The Rise of Chindia and Its Impact on World System

By Zhao Gancheng¹

International system is maintained with its balanced structure, which is based on power. The post cold war period has witnessed a unique power equation with the United States on the absolute top, leading to a new equilibrium, which is debated heatedly for its rational. By common sense, equilibrium is built upon the balance of power between dominant powers or blocs, as what it was during the cold war. But the absolute power of the United States in the international system seems to have created an unseen equilibrium, which may be able to maintain the stability of the system on the one hand, and which dose not allow any other potential powers to challenge the US dominance on the other. This is what the US global strategy is supposed to be about. Given this context, the rise of both China and India might present something unacceptable to the US dominance if the United States could not perceive it properly. Let's look into this issue by developing the debate of the US dominated equilibrium.

I

First of all, systemic equilibrium enjoys moral superiority. Despite the fact that all nation-states in the international system try to maximize their interests, that could lead to conflicts, few theories would see conflicts as good things. Systemic equilibrium is supposed to reduce the possibility of conflicts among nations, and therefore, the debate is not on whether equilibrium should be sustained, but what kind of equilibrium? Different nations give different opinions due to their respective positions and interests, evidently seen during the cold war. For instance, the bipolar system was able to maintain basic stability of the international system, thus reflecting a general equilibrium, but Jawaharlal Nehru, the founding father of modern India, would not appreciate such equilibrium at all to such an extent that he and other leaders of the developing countries who had no interest in joining either bloc had to look for the 'third way' by establishing the Non-Alignment Movement, which was, by its nature, an attempt to create a new equilibrium, or to break down the general equilibrium, though not necessarily successful.

When equilibrium is determined by the balance of power between the dominant players, those which do not have the power may disagree with the situation, but it does not change the reality. Further more, in many cases, they could even benefit from the general equilibrium, because it helps maintain stability. They are thus described as free rider, a phenomenon that is discerned in many geopolitical games. Both India and China had experience as such. During the cold war, even if India signed the treaty with the Soviets, it did not prevent India from keeping neutral in

_

¹ The author is senior fellow and director, South Asia Studies at Shanghai Institute for International Studies

East-West confrontation. In the meantime, the featured stability of the international system made India in a favorable position to look for assistance from the two blocs when a crisis to its national security came up. ² And for China, its late leader Deng Xiaoping had been fully aware of the opportunity resulting from the systemic stability much before the end of the cold war, and Deng's argument stressed the importance of a stable environment available to China which was necessary for development, thus paving the way for the adjustment of China's foreign policy.

Equilibrium thus presents two features. One is that it is not broken by those who are dissatisfied but do not have the necessary power, and the other is that it could benefit many members of the international system even including those who are not satisfied with it. Elaborating this point is important to consider the rise of China and India and its impact on the world system. That is to be analyzed later.

While equilibrium might be a universal feature of the international system, the dynamics inherent in the system will nevertheless bring about changes, because the power of nations changes, especially those of major players. Therefore, judging from systemic transformation, the prospect that equilibrium could be broken exists, and the main driving force stems from nations' pursuit to their own interests, making moral judgment of the system less relevant. In other words, maintaining existing equilibrium results from the necessity of defending interests, so does breaking it. The key is whether the players have sufficient power to break the equilibrium, and further, whether breaking it would fit or hurt the interests of the players who do have such power. Precisely at this point, the rise of China and India could result in variables. Insofar as the power of both China and India is concerned, they do not have the capabilities to change the equilibrium, but the dominant power of the current system is not likely to estimate the prospect only by judging what China and India have and do now, but what they will have and do in the future. This is the base of the US strategic vision which focuses on prevention. And one of the US preventive measures is, for instance, to make countries like China and India become 'stakeholders'. ³ In US views, the countries that may challenge the existing system have to be integrated into it, which is dominated by the United States. From the American viewpoint, the existing power equation is rational, and the United States would do what it can to maintain the equilibrium and to prevent it from being broken. That makes it imperative to study whether the current equilibrium is desirable.

² The 1962 border conflict with China provided such a case when India got support from both the US and Soviet Union, making China isolated from the international community further. Some Chinese scholars even argue that China's unilateral ceasefire during the war was partially attributed to the fact despite China's military victory.

