

China's Role in Asia Pacific and Latin American Integration: a Peripheral Realist Analysis

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《Abstract》

This paper attempts to further contribute to the understanding and analysis of the main reasons and most consequences of the increasingly important role the People's Republic of China plays with regard to the politico-economic integration initiatives that have been taking place in both the Asia Pacific and Latin American regions in the last two decades. In order to do so, this study will adopt a Peripheral Realist (邊陲現實主義) perspective to examine the intra-regional and cross-regional free trade agreements that the PRC will either be signing in the near future –such as ASEAN + 1, in the case of the former– or it has already signed in the last few years with trans-Pacific partners –such as Chile and Peru, in the latter case.

In addition to the aforementioned agreements, this study focuses on the relevance of the China factor in a number of sub-regional integration processes that have been taking place in several Latin American countries for a number of years and that have been recently reinvigorated and propelled by the strong and sustained involvement of the PRC in the region in the last few years. Keeping the main tenets of Peripheral Realism in mind, this paper will argue that one of the most interesting features of such processes is that they are characterized by the participation of sub-national, infra-state level actors. To illustrate the above point, this study will examine the case of Zicosur (South America Mid-West Integration Zone, 南美中西部一体化區域), which represents a process of integration of certain peripheral regions of several countries oriented to the strengthening of their development through mutual cooperation, including the so-called Bi-Oceanic Corridor (a railway network connecting the Chilean ports in the Pacific to the Brazilian ones in the Atlantic) and representing the pursuit of region-wide coalitions as a means of dealing with the opportunities and threats of globalization. Finally, the advantages and disadvantages, the opportunities and threats –such as potentially heightened competition between the two regions– that the extremely relevant role that China has been playing in the last few years as a leading trade partner to and source of investment for both Asia Pacific and Latin America will be examined.

I. Introduction

It constitutes a well-known fact that the economy of the People's Republic of China has been experiencing extremely fast and unprecedented levels of annual growth for the last thirty years and that, for this reason, it is currently considered to be "the world's most rapidly changing economy."¹

Indeed, the remarkable economic success achieved by the PRC has led many scholars to refer to it as "the China miracle."² In this regard, it has been observed that "no country in the world had growth as rapid as China ... [since it] adopted aggressively outward-oriented economic policies in 1978,"³ under the leadership of Deng Xiaoping (邓小平). It has been argued that, whatever name the Chinese government uses to refer to it, what has allowed such miracle to happen has been nothing else than "the development of capitalism in the name of building 'socialism with Chinese characteristics,'"⁴ in what has been called the replacement of "Communism with GDPism."⁵

Independently of what the term used to explain such phenomena might be, when figures are used to illustrate the aforementioned points –and not surprisingly– they turn to be truly impressive: in this regard, it has been noted that "reflecting a combination of population, growth, industrialization, and modernization, between 1978 and 2002, China's gross domestic product grew at an average rate of 9.4 percent."⁶ Such an achievement constitutes a particularly admirable fact, especially if we were to take into consideration that the PRC was considered as a very backward country only three decades ago and which explains why the Chinese upsurge has been characterized by some authors as "massive, protracted and unexpected."⁷

It is also firmly believed that, if the favorable conditions that have been allowing the phenomenal Chinese economic growth were to remain as they currently are –let alone to improve– the PRC might consequently become the largest economy in the globe and a superpower in the near

¹ Ted C. Fishman, *China, Inc.: How the Rise of the Next Superpower Challenges America and the World* (New York, NY: Scribner, 2005), 1.

² Justin Yifu Lin; Fang Cai, and Zhou Li, *The China Miracle: Development Strategy and Economic Reform* (Hong Kong: The Chinese University Press, 2003).

³ Jagdish Bhagwati, *In Defense of Globalization* (New York, NY: Oxford University Press, 2004), 64-65.

⁴ "Where is China Going?" *Economic & Political Weekly*, December 27, 2008, 5.

⁵ Thomas L. Friedman, *Hot, Flat and Crowded: Why We Need a Green Revolution – and How It Can Renew America* (New York, NY: Farrar, Straus and Giroux, 2008), 345.

⁶ Evan Ellis, R. "U.S. National Security Implications of Chinese Involvement in Latin America," *Strategic Studies Institute* (2005): 1.

⁷ Loren Brandt and Thomas G. Rawski, "China's Great Economic Transformation," *China Business Review*, 2008 (November-December), 30.

future. Indeed, it has been argued that –if not yet enjoying “imminent superpower status”¹– “China is becoming a world power, and it will be the main economic, political and military rival of the United States by the year 2020.”² Or, in other words, merely ten years from now.

However, it would be convenient to keep in mind that these promising predictions are still a decade away from materializing and that, for the time being, China can still be considered to have a limited international projection, since the PRC is a regional power and not a superpower as the United States. Indeed, not everybody seems to be so enthusiastic about the role China is playing in world affairs, and even though it has been pointed out that “the Western press is full of stories these days on China’s arrival as a superpower,”³ it has also been noted that “the West’s tendency to misread China dates back to the seventeenth century.”⁴ Some authors consider that “China is still some distance from qualifying as a superpower, but its potential to do so is nevertheless a serious and valid consideration in how it gets treated in the present.”⁵

Following this line of analysis, and in a special reference to last year’s financial crisis, it has been noted that “some people have postulated that the role of the United States in the global economy is declining, with its position as a world leader being replaced by China. The financial crisis seems to give China a golden opportunity to strengthen this trend. But, while it is undeniable that there is a long term tendency that China is rising, the current financial crisis will not dramatically facilitate China’s rise at the sacrifice of the interests of the United States. China's top priority is its own economic development as well as regional stability. Why not? First of all, the financial crisis is a challenge for both the US and China. The fact that China is the largest owner of US debt (about US\$ 2 trillion) only serves to emphasize that the two are in the same boat. Both must accept this major interdependence and coordinate with each other.”⁶

In this regard, and in spite of the fact that it has been noted that the U.S. economy “it is likely to slip, but not significantly, in the next two decades... [and that] most estimates suggest and in 2025

¹“The downside of joining the superpower club”, Financial Times, May 14, 2008.

http://www.ft.com/cms/s/0/6c477fb0-21c1-11dd-a50a-000077b07658,dwp_uuid=9511df10-6d6b-11daa4df-0000779e2340.html (accessed May 14, 2008).

