

**China's Peaceful Rise:**  
**Speeches of Zheng Bijian 1997-2004**



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## FOREWORD

In the more than two decades since Deng Xiaoping began China's process of opening and reform, Zheng Bijian has been one of China's leading intellectuals. From a variety of government positions, ranging from scholarly work at the Central Party School of China to high management positions at the Ministry of Propaganda, he has brought his intellectual energy to some of the most difficult questions that China has confronted. Zheng is now chairman of the China Reform Forum, a Beijing-based think tank working on domestic and international issues. I am delighted that some of his most important recent work has been gathered here for the first time in English. All of it is devoted to the idea of China's "peaceful rise," a concept Zheng originated. Following release of this volume, The Brookings Institution's China Initiative intends to periodically publish additional writings of other important Chinese thinkers in the fields of politics, economy, and society for English-speaking audiences.

Zheng was born in Sichuan in 1933 and served in a variety of government positions during his career, largely dealing with questions of politics, education and government reform. In 1992 Zheng became executive vice president of the Central Party School, serving as deputy to Chinese President Hu Jintao. In that role, Zheng worked closely with Hu in overhauling the school and turning it into a center for educating the next generation of Chinese leaders. As a result, he enjoys a distinctive relationship with some of the leading figures in China today, representing a link between the reform thinking of Deng's time and the contemporary development challenges of China. When Zheng reached retirement age in 2002, he set aside his work at the Party School and moved to the China Reform Forum, which he has used as a platform for research and strategic thinking about China's position in the world.

The questions Zheng seeks to address in the "peaceful rise" speeches collected here include some of the most complex China faces as it emerges into an already rapidly changing world order. Originally conceived in 2003, as an attempt to answer Western proponents of the "China threat theory," Zheng's idea of a peaceful rise now includes views on China's internal situation as well. The works in this volume show Zheng attempting to explain the strategic background of China's peaceful rise, to demonstrate how this rise can be accomplished and to address clearly the challenges to a peaceful rise. The message Zheng brings is first and foremost

that China hopes to rise not through territorial expansion or challenges to other powers but as a result of its own hard work and a peaceful international environment. Unlike past rising powers, which upset the international order either to facilitate their rise or as a result of it, Zheng says China seeks a different path and will work to integrate itself into the world order instead of challenging it. This demands a continued effort by China to seek and support interdependency, a development path that will also lead China to seek cooperative economic and security relationships.

Zheng's concept of a peaceful rise doesn't depend on China alone, one of the points that critics inside China have been quick to point out. It also demands that the rest of the world help China create an international environment where this sort of rise can take place. And it demands that China quickly deal with the internal problems facing a peaceful rise. Zheng seeks to address these issues in his later speeches, which refine his core idea. The internal challenges to a peaceful rise are many, Zheng explains. These include resource shortages, pollution, corruption, political stability, and uneven socioeconomic development. Internationally, China faces a host of established powers, most notably the United States, with their own economic and political concerns. Zheng believes that clearly explaining China's intentions can help establish the basis of a larger cooperative framework that will smooth China's growth in economic and political influence. It will also provide a guiding principle for Chinese leaders and citizens as they look for solutions to complex problems. It will be, he hopes, a constant reminder that China must seek peace to rise.

There are countervailing schools of thought in China, some of them quite influential. Zheng's initial discussion of peaceful rise was met by opposition from many influential minds in China. Opposition to the idea came from many points of view. Some thinkers argued the theory's focus on peace made China look weak, while others argued that the idea was too simplistic for a complex world. Yet another criticism was that Zheng's theory was naïve, since the United States and other established powers won't, in these critics' view, permit China to rise at all, let alone peacefully. For many China observers, however, this energetic debate about Chinese grand strategy was in itself promising, proof of increasing openness in discussion about what direction the country should toward look for its future as a global power.

As a result, this collection of Zheng's work gives us not only a view of one possible Chinese future but also a unique glimpse into how Chinese thinkers are at this moment debating

their future. Zheng's view of a peaceful rise for China is a Chinese grand strategy that we know is both well-regarded and well-discussed in certain circles in Beijing. In recent months, Zheng has been reminding listeners that a peaceful rise can be seen as an extension of Deng's often-stated idea of "peace and development." What emerges most strongly from the speeches here is Zheng's strong sense that the lessons of history demand that China pursue a stable, peaceful international environment as a first priority. In Zheng's view, that sort of peace-based grand strategy will not only help smooth China's rise—it will also make it easier to begin to see China's success translate into benefits for other countries as well.

The speeches in this volume are worth reading not only for the strength of their ideas, but as a way to begin building a picture of the political and policy constraints and opportunities in China relations. The breadth of Zheng's ideas allows him to tackle subjects as diverse as energy security and nuclear proliferation, always with a strong focus on the costs to China of a rise that is not peaceful. Zheng leaves us to calculate for ourselves the costs to the rest of the world about a non-peaceful Chinese rise, a theme that informs all of these speeches and makes reading them an essential precursor to that always complex question: How should we think about China?

*John L. Thornton*  
Chair of the Board  
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THE 16<sup>TH</sup> NATIONAL CONGRESS OF THE COMMUNIST PARTY OF  
CHINA AND CHINA'S PEACEFUL RISE—A NEW PATH

*Center for Strategic and International Studies of the U.S. (December 9, 2002)*

I am delighted to meet with friends today. My topic is the 16<sup>th</sup> National Congress of the Communist Party of China (CPC) and China's Peaceful Rise—a New Path. Let me start my presentation with some words about the leadership reshuffle at the 16<sup>th</sup> CPC congress.

As you all know, the 16<sup>th</sup> CPC Congress was held at a key juncture when the central leadership of the Party as a whole needed to be reshuffled. The most significant outcome of the Congress was that all the members—with the exception of Hu Jintao of the Standing Committee of the Political Bureau of the Central Committee of CPC—were replaced with new faces. The most striking feature of the reshuffle was the smooth handover and transition of power in an institutionalized manner. The Political Bureau of CPC Central Committee, led by General Secretary Hu Jintao, was already up and running and the first meeting it called, which was covered in detail by the media on the same day, was about economic development of China and its peoples' living standard. People in China are all happy with the results of the 16<sup>th</sup> Congress because it represents a new start, shows that the new leadership will do an even better job in upholding Deng Xiaoping's theory of "three represents," and is giving top priority to development in their administration. At the same time, smooth power transition at the top leadership marks that a new type of political culture is born and growing in China.

