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Chinese Forms of Regionalism: Organic and Orchestrated

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ABSTRACT

This paper analyses Chinese regional processes at three levels: intra-Chinese (within the PRC); inter-Chinese (PRC, Hong Kong SAR-PRC, Taiwan, Singapore, Macao); and international (the various ‘strategic partnerships’ and economic regionalisms) in which the PRC has engaged. It also examines the extent to which these regional arrangements are people-driven or policy-driven, that is to say, how ‘organic’ and how ‘orchestrated’ are regional processes within the Chinese world and its contiguous relations. The paper concludes with the view that Chinese regionalism is both creative and controlled, vigorous in relation to other manifestations of regionalism in the global scene, but by no means unproblematic. An investigation into emerging forms of Chinese regionalism is especially pertinent on the eve of the new century - one in which Chinese global power is likely to unfold more rapidly and to be mediated through regional frameworks of influence.
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Introductory Discussion: A Philosophy of Regionalism with Chinese Characteristics

Consider the yin-yang symbol of the circle as a metaphor for one China. It comprises two systems - just like Deng Xiaoping’s ‘one country, two systems’ formula for administering Hong Kong, Macao and, in the event of reunification, Taiwan. The yin-yang, two systems formula is also applicable to Chinese regionalism generally. There is ‘soft’ and ‘hard’ regionalism (Katzenstein, 1997:22), the yin of ‘natural forces of proximity, income and policy convergence’ (Fishlow and Haggard, 1992:12 in Mansfield and Milner, 1997:3) and the yang of central government policy, the people-generated ‘organic’ regionalism and policy-driven ‘orchestrated’ regionalism. Far from being an uneasy pairing of distinctively Western regionalism as formal institutions and discernibly Asia regionalism as inclusive network-style integration (Katzenstein, 1997: 3), government policy and natural forces are shaped by one another in the interactive embrace. This, of course, describes the yin-yang process, a suitably Chinese philosophical metaphor for the subject at hand. China’s experience shows that regionalism cannot be divided into black and white, but black-in-white and white-in-black.

Shortcomings occur from not having achieved the balance needed to express these qualities in keeping with the character of a particular place and people over time. This means that regionalism is developed successfully when it is not overly emphasised as an economic enterprise. Hence ‘modernisation’ as a policy driving-force for regionalism in China in the past 20 years suffers from the shortcoming of being confined to techno-economic definitions. Indeed the Four Modernisations of 1978 were named as (1) agriculture, (2) industry, (3) science and technology, and (4) national defence. This exclusive modernisation was dismissive of past and future orientations, as well as competitive contemporary ones (exemplified as the call for democracy to become the fifth modernisation). The price of an exclusivist modernisation philosophy was an eruption of the past (old China) into postmodern China, as attested by the renewed popularity of folk religion throughout China and the subsequent banning of the Falun Dafa sect with its 70 million adherents. The democratic and pluralist impulses of postmodern China were also suspect under official modernisation. Ironically, it was this official modernisation program which created the enabling circumstance for postmodern China. To quote Ben Xu (1999:250): The end to ‘the socialism/capitalism conflict in order to clear the way for China’s export oriented economic liberalization . . . gave China an unprecedented chance to join the trend toward globalization and share its common condition of postmodernism’. There was also attention to mass culture (including folk
culture), issues of history, national identity, native authenticty, and a 'blanket hostility toward enlightenment, modernity and universalism' (ibid.:251) in intellectual discourse in the post-1992, 'post-New Era' period.

On the positive side, the balanced circle that is one China always containing something of the 'other' and not excluding it, remains a viable proposition. This is because the more China integrates or unifies as a region, the better it realises the wide scope of its identities. This is the process of differentiation and integration known as mandala in Eastern psychology and integral philosophy (Wilber, 1997) or 'holarchy' in the West. The last of these refers to a combination of holism and natural hierarchy, describing order of increasing wholeness (Koestler, 1976, cited in ibid.:74) It stands for what must surely qualify as an ideal Chinese regionalism (as, of course, does mandala) containing mandalic hierarchy, inclusiveness, order, tolerance of contestation, and a pluralism in accord with the value approach of liang xing (following two courses simultaneously) expressed by the great Daoist philosopher Zhuangzi (Chuang Tzu). Holarchy is:

. . . a series of concentric circles or nests, with each senior level transcending but including its juniors. This is a ranking, to be sure, but a ranking of increasing inclusiveness and embrace, with each senior level including more and more of the world and its inhabitants . . . [resulting in] a type of radical universal pluralism (Wilber, 1997:32-33; see also Hall and Ames, 1995:242-256).