² Andrés Oppenheimer, *Cuentos Chinos: el engaño de Washington, la mentira populista y la esperanza de América Latina* (Buenos Aires: Editorial Sudamericana, 2005), 49.(Translation by the author)

³ Sorman, *The Empire of Lies: The Truth About China in the Twenty-First Century* (New York, NY: Encopunter Books, 2008), vii.

⁴ Ibid.

⁵ Barry Buzan, “Conclusions: How and to Whom does China Matter?” in *Does China Matter? A Reassessment: Essays in Memory of Gerald Segal* (London, UK: Routledge, 2004), 164.

⁶ Jing Men, *Will the Financial Crisis Make China a Superpower?*, *Nato Review* “What Financial Crisis means for Security” (2009).

See <http://www.nato.int/docu/review/2009/FinancialCrisis/Financial-Crisis-China/EN/index.htm> (accessed February 18, 2010)

the United States' economy will still be twice the size of China's in terms of nominal GDP,"¹ it would be convenient to recall that several predictions have been made regarding the fact that –and providing it does not happen at an earlier stage– “China's economy is expected to catch up with and overtake that of the United States and Japan in the first half of the 21st century.”²

Therefore, it seems clear that what has been said about China's new superpower status –regarding the fact that it is by no means to be considered as a matter of “if” will it be achieved, but rather one of “when” will this be completely done– can be considered to be an increasingly correct and accurate prediction.

It is because of these reasons that the Chinese government –keenly aware of the fact that economic growth increases political concerns, influence and importance– has been spending considerable time and devoting a good number of its efforts trying to politically guarantee that its foreign relations –especially those with its South East Asia neighbors and the resources-rich Third World countries of Africa and Latin America– are to remain in good terms, in order to be able to satisfy China's voracious appetite by providing the natural resources that fuel the country's astonishing economic rise, all this –needless to say– without alarming them.

Indeed, the PRC has been characterized as being “ravenous” for the aforementioned resources, and, in this regard, it has been observed that “Latin American economies are growing at their fastest pace in decades, thanks in large part to heavy Chinese demand for their resources.”³

Last January, the Institute for the Integration of Latin America and the Caribbean at the Inter-American Development Bank (IADB) pointed out, in its monthly newsletter, that the anti-financial crisis stimulus and measures adopted by China allowed the demand of staples, metal and energy to remain high even during the peak of the financial turmoil that affected the world in 2008/2009.⁴

This should certainly be good news for the South East Asian and Latin American countries, since that is to say that China demands what they have to offer, and it does so to such an extent that –as regards the latter– “a series of reports from the World Bank, the Inter-American Development Bank and the Organization for Economic Cooperation and Development concluded that China's emergence is beneficial”⁵ to the countries in the region, with ‘the Southern Cone and Andean

¹ Fareed Zakaria, “The Future of American Power: How America Can Survive the Rise of the Rest,” *Foreign Affairs* 87, no. 3 (May-June 2008): 18-43.

² Justin Yifu Lin; Fang Cai, and Zhou Li, *The China Miracle: Development Strategy and Economic Reform*, xxxiv.

³ “A ravenous dragon,” *The Economist*, March 15th, 2008, 3.

⁴ See “América Latina y los precios de las materias primas. Situación y perspectivas,” BID-INTAL, Monthly Newsletter No. 162 (January 2010), 2. (accessed February 19, 2010).

http://www.iadb.org/intal/aplicaciones/uploads/publicaciones/e_INTAL_ICM_162_PRG1_2010.pdf

⁵ “A special report on China's quest for resources,” *The Economist*, March 15, 2008, 14.

nations as those who have been most positively affected.”¹ As stated, the Chinese demand contributes, to a large extent, to explain “the recent export commodity boom”² that Latin America has been experiencing in the last few years. In this regard, it has been noted that in the 2004 Asia-Pacific Economic Cooperation (APEC) summit that took place in Santiago, Chile, and after having visited Brazil and Argentina –thus, completing the so-called ABC trilogy– Chinese president Hu Jintao (胡锦涛) “signed 39 new cooperative agreements in a wide variety of fields and announced \$100 billion in investment commitments to the region, including \$30 billion for Chile, Argentina and Brazil alone.”³

In particular, a number of South American countries –such as Argentina, Brazil, Chile and Perú– have a particularly large variety of the raw materials and natural resources that China so desperately needs, having traditionally been considered as “agricultural exporting”⁴ countries, being either leading exporters of renewable resources –such as soy beans, wheat, corn and beef– or of petroleum and a large variety of mineral resources –copper, iron ore, lithium, etc... . Therefore, it should be clear that South American countries in general –and some of them in particular, such as Argentina, Brazil and Chile– are in excellent position to supply the insatiable appetite for commodities of the Asian giant and to benefit from trading with it and from eventually attracting the investments it is planning to make in the region.⁵

Due to the aforementioned reasons, this paper will argue that the large majority of the countries in East Asia and Latin America recognize the existence of a hierarchical order in its relations with China: in such structure, the PRC occupies the position of a central state and most countries in East Asia and Latin America assume a peripheral role in their relations with it –with the notable exceptions of Japan and Brazil, respectively.

¹ Kevin P. Gallagher and Roberto Porzecanski, “China Matters: China’s Economic Impact in Latin America,” *Latin America Research Review* 43, no.1 (2008): 187.