General Secretary Hu Jintao has rich experience working at the grass roots, and in particular, places with harsh conditions such as Tibet, Guizhou Province, and Gansu Province. For ten years, he was a member of the Standing Committee of the Political Bureau of the CPC Central Committee. When he was concurrently president of the Central Party School, I was the executive vice president, so I knew through what I saw

and experienced that he was also a strong leader and champion, and supporter of teaching and academic reform at the Central Party School.

Please allow me to say a few words about teaching reform at the Central Party School. An important part of the reform is to fully understand the trends of the contemporary world economy, science and technology, laws, and military affairs and thinking, in addition to the in-depth study of the guiding principles of the Party. We call it “five contemporaries,” which means that cadres of the Party at all levels should have a world-oriented outlook. Now, I would like to welcome you all to the Central Party School if you are interested and have the time. I will give you a more detailed introduction about our reform, then I would like to let you know that our reform has got full backing from Hu Jintao. As he once said, “Cadres of the Party at all levels should have a world-oriented outlook and shall by no means be out of touch with reality, stubborn or rigid.” At the first press conference after he was appointed General Secretary, he said firmly and emphatically, “The main task for the new central leadership is to concentrate on development and growth.”

Where is China heading in the twenty-first century? China has stuck to a path of development over the two decades since the third plenary session of the 11<sup>th</sup> National Congress of CPC. Thanks to it, China’s gross domestic product (GDP) grew by 7.4 folds from 1980 to 2001 with an average annual growth rate of 9.5 percent, which has enabled the Chinese people as a whole to have a well-off life.

The 16<sup>th</sup> Congress of CPC decided to quadruple the GDP by 2020, which means to increase China’s GDP from 1 trillion U.S. dollars in 2000 to 4 trillion U.S. dollars in 2020 through hard-work in about two decades. GDP per head will grow from 800 U.S. dollars in 2000 to 3,000 U.S. dollars in 2020. This decision has been adopted by the 16<sup>th</sup> CPC Congress and will be submitted as a new development target to the National People’s Congress. CPC Central Committee also explicitly said that even when we meet this target, it will only bring China into the folds of low-end, medium-level developed nations and we will still have a lot of difficulties and problems on our road ahead.

What are these problems? I think the biggest economic problem China has is the dual structure in its urban and rural areas. When you travel to China, you will find some

prosperous big cities. But if you go to the rural areas, you will notice a huge gap with the cities not only in the western part, but also in the central and even eastern parts of the country. This represents the biggest problem. On top of that, a large number of workers got laid-off due to unreasonable industrial mix. Thus, CPC Central Committee believes that we need to dedicate the first twenty years in the early twenty-first century to quadrupling China's GDP and building a well-off society in an all-round fashion. This means that we need to be prudent instead of being complacent, and that we need to not get carried away in the new century and under new circumstances. This represents where China is and what China can begin with. On the other hand, this is a grand blueprint the Party has drawn up at its current stage. This alone is ambitious enough to engross the whole nation for two decades from the leadership down to ordinary people.

What then does “building a well-off society in an all-round fashion” mean? I believe the first component of this goal is to achieve all-round growth of the national economy so as to help us alleviate a series of key challenges including the disparity between cities and rural areas in different parts of the country, and the need to adjust industrial mix and gradually let “informatization” be the drive of industrialization. Let me share some figures about informatization in China.

By the end of August of this year, China will have 180 million mobile phone subscribers, more than any other country in the world, including the United States. If we put mobile and fixed-line together, the total number will reach 380 million. In 1990, merely twelve years ago, very few people in China had mobile phones, thus mobile phones were viewed as a luxury. More than 43 million people in China spend more than one hour per day online, which puts China in the third position in the world—and this number is growing fast. I am not trying to show-off what China has achieved. Instead, I want to highlight that China's growth rate is not low, although as a nation of 1.3 billion people, we have a lot more to catch up with.

The second component of this is to achieve balanced material, political, and spiritual cultures. I would like to call your attention to the fact the 16<sup>th</sup> CPC Congress, for the first time ever, decided to build a socialist political culture. The simple interpretation of “political culture” means democracy plus the rule of law, which means, namely, the

building of socialist democratic politics and a country ruled by law. This target has multiple dimensions, including political culture as demonstrated by smooth power handover at top leadership and direct elections at the grassroots level in the rural areas. We have a lot to accomplish to build a socialist political culture, and we need to overcome a lot of problems and challenges. However, having this framework target of building a political culture is totally different from not having it.

The third component is to achieve all-round human development. Fundamentally, this means to pay more attention to and try hard to meet different needs of the people. For example, progress of informatization as I mentioned in terms of the number of mobile phone users, fixed-line users, web users, and mobile phone free-move is, I believe, part of all-round development for ordinary people. Another example is education. Without increasing the penetration of education, and better education, there is nothing whatsoever of all-round human development to talk about. The penetration rate of ordinary education in China has risen from 30 percent twenty years ago to above 90 percent. Young peoples' illiteracy rate has fallen to 5 percent. In terms of housing, housing area per head in the cities is twenty-one square meters, and is even bigger in the rural areas, so it is fair for me to say that housing conditions are also improving. Let's think about this. If residents in one country do not have basic housing conditions, do not have adequate access to education or information, how can all-round development for all be possible?

Once again, I am not boasting about how well China is currently doing. My point is that, with 1.3 billion people in mind, CPC as the ruling party is working hard to meet the demands of ordinary peoples' different needs, such as clothing, food, housing, transportation, and daily necessities. Without this, there would not be a "well-off society in an all-round way."

Now I would like to move on to the two most important principles set by CPC, so as to meet the new development targets. The 16<sup>th</sup> CPC Congress has adopted a series of principles. My introduction will focus on two of them.