Paradoxically, Chinese unity and strength in the new century, a century which could well prove to be a Chinese golden age, rests on the differentiation of itself in regional terms while integrating the whole into a higher order of wu-wei (non-doing) governance. This form of governance is best suited to regionalism because it does not overly control the regional process, with its organic, people-driven dimension. Confucius said: 'To have done nothing (wu-wei) and yet have the state well-governed - [sage-king] Shun was the one. What did he do? He merely made himself reverent and correctly occupied his royal seat.' (Analects, XV:4) The attraction of rule by example and a wu-wei or, in Western terms, a laissez-faire, approach, is that it: (1) accords with the character of globalised life - a vast and complex web of dynamic information flows, human interaction and market fluctuations; and (2) it avoids oppression, which in turn does not incite rebellious and aggressive tendencies within society. Rather, a wu-wei government by moral example promotes harmonious energies within the community. Successful regionalism cannot ask for more. With this philosophical setting in place, the first ring of Chinese regionalism, pertaining to the PRC, may be explored. This is followed by an examination of regionalisms which are inter-Chinese (PRC, Hong Kong SAR-PRC, Taiwan, Singapore, Macao) and international (the various 'strategic partnerships' and economic regionalisms) in which the PRC has engaged.
Intra-Chinese Regionalism
It is a truism that in one country may be found many countries. The European Union (EU) has formally recognised this in its category pertaining to regions within member states. Renowned travel writer Paul Theroux admits in his journeys along the Mediterranean littoral that there is yet ‘another book to be written, based on the text: “This is not one country - this is many countries.” Italy was several countries; so were Turkey and Israel and France and Cyprus’ (1995:75). If this is evident of the smaller countries of the Mediterranean, how much more so of China - a geographical giant with the world’s largest population and longest longevity as a civilisation-state? Thus in a regional sense, there is not one China but many.

While maintaining a strong ‘official’ identity about itself, one which History is called upon to authenticate (particularly in matters of sovereignty), China has long been a multi-regional, multi-lingual empire with proud local cultures. It coheres as a greater whole through a common ideographic script and the official putonghua spoken language, suffused with the Han cultural legacy of Confucianism and Daoism. Before China was first unified in 221 BC, it functioned as a confederacy of feudal states, with some states considered ‘properly’ Chinese (or ‘civilised’) while others were deemed ‘barbarian’ and ‘semi-barbarian’.

From the vantage point of regionalism, the moral in China’s story is that of inclusive even if at times combative relations. Those ancient ‘barbarians’ were still part of the Chinese multi-state system. It was a vast region under the suzerainty of a monarch whose influence extended (often tenuously) to the non-Han peoples living beyond the basin of the Yellow River. There was an ancient regionalism, recognisable even now, of ‘inner China’ and ‘outer China’, in yin-yang rhythm. As Hall and Ames (1995:243) point out: ‘The Chinese sense of order is generally organized in the language of mutually defining and thus complementary opposites . . . Such opposites are more or less “inner,” more or less “outer;” more or less “Chinese,” more or less “barbarian”.’

Eventually, the monarch’s influence failed even within the inner core of ‘civilised’ China, and the barbarisms of warfare characterised competitive relations among hitherto truly Chinese and hence ‘civilised’ states. In their quest for supreme power, they battled not for modernist ideals such as independence or ideology but ‘a usurpation of the royal authority’ (FitzGerald, 1965:59) - that is, the acquisition of the hallowed title of Son of Heaven. Even in times of serious political upheaval, China - the Middle Kingdom or Zongguo - remained the prize. While the Son of Heaven embodied the one China, a China which conveyed in its fullness ‘all under Heaven’, the ‘all’ which resided under Heaven were peoples and places as far apart as any imaginable.
Fittingly in this saga of robust diversity, it was not a ‘properly’ Chinese state but a ‘semi-barbarian’ one, that of Qin (Chin), which unified China under its first emperor, Qin Shihuang. China was thereby converted from a cultural confederacy to a centralised state with uniform laws, a provincial administrative structure and standardisation of weights, measures and writing. Similarly, when the Chinese imperial system collapsed in 1911, bringing to an end some 2000 years of ‘old China’ marked by Confucian orthodoxy, this dynasty too was of ‘barbarian’ origins - the Qing (Ching) dynasty had been set up by the conquering Manchus. Ghengis Khan’s Mongol conquest of China in the 13th century was another high point in non-Han Chinese power, albeit at the price of Mongol sinicisation into the Yuan dynasty. Thus, the periphery has more than once occupied the centre, affirming China’s mega- and multi-regional status; but in doing so was affirmed as Chinese by that centre. China has remained a powerful notion in every sense: its cultural authority has been backed by a massive administrative apparatus extending the length and breadth of the empire and the weight of an agrarian-based conservatism which regarded the emperor as far away (allowing for local proclivities) but everpresent as an institution and cultural symbol.