² Juliana Martínez, Maxine Molyneux and Diego Sánchez-Ancochea, “Latin American capitalism: economic and social policy in transition,” in *Economy and Society* 38, no.1 (February 2009): 1-16.

³ R. Evan Ellis, “U.S. National Security Implications of Chinese Involvement in Latin America,” *Strategic Studies Institute* (2005): 4. Interestingly, Shixue Jiang has attempted to “clear up the misimpression that when Chinese President Hu Jintao visited Latin America in 2004, he promised 100 billion dollars of Chinese investment by 2010,” by claiming that “the media misinterpreted the remarks, and that in fact, President Hu had predicted that bilateral trade with the region would rise to 100 billion dollars by 2010.” For further details in this regard, see Shixue Jiang in *Enter the Dragon? China’s Presence in Latin America*, ed. Cynthia Arnson, Mark Mohr and Riordan Roett (Washington, DC: Woodrow Wilson International Center for Scholars, 2007).

http://www.wilsoncenter.org/index.cfm?fuseaction=events.event_summary&event_id=224457
(accessed April 30, 2008)

⁴ Sylvia Ostry, “The Uruguay Round North-South Grand Bargain: Implications for Future Negotiations,” in *The Political Economy of International Trade Law*, ed. Kennedy, Daniel L. M. and Southwick, James D. (Cambridge, UK: Cambridge University Press, 2002), 297.

⁵ Since “China’s entrance to the world stage as a net creditor has had important positive effects for Latin America.” See Gallagher and Porzecanski, Roberto, “China Matters: China’s Economic Impact in Latin America,” 189.

In the second section of this paper, and in order to closely examine the hierarchy that characterizes the relations these countries have with China, the theoretical framework provided by the work of authors such as Carlos Escudé (Peripheral Realism) and David Kang (analyzing the theoretical roots of hierarchy in international relations, as well as the existence of hierarchy and stability in Asian international relations) will be adopted.

The third and four sections will briefly apply the aforementioned theoretical approaches to the real way in which Latin American and East Asian countries relate to China.

In the fifth and final section, a short conclusion of the major points analyzed in the paper will be made.

II. Peripheral Realism

This section will provide the theoretical framework this paper will be based on, following the work of Carlos Escudé (Peripheral Realism)¹ and that of David C. Kang (in particular, two articles by this author: “Hierarchy and Stability in Asian International Relations,”² published in 2001, and “The Theoretical Roots of Hierarchy in International Relations,”³ published in 2004)

Developed by the Argentine scholar Carlos Escudé, Peripheral Realist theory makes reference to the concept of “trading state” proposed by Richard Rosecrance in the 1980s⁴ and, consequently, analyzes the advantages that the adoption of the foreign policy profile of a trading state will offer to a peripheral state in its relations with other states. As Escudé points out, Peripheral Realism could be considered to be “an ideal foreign policy for an ideal type of state,” since it “corresponds, in terms of its ideal foreign policy, Rosecrance’s trading state, in itself an ideal type of state.”⁵

Predictably, this study will follow the postulates of Peripheral Realism in order to examine the possibility of using them to bring about an improvement on the political and economic relations that most countries in East Asia and Latin America have with the PRC. This section will be divided in several sub-sections:

¹ Carlos Escudé, *Foreign Policy Theory in Menem’s Argentina* (Florida: University Press of Florida, 1997), and, by the same author, “An introduction to Peripheral Realism and Its Implications for the Interstate System: Argentina and the Cóndor II Missile Project”, in *International Relations Theory and the Third World*, ed. Stephanie G. Neuman (Bloomsburg, PA: MacMillan Press, 1998).

² David C. Kang, “The Theoretical Roots of Hierarchy in International Relations,” in *Australian Journal of International Affairs*, Vol. 58, No. 3 (September 2004), 337-352.

³ David C. Kang, “Hierarchy and Stability in Asian International Relations,” in *American Asian Review*, Vol. 19, No. 2 (Summer 2001), 121-160.

⁴ Richard Rosecrance, *The Rise of the Trading State: Commerce and Conquest in the Modern World* (New York: Basic Books Publishers, Inc., 1986).

⁵ Ibid.

- **“The juridical inequality of states”**
- **“Hierarchy of States and Hierarchy of Issues”**
- **“The “Normative Character of Peripheral Realism”**
- **“Alignment and bandwagoning”**

With regard to the distinction between “central” and “peripheral” states, it would be convenient to recall that, according to Escudé, the interstate system is composed of states that are juridically “unequal”¹ and happens to be structured in the following way: “there are three kinds of states: those that command, those that obey and rebel states.”² Following the same line of analysis, Kang points out that “the only major change made to the standard realist model is to explicitly recognize that nation states are not equal when acting on the world stage.”³

For Escudé, central states –powerful states, the great powers, such as China in this case– are to be found at the core of it, while in the outer parts of the system are the peripheral states, which –being weak, vulnerable and power-less– are assumed by Peripheral Realism to have economic growth and development as their primary interest.

Therefore, and in order to serve such interest, Peripheral Realist theory suggests the governments of the majority of the East Asian and Latin American states to adopt the foreign policy profile of a trading state.

Escudé notes that his theory could be well regarded as a “developmentalist paradigm,”⁴ since it would also indicate peripheral states “what are the most functional foreign policies for their growth and development.”⁵

Following this line of analysis, Escudé explains that “for the periphery, there is a hierarchy of policy preferences in which the economy takes precedence above politico-military-resources.”⁶ Indeed, “the hierarchy of issues is led by trade and finance, by economic growth and development. Peripheral Realism is, in a way (as has been stated), a return to a mercantilism of sorts,”⁷ due to the fact that it emphasizes, promotes and encourages trade and economic growth, while it “rates the

¹ Escudé, *Foreign Policy Theory in Menem’s Argentina*, 8.