³ The term was used by the former Under Secretary Zollick to refer to the status of China. In the meantime, India's position is changing fast, too. Since 2002 when the first National Strategy of the US was issued by the Bush administration, both China and India would be referred in all the US policy reviews and reports as the rising powers that the US should deal with cautiously, and they are described as "the nations at strategic crossroad".

II

By common sense, equilibrium is realized through sustainable balance of power. When ideology played a decisive role during the cold war, the East-West confrontation brought about a basic structure of the international system, that was stable in general. The collapse of the Soviet Union ended it, thus "the end of history" with neoliberalism prevailing. But it does not change the fact that equilibrium is necessary for international stability. In China, the debate turned out to be on the possible multi-polarization in international politics until the "9/11" terrorist attack that urged the birth of neo-conservatism. Also, as a result, "the clash of civilizations" seems to have been revived. However, the new form of confrontation only has an ideological shell. Trying to make religion a real root of conflict in the post cold war ear is difficult, and the real issue is if the new equilibrium under US dominance is possible. When the US uses its power to strike its enemies, what it defends are US interests rather than some religion, and also to maintain what the US perceives as the rational equilibrium. And those forces that attack the US in a non-traditional way do not constitute a real power to change the structure or create a new balance of power in the international system. That is why the confrontation could only be described as asymmetrical conflict. Non-traditional forces do not constitute decisive element to change the fundamental structure.

The current system is thus featured with the lack of significant power that could be parallel to that of the US. Because of this, debates would come up on whether the current system presents a real equilibrium. By traditional assessment, it would be difficult to depict the current system with one absolute power as equilibrium. Further, by similar assessment, a system without equilibrium may not provide stability. However, the reality seems different from the assessment, that is, the US dominated system does not show much instability. Instead, because of its huge capability, the United States tries to build up a global framework with bilateral arrangement as its pillar. Needless to say, the United States takes the leadership in such a system. The US approach has been well practiced in the Asia-Pacific and won support from its allies firstly. The approach is now extending itself to both South Asia and Central Asia. As President Bush said during his visit to South Asia in March 2006, the US wants to help India grow up to the status of a global power. President Bush did not say what kind of global power the US wanted to make India be, but it is certainly not the same as the US or any hegemonic position, which could only imply the US determination to consolidate the US dominated structure. Whether the US approach is successful, at least, from the US perspective, the current system presents a favored equilibrium, and the US does not want to see any other power realistic or potential to balance its own power.

The issue here is whether other big powers like China and India would accept such a US dominated equilibrium. The answer lies in how they would evaluate their own position and role in the international system, and more importantly, on the judgment of their own interests.

III

Regarding the position and role of both China and India in the international system, the first point could be relevant to their development vis-à-vis the systemic rules. The argument is that both the countries' fast growth cannot be separate from the basic stability of the international system, in other words, in terms of their economic development, they have benefited from the current system. Therefore, despite the fact that neither China nor India would agree with the unilateral behavior of the United State in many significant events of international arena, they do not have an oppositional position against the current international system, though it is dominated by the United States. On the contrary, both China and India stress the importance of integrating themselves into the system. This perhaps indirectly reflects a potential trend that they are likely to accept the system, and opposing unilateralism does not mean objection to the system.

Secondly, neither China nor India pursues a policy to break the current equilibrium as their priority because the consequence would bring about instability even chaos that could enormously hurt their interests when they are in their respective economic take-off stage. As developing powers in the international system, they cannot be satisfied with the reality that they do not have much to say in nearly all the global institutions, but fundamentally changing the system would be neither in their capacity nor in their interests. By the principle of maximizing interests, both China and India would like to see a stable system rather than to challenge it.

Thirdly, both China and India are rising powers, and they certainly want to have more significant position in the international system. In other words, with the increase of their capabilities, their dissatisfaction with the reality could be expressed in a way that is not yet known now. Whether it would change the structure of the international system remains as a variable. Precisely because of the variable, the dominant power in today's world has to get ready to deal with any possible changes that could hurt its interests. In spite of the fact that neither China nor India really has the intention to challenge the international system and that they want to integrate themselves into the system peacefully, the dominant power may determine its strategy on the basis of the "worst scenario". That is logical, just as China and India do not start with the "best scenario" to think of their relations with the international system, either. This type of interaction could easily lead to the "Prisoners' Dilemma". While there is no confrontational element in the situation, the issue is that, even if the rise of developing powers might change the international system, whether it would really hurt the interests of others, especially that of the dominant power.