Today, the People’s Republic of China (PRC) continues to be diverse, not only in terms of the 55 officially recognised non-Han minorities, but also among the Han majority which forms 93 per cent of the population. Thus the whole issue area of intra-Han ethnicity holds relevance to current socio-political developments in China. This is graphically illustrated by the identity politics of people in Hong Kong in their changed circumstances of sovereignty. It is also evident in the wry humour of Beijing politicians claiming to being unable to comprehend the ‘foreign’ language of the new rulers - a reference to the Shanghai dialect of the post-Deng leadership. Deng himself was noted for his thickly accented speech reflecting his Sichuan origins.

China’s post-1978 modernisation and reform policy has created distinctive contemporary regions, though some places - like the economically important Yangtze River Delta and the politically supreme Beijing municipality - have historical antecedents in these distinctions. In particular, three formulations or models are of interest in understanding the contemporary regions. They are presented here as a range of perspectives, from the ‘broad brushstroke’ variety of three regions, to the richly interwoven ‘seven-plus-10’, and finally the manufacturing zones.

1. The Three Geographic Regions of Coastal, Central and Western China
One model is the regional analysis framework (RAF) which reflects central government policy and employs the mega-regions classification of coastal, central and western China. Coastal China, already more economically advanced
than the other two regions at the outset of the government's modernisation and open-door policy, received priority investment status. Further inland live the poorer farmers and to the west - traditionally China's 'barbarian' borderlands - the terrain, climate and cultures have not proved particularly conducive to 'modernisation'. The increased wealth gap between the poor of the interior (central and western China) and the prospering populations of coastal China is graphically illustrated by the coast's high productivity:

The whole coast from North to South has progressively become an open zone that includes 11 provinces (292 cities and districts) which represent less than 5% of Chinese territory and around 17% of population, but which produce one third of China's GNP. (Shambaugh 1996, Annex 1:53)

While the RAF model gives the broad outline with sharp distinctions between regions, it needs the second model of criss-crossing transregionalism to flesh out the details of China's emerging new regions.

2. The Seven Transprovincial NETs and their 10 Economic ‘Hot Spots’

Natural economic territories (NETs) within the vast Chinese landmass of 9.6 million square kilometres are only to be expected. These geo-economic sub-regions which are unimpeded by political or administrative borders in their quest for trade and commerce are better known as ‘growth triangles’ in the Southeast Asian regional context, a notable example being that of Johor-Singapore-Riau. Besides being called ‘growth triangles’, NETs are also called ‘region states’, a term popularised by Kenichi Ohmae (1993). ‘Region states are natural economic zones’, he explains. ‘They may or may not fall within the geographic limits of a particular nation . . . Sometimes these distinct economic units are formed by parts of states . . . At other times they may be formed by economic patterns that overlap existing national boundaries’ (1993:78-79). In other words, NETs, ‘growth triangles’ and ‘region states’ refer to regional entities which are partly people-driven (organic), partly policy-supported (orchestrated), in the cause of local prosperity, but in accordance with the operational realities of the global economy. They can exist within a country or across the boundaries of different countries. China is so large and so diverse that their existence across provinces is akin to crossing nations. Provincial governments in China, like nation-states in the international sphere, condone NETs, indeed promote them. Market forces drive them.

The NETs of intra-Chinese regionalism were orchestrated - in the sense of being deliberately designed - to the extent that government policy formally established them. In a yin-yang type relationship, they are also organic - growing naturally out of pre-existing and newly emerging circumstances. The de jure status of these regions relies on the reality of their de facto existence. Thus orchestrated government policy, which considers ‘how to guide these regional economies
each with distinct features to develop in a coordinated way’ (China's Ten Economic Hot Spots, 1997:1), draws upon the organic or ‘distinct regional characteristics as a result of differences in history, geography, natural resources and social conditions’ (ibid.). In turn, the organic incorporates the orchestrated as an aspect of new circumstances.