The first principle concerns domestic policy. At the 16<sup>th</sup> CPC, it was decided to mobilize all positive factors in the most extensive and adequate manner to build on the forces for the great rejuvenation of the Chinese nation. One thing new implied here is the

emphasis on side-by-side development of all economic elements. About ten years ago, the non-public sector in China contributed less than 1 percent to the GDP. This figure has risen to 43 percent. The output of self-employed and private enterprises is 117 times more than that of early the 1990's and their number grew by 19.5 folds. People working in those non-public sectors have grown by 54 million. China now has more than 25 million self-employed entities and more than 1.7 million private enterprises. The 16<sup>th</sup> CPC Congress further stressed that China would give full play to different economic components, and encourage the growth of the self-employed and private economies. The CPC Charter, following its revision at the 16<sup>th</sup> National Congress explicitly stated that members of the private and self-employed sectors could join the Party if they are qualified.

The second principle concerns China's foreign cooperation. To put it simply, this means to continue to expand open up. Put differently, it means to be in tandem with economic globalization instead of in isolation from it. China's reform and open up has lasted more than two decades. With an inflow of more than 50 billion U.S. dollars in 2002, China might attract more paid-in foreign capital than the United States. Wal-Mart, AIA and Citi Bank all have a presence in China, and the Chinese people are gradually accepting these foreign names. Standard Life of the United Kingdom, and some big insurance companies of Japan, were given a go-ahead by the China Insurance Regulatory Commission (CIRC). Foreign banks will start their RMB business in five cities in China including Shanghai, Shenzhen, Guangzhou, and Zhuhai from December 5 of this year.

Finally, I wish to summarize what I have said. Given the blueprint CPC has drawn for the new century, implementation means that we need to have a new path of development. China will have a totally different path of development from the path of rise of all major powers in the world since modern history. This will be a brand new path of development.

I want to emphasize one point here. Our path is different from both the paths of Germany in World War I and Germany and Japan in World War II, when they tried to overhaul the world political landscape by way of aggressive wars. Our path is also different from that of the former U.S.S.R. during the reign of Brezhnev, which relied on a

military bloc and arms race in order to compete with the United States for world supremacy.

Our brand new path relies upon the following factors, namely: relying on our own development; relying on the opening up of markets; relying on institutional innovation; relying on getting connected with economic globalization instead of being isolated from it; and relying on reciprocity and mutual benefit with other countries for the purpose of win-win relations.

Frankly, this new path of China's peaceful rise was not invented just today. We have been on this track for twenty-three years, and we have benefited enormously from it. So why should we change it?

I wish to frankly tell you one more thing. The Communist Party of China, following the 16<sup>th</sup> National Congress, has made up its mind to stay on the path of peaceful rise and seek to achieve peaceful rise through hard work for a very long time in the twenty-first century.

How shall we view where China is heading in the twenty-first century, and how shall we view China's development path? I leave these questions with you, for your homework today.

To think about these questions I believe you need a change of mindset. Our reform and open up for the past two decades is a result of a changed mindset. Don't you also need to change your mindset, at least a little bit? I propose that we together change our mindset. Will you all come on board?

Thank you for your attention.

## NEW OPPORTUNITY FOR CHINA-U.S. RELATIONS

*Council on Foreign Relations of the United States (December 13, 2002)*

From Washington to New York, wherever I go in the States on my current trip, I often hear a lot of American friends say that there is a new opportunity now for China-U.S. relations. I very much echo their views, but the question is how shall we view the new opportunity for China-U.S. relations? Therefore, I wish to speak about “opportunity” today.

“Opportunity” is an eternal theme. When Francis Bacon talked about opportunity, he said, “Opportunity only favors those prepared minds.” We may not be well prepared today to let opportunity favor us, but I believe we can at least talk about opportunity.

In general, we often talk about two types of opportunity for state-to-state relations. The first type is generated by changes of outside factors, and the second is determined by the development of inherent factors. As far as China-U.S. relations are concerned, we experienced the first type of opportunity. For example, in about one decade from the 1970’s to late 1980’s, there existed a so-called “big triangle” strategic relationship between the United States., the U.S.S.R., and China. As a matter of fact, rivalry between the United States and the U.S.S.R. brought China and the United States together to cope with the threat of the U.S.S.R., which in turn led to an opportunity for China-U.S. relations. I remember during my first visit to the United States in 1979, when we said the word “bear” at meetings with our American friends, everybody would know what we were talking about. That is because it instantly reminded us of the most important thing in common between the two states then; namely, to deal with that “polar bear.” Since there was such a “polar bear” out there threatening both of us, we became friends. So a lot of credit should indeed be given to that “bear.”

However, in the 1990’s, the U.S.S.R. disintegrated overnight. The sudden disappearance of the “bear” led people to wonder about whether there are still opportunities for China-U.S. relations. To some people in America, the “bear” took

opportunities for China-U.S. relations with it. Thus, since then there were more troubles or even conflicts in the bilateral relationship.

It very much looks like a joke of destiny when the “9/11” incident seemed to bring back opportunities for China-U.S. relations. As a result, when friends meet and talk about China-U.S. relations, we hear the word “opportunity” again at a rather high frequency. This leads me to think about what constitutes the foundation of the opportunity, which can make sure that China-U.S. relations will grow stably over long term. Undoubtedly, China and the United States share a similar position on anti-terrorism. This is without any doubt important; thus, it is a new opportunity. In view of what we have learned from our experience in the decade from the 1970’s to late 1980’s, and the following twists and turns in bilateral relationship, if some similar position on anti-terrorism is the only thing that holds our two great nations together, isn’t the relationship between us too fragile or even pathetic? Don’t you feel sad about it? Do you believe that China-U.S. relations could have sustained growth on the basis of only that? Do you believe this could be the hope for the bilateral relationship?

Frankly, let me make one point. Both the opportunities generated by the “big triangle,” as we saw in the 1970’s and 1980’s, and the opportunities brought by the 9/11 incident or some other hot issues, are derived from outside factors. We cannot say such opportunities are not important, but if they are the only things we count on, we will fail to see the other side of the story, in particular under the new circumstances now in the twenty-first century and since China has been on the course of reform and development for twenty-three years, and will continue on such a path.