Besides, when the way that the developing powers change the system is not clear, even more unclear is how China and India would deal with each other in the years to come. Discussing the impact of Chindia on the world system, one could put both China and India into similar category as a common variable, but it does not mean the two countries share the same view about the system, nor does it mean they have already accepted each other completely or have solved their bilateral problems. Then, one needs to look into the real implication of the simultaneous rising of the two

countries, and what is the essence of Chindia in bilateral sense.

IV

Historically speaking, there have been difficulties for both China and India to handle each other's sensitivities. There is a geopolitical element in the perception making, because the two Asian powers are neighbors. When they were weak, the problem was already there. Now they are getting more powerful, the problem will still be there. In fact, Jawaharlal Nehru perceived it half a century ago. In November 1950 after China's army had been deployed in Tibet, the prime minister wrote a note to his cabinet ministers, in which Mr. Nehru argued for a non-confrontational approach regarding the debates among the ministers. Having said that India could not afford a conflict with China for Tibet and that India could not "save Tibet" even if India had decided to fight with China, Mr. Nehru pointed out that "as two Asian powers with expand tendency, it would be difficult for them to deal with their relations."4 It is clear that Mr. Nehru's view may have stemmed from a geopolitical calculation. In the history of international relations, there are many cases showing the difficulty in relations between two big neighbors indeed. In 1954 when Chinese Premier Zhou Enlai first visited New Delhi, the two sides determined to initiate the Five Principles of Peaceful Coexistence, which lay the foundation for a sustainable development of the bilateral relationship. It was indeed a very idealistic framework for the two Asian giants, but the following difference between the two sides in geopolitical interests reflected the fragility of the framework. This was the situation when the two countries were very weak, and what about now when the two sides are rising up rapidly in the international community?

Regarding the rise of Chindia, there are other things to be considered, and one of them is their comparative position in economic sense. Apparently, both China's economic totality and growth rate exceed that of India. China's economic reform started more than ten years earlier than India, and after India had launched its economic reform, in the next fifteen years, China's average annual growth rate was also much higher than that of India. These two factors decide that, in general level of economic advancement, China has gone far ahead, whether in terms of GDP currently, or the prospect in the future.⁵ For even if India could sustain average 8% of annual growth in the next 10 years, most predictions estimate that China would be able to keep that rate or even higher, too.⁶ That would make the disparity between China and India larger in the years to come. In terms of trade, the disparity is even bigger with China's total trade volume reaching USD 1.7 trillion in 2006, the third

 $^{^4}$ Prime Minister Jawaharlal Nehru's Note on China and Tibet, dated 18 November, 1950, in Sardar Patel's Correspondence, pp 342-47, indirectly quoted from Charan Shandilya: India-China Relations, Supriya Art Press, 1999, India, Appendix II

⁵ China's GDP in 2006 was about USD 2.5 trillion according to China's Central Bureau of Statistics, almost three times that of India, that produced about USD 860 billion.

⁶ After coming to power in May 2004, Prime Minister Mamohan Singh firstly set up the growth target at 6 to 6.5% in the next 5-10 years. He believed it would be a realistic goal. But there are signs showing that the Indian economic designer has upgraded the target. For instance, at an annual conference by the Asia Society of the US in Mumbai on March 18, 2006, the prime minister delivered a keynote speech arguing that India's growth rate could be sustained at a 9-10% annually. The real growth in 2005, however, was 7.9%, and 2006 saw a jump to 9.2%, but there are debates on whether the Indian economy has been overheated.

largest trading state in the world, and that of India about USD 300 billion. All these figures make the argument of simultaneous rise of China and India seemingly less convincing.

In the international media, the rise of Chindia is a hot topic which also focuses on comparison, but India's potential is stressed, because India is believed to enjoy many advantages that China does not have, such as a multi party system, a fully competitive business environment, and an independent judicial system, etc. While India's democracy is appreciated, the more important point seems to be in strategic India attracts attention from the western media perhaps not really because of its economic power, but its potential status in Asia vis-à-vis that of China. In Washington, that is elaborated as a counter weight against the rise of China. At this point, the simultaneous rise of China and India would be put in the game of balance of power, for the two Asian giants have a number of problems not yes solved, and it is likely that India does not want to see a hegemonic China, nor do the western powers. That kind of perception is perhaps well accepted in India, but not in the sense that India should follow up a containment strategy. Rather, India would like to use it for its own agenda. Western powers' worries about China is not a negative element as far as India's development is concerned. From the Chinese perspectives, the key is then how to look into the rise of Chindia and whether it is a reliable definition.