Prosaic as the Chinese official information literature may sound, the dynamics of the unified whole, the yin-yang of intra-Chinese NETs, are well contained in the following passage (ibid.:1-2):

In 1996 the Outline of the Ninth Five Year Plan (1996-2000) for the National Economic and Social Development and the Long Range Objectives to the Year 2010 was formulated. The Outline states that during the next 10-odd years, in accordance with the law of the market economy, the internal links of economic sectors and the country’s natural geographic features, based on the existing economic distribution setup and relying on the central cities and vital communication lines, China should, step by step, establish seven trans-municipal, trans-regional and trans-provincial economic regions.

After listing these as:
1. the Yangtze Delta and areas along the Yangtze River;
2. the Bohai Bay area;
3. the Southeastern Coast area;
4. the region consisting of some Provinces and Autonomous Regions in Southwest and South China;
5. the Northeast China region;
6. the Five Provinces region in Central China; and
7. the Northwest China region;

the article continues with a closer inspection, arriving at ‘10 economic hot spots’. These are:
1. the Yangtze Delta area;
2. the Pearl River Delta area;
3. the Bohai Bay area;
4. the Harbin-Changchun region;
5. the Huangshi region;
6. the Nanchang-Jiujiang region;
7. the Chengdu-Chongqing region;
8. the Guanzhong area with Xi’an as the centre;
9. the Beibu Bay rim; and
10. the area around Lanzhou on the upper reaches of the Yellow River.

Explaining the above, the article states (ibid.:2):
these 10 economic hot spots distributed evenly in the above-mentioned seven large economic regions are, or will soon be, magnets for domestic and foreign investment and will play leading roles in developing the regional economies. Moreover, their influence upon and contributions to the national economy will continue to increase, and they will serve as engines for the national economic development.

Thus not only is there an interactive relationship between organic and orchestrated regionalism but an interactive national-regional economic policy working toward the benefit of both the local economies and the whole country. That the entire package is deliberately designed (or orchestrated) to be porous to international inputs is a further feature, which will be examined below.

The seven trans-provincial regions and their 10 economic hot spots should be viewed within the context of wider concerted efforts in transforming Chinese economic regionalism. Thus the 1996 trans-provincial NETs are the latest expression of a process which began in 1980 with the introduction of special economic zones (SEZs), followed by open coastal cities in 1984, and open border cities in 1992. Moreover, the State Council opened since 1992:

- all the capital cities of inland provinces and autonomous regions. In addition, 14 free trade zones, 32 state-level economic and technological development zones and 52 new- and high-tech industrial development zones were established in large and medium-sized cities. As a result, a multi-level, multi-channel and omni-directional pattern of opening integrating coastal areas with riverine and inland areas has been formed in China. (Qin Shi, 1997:79)

3. The Manufacturing Zones Framework (MZF)
The third model, known as the manufacturing zones framework (MZF) (Krugman, 1993), highlights the role of local government and non-government actors (Johnston 1999:3) within prospering regional pockets of China. It is largely people-driven, even though the initial impetus for the special economic zones (SEZs) and open cities was policy-driven. The utility of the manufacturing zones framework is evident in criticism of the first formula, the regional analysis framework (RAF), even though this may be slightly unfair in view of the enabling role of policy-driven regionalism. Nonetheless, the criticism below targets the explanatory power of each formula in understanding the distribution of social resources (such as income, wealth, access to health, education and other public service) across China, termed ‘spatial inequality’, and hence the formation of contemporary intra-Chinese regionalism:
When specified, the RAF argues that changes over time in spatial inequality spring from central government policies that bring into play pre-existing differences in economic endowments. The role of other economic agents, including municipal residents, migrants, foreign investors and local governments, is bypassed. Moreover, the role of the larger social context (e.g. the network of relations between enterprises), is overlooked.