I wish to make another point for your consideration. I believe the biggest opportunity for China-U.S. relations in the twenty-first century lies in China’s development path, as far as the Chinese side is concerned (I do not have the intention to talk about the American side here). To support my argument, I have the following points to make.

The first factor is the market. The China market has a huge potential and such potential is being translated into purchasing power with increasing width and depth. The China market is integrating with the world market more extensively and deeply. This

trend will be a major phenomenon in the history of the world economy in the twenty-first century. Doesn't this mean a big, sustained opportunity for the American economy, eager to tap into new markets? I do not need to give you any figures here.

The second factor is our system. Our system is not rigid, nor do we plan to make it so. A fundamental underpinning of our system is our market economy and our constant improvement in our democracy and political architecture.

It will only take you one trip to China for you to discover how dynamic our economy is. Although it may appear a little chaotic, as it is on the whole dynamic, such economic dynamism comes from our market economy and gradual administrative and political deregulation. For example, our booming agricultural economy and free-flow of rural labor forces are directly related to the disbandment of peoples' communes. The major decision to close people's communes was made, publicly announced, and implemented by the CPC Central Committee in the 1980's. Now we have decided to reform China's state-owned enterprise, with a share-holding system, and have recognized that our share-holding system is a major instrument to enforce the public ownership of China. This obviously is another change. Does such a change herald important new opportunities for China-U.S. cooperation in various areas?

The third factor is culture. We also abide by a principle of opening up in making ideological and cultural progress. Cooperation between China and the United States in exchanging cultural resources and developing the cultural industry constitutes an important part of the development and growth of China's cultural industry. Let me take overseas students as an example. There are hundreds of thousands of Chinese students in the United States, more than anywhere else. One-fifth of them already finished their study and came back to China, and the remaining four-fifths are still in the United States, furthering their study or working.

Don't the above-mentioned three factors, plus a lot of areas where both countries have common interests, mean a new, major, precious, and promising opportunity for China-U.S. relations?

As you know, there is about U.S. \$70 billion American capital in the Chinese mainland, and more is expected to come in the future. Bilateral trade is also growing.

America's huge information industry, IT talent pool, and numerous IT products—thanks to its achievement in the information revolution in the past decade—is well poised to enter into China's booming information market. America's manufacturing industry and the service industry, including the financial and insurance sectors, will have a bigger and bigger presence in the China market.

All in all, China's development, China's big development and China's sustained big development, is a major new opportunity for China-U.S. relations. More importantly, this new opportunity has a sound foundation.

Given this, we can say that this new opportunity takes its root in or is derived from the development of inherent factors on the two sides, instead of any accidental outside factors. From this perspective, I think the opportunity for China and the United States to develop a constructive, cooperative relationship right now and in the future is much deeper and thus much stronger than the one we saw in the decade from the 1970's to 1980's, when we jointly fought the "bear." Do you agree?

Let me emphasize one point here. Through more than two decades of reform and open up, China has found a new path of development. Such a brand new path features developing ourselves in connection with economic globalization instead of in isolation from it (not to say in confrontation with it), and building socialism with Chinese characteristics independently. To elaborate on this, I think such a brand new path needs to rely on our own development, market development and open up, institutional innovation, structural adjustment, active participation in economic globalization, and relationships of mutual benefit and reciprocity with related countries for the purpose of a win-win situation. This is indeed a brand new path for China—a path of peaceful rise.

My conclusion is that we can see more clearly from a long-term perspective that the biggest opportunity for China-U.S. relations lies in the development of the two states. As far as the Chinese side is concerned, the biggest opportunity for China-U.S. relations lies in China's path of peaceful rise in connection with rather than in isolation from (not to say in confrontation with), economic globalization, which enables China to have huge development and benefits other countries enormously as well.

Let's compare China's new path with what happened in history. First of all, a path as identified by China for over more than two decades is totally different from the path undertaken by any new power in modern history, for example, the path pursued by Germany in World War I, and Germany and Japan in World War II, which wreaked such a havoc with the world; secondly, it is totally different from any path of rise in the history of socialism, for example, the policies by the former U.S.S.R. during the rule of Brezhnev, which sought supremacy on the strength of a military bloc and arms race.

I would like to recall here what Mr. Deng Xiaoping said on December 10, 1989 at a meeting with Special Envoy Scowcroft of former President Bush when China-U.S. relations were at a low-point. He said, "China-U.S. relations have to be good." And he also said, "Mr. Envoy, please tell President Bush there is a retired old man in China, who is solicitous about the improvement and growth of China-U.S. relations." Such remarks are very important and profound. They are not diplomatic parlance. Instead, they accurately captured the farsightedness of his strategic thinking.

One of the reasons that I mention this here is that such words were said at a difficult point in the ten-year-long opportunity for China-U.S. relations from the 1970's to 1980's thanks to some outside factors that were gone. China-U.S. relations are now in the new century and facing a new opportunity, but I believe such a new opportunity can and should shift from the whims of outside factors to relying on inherent factors, thus having a more solid foundation.

What I have said so far is from the perspective of China's development path and I have not talked about the American side. But this does not mean that there is no need to talk about it. I wish to say with all sincerity that new opportunities for China-U.S. relations in the new century are up to both the Chinese and the American sides to fully understand, clearly expound, and firmly seize.

Let me reiterate here that, although circumstances have changed, we still need to remember what Mr. Deng Xiaoping said profoundly; namely, that "China-U.S. relations have to be good."

With that, I conclude my speech on opportunity.



# A NEW PATH FOR CHINA'S PEACEFUL RISE AND THE FUTURE OF ASIA

*Bo'ao Forum for Asia (2003)*

I would like briefly to share my observations on the following topics: How to view China's development; how to view the path of China's rise; and how to view the relationship between China's rise and Asia.

It has been precisely a quarter of a century since the inception of China's reform and opening up. During these twenty-five years, China has made important progress and scored a series of new achievements. It started to become a well-off society at the beginning of the twenty-first century and is now concentrating on building on that achievement to the benefit of the whole economy.

However, we are soberly aware that at present economic development is not comprehensive, it is unequal, and it remains at a low level. There is still a long way to go. China remains a developing country, and a developing country facing a host of big problems at that.