² *Ibid.*, 78.

³ David C. Kang, “Hierarchy and Stability in Asian International Relations,” 129.

⁴ Escudé, *Foreign Policy Theory in Menem’s Argentina*, 127.

⁵ *Ibid.*, 3.

⁶ Carlos Escudé, “An introduction to Peripheral Realism and Its Implications for the Interstate System: Argentina and the Cónдор II Missile Project”, in *International Relations Theory and the Third World*, ed. Stephanie G. Neuman (Bloomsburg, PA: MacMillan Press, 1998), 64.

⁷ Escudé, *Foreign Policy Theory in Menem’s Argentina*, 104.

category of military security last or second to last.”¹

In this regard, it has been observed by Escudé that “a peripheral government should abstain from interstate power politics and devote itself to promoting local economic development instead... today’s world makes it possible, in varying degrees, for most states to adopt the foreign policy profile of a trading state.”² It would be convenient to remember that “even though states have traded extensively with one another (with and without restrictions) since before the sixteenth century, the theory of international relations has largely proceeded as if trading was unimportant. Boundaries, territory, sovereignty, independence, and military power have remained key concept.”³ But, as Kang points out in a relatively simple theoretical point “Power *is* not the only variable that matters in international relations... [since] “the relative distribution of power in a system is an important variable, but it is not the only important variable. The preferences and intentions of states, expectations, reputation, adaptational mechanisms and domestic processes are all important in determining the pattern and stability of a system.”⁴

In this regard, it has also been astutely noted that “the theory of international exchange and trade gives a basis for mutual cooperation and mutual benefit, and it applies to the essence of what states do day by day. When noticed, trading is dismissed as “low politics”, pejoratively contrasting it with the “high politics” of sovereignty, national interest, power and military force. However, it is possible for relationships among states to be entirely transformed or even reversed by the low politics of trade.”⁵ It is precisely this “low politics of trade” what this study argues characterizes the relations that the peripheral states of East Asia and Latin America have with China, a central state “driven by the quest for **power**.”⁶

Following this line of analysis, the positive influence that a deep engagement in trading activities would have had in the political relations between China and the peripheral countries in both East Asia and Latin America becomes clear, as well as the need for both governments –and especially for the weaker parties in this relation– to protect and to promote trade and commerce between the two countries.

Escudé further characterizes “central” and “peripheral” states by arguing that among the first type are “the states of countries in which the economies share significantly in the generation of cycles of expansion and contraction of the world economy... [and] their political predominance in the interstate system gives them a major role in the establishment of the written and unwritten rules of the system.”⁷ China clearly fulfills the criteria to be considered as such, and it has been noted that,

¹ Ibid., 104.

² Ibid., 88.

³ Rosecrance, *The Rise of the Trading State: Commerce and Conquest in the Modern World*, 78.

⁴ David C. Kang, “The Theoretical Roots of Hierarchy in International Relations,” 339.

⁵ Rosecrance, *The Rise of the Trading State: Commerce and Conquest in the Modern World*, xi

⁶ Guy Sorman, *The Empire of Lies: The Truth About China in the Twenty-First Century*, 132.

⁷ Ibid., 18.

since Deng's reforms started to be implemented, "China is increasingly a major 'player' in the global economic system... [becoming] increasingly able to use its newfound weight to begin to restore its historically central position in east Asia, a role that it had been forced, through much of the modern era, to yield to the Japanese."¹

But central states can be more clearly characterized by contrasting them to the ones to be found on the other extreme, the "peripheral" states, which are "all states that are neither permanent members of the UN Security Council nor economic superpowers such as Germany or Japan [*or China, for the purposes of this study*].The 'periphery' includes both developed and underdeveloped countries."²

Among the "developed peripheral countries," Escudé includes what he calls "prosperous weak states" such as "Canada, Australia, the Netherlands, South Korea, Taiwan and Hong Kong,"³ while he claims that "'Third World' is used for the underdeveloped periphery,"⁴ which would consist of all the countries in Latin America and most of the East Asian ones, with Thus, peripheral states are further characterized as "the states of countries whose economies are, contrariwise, deeply affected by cycles of expansion and contraction of the world economy without sharing significantly in their generation."⁵

Taking into consideration the above remarks, and applying them to the relations being examined here, we would find that on the one hand will be China, which will play the role of a central state, not only "driven by the quest for power"⁶ but which has been defined as a state that "in many ways is already a great power,"⁷ since it "possesses a large economy, territory, population and military, and also sits on United Nations Security Council as a permanent member."⁸

On the other hand, and regardless the different views about China above mentioned, we will find the majority of East Asian and Latin American states, each of which is "not a leading state but a distinctly peripheral one,"⁹ since they are states "relatively devoid of power resources"¹⁰ and, as

¹ Robert Weill, "A House Divided: China after 30 Years of 'Reforms'," in *Economic & Political Weekly*, December 27, 2008, 61.

² Escudé, "An introduction to Peripheral Realism and Its Implications for the Interstate System: Argentina and the Cóndor II Missile Project," 70.

³ Escudé, *Foreign Policy Theory in Menem's Argentina*, 65.

⁴ See note 35 above.

⁵ Escudé, *Foreign Policy Theory in Menem's Argentina*, 18.

⁶ Sorman, *The Empire of Lies: The Truth About China in the Twenty-First Century*, 132.

⁷ Suzuki, Shogo, "Seeking 'Legitimate' Great Power Status in Post-Cold War International Society: China's and Japan's Participation in UNPKO," *International Relations* 22 (1, 2008): 45-63.

⁸ *Ibid.*, 46.

⁹ Escudé, "An introduction to Peripheral Realism and Its Implications for the Interstate System: Argentina and the Cóndor II Missile Project," 56.