Empirical discussion generated by the RAF usually centres around the extent to which prosperity has diffused inward from the coastal region. The problem with this is that there is little discussion of how the actual mechanisms of economic growth will move inland. At best scholars document existing policies of the coastal region, implying that a blind emulation of such policies in other areas will foster the diffusion of prosperity. (Johnston 1999:4)

Irrespective of the interpretation of empirical evidence, it is clear there are many forces at play in intra-Chinese regionalism, organic and orchestrated, often within an interactive dynamic. They attest to the regional reality of China (‘there is not one China but many’). Its unitary actor status in international relations is less important for merchants than for economists extrapolating gains and losses in such issues as China’s accession to the World Trade Organisation (WTO), for example. At the intra-regional level, rather than the international one, it is important to know China in its multiplicity and specificity of character. This knowledge may even claim pride of place in international calculations: while it is one thing to understand the benefits of China’s accession to WTO, it is quite another to successfully function as a foreign investor in the varied Chinese economic landscape. In speaking of a ‘multiplicity of players (central government agencies, both in Beijing and elsewhere, provincial and municipal authorities, emerging economic actors) who can influence Chinese policy and practice’, the European Commission itself recognises the regional reality of a country as large as China. This it observes in its 1995 report, A Long-Term Policy for China-Europe Relations, in which it adds that

... the rapid devolution of economic power is shifting responsibility for economic and trade policy-making and implementation to provincial level. This makes it all the more important to have firm commitments on the enforcement of China’s international commitments at sub-national level, for example, during WTO negotiations. It also makes it crucial to expand our bilateral trade and cooperation discussions to include provincial and local authorities which, de jure or de facto, are in charge of economic and trade policy in many fields.
Moreover, as the report observes (ibid.): ‘Several Chinese provinces have larger populations than the largest EU Member States.’ This raises a pertinent factor in regionalism: the importance of absolute size. With 1.3 billion people the PRC is the world’s most populous country; it is the third largest territorially (after Russia and Canada); and - as already noted - it is the most cosmopolitan and geographically diverse country when the two factors of population and geography are considered. Even Russia cannot claim to encompass the roof of the world (Tibet) and a significant portion of the southeast Asian mainland. As Kristof and WuDunn (1994:145) have remarked: ‘Today the Chinese empire - stretching from Buddhist Tibet to Korean enclaves in Manchuria, from Muslim Xinjiang to Cantonese-speaking Guangdong - is arguably the last great multiethnic transcontinental empire left in the world.’

From another perspective, and from a purely functional one, it is the largest example of economic regionalism in which there is a ‘common market’ and a common currency. China’s economy, which is among the world’s fastest growing, doubled its per capita Gross National Product within 10 years. This is a record rate of growth for an industrialising country, the Asian economic crisis of 1997-1999 notwithstanding. For most of the 1990s, China has been the world’s 11th largest trading nation. By the methodology based on purchasing power parity (PPP) it is hailed by the World Bank to be the world’s third largest economy (after the United States and Japan), and is expected to become the largest within the decade 2010 to 2020 (see IMF, 1993, and Gulde and Schulze-Ghattas, 1993). This is supported by an OECD study which predicts that if China’s economy grows in the next 15 years at an annual 5.5 percent, it will overtake the US economy in size, making it the world’s largest (OECD cited in Mellor, 1999:15). Unlike purely economic regions like NAFTA (North American Free Trade Association), the PRC as an economic region has the benefit of political and military protection that comes with being a sovereign state. As a region it does not need a military alliance like NATO (North Atlantic Treaty Organisation) or a mechanism for developing a common military arrangement, like the EU’s newly formed Common Foreign and Security Policy (European Union News, 1999). In other words, the People’s Republic has the biggest market, enormous physical and social resources, the political will to advance its interests, and the military means to defend those interests (including vital sealanes) should the need arise. The ‘region state’ (Ohmae 1993) finds clear recognition in China, with the added bonus of the benefits conferred upon it by state sovereignty - including stability, security and clear lines of authority.

**Inter-Chinese Regionalism**

Kenichi Ohmae’s concept of the ‘region state’ finds an even closer fit in inter-Chinese regionalism. Just as Paul Theroux was quoted earlier to have remarked: ‘This is not one country - this is many countries’, so too Kenichi Ohmae came to
a similar conclusion with national economies. He was saying, in effect, ‘this is not one economy, this is many economies’. 