So, what are these big problems? Here are two simple questions of mathematics. One concerns multiplication, the other concerns division:

- Multiplied by 1.3 billion, any problem of economic or social development, no matter how small and negligible it seems to be, will become a big or even a huge problem.
- Divided by 1.3 billion, China's financial and material resources, no matter how abundant they are, will be at extremely low per capita levels.

It must be quite clear that this 1.3 billion refers to China's large population. And this is not yet its peak. Our population will not start to drop until 2030, after it has reached 1.5 billion.

Of course, one should not lose sight of the other side of the coin. China's experience of reform and opening up during the past twenty-five years has demonstrated the magnitude of its labor force, its creativity, its purchasing power, the cohesion and momentum of development, and its contribution to the world as an engine of growth. Once

all the positive factors in China are fully mobilized and its economy is revived, it looks like there will be another mathematical proposition related to the number 1.3 billion or 1.5 billion.

Thus, in the final analysis, China's development and rise—both the negative and the positive aspects—are inseparable from the number 1.3 billion or 1.5 billion. In this context, all our attempts to solve our development problems, whether concerning economic, political, or cultural affairs, and whether in terms of domestic, foreign, or defense policy, have been for the purpose of securing a comfortable life for China's 1.3 billion, or even 1.5 billion, people. We will never slacken our efforts to bring about a better, richer, more decent, and more humane life for our people. Even when China reaches the level of a moderately developed country in the middle of the twenty-first century, we will continue to try to make further strides.

This great ambition is shared by the entire Chinese people today, from the leadership down to the general public. This objective alone will keep the present generation and the next two to three generations extremely busy. To lift the life of one-fifth of the world's population to a high level is also a great responsibility. It is China's duty to shoulder that responsibility for the sake of human progress. How, then, should China achieve such an objective?

This question is a topic of debate the world over. I would argue that China's own development has answered and is answering this question, and will do so ever-more convincingly in the future. The underlying fact is that in the twenty-five years since its reform and opening up, China has blazed a new strategic path that not only suits its national conditions but also conforms to the tide of the times. This new path enables China's peaceful rise by independently building socialism with Chinese characteristics while participating in, rather than isolating itself from, economic globalization.

In discussing this path, I would first like to emphasize that the decision to take part in economic globalization—instead of shunning it—in itself represents a major strategic choice. This choice was put before the Chinese people in the 1970's, when the new technological revolution and a new wave of economic globalization were gathering great momentum. The Chinese leadership grasped this trend and, deeming with great insight that today's world is an open world and China's development is inseparable from that world, decided to seize the historical opportunity and shift its focus to economic development. By endeavoring to foster domestic markets and tap international markets by implementing the household contracting system in rural areas by establishing four special economic zones in

the coastal region and opening up fourteen coastal cities, it ushered in a new period in China's reform and opening up.

In the 1990's, China was once again faced with a strategic choice due to the Asian financial crisis and the struggle between the forces for and against globalization. The Chinese leadership carefully weighed the positives and the negatives and resolutely laid down the strategic policy of engaging in economic globalization, seeking out advantages while avoiding disadvantages. Such a move lifted China's reform and opening up to a higher level.

Second, I would point out that while participating in economic globalization, China should pursue a road of independent development. As a large developing country with a population of over 1 billion, China cannot afford and should not expect to rely on the international community. Its only option is to depend on its own strength. That is to say, it must fully and consciously draw on its own institutional innovation, tapping the growing domestic market, translating its hefty savings into investment, improving the quality of its citizens' lives, and address its resource shortages and environmental problems through the advancement of science and technology. In a word, to solve the major problem of development and realize out great ambition, we have to give scope to all positive factors, relying on both domestic and international markets and on resources both at home and abroad.

Third, I must emphasize that China's path is not only to strive to rise, but to adhere to peace, and never seek hegemony. Modern history has time and again testified to the fact that the rise of a new major power often results in dramatic change in the international configuration and the world order—it may even trigger a world war. An important reason for this outcome is that these powers have followed an aggressive path of war and expansion. Such a path is doomed to failure.

In today's world, how can Asian countries—China included—follow a path that serves nobody's interests? China's only choice is to strive to rise and, more importantly, to strive for a peaceful rise. That is to say, we have to work toward a peaceful international environment for the sake of our own development and at the same time, safeguard world peace through this process of development.

In this respect, there are three crucial strategic principles:

- First, we must unswervingly advance economic and political reforms centering on the promotion of a socialist market economy and socialist democracy, to ensure institutional safeguards for our peaceful rise;
- Second, we must boldly draw on the fruits of all human civilization while fostering the Chinese civilization, to ensure cultural support for China's peaceful rise; and
- Third, we must carefully balance the interests of different sectors, securing a coordinated development between urban and rural areas, between different regions, between society and the economy, and between man and nature to create a social environment for China's peaceful rise.

Admittedly, over the past years China's reform and opening up have been anything but smooth sailing. We have faced many tests. The Chinese people, however, have never wavered in their resolve to embrace the new path for peaceful rise. In today's China, therefore, reform, liberalization, and peaceful development are deeply rooted in the way of life and in the culture, which in turn has created a secure environment for China's strategic path for peaceful rise.

Beginning in the 1960's and 1970's, certain Asian countries and regions have come to be the most dynamic areas in the world in terms of socioeconomic development. China started its own reform and opening up at the end of the 1970's, bringing about rapid economic growth and social progress. Economic ties between China and other Asian countries have become closer, and the Asian regional economy is pulling increasing weight in the global economy.

Consider economic relations and trade between China and the Association for Southeast Asian Nations (ASEAN), for example. Over the past decade, bilateral trade between the two increased by more than six times. Its value reached \$54.77 billion in 2002 and is expected to top \$100 billion by 2005. Meanwhile, the establishment of a China-ASEAN free trade area will herald even closer economic cooperation. As the Chinese

saying goes, “a close neighbor means more than a distant relative.” I am very pleased to see the new cooperative relationship of mutual promotion, mutual benefit, mutual support, and complementarity forged between China and other Asian countries.

