

YUSUF WANANDI

Co-founder, vice chairman of the Board of Trustees and senior fellow of the Centre for Strategic and International Studies (CSIS) Foundation, Jakarta

China has been doing well in the Beijing Olympic Games, and the world is still talking about the excellent achievements of China. In spite of the global financial crisis, China is still going to grow at 8-9% per annum, declining from 11 %, which remains a very good achievement indeed. But the crisis is still unfolding and can do more damage to the world, including China, because global funds and FDI will be limited and exports will be curtailed due to the deep recession ahead in all the developed nations. That is why its policies to switch to domestic consumption and to inject money into the banking system are very right.

But, the problems of China itself are huge as PM Wen Jiabao recognized himself in his Newsweek interview (6 October 2008): problems of poverty, discrepancies between the coastal part and the inner part of China, the problems of demography and environment (water, climate, desertification, energy, etc.), and how to cope with governance under such rapid economic development and growth.

The big question is how to keep economic growth, while maintaining political stability and good governance. The real challenge is how to face a deep crisis in the future: how to keep the leadership united and how to be able to agree on the right policies. That also means allowing local governments and local party leadership to fall in line and get the support of the military.

These are big challenges, but the Chinese leadership has shown how they have moved positively in answering these possible challenges and got the support of the people at the same time, especially during the dramatic earthquake in Szechuan last May.

The Chinese leaders know the problems, and on the issue of good governance and public space they are trying how to do it over the longer term in a gradual manner, starting from elections in the villages. The other issue is how to keep corruption under control. Questions have been raised whether those efforts are too slow and tentative.

For the Chinese leadership stability is the paramount concern in order to develop and grow rapidly to be able to cope with rising demand, employment, poverty and inequality. Rapid growth also has become an important source of legitimacy for the leadership, which has become pragmatic and has practically abandoned their socialist ideology except rhetorically. The new ideology is nationalism and the Confucian tradition as the basis for Chinese identity.

Because of the need for growth and to be able to cope with their huge problems, the Chinese leaders are doing everything possible to establish a peaceful and stable international surrounding. They have established the Shanghai Cooperation Organization to manage their relations with Russia and Central Asia, with anti-terrorism and energy as the main issues of cooperation. They have stabilized their relations with India and increased economic cooperation, although a lot of trust yet has to be established in relation to border problems and on Tibet, as well as relations with Pakistan.

With ASEAN, China has improved its relations quite dramatically. Seen as a threat 30 years ago, she has become a strategic partner, she has signed the TAC (Treaty of Amity and Cooperation), established a FTA (Free Trade Access), joined the membership of ARF (ASEAN regional forum), and have developed a range of functional cooperation, and has generally increased two way economic relations.

Since China is a big country next door, this always will create some apprehensions. That is why it has to finalize the Code of Conduct on the overlapping claims on the Spratlys with ASEAN and be more transparent on its defence budget and capabilities.



Following a few years of tensions due to PM Koizumi visits to the Yasukuni shrine (which was seen as a refusal to give up its imperialistic impulses), China has now established a more normal relation with Japan, since both need each other economically (with over US\$200 billion bilateral trade annually). While it is true that China has not paid sufficient attention to Japan post World War II democratic developments and peaceful relations in the region and globally, Japan also has to be more open and willing to recognize the real atrocities, such as “Nanking” massacres, the abuses against Chinese prisoners by the Group 731??? from Manchuria, and the abuses against “comfort” women.

Hopefully the willingness to study history together and the exchange of big numbers of youth could slowly overcome the prejudices on both sides. Meanwhile, the relationships between the two peoples have become quite intense: 4 million Japanese visit China annually, there are more than 700 flights a week between them, there are more than 250 cities and prefectures sistership relations, and 70,000 Chinese students are studying in Japan.

But trust has to be created on both sides. East Asian regional cooperation has been helping this, but more could be done. For Japan, trust means greater transparency of Chinese policies, especially in the defence field, and improvements in China's political development towards good governance and pluralism. For China it is the right interpretation of history, especially of the period since 1936, which is important. For both, it is the issue of how to deal with each other as neighbours and big powers of the region that could be the critical factor for the relationship and for the region. That is why regional cooperation and institutions could assist them to find the right *modus vivendi*. US role in supporting Japan in this relationship will not be helpful. It should be left to both to find the balance in their relationship.

In the end, the most important relationship for China is with the USA. As has been explained above, the relations are stable under President Bush after the spy plane incident early in his first term. Both tried to find a *modus vivendi* and tried to expand their cooperation both on the security side and economic ones, as well as on issues like democracy and human rights. It will always be a cooperative and competitive relationship at the same time, but the integration of their economies is a big plus on the cooperative side. And China's strategy not to have its own global and regional order but instead to adapt to the existing system of world governance (with a few exceptions when its vital interests are involved) has greatly alleviated a lot of prejudice and misjudgment on the US side (and the “West” in general).

Especially at this juncture when the US is under siege and has lost some soft power and leadership, China and East Asia have been farsighted and statesmanlike not to gloat over this or be arrogant regarding the US mistakes. Not only is this appropriate because the US still has a lot of “power” left, but also as history has shown its political and economic system is so flexible and innovative enabling it to make corrections swiftly and come out even stronger. So, it is not completely a lost case with the US and its future.

Besides, East Asia and China do not have competitive ideas and have benefited in general from the existing international system, despite the lacunas and setback of its implementations in several cases. In fact, the idea of China is that in the longer term the international system will be a mixed system with greater inputs and ideas coming from East Asia and China (in accordance with the multipolar system of governance). This might be closer to reality, and the trends point in that direction.

The way to end this crisis of capitalism, as dictated by the West, should be an indication of how quick this mix of values and norms will happen. East Asia and China should always learn from history. The shift of power has always been painful, and many mistakes have happened in history due to arrogance and impatience. We in East Asia, having always had the long historical perspective in mind, should therefore be patient, cooperative and inclusive in all future developments of the system of governance globally.

We have to be aware of our own weaknesses and deficiencies. We also should be aware of our obligations (as well as of our rights) in this process of change of the new international order, since we also have to support a system that has brought welfare, peace and stability to East Asia.