For example, to think of Italy as a single economic entity ignores the reality of an industrial north and a rural south, each vastly different in its ability to contribute and in its need to receive. . . . Italy is a country with great disparities in industry and income across regions. (Ohmae, 1993:78)

The same has been suggested (above) of China, a vast economic region (besides being a political one) containing socio-geographic mega-regions as well as smaller focal regions which have taken the lead in economic development. From the perspective of inter-Chinese regionalism, Ohmae’s ‘region state’ is fully described. The inter-Chinese region, which comprises PRC, Hong Kong SAR, Taiwan, Singapore, Macao, and their various NETS, is well primed for the local-global nexus of operations. Each of the key players in the inter-Chinese region has at least one international airport, shipping facilities, and jurisdiction over its economic and administrative affairs. In short, whether a fully recognised nation-state (like Singapore) or a Special Administrative Region (like Hong Kong), each member of the inter-Chinese region has the capability and right to act on its own initiative. A prime example may be found in the Hong Kong-influenced ‘region state’. Hong Kong is the gateway to the Pearl River Delta, in which are located the PRC’s capitalist enclaves of Guangzhou and Shenzhen. In Ohmae’s (1993:79) characterisation:

The Hong Kong economy has gradually extended its influence throughout the Pearl River Delta. The radiating effect of these linkages has made Hong Kong, where GNP per capita is $12,000, the driving force of economic life in Shenzhen, boosting the per capita GNP of that city’s residents to $5,695, as compared to $317 for China as a whole. These links extend to Zhuhai, Amoy and Guangzhou as well.

In the above Hong Kong example, the linkage between intra-Chinese and inter-Chinese regionalism becomes apparent. Indeed, intra-Chinese regionalism is strongly predicated on external involvement. Gradations of intra- to inter-Chinese and finally to international are also evident, for example, China-Hong-Kong-Macao are obviously closer politically than China-Taiwan, which are closer that China-Singapore.

The five SEZs in southeast China were designed to attract foreign investment and ‘to facilitate the export orientation’ of the country (Qin Shi, 1997:79). The 14 open coast cities were given the ‘dual roles of “windows” opening to the outside world and “radiators” spreading economic development in building up the export-oriented economy’ (ibid.:80). Meanwhile, the 13 open border cities are ‘empowered to set up their own border economic cooperation zones, and
implement preferential policies analogous to those found in the coastal economic and technological development zones’ (ibid.:84). In other words, China has created porous economic borderlands where intra-Chinese regionalism merges into inter-Chinese and international regionalism. This ‘creation’ (or ‘orchestration’) is based on existing predispositional factors for economic convergence (‘organic’ regionalism).

A Network of NETs
In tandem with the above, it is noteworthy that just as NETs operate in intra-Chinese regionalism, so too they are to be found in inter-Chinese and Sino-international relations. Why such linkage-based economic architecture? Why a Chinese regionalism of nested circles, NETs within NETs? The rationale is also a nested one, with inner and the outer circles or degrees of explanation. In this respect of terminology, it is noteworthy that the constructs widely referred to as NETs or ‘growth triangles’, the Chinese prefer to call ‘economic circles’ (jingjiquan) (see Hu, 1996:47).

One level of explanation concerns the Chinese diaspora. China has chosen by design to enrich itself and sponsor its empowerment via foreign investment, emphasising the organic or natural advantage it already has in attracting overseas Chinese funds. The story of overseas Chinese worldwide wealth, regional economic influence and investment into the PRC is well documented (see instances of this in Seagrave, 1995; Zhang, 1998:211, 221; Branegan, 1993, Kohut, 1996). Here is a revealing sample:

The stunning growth of the economy of “Greater China” since the mid-1880s has reinforced the process of regional economic integration in Asia. Three quarters of the 28,000 Chinese firms with significant foreign equity are financed by ethnic Chinese not living in the People’s Republic of China (PRC). That financing accounts for up to four-fifths of direct foreign investment in the PRC. One estimate puts the Chinese diaspora at only 4 percent of the Chinese population. But its hypothetical “national” income is estimated to run perhaps as high as two-thirds of the Chinese GDP. Worldwide, overseas Chinese hold an estimated $2 trillion of liquid assets, excluding securities, compared to an estimated $3 trillion that are deposited in Japanese bank accounts. Fueled by Japanese and overseas Chinese investors, during the last decade the economic dynamism of Asia’s regional economy has become one of the central features of the international economy. (Katzenstein, 1997:13-14)