As a scholar and an observer, I would conclude with the following judgment based on history and the current situation: Generally speaking, in the coming two or three decades, or in the early twenty-first century, Asia will face a rare historical opportunity for peaceful rise, and China’s peaceful rise will be a part of Asia’s peaceful rise. This not only means that China’s reform, opening up, and rise are partly attributable to the experience and development of other Asian countries; it also means that China, as an Asian country, will play a more active and useful role in the development, prosperity, and stability of all the other Asian countries, and its neighbors in particular.



# CHINA'S PEACEFUL RISE AND OPPORTUNITIES FOR THE ASIA-PACIFIC REGION

## *Roundtable Meeting between the Bo'ao Forum for Asia and the China Reform Forum (April 18, 2004)*

The China Reform Forum and the Bo'ao Forum for Asia have come together to discuss the important relationship between China's peaceful rise and economic globalization. Due to China's development, over the past two years the "Chinese threat" and "Chinese collapse" have become hot topics in some countries. I have noticed lately that people are also quite interested in the topic of China's peaceful rise, and have raised some very thought-provoking questions that deserve answers.

I would like to elaborate on three aspects of this issue:

- The nature and feasibility of China's path to peaceful rise;
- What China's peaceful rise will bring to the Asia-Pacific region; and
- Where the future of China and the Asia-Pacific region lies.

Before I address the path for China's peaceful rise, some clarification is in order. The term refers to the development strategy dating back to the Third Plenary Session of the 11<sup>th</sup> National Congress of the Communist Party of China (CPC), at the end of 1978, and lasting until the middle of the twenty-first century. In this long-term process, with peace and development remaining the themes of the times, China by and large has been realizing modernization through sustained, rapid, coordinated, and sound development on the basis of reform and opening up. It has been a quarter of a century since China embarked on the road to peaceful rise. Deng Xiaoping, the chief architect of China's reform and opening up, set us on this road, and it is under the leadership of Jiang Zemin, the core of China's third-generation leadership, and Hu Jintao, the leader of the new generation, that we stride forward into the twenty-first century.

The past twenty-five years have been quite extraordinary. Our biggest achievement is to have realized that peace and rise, which look quite contradictory, can actually be

integrated. In the past, the rise of a big power often involved toppling the international order and a threat to peace. China breaks this rule. While seeking a peaceful international environment to ensure our development, we are safeguarding world peace through our own development. How do we manage to integrate peace and rise? If there is any secret formula, it is that we have blazed a trail by building socialism independently, with Chinese characteristics, while engaging in, rather than isolating ourselves from, economic globalization.

By engaging in economic globalization, I mean we have not only opened our domestic markets, but also tapped world markets under the rubric of peaceful coexistence with the rest of the world. We seek a win-win, mutually beneficial situation by competing on a level playing field with other countries, under the same rules and on the principle of making the most of given advantages while avoiding disadvantages. “Building socialism independently with Chinese characteristics” reflects the fact that, while we attach importance to utilizing world markets and the resources they provide, we mainly depend on our own strengths to resolve the problems that arise in the process of development, rather than allowing these troubles to spread to other countries. As a big country, covering a large area and endowed with rich natural resources, China is capable of achieving such a goal.

Two Chinese sayings may help illustrate this process: “Do not do to others what you would not have them do to you”; and “He who helps others helps himself.” This is how peaceful rise comes about.

The main worry of those who doubt the feasibility of the path for peaceful rise chosen by the Chinese people is that, in the first decades of the twenty-first century, China is faced with both opportunities and challenges. How can China handle them all? It is true that we do not face smooth sailing; there will be both predictable and unpredictable challenges, risks, and pressures. Indeed, not only are we soberly aware of this situation, but we have formed a scientific approach to dealing with these opportunities and challenges:

- First, experience tells us that there is no free lunch. To seize and create opportunities and open up new perspectives, we have to overcome difficulties and cope with risks.
- Second, our experience has also shown that while opportunities and challenges may be brought about by both domestic and foreign factors,

the decisive factor is always China itself. Our success depends on whether we are able to seize the opportunities with a pioneering spirit and refrain from blindly following the beaten track.

- Third, due to China's weak aggregate strength, compared with many big powers in the world, and coupled with a host of serious weaknesses, we are certainly faced with quite a lot of unpredictable factors and difficulties. So long as we properly handle these weaknesses, and find new approaches and strategies, we will be able to turn risks into opportunities, and even create new opportunities.

All in all, these internal and external factors, these positive and negative aspects, and our attitude toward opportunities dictate that in the first two decades of the twenty-first century, while confronting various risks and challenges, China will usher in a new era of strategic opportunity for its peaceful rise.

What will China's peaceful rise bring to the Asia-Pacific region? Last year at this forum I mentioned two questions of mathematics, one concerning multiplication, the other, division. They illustrate the pressures and impetus that China's huge population bring to development, and prove that we have to concentrate on our own development.

Here, I put forward two more mathematical propositions. One concerns addition, the other subtraction:

- Adding a big market of 1.3 billion people and China's rapidly growing economy to the Asia-Pacific economy will produce huge growth potential; and
- Subtracting the Chinese market of 1.3 billion people from the Asia-Pacific market will produce a huge market vacuum.

That is to say, China's peaceful rise and the sustained, rapid, coordinated, and sound growth of its economy will bring about tremendous historic opportunities, not threats, to the Asia-Pacific region.

These opportunities are the product of China's independent foreign policy and its pursuit of a path of peaceful rise. China is already a constructive force for peace and stability in the region, rather than a destructive force that challenges the regional order. Having suffered from a scourge of wars and civil conflicts, the Chinese people know full well that peace is precious and that development is important. China will participate in all that is conducive to the stability and peace of the Asia-Pacific region, and will strongly oppose all that is detrimental to regional stability and destructive of regional peace. This is fully borne out by China's responsible behavior in handling regional affairs.

These historic opportunities are also the result of the various subregional cooperation mechanisms and close economic links that China has forged with its neighbors in the process of its peaceful rise. This system not only serves the needs of the developing countries involved, but also provides a platform for big powers to play their due roles in the region. The subregional system and U.S. alignments with its Asian allies, though distinct, are not confrontational; rather, they can be complementary and reinforcing in promoting stability in the region.