¹⁰ *Ibid.*

such, characterized by the “relative absence of power.”¹

The juridical inequality of states

Escudé bases his classification of states in “central” and “peripheral” in the fact that states are **not** equal. To emphasize this point, our author claims that “the juridical equality of states was a juridical fiction until the signature and ratification of the United Nations Charter. Since that event, it is not even a fiction; with the inception of the Security Council, made up of five permanent members endowed with veto power, the charter establishes (for security matters) the principle of juridical inequality of the states.”² It is clear, then, that Peripheral Realism does not and could not consider states as “like units,”³ but it rather claims that unequal states are precisely so because they do not only have different capabilities but also different functions. Consequently, Escudé distinguishes between states that command –the great powers– and states that do not –the peripheral ones. In this regard, it would be convenient to recall that it has been noted that “trade has long been understood to create the potential for political influence.”⁴

Accordingly, Kang argues that international relations in Asia are characterized by formal hierarchy and informal equality, in a system that places China –the central state– at the core, while the other Asian states –Japan, Korea, Vietnam and other vassals of China– are to be found in the periphery. It is evident, then, that “relative position matters in hierarchy –there is one central state and many lesser, peripheral states.”⁵

Hierarchy of States and Hierarchy of Issues

It could be said that Peripheral Realism “converges with the realist insofar as it assumes a clear hierarchy of issues in which economic power replaces military force as the ultimate desideratum of the interstate politics of a peripheral state.”⁶ According to Escudé, this hierarchy exists not only with regard to issues –“led by trade and finance, by economic growth and development”– but also in the interstate system, since “it is more appropriate to say that the structure of the international system is characterized by an incipient and imperfect hierarchy than to say that it is characterized by anarchy”⁷ –understanding by “anarchy” “the absence of centralized authority”⁸– although “the structure of the interstate system is obviously neither a complete anarchy nor a fully developed

¹ See note 46 above.

² Escudé, *Foreign Policy Theory in Menem’s Argentina*, 8.

³ *Ibid.*, 79.

⁴ David A. Lake, “Escape from the State of Nature: Authority and Hierarchy in World Politics,” in *International Security*, Vol. 32, No. 1 (Summer 2007), 66.

⁵ Kang, “Hierarchy and Stability in Asian International Relations,” 128.

⁶ Escudé, *Foreign Policy Theory in Menem’s Argentina*, 105.

⁷ *Ibid.*, 78.

⁸ Wendt, Alexander, *Social Theory of International Politics* (Cambridge, UK: Cambridge University Press 199), 247.

hierarchy.”¹

In this regard, Kang points out that Waltz mistakenly contrasted “anarchy” with “hierarchy”. Indeed, Kang argues that the concept that opposes Hierarchy is Equality –and not Anarchy,² and emphasizes that the hierarchic system described above “contrasts sharply with the western tradition of IR that consisted of Formal Equality between nation-states, Informal Hierarchy and almost constant interstate conflict.”³

Furthermore, Kang notes that the old Asian system was peaceful and stable due to the fact that “as long as hierarchy was observed there was little need for interstate war.”⁴ Following this line of analysis, he points out that “historically, it has been Chinese weakness that led to chaos in Asia. When China is strong and stable, order has been preserved.”⁵

Normative Character of Peripheral Realism

The normative character of Peripheral Realism becomes evident not only because of the prescription it makes up about the adoption of the foreign policy profile of a trading state by a peripheral state, but also for the conducts it suggests such state should refrain from adopting. In short, Escudé’s approach might best be summed up as follows: a peripheral state –such as Argentina– should:

- “abstain from interstate power politics and devote itself to promoting local economic development”⁶
- it should also refrain from “costly idealistic interstate politics”⁷
- it would be specially important for the peripheral state to avoid “risky confrontations with great powers when they engage in policies that are detrimental to universal good causes but do not affect the peripheral government’s material interests”⁸
- a peripheral state should also “abstain from unproductive political confrontations with great powers.”⁹
- finally, a peripheral state should study “the possibility of alignment or

¹ Escudé, *Foreign Policy Theory in Menem’s Argentina*, 61.

² Kang, “Hierarchy and Stability in Asian International Relations,” 127.

³ *Ibid.*, 123.

⁴ *Ibid.*

⁵ *Ibid.*, 159.

⁶ Escudé, *Foreign Policy Theory in Menem’s Argentina*, 87.

⁷ *Ibid.*, 88.

⁸ *Ibid.*

⁹ *Ibid.*, 89

bandwagoning with a dominant of hegemonic power or power coalition, which should be 'the product of careful calculations of costs, benefits, and risks.'¹

With regard to this last point, Escudé claims that "decisions on alignment should be based on a set of considerations that include the following questions. Does the dominant power with which alignment is considered have competition in the weak state's region? Will alignment generate costs or risks stemming from competing great powers? If so, can alignment be avoided without even greater costs or risks? Finally, can alignment produce benefits?"²

At this point, the advantages and benefits of adopting the foreign policy profile of a trading state for peripheral states should be already evident. By so doing, the peripheral state would be able to prioritize its economic development and the welfare of its citizenry, a policy that these countries should combine with their alignment with China, since "foreign policy can facilitate or jeopardize a country's path to development but cannot generate development itself."³ Therefore, and in order to achieve development, bandwagoning would be a tactic that would be "beneficial to the weaker states that adopt it."⁴

Alignment and bandwagoning

When analyzing the post-Cold War US-Argentina relation that he examines in his book, Escudé points out that "the emergence of a new world order gave the weaker state the opportunity to make significant political favors to the regionally dominant power through alignment, thus increasing the probability of obtaining the latter's cooperation for restoring the weaker state's monetary stability and eventually its economic growth."⁵ In the same line of analysis, this paper will attempt to demonstrate that the rise of China –and in spite of the fact that the PRC is not the regionally dominant power, but nevertheless a regional power– could be considered as the "emergent new world order" that would provide East Asian and Latin American countries with the possibility of aligning with it and, through cooperation with it, benefiting from it.

