporary rise of China” (2013-2016, principal investigator) and Suntory Foundation/University of Tokyo international research grant project “Beyond ‘China threat theory’: Dialogue with China experts on the rise of China” (2014-2015, Malaysian component). <Website: <http://emileyeo5.wix.com/emileyeoh>; email: [yeohkk@um.edu.my](mailto:yeohkk@um.edu.my), [emileyeo@gmail.com](mailto:emileyeo@gmail.com)>

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# Articles