China's culture and traditions, and its historical influence in the Asia-Pacific region, also give rise to tremendous opportunities. An ancient civilization with a history of several thousand years, China has a tradition of inclusiveness and drawing on others' strong points. In particular, it has very deep-seated historical and cultural links with other East Asian countries. China's cultural tradition, featuring "unity in diversity" and "priority to peace," also goes a long way toward facilitating China's harmonious coexistence and sharing of prosperity with the Asia-Pacific region and the world at large.

In general, China's peaceful rise brings to the Asia-Pacific region opportunities for development, conditions for peace, and space for cooperation. Moreover, we believe that China and the Asia-Pacific countries have much to offer each other. The more opportunities we give to the Asia-Pacific countries, the more opportunities we get from them. If China fails to provide opportunities for Asia-Pacific countries as it develops, China will lose its opportunity for peaceful rise. With this basic understanding, China will never become a threat to the region. There is no denying that China's peaceful rise will somewhat intensify competition in the region. But this competition is characterized by friendship, cooperation, mutual benefit, and a win-win ideal; it is not the competition of an arms build-up or competition for spheres of influence or hegemony. None of us should miscalculate strategically on this point.

I now turn to the future of China and the Asia-Pacific region. At present, the world is undergoing tremendous and profound changes. With peace and development remaining the themes of the times, the Asia-Pacific region has more development opportunities than other regions in the world, as big-power relationships are realigned. China's peaceful rise, in particular, will contribute to the creation of a win-win situation and common prosperity. This will be the general trend of the region in the first couple of decades of the twenty-first century.

I would note, first, that the Asia-Pacific countries are blessed with the opportunities brought about by the strong economic growth of the region as a whole. Compared with most other regions, the Asia-Pacific region has fewer wars and conflicts, and most countries are committed to their own development. To share these opportunities, the Asia-Pacific region, and East Asia in particular, needs to form communities of common interests.

Second, the new threats that we face come mainly from nontraditional security areas. Such comprehensive and profound challenges cannot be met with the strength of a single country. It will take our joint efforts to guard against and dissolve current and prospective threats; that is to say, cooperation is the effective way to maintain security in the Asia-Pacific region. As mentioned above, common challenges facing China and the Asia-Pacific countries create the need to establish multilayered communities of specific common interests that are conducive to all parties. In particular, maintaining cooperative partnerships among big countries, establishing an early warning and crisis management mechanism for big countries, and expanding their common interests to guarantee common security have become prerequisites for regional and even world peace.

Third, it is necessary to emphasize that in the process of its peaceful rise, China has formed a new security concept that differs from any traditional concept. With mutual trust, mutual benefit, equality, and cooperation as its core notions, our new paradigm firmly abandons the strategic framework in which big powers in the past vied for spheres of influence, engaged in military confrontation, or exported ideologies. Ours is a comprehensive and strategic concept with peaceful coexistence as its precondition, common interests as its basis, strategic cooperation as its bond, and common development as its objective. History and experience have repeatedly proved that armed forces cannot make peace, and that power politics cannot ensure security. The collective security achieved through cooperation among the Asia-Pacific countries will surely lead to universal, lasting peace and rapid, sustained development.

Finally, we are soberly aware that, given the huge area, large population, and great differences in systems and cultures, it will take arduous efforts and a long time to realize full regional integration and build comprehensive regional mechanisms. Nonetheless, as a starting point, the establishment of a variety of subregional mechanisms and flexible cooperation could achieve marked results. For instance, the northeast Asian subregion might set collective security as its goal, and the southeast subregion might mainly target market integration and trade liberalization, while the northwest subregion might focus on counterterrorism and economic cooperation.

All in all, the future of China and the Asia-Pacific region hinges on lasting peace, sustained development, and cooperation. We are confident that, so long as we work hand-in-hand, pull together, and do not falter, the Asia-Pacific region, and East Asia in particular, will surely have a promising future.

# CHINA'S DEVELOPMENT AND HER NEW PATH TO

## A PEACEFUL RISE

*Villa d'Este Forum (September 2004)*

China's rapid development in recent years has attracted wide attention, and its rise has become a hot topic in the international community. The key issue is how to perceive China's future development in the first half of the twenty-first century. Here, I would like to share my observations on the following topics:

- How to perceive China's achievements in development; and
- How to perceive China's path of development in the first half of the twenty-first century.

To illustrate China's development achievements over the past twenty-five years, I offer some statistics. China adopted its policy of reform and opening up in 1978. Since that time it has been one of the most rapidly growing economies in the world, as evidenced by an average annual gross domestic product (GDP) growth rate of 9.4 percent. In 1978, China accounted for less than 1 percent of the world economy; now that share has grown to 4 percent. In 1978 China's total external trade volume stood at \$20.6 billion; last year, it was forty times larger, at \$851.2 billion, and ranked third in the world. A dozen years ago, China had barely entered the age of modern telecommunications services. Now, it has 296 million mobile phone subscribers, more than any other country in the world. And as of June this year, 87 million people had access to the Internet and 36.3 million computers were connected to the web. These figures demonstrate that China has made solid progress in economic and overall national strength in the past quarter of a century. However, economic growth alone cannot tell the full story.

At the annual session of the Bo'ao Forum for Asia held in Hainan, China last year, I cited two simple mathematic propositions that illustrate the implications of China's basic national condition—a big population of 1.3 billion. Any small difficulty in economic and social development multiplied by 1.3 billion swells into a huge problem. And any amount of financial and material resources, however large, divided by 1.3 billion, shrinks to a tiny handful in per capita terms.

Without a doubt, in aggregate terms China is an economic power whose rapid growth is felt by the whole world. Yet China's economy in 2003 was just one-seventh the size of the U.S. economy, and one-third the size of Japan's. In per capita terms, China is still a low-income developing country, ranking below one-hundred in the world. Our impact on the world economy is limited, after all. Therefore, in the final analysis, all of our efforts to resolve problems of development focus on bettering the lives of our 1.3 billion—or even 1.5 billion—people, and creating an increasingly more prosperous and civilized environment suitable for their comprehensive development. This work alone will keep several generations of the Chinese people quite busy.