On this regard, and in broader political terms, it is important to note that it has been said that Latin America can contribute to China's development with regard to the "struggle to fight against hegemony and build a new world order or a 'harmonious world'."⁶

¹ Escudé, *Foreign Policy Theory in Menem's Argentina*, 89.

² Ibid.

³ Escudé, *Foreign Policy Theory in Menem's Argentina*, 21.

⁴ Ibid., 121.

⁵ Escudé, *Foreign Policy Theory in Menem's Argentina*, 90.

⁶ Jiang, Shixue, *Recent Development of China's Relations with Latin America* (Beijing: Institute of Latin American Studies, Chinese Academy of Social Sciences), 17.

<http://ilas.cass.cn/u/jiangshixue/%7BF561CD65-E0C6-4A97-9E5B-A1B884CAA80B%7D.pdf>

(accessed March 21, 2008).

It has already been stated that peripheral states are characterized, by definition, by weaknesses and vulnerabilities, and it should now be recalled that it has been observed that “weak states are more likely to bandwagon than strong states for two reasons: they are more vulnerable to pressure and they can do little to determine their own fates”.¹

Escudé explains that the use of an alignment strategy by a peripheral state has a “protective objective”, since it seeks “to put a weaker state under the umbrella of a stronger one by siding with the stronger on certain specific issues that will not affect adversely the material interests of the weaker state and will not alienate it from significant segments of world public opinion. Such bandwagoning tactics, used with prudence and a careful calculation of costs and benefits, can be beneficial to the weaker states that adopt them, but the benefits that can thus accrue to them fall outside the logic of intergovernmental organization per se and are instead a part of the logic of alignment. It is almost inevitable that such bandwagoning tactics will be more attractive to leaders of relatively democratic countries with large middle classes. Such countries are politically more vulnerable to the domestic consequences of foreign policy confrontations, and they face greater domestic demands for development and welfare, than does the typical Third World country with a highly skewed income distribution and a limited citizen participation in politics.”²

As David Kang has noted in different articles, the **dynamics of the international relations** in **Asia** characterize it as a region that has remained **remarkably peaceful** and **fairly stable** for the last few years, in spite of the ***pessimistic predictions*** that all theoretical schools had made during the last 15 years. It had been forecasted that **conflict** in the region could be triggered by several factors –growing China, the Taiwan issue, a rogue North Korea and territorial disputes such as the one involving the Spratley islands, among others. Therefore, post-Cold War Asia was considered to be or to become an ***unstable place*** from several perspectives:

- a) for **realists**, “**balance of power**” theories would make it so; Kang criticizes realists for having “underexplored an **hypothetical** (and **hierarchic**) **middle path** that involves a **central power** that:
 - still operates in **anarchy**
 - but does **not** cause **other nations to balance against it**
 - and does **not** fold them under its wing **in empire**.”³
- b) for **liberals**, this was the case due to the conspicuous **lack of institutions and democracy** in the region; and
- c) for “**culturalists**,” “**historical animosities**” (dislikes, oppositions and angers) and

¹ Stephen M. Walt, *The Origin of Alliances* (Ithaca, NY: Cornell University Press, 1987), 173.

² Escudé, Foreign Policy Theory in Menem’s Argentina, 121.

³ Kang, “Hierarchy and Stability in Asian International Relations,” 129.

“unresolved grievances” had to be taken into consideration.

Finally, we can conclude by pointing out that, at the time of writing his articles (from 2001 to 2004), Kang considered Asia as a region in which conflict, arms racing and regional tensions have been largely muted, as well as one in which:

- 1) There have been no major wars for more than 25 years (the last one, in 1978-1979), despite rapidly changing power among states in the region.
- 2) Despite its rise, Asian countries are not balancing against China (in part due to the fact that it has begun to appear as a responsible, status-quo power).
- 3) The security dilemma is not caused by the rise or fall of great powers –China, the US– but rather by North Korea, a “risk-acceptant” second-tier power.
- 4) There as been extensive institutional growth (and, as Acharya notes, Asians are starting to be united by shared norms and values)

Therefore, the author astutely argues that the main reason for the stability and peace that Asian countries have been enjoying can be found in the article’s own title: “hierarchy.” Indeed, Kang has carefully chosen such title because he is convinced and claims that “hierarchy, instead of balancing, is emerging in Asia.”¹

III. The role of the PRC in East Asia

As it is well-known and has already been mentioned in the above paragraphs, the PRC has historically played an extremely relevant role in East Asia, in political, economic and cultural terms, in precisely the way in which a central state would be expected to if a Peripheral Realist perspective was to be adopted. Due to time and space constraints, this section will focus on the more recent developments that have taken place in the region, taking into special consideration the implications that the ASEAN + 1 FTA (in effect since January 1st, 2010) have for our theoretical framework and claiming that, with the notable exception of Japan, most countries in East Asia recognize China as occupying the central position in the system and assume themselves as being located at its periphery.

As aforementioned, Japan and China have a relation that is different from other East Asian countries. Far from being a peripheral country, Japan is an economic superpower that has been characterized by Escudé as a “central state”² and which has recently been reconfirmed as having the

¹ David C. Kang, “The Theoretical Roots of Hierarchy in International Relations,” 338.

² See note 44 above. Also, see Escudé, “An introduction to Peripheral Realism and Its Implications for the Interstate System: Argentina and the Cóndor II Missile Project,” 70.

But at this point one an interesting difference seems to appear between Escudé's and Kang's observations: while Peripheral Realism concentrates in explaining the relations between central and peripheral states, it acknowledges the co-existence of several central states –such as Japan and China in East Asia, although it does not go deeper in analyzing the way in which these central states relate to each other.