V

It should be clear in the first place that simultaneous rise of China and India does not mean they are in similar stage in terms of development, or possess similar material capabilities. Compared with other developing countries, both China and India, as two representatives with large territorial size and population, could impose significant impact on the international system because of their fast development which has been witnessed over the decade. Therefore, the disparity between them is less important than the prospect their growth may bring to the equilibrium of the international system. The rise of Chindia is thus defined as such, because China's development has already attracted extensive attention and India's rise, though starting later, has also shown strong momentum. More importantly, for more than half a century after World War II, both China and India suffered in very weak position in the international system until the new century when they finally rose up to a new stage where they could be defined as developing powers. Facing the west dominated system, they are in quite similar position indeed, thus likely to insert similar impact on the system in their development.

Bilaterally speaking, there is historic legacy with severe problems not yet resolved, but the legacy does not make China and India hostile in the context of the international system. After the border conflict in 1962, the two countries had a painful period in dealing with each other, but neither side intended to expand the dispute beyond the bilateral context. For instance, India never changed its position to support the resumption of China's seat in the United Nations, nor did India regard China as enemy in the international system only because of the border conflict. By

the same token, China never held hostile gesture to the Non-Alignment Movement which was founded by India with other nations, on the contrary, China fully supported developing countries including India and their great attempt to look for the "third way". In other words, although the 1962 war cast a heavy shadow on the bilateral relationship and changed the perceptions of the two peoples when they looked at each other, it did not shift their position in the international system. Their status as developing countries decide their policies and behaviors in the system. When both China and India have acquired great momentum described as rising powers, this historic lesson is significant in policy making. One could argue that, even if they might not be able to solve the boundary issue in the years ahead, it is not likely to impose too much negative impact on their respective behavior to each other in the international system. This is precisely what has been observed in their policy regarding the other side, including India's participation in East Asia regional integration, and China's engagement in SAARC (South Asia Association of Regional Cooperation) as observer. Despite suspicions still there and by and large due to the historic legacy, neither side shifts their support to the other side in regional and global affairs. That could be seen as the systemic constraints posed on their behavior, but such constraints are positive insofar as the rise of Chindia is concerned, because it will promote their cooperation as strategic partners.

In addition, the feature of current international system makes both China and India share even more in common. The US supremacy has led to significant imbalance of power in the system, thus an inequilibrium indeed. To correct it requires a new formation of power equation represented by other comprehensive powers, which are not observed now and even in the foreseeable future. The rise of Chindia attracts attention precisely because it presents some uncertainties. No one exactly knows in what form both China and India would become the world class nation, or they may never be. However, the potential their development has shown and the status they have acquired in the international system, both indicate the possibility that they could change the fundamental structure of the system. Because of that uncertainty, the United States has listed them as the rising powers in strategic crossroads. After "9/11", the Bush Administration has stressed the importance in US global strategy of China and India, and the US has to take them into account in its strategic pursuit, showing American awareness of the potential challenges by the rise of Chindia, even though from American perspective, their strategic significance may be in different category with India as a strategic democratic partner.

VI

The commonality of China and India may help understand their impact on the world system, but it should not lead to a conclusion that it would keep them always identical and consistent in the international system, for negative elements in bilateral relations do play a role, and how to reduce them is a challenge.

First of all, it is concepts that make difference. In China-India relations, the concepts like hostile enemy or good neighbor, competitor or collaborator, and rivalry or partner, are not clearly defined. Over the past half century, these concepts have come up in turn depending on specific situations. After the border conflict, for example, the concept of enemy prevailed for a long time, and during the cold war and even after, the concept of rivalry has been applied despite the genuine progress of rapprochement. In a press conference in March 2004, Chinese Premier Wen Jiabao argued that, in more than 2000 year exchanges between China and India, 99.9% have been friendly, and only a very short time saw an unpleasant episode. He thus strongly suggested a looking forward vision for both sides. ⁷ Here, the premier might have meant the importance of concept change in perceiving each other. While the unpleasant episode was short indeed, 8 it may not be easy to forget, because it took place not very long ago. More importantly, the unpleasant episode stemmed from geopolitical ideas, and they may not disappear with the rise of Chindia. It is thus crucial for both sides to change concepts, not letting geopolitical rivalry ideas prevail.