At present, the international community is very concerned about China's "overheating economy." It is my view that while the economy on the whole is sound, its structure has yet to be rationalized. Serious problems in agriculture, energy, the environment, and investment are cropping up in the course of development. Therefore, since the middle of last year, the Chinese government has adopted a series of macroeconomic control measures to address questions of structure, system, and the growth model. Macroeconomic control has yielded initial results, and grain production has taken a sharp turn for the better. Furthermore, the macroeconomic policy environment is becoming increasingly relaxed. And it is important to note that, despite macroeconomic control, China's economy will still grow 8 to 9 percent this year—yet another indication of the great potential of China's economic growth.

On the question of how to perceive China's path of development in the first half of twenty-first century, I have several points to make.

First, China's path to a peaceful rise refers to its path toward socialist modernization. This journey will span seventy years, from the end of the 1970's, when the

Third Plenary Session of the 11<sup>th</sup> Central Committee of the Communist Party of China adopted the policy of reform and opening up, to the middle of the twenty-first century, when basic modernization will be realized. That is to say, we have been marching on this path for twenty-five years, and another forty-five years are ahead of us before China rises as a basically modernized and medium-level developed country.

We term this path toward modernization “a development path to a peaceful rise” because in contrast to some other emerging powers in modern history who plundered other countries of their resources through invasion, expansion, or even large-scale wars of aggression, China will acquire the capital, technology, and resources needed for its modernization by peaceful means. The continuous rapid development that China has witnessed in the past twenty-five years proves that we have been quite successful in pursuing this path. This undoubtedly deserves our attention.

For China to acquire resources through peaceful means it is extremely important that it open up to the rest of the world; namely, to integrate itself into, instead of isolating itself from, economic globalization. As we open up, we also carry out all-around reforms and engage in a market economy at home. As a result, more than \$500 billion have flowed in from overseas, domestic nongovernmental investment amounted to over RMB 10 trillion, and the huge pool of state-owned assets has been revitalized. This is what we call use of “two markets and two resources,” both domestic and overseas.

Yet even as we open wider to the outside world and integrate into economic globalization, we uphold the principle of independence in building socialism with Chinese characteristics. On the one hand, we need to gain access to much-needed capital, technology, and resources in world markets by engaging in mutually beneficial competition on an equal footing. On the other hand, we must not depend too much on world markets and, even less, cause panic. We believe in acting on the basis of our own strengths. In other words, we address the issue of development through new ideas and institutional innovations through industrial restructuring, exploring the growing domestic market, transferring huge personal savings into investment, and developing our human resources in greater depth and magnitude—that is, upgrading peoples’ capacities and expediting scientific progress.

As China enters the twenty-first century, it faces three big challenges to its development. The first is that of natural resources. Currently, China's exploitable oil and natural gas reserves, water resources, and arable land are all well below world averages in per capita terms. The second challenge is the environment. Serious pollution, the wasteful use of resources, and low rates of recycling are bottlenecks for sustainable economic development. The third is the lack of coordination between economic and social development. These three major challenges, alongside rapid growth, mean that China is facing both a golden period of development and a period of tough choices. China is once again at a critical juncture. To attain our goal of building a well-off society that benefits all, we need to do the following:

- Deepen and continue to press ahead with comprehensive reform in economic, political, and cultural institutions;
- Formulate comprehensive plans to coordinate development in rural and urban areas, development in different regions, economic and social development, the development of man and nature, and domestic development and opening up; and
- Pursue sustainable development.

In short, we need to concentrate on domestic efforts, rely on scientific and technological revolution and a new path of industrialization, and lay equal emphasis on opening up more sources of income and cutting down expenses, while at the same time promoting international cooperation on energy, resource management, and environmental protection to achieve mutually beneficial results.

Another huge risk and challenge is, of course, the issue of Taiwan. The path to a peaceful rise, by definition, requires the peaceful reunification of Taiwan and mainland China and is conducive to it. As long as there is still the slightest hope, no effort shall be spared to achieve this goal. However, should proponents of "Taiwan independence" defy

the wish of the international community, or should foreign forces dare to intervene to support “Taiwan independence,” the use of force will by no means be ruled out. However, even if the use of force becomes inevitable, it should by no means be understood as an act of invasion, but as by any measure a righteous move to safeguard national unity and territorial integrity against separatist activities.

In striving for a peaceful international environment, particularly with regard to the international order and its regimes, China turns its back on the old practices of modern emerging powers breaking down the existing international systems through war and seeking hegemony through bloc confrontation. China does not seek hegemony and predominance, nor will it toe the line of others. It advocates a new road toward a new international political and economic order by reforming and democratizing international relations. It maintains world peace for its own development, which in turn reinforces world peace. China is a constructive force—not a destructive one—for peace and stability.

I reiterate that in speaking of a peaceful rise, I am referring to peaceful development, which is one of the defining characteristics of China’s socialism. China has made history in two aspects: First, as an emerging major country, China has transcended the old path of industrialization characterized by rivalry for resources and bloody wars, and has chosen to rise peacefully through sustainable development. This is unprecedented. Second, China has transcended the Cold War mentality that rejects peaceful development and cooperation on the grounds of differences in social systems and ideologies. China is rising peacefully and independently, building a socialism with Chinese characteristics through brave reforms and opening up—in other words, by integrating into the world economy rather than self-imposed isolation. This, again, is unprecedented.

Thus, for all the reasons given above, China’s path to a peaceful rise and peaceful development brings to the international community opportunities, not threats. Last year, China’s imports from the Association of Southeast Asian Nations and the Republic of Korea increased by more than 50 percent; from Japan and the European Union, by nearly 40 percent; and from the United States, by 24.3 percent. A peacefully rising China provides a broad market for the international community. By 2020, when China’s per capita GDP will reach \$3,000, its market will offer even greater potential.

Lastly, China is not the only country that is rising peacefully. As we enter the twenty-first century, we are happy to see that a number of countries are following suit by different means, with different models, and at different paces. At the same time, the developed countries are further developing themselves. There is a new trend of peace and development in the world today. I believe we should all welcome this trend.