As regards Kang, he considers Japan as a very sophisticated nation and acknowledges that it is the second-largest economy in the world, but it has almost no significant military or diplomatic strength. Therefore, Kang argues that realism cannot explain why “Japan does not yet function as a typical realist nation”²: it is the second-largest nation in the system, but it does not balance or challenge the largest one –the U.S. Realism cannot either explain why Japan should trust the U.S., nor why it has not rearmed to the extent it could nor to the extent a great power would. For Kang, Japan has not done it because it does not need to: it can survive as it is right now. It accepts China as big and central in Asian politics and has no intention of challenging it. The current situation is quite different from the one in the power vacuum that took place in the 19th century, when the Asian hierarchic system broke apart. It is only in the late 1990s that the system is appearing to begin –once again– to resemble an Asian regional system that is both powered and steered by Asian nations themselves.”³ Today, China and Korea are strong in both economic and military terms, and there are no European power intrusions.⁴

Kang argues that “one implication of hierarchy is that balancing by equals is impossible”⁵ and explains that, from a realist perspective, the two countries that should be most fearful of China are Vietnam and Korea, due to their geographical proximity to it and should be expected to “flock to the weaker side.”⁶ However, the author notes that neither Korea nor Vietnam are balancing against China, at least explicitly. As a matter of fact, argues the author, the two countries do not seem to be worried about a rising China and are behaving just as they have traditionally done: they try to adjust and accommodate China while trying to retain as much autonomy and independence as possible. In the case of the two Koreas, claims the author, this is so because “there is suggestive evidence that both Koreas understand China's central position in Asia.”⁷ And Vietnam is in pretty much the same situation, despite its long conflicting relationship with China: the author considers that a stable *modus vivendi* is developing between Vietnam and China.

¹ See *China Post*, February 16, 2010.
<http://www.chinapost.com.tw/business/asia/japan/2010/02/16/244912/Japan-still.htm>

(accessed February 16, 2010)

² Kang, “Hierarchy and Stability in Asian International Relations,” 145.

³ Kang, “Hierarchy and Stability in Asian International Relations,” 142.

⁴ *Ibid.*

⁵ *Ibid.*, 154.

⁶ *Ibid.*, 155.

⁷ *Ibid.*

On the other hand, it can be said that the agreement between China and the six founding members of ASEAN (the Sultanate of Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand) can be considered to reflect the main tenets of Peripheral Realism and the existence of a hierarchical order in East Asia, with China playing the central state role and the ASEAN nations assuming the peripheral one.

To illustrate this point, it would be convenient to recall that the PRC has been keen in taking a politically leading role in the negotiations that eventually led to the FTA, making sure that it would be the first country to enter into such an agreement, ahead of both Japan and the Republic of Korea. This concern was reflected in 2008, when the Chinese Foreign Minister spokesman, Qin Gang, stated that China had entered into talks with ASEAN members in order to discuss how to face the “serious challenges posed by rising oil and food prices, the slowdown of world economy, the depreciation of U.S. dollar, rising trade protectionism and natural disasters.”¹

In economic terms, the agreement cannot bring anything but benefits to China, offering both access to the raw materials exported by South East Asian nations –which can eventually substitute the more costly imports that come from Latin American countries, due to the higher transportation costs that the shipment across the Pacific implies– as well as eventually constituting an alternative market for Chinese products, since –although the average purchasing power of the people of these countries might be quite low, it nevertheless constitutes the largest free trade area in the world in terms of population, with about 2 billion people.²

IV. China and Latin America

The PRC has taken advantage of the fact that Latin America has traditionally been considered as the U.S. backyard, and –in spite of being located within the latter’s sphere of influence– China has aggressively taken the initiative in order to secure that its political and economic relations with these countries remain in good terms, in order to secure its access to the vast

As aforementioned, most Latin American countries assume their peripheral, weaker position in their relations with China, with the notable exceptions of Brazil, Argentina and, to a lesser degree, Colombia and the Central American nations that keep diplomatic ties with the Republic of China on Taiwan.

All in all, most Latin American countries have seem to understand the importance of China’s

¹ “ASEAN + 1 talks concluded with ties deepened”, Xinhua, July 23, 2008.

http://news.xinhuanet.com/english/2008-07/23/content_8757472.htm (accessed February 12, 2010).

² “China and ASEAN free trade deal begins”, British Broadcasting Corporation- BBC website

<http://news.bbc.co.uk/2/hi/8436772.stm> (accessed January 1, 2010)

rise and hope to benefit from it, by adopting the policies that will allow them to maintain their privileged position as either suppliers of China or places in which Chinese investments and tourists can be attracted –in this group, countries as different as Chile and Venezuela, Bolivia and Costa Rica, or Cuba and Perú are to be found.

As regards the countries that are trying to keep their condition of raw-material suppliers, they are doing so with reasonable possibilities of success, due to the fact that commodities such as grains and minerals or other products cannot be easily replaced, either because of their lower production costs –when compared to the ones produced in East Asia in general and in the ASEAN countries in particular, such as soy beans, beef and other products– or simply because they are not available in the region and cannot be replaced –such as in the case of copper, zinc and iron. This would explain, to a large degree, the FTAs that China has with Chile (completed in 2005 and which entered into force in October 2006), while the attempt to attract either Chinese investments –it has been noted that “China’s entrance to the world stage as a net creditor has had important positive effects for Latin America”¹– or tourists is reflected in the FTA it has with Perú (completed in 2008, and which will come into force next March 1, 2010).²

The most recent example of how a Latin American peripheral country tries to cultivate a good relation with the PRC is the case of Bolivia, in which a bilateral relation based on the mineral resources –such as lithium reserves– that one of the partners has to offer its counterpart. Furthermore, in recent months the two governments have signed an agreement of spatial cooperation, with China providing the technology Bolivia needs to develop its first telecommunications satellite,³ following the example given by Venezuela in the 1990s. For these reasons, Bolivia’s president, Evo Morales, will visit Beijing in middle March this year.