Secondly, the disparity of their positions in the international system due to material capacity and growth pace could create new problems. For instance, in 2005 when the G4's (Germany, Japan, India and Brazil) efforts to reform the Security Council of UN failed, Indian media and academia alike presented lots of views, some of which attributed the failure to China's opposition, accusing China of being unwilling to see India's rise as a global power. China was thus put into the category of status quo power rather than a rising power like India. This is not true, though, the key does not lie in how biased India media might have been, nor does it lie in historic legacy. It is the disparity of their respective statue in the international system that leads to different perception of interests when a crucial issue comes up. The same is true when India coldly responded to China's request for a seat in SAARC in the first Sino-Indian strategic dialogue in January 2005 in Delhi, though India finally accepted China as an observer at the SAARC Dhaka Summit in November the same year. The case shows that India might not be comfortable to a more powerful neighbor to sit with her in a regional organization where India takes the lead. One could argue that the disparity between the two developing powers could lead to suspicion that the weaker party would regard the stronger party as a pressure or even an obstacle.

Thirdly, in political arena, there is another kind of disparity which favors India, because the west dominated system apparently accepts India as a democracy more easily. For instance, in the US strategic blueprint, although both China and India are identified as "the big powers at strategic crossroad", American assessment on India tends to stress positive sides, as President Bush said prior to and during his state visit to India in March 2006, the United States appreciates India's multi cultures and democracy and sees India as a strategic partner. The United States wants to help India become a global power, though the president did not say what kind of global

⁷ Premier Wen Jiabao's Response at Press Conference, People's Daily, March 24, 2004, Beijing.

⁸ Sino-Indian border conflict started on October 20, 1962, and China unilaterally announced ceasefire on November 20 the same year, only taking a month.

power the US wants India to be. With that appreciation, the US decided to make a breakthrough in its non proliferation policy. ⁹ Compared to China, India apparently has a more favorable status. The political disparity might make India believe that it enjoys some sort of superiority to judge China as the western countries do. That would reduce the commonality of the two as developing countries in the international system, the impact of which would be negative as far as the rise of Chindia is concerned.

To sum up, the rise of China and India contains both positive and negative elements. The issue for this paper's purpose is in what way it will affect the equilibrium of the international system.

VII

The existing international system is featured with the sole superpower's dominance, presenting a unique equilibrium. It is unique because it differs from any other kinds of equilibrium in history. Yet, the unique equilibrium still has a general characteristic of maintaining basic stability. However, the rise of other powers is likely to break such equilibrium, evidently seen in history since the birth of nation-states, thus making the system back to normal equilibrium. This trend of development is the basic logic to decide the impact of China-India rise on the international system, but it may not be something the current dominant power would like to see. Whether it will happen, the United States is likely to do what it can to prevent it or delay its process. The dominant power's logic lies in a vision that any attempt to resume normal equilibrium of the international system would constitute a challenge to the United States, implying that normal equilibrium would hurt American interests, and therefore the United States should and can prevent it from taking place. The two logics seem to be in conflict, which could be understood as, firstly, the rise of Chindia would destruct the equilibrium of the international system, and secondly, the return of normal equilibrium would hurt the interests of the dominant power. This paper tries to argue that the rise of Chindia may not destroy the equilibrium. On the contrary, they will try best to maintain the equilibrium, thus promoting stability of the system. It is not because maintaining the equilibrium is politically or morally correct, but because doing it fits their interests. And in the process of resuming normal equilibrium of the international system, their rise will not necessarily hurt US interests, and even promote American leadership in the world system in the years ahead.

