

ILLUSTRATION BY BINAY SINHA



# Encircling China

When dealing with an aggressive China, there are lessons to be learned from how Germany was contained a century ago

This year marks the centenary of the start of the First World War, which ended the near century of global peace that followed the ascendancy of the British imperium. This peace was shattered by the emerging power of Germany seeking Lebensraum, or “room to live”, and the world was plunged into a half century of war and disorder in which the other emerging power – Japan – added to the mayhem with its own attempt at replacing a seemingly economically weakened and isolationist United States as the predominant Pacific power. Today, it is the emerging Chinese power – suffering like these predecessors from the hubris of its recent economic progress – that, with its escalating territorial disputes with its neighbours (particularly those allied with the current superpower), seems to be seeking to change the current global order by force of arms. How should the rest of the world respond?

The aim must be to persuade China to take the path that Germany and Japan took after their military defeats to gain global power and prestige through a “trading state” strategy, rather than their failed military option. There is an ongoing debate in China between reformers who “advocate more international co-operation and a commitment to international values” and the nationalists and conservatives “who want to recover lost territories and position China as a geopolitical great power”, which would “erase the limitations and humiliation of its past” through “a more assertive foreign policy” (as observed by the European Council on Foreign Relations’ Francois Godement in his essay “China at the crossroads”).



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The outcome of this debate will determine whether the long peace under the US imperium continues or whether we will see another Great War.

A number of mutually reinforcing actions by other global powers are needed to provide the carrots and sticks to persuade China to adopt the peaceful route. The first step is to build on the continuing need for China to keep raising its per capita income, as the legitimacy of the increasingly insecure and paranoid Chinese Communist Party (CCP) depends on this. Hence, though there is much understandable chagrin at China’s mercantilist economic policies – and it may be tempting for its trading partners to try and stem its economic rise by following a tit-for-tat policy – this would be a mistake. We have known since Adam Smith’s *The Wealth of Nations* that, irrespective of the protectionist policies (including exchange-rate protection) of the Chinese, the best option for other countries is still to follow liberal foreign trade and investment policies. Eventually, as is slowly happening, the Chinese themselves will come to see that their mercantilism only harms the economic welfare of their own country.

Similarly, given the angst over Chinese foreign investment buying up the world, except for a few strategic industries, it is still in the interests of the rest of the world to welcome Chinese foreign investment. These liberal international economic policies also provide those in China seeking to improve the per capita standard of living of their populace towards those of advanced countries powerful arguments

against the hawks who seek to use military force to acquire power and prestige.

This may not be enough to persuade the CCP against using force of arms to change the global order. Its atavistic beliefs (outlined in my last column, “China’s geopolitical resurgence”, December 21, 2013) will also need to change. The first of these is to prevent the Chinese from dealing with their various adversaries in territorial disputes bilaterally, as is their wont. This is relevant in China’s current dealings with the other claimants in the maritime disputes in the sea to China’s south, and with the riparian states of the two major rivers flowing from Tibet (the Brahmaputra and the Mekong). Hence the significance of the Lower Mekong Initiative (LMI) – promoted by Hillary Clinton – which excludes China. Edward Luttwak observes in *The Rise of China vs the Logic of Strategy*: “The LMI is to monitor and co-ordinate responses to the construction of dams — particularly but not exclusively those being built in China. Encirclement light (the *not exclusively* is a nice touch) still encircles.”

India should seek to aim to do something similar with the riparian states of the Brahmaputra. In addition, on both these rivers there could be a role for the World Bank to negotiate something similar on the Indus Waters Treaty it arranged between India and Pakistan, which has held despite 60 years of conflict between the two countries. The World Bank’s recent sponsoring of an arrangement between Israel, Jordan and Palestine, allowing the waters of the Jordan River to replenish those of the Dead Sea, would also be a precedent — and at least test China’s claims about its benign intentions about the two major Asian river systems.

Similarly, in the current territorial disputes in the South China Sea, the Philippines has filed an unprecedented arbitration case against China with the United Nation’s International Tribunal for the Law of the Sea. Perhaps instead of dealing bilaterally with the Chinese in these territorial disputes, the other countries involved should again jointly follow the Philippines’ example.

The countries involved in the dispute that China has provoked in the South China Sea are already constructing an informal coalition to counter its military rise by creating, resurrecting and strengthening their military links with the US. India’s “Look East” policy and the Indo-US strategic agreement fit into this scheme. But Professor Luttwak further commends the strategy that Great Britain developed to resist Germany’s rise. As the Germans, fuelled by hubris – like many Chinese today – “were plainly unhinged by the rapidity of their rise”, the asymmetrical British response was a veritable diplomatic revolution. It settled its many disputes with Russia and France, and by 1907 had encircled Germany with the increasingly coordinated power of the British, French and Russian empires; while, in the Far East, any potential German-Japanese alliance was pre-empted by the Anglo-Japanese treaty of 1902. The outcome of the bloody World War the Germans provoked was utterly preordained, as the alliance created by the British controlled all the world’s oceanic passages. On land, despite the many victories of the German army, “blockade, crippling shortage of raw materials, and consequent defeat by cumulative economic exhaustion [led] to societal disintegration.” Can we expect Barack Obama’s America to do something similar? This is the subject of my next column.