As regards the exceptions, and to make a long story short, it goes without saying that Brazil is by no means a minor partner to the PRC, but rather its equal (and a fellow BRIC member). The importance of Brazil as the regional power has been already acknowledged by almost all Latin American countries –which, interestingly enough, would make the main postulates of Peripheral Realism applicable to this case, with Brazil at the center and the other countries located at the periphery– and the Sino-Brazilian relations have been steadily good, characterized by oil and soy bean exports, as well as by a common agenda that seems to have developed between both governments. Indeed, when PRC president Hu Jintao (胡锦涛) toured Latin America in 2004 in his way to the 12th

¹ Gallagher and Porzecanski, Roberto, “China Matters: China’s Economic Impact in Latin America,” 189.

² “Peru-China Free Trade Agreement to come into force March 1, says Mincetur,” *Andina* –Peruvian News Agency, February 12, 2010.

<http://www.andina.com.pe/Ingles/Noticia.aspx?id=Abu3rKg4pDc> (accessed February 18, 2010).

³ “Bolivia prepara su llegada al espacio,” *La Nación*, February 16, 2010.

http://www.lanacion.com.ar/nota.asp?nota_id=1233579 (accessed February 16, 2020)

APEC Summit, the longest visit he paid was to Brazilian president Lula, remaining in Brazil for 5 days.¹

The second exception can be said to be constituted by Argentina, a country that has all the resources China might need, and which has the PRC as its top Asian trading partner, but also has a government that is unreasonably devoted to ruin its commercial and political relation with it, what has led to the qualification of Argentina- by one of its largest trade partners- as nothing less than a 'non-reliable supplier.'² The strained relation has only become worse recently, due to the cancellation of Argentine president Cristina Fernández de Kirchner of her first-ever State visit to China last January –which cannot but further deteriorate and jeopardize the future of the bilateral relation–³ as well as the arrest order issued by an Argentine judge against former PRC president Jiang Zemin (江澤民) in December 2009.⁴ Thus, it seems that the Argentina-China relations increasingly worsen just as time goes by.

But, unfortunately, being in bad terms with China is only one of the several aspects of Argentina's atypical position. Indeed, and as it has been recently pointed out in a Financial Times' article, "[Argentina's] contrasts with its neighbors are stark. Brazil, a fellow member of the Group of 20 leading nations, forms one of the four fast-growing emerging Brics economies along with Russia, India and China. Chile, just across the Andes, has recently joined the rich nations' Organization for Economic Co-operation and Development."⁵

Finally, two words must be said about the other countries whose relations with China leave plenty of room for improvement: the case of Colombia is far from being surprising, if we were to take into consideration that it is the closer ally of the US in Latin America. And, as regards the Central American countries that do not recognize the PRC and maintain diplomatic relations with the ROC on Taiwan, the on-going diplomatic truce is well-known and speaks for itself.

This section will conclude with a brief mention of the positive influence that China has had with regard to Zicosur (South America Mid-West Integration Zone, 南美中西部一体化区域): in order to be able to meet the huge Chinese demand for natural resources and raw materials, sub-national actors (in what constitutes a remarkable different from the ASEAN case) have enrolled in a process of integration of certain peripheral regions of several (also peripheral) countries, oriented to the

¹ Eduardo D. Oviedo, "Crisis del Multilateralismo y Auge de la Diplomacia Bilateral en la Relación Mercosur-China", Paper presented at the 6th REDEALAP Meeting (Buenos Aires: October 12-13, 2005), 11.

www.iadb.org/intal/aplicaciones/uploads/ponencias/Foro_REDEALAP_2005_16_OVIEDO.pdf

² "China busca alternativas," *La Nación*, May 30, 2008.

http://www.lanacion.com.ar/politica/nota.asp?nota_id=1016918 (accessed May 30, 2008).

³ "En China, silencio oficial y dudas por el futuro de la relación," *Clarín*, January 21, 2010.

<http://www.clarin.com/diario/2010/01/21/elpais/p-02124042.htm> (accessed January 21, 2010).

⁴ "迫害法輪功 阿根廷法官下令拘捕江澤民", *Liberty Times*, December 21, 2009.

<http://www.libertytimes.com.tw/2009/new/dec/21/today-int8.htm> (accessed December 21, 2009).

⁵ "Argentina: a profligate president", *Financial Times*, February 18, 2010.

http://www.ft.com/cms/s/0/443cd238-1cdb-11df-8d8e-00144feab49a.html?nclick_check=1 (accessed February 18, 2010).

strengthening of their development through mutual cooperation and joint capabilities (including the so-called Bi-Oceanic Corridor, a railway network connecting the Chilean ports in the Pacific to the Brazilian ones in the Atlantic through Argentina and Paraguay, being the latter the only South American country that maintains diplomatic ties with the ROC and not the PRC, which certainly represents an obstacle to any common policies that the Mercosur –Common Market of the South) and representing the pursuit of region-wide coalitions as a means of dealing with the opportunities and threats of globalization. In this regard, it has been recently observed that “China’s experience to date powerfully supports the view of globalization as an engine for growth and prosperity.”¹

V. Conclusion

Throughout this paper, the extremely relevant and significant role that China plays in both East Asia and Latin America has become evident, not only regarding the political recognition of the existence of a China-centered, hierarchical –rather than anarchical– system in both regions by most of the countries located at the periphery, but also in the integration efforts that these peripheral, weaker, powerless countries in order to be able to successfully meet the opportunities that the PRC represents in economic terms. The theoretical framework provided by Peripheral Realism and the hierarchical conception of international relations proposed in this paper lead to a better understanding of the events and developments going on in both regions, as well as to have a clearer picture of how relations between central states and between central and peripheral states might develop in years to come.

¹ Brant and Rawski, “China’s Great Economic Transformation,” 33.

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