That the rise of Chindia does not destruct the equilibrium of the international system is based on three arguments. Firstly, the equilibrium of current system is abnormal. It is the sort of absolute pyramid equilibrium with the American power far superior to any other country or bloc. By a historic view, it is a temporary

⁹ The US and India signed the civilian nuclear cooperation agreement during President Bush's visit to Delhi on March 2, 2006, which would impose significant impact on the non proliferation regime, because it indicates US recognition of India not only as *de facto* but nearly *de jure* nuclear weapons state when India can still maintain its non signatory status of NPT. Secretary State Rice's explanation on this policy gives two major reasons: India's nuclear weapon program is legal, for it does not sign NPT, and India has a good record of non proliferation. Huge debates thus follow up, because this new criteria by the US may not help prevent other states going nuclear.

phenomenon, created by specific conditions, but it does not mean that the world could only be expressed in this way. In the meantime, the US dominated system nevertheless keeps general stability, which in turn provides crucial condition for both China and India to pursue their own development. As Chinese leaders have reiterated, peace and development are the critical feature of today's world. That definition is quite identical with the equilibrium in the US dominated system. Given this context, as long as other countries do not deliberately challenge the US dominated system, with the rise of the other nations that are qualified with fundamental conditions as big powers, the international system will shift from abnormal equilibrium to normal equilibrium. If the rise of China and India does reach such a level as to contribute to a new power equation, it will only make the international system back to its most general format, in which the big powers will present a new power structure, leading to a relative pyramid equilibrium. More importantly, economic globalization has fastened the pace of integration between nations, and interdependence between big powers is dramatically increasing. It is thus safely predicted that destructing systemic equilibrium would become increasingly difficult option to China or India, and maintaining it will much better serve their interests.

Secondly, the rise of Chindia will be a gradual process. No one really knows how long it will take for them to reach such a level as to change equilibrium of the international system. Today, it is generally agreed that a nation's capacity is decided by comprehensive national power, not by GDP alone. At this point, either China or India will take a long way to go before becoming genuine global power. In that long process, both of them have similar incentives and face similar constraints. There are no such things that can make them successful overnight, nor anything that can stop their development completely. In the meantime, the systemic force of the international regime will make them integrated into the system gradually, thus less likely for them to pursue a replacement. China's insistence on joining the WTO and India's painful efforts to seek for recognition by the international community as a legitimate nuclear weapons state, both provide evident case. Whether they will become global power, their interests require them to get integrated into the international system politically and economically, becoming the stakeholder rather than challenger. The deeper they are integrated, the higher the stakes will be, and the bigger their will to maintain systemic stability, and of course, the less possibility that they will challenge the system.

Thirdly, the rise of Chindia is constrained not only by the dominant power in current system, but also by their bilateral elements. While Sino-India relations have improved over the last couple of years, it is far from presenting a common force in the international system. In both concept and policy levels, there are still much inconsistency and divergence between the two countries. And it is safely predicted that such inconsistence and divergence will remain, and even could expand under circumstance as a result of the disparity in interests and status. The higher the inconsistence, the more mutual constraints between them will be in the international system. Consequently, viewing from the international system, the impact of their rise on the system will be reduced. That will not be a destructive element as far as

systemic stability is concerned, though it is negative in their bilateral relationship.

In conclusion, the simultaneous rise of the two developing powers which have various kinds of differences and difficulties between themselves is an unprecedented phenomenon in the international system. Their development in and impact on the system will be identical with their expectation for a proper status in the system. Viewing from their behavior and policy, it could be said that both of them are expecting to be accepted as a global power in the US dominated system. Their rapid growth is providing increasingly solid basis to the expectation. In the meantime, their development is based on stability of the system, and they are thus the gainer and keeper of the systemic stability, which means that they would not challenge the US dominance, because such challenge would be destructive to the stability. At this point, one could argue that they have already passed the "crossroad", and now in the process of integrating themselves into the international system by peaceful means and with their development momentum. Their growth favors both equilibrium of the international system and the dominant power, and it is demonstrated with their increasingly mature relationship with the United States in economic and trade exchanges, political interactions, and security dialogues, etc..¹⁰ Both the trend and prospect in this regard are quite positive, which will also help promote China-India relations positively. In final analysis, the rise of Chindia is not and cannot be a zero sum game either to the international system or to Sino-India relations.

¹⁰ With the United States, India has defense dialogue and China conducts strategic dialogue at both security and economic areas. All these mechanisms are regularized and institutionalized, reflecting a common desire between the three parties to seek for better understanding on strategic vision.