Using the natural advantages conferred upon it by Chinese diaspora linkages as well as residing in a ‘regional economy [that] has become one of the central features of the international economy’ (ibid.), China is mandalising beyond its borders though a structure of NETs. The first recognisable NET was that of
Hong-Kong-Pearl River Delta (inclusive of Macao), as noted above. It expanded to the southern and south-eastern coastal NET of Guangdong-Hong Kong-Macao-Taiwan-Fujian. It has since spread to Hainan and Guangxi in the southwest of China. As already noted, NETs have developed elsewhere, as in Southeast Asia's Singapore-based NET. Most remain Chinese constructs, even the Singapore-based NET or ‘economic circle’ by virtue of its inter-Chinese regional affiliation. Thus there is that other Southeast Asian ‘economic circle’, the Greater Mekong sub-region, of which China's Yunnan Province is the largest and potentially the most influential member. It partakes of the economic, socio-linguistic and historical life of the mainland Southeast Asian countries which border the Mekong River – known as Lancang Jiang in China (see Hirsch, 1996; and Mellor, 1993).

To the northeast in the Tumen River valley of the Eurasian-Pacific region lies an economic circle sponsored by the United Nations Development Program (UNDP) and enthusiastically endorsed by the Chinese government. The Tumen River Delta development project covers 1000 square kilometres of Chinese, North Korean, and Russian borderlands. This development zone is also intended to attract South Korean investment into North Korea and open opportunities for Mongolia by acting as an access corridor for seaborne trade (O’Donnell, 1998:30; see also Marton, McGee and Paterson, 1995; Kim, 1995, Christoffersen, 1996; and Ding, 1996). The project began in 1992 in a decidedly ‘orchestrated’ fashion. The Tumen Secretariat of the UNDP held unrealistic expectations of attracting US$30 billion to transform this underdeveloped area with a difficult political climate (North Korea’s insularity and mutual suspicion between the two Koreas) into the ‘Rotterdam of the Far East’. To date, it has attracted about US$800 million (O’Donnell, 1998:30), mostly on the Chinese side of the border which seeds the growth of this NET. Northeast China, after all, has also been called the ‘Ruhr of the East’.

In the absence of organic regionalism to support policy-induced regionalism, the project has proceeded at a slow pace. It has had to divert its strategic orientation from inflated rhetoric and funding projections to on-the-ground, people-driven procedures, among them a stronger ‘partnership between the private and public sector in infrastructure projects’ (Beijing-based director of the Tumen Secretariat, David Husband, quoted in O’Donnell, 1998:30).

The Northeast Asian economic zone, in which China gives impetus to its Tumen River partners, links up with the Yellow Sea economic circle comprising Shandong Province and South Korea with linkages, in turn, to the economic superpower Japan. Looking in the opposite direction, west to Central Asia, China is strengthening the NET-work here too. Since the Chinese Premier’s 1994 visit to Mongolia and Central Asia republics, China has consolidated its economic and trade presence there. This was done in conjunction with a
demilitarisation of the region – formerly a northern threat zone in view of the PRC’s once hostile relations with the former Soviet Union.

International Regionalism
It was in April 1996, that Central Asia’s transition from military regionalism to a regionalism based on economic and political security transpired. China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan become parties to a treaty – the Agreement on Mutual Military Confidence-Building Measures - signed in Shanghai, demilitarising their common border. This agreement created a buffer zone 100 kilometres wide and 8000 kilometres long between China and the former Soviet countries of Russia and the three Central Asian states (named above). China's preponderance of population on its side of the border is noteworthy, as this is an indication of the weight of economic activity (and hence advantage) falling, once again, on the Chinese side. The Russian population in Pacific Russia between Lake Baikal and the Pacific coast is eight million, while the neighbouring Chinese provinces have 300 million (Voskressenski, 1996:230).

Strategic Partnerships
While ethnic militants in China and Russian settlers in the borderlands may not appreciate Chinese economic power at the people-to-people level, grand strategy among states dictates otherwise. In April 1997, when Chinese President Jiang Zemin visited Moscow, a Sino-Russian declaration was signed endorsing ‘a new multipolar world’ that would counterbalance the United States as the remaining global superpower. The Sino-Russian relationship was termed a ‘strategic partnership’. Russian motivation for this was understandable in view of NATO’s eastward expansion unto the old Soviet frontier. In November of that year, Russian President Boris Yeltsin visited China and signed a statement with Chinese President Jiang Zemin confirming political friendship and declaring an end to disputes over sections of the Sino-Russian border. This marked the further demilitarisation of the Central Asian region and its capture in a Sino-Russian embrace of mutual non-military security. Here was a case of orchestrated regionalism at an international cross-border, high-strategy, level.

To pursue this unfolding saga, for it contains the elements of a Chinese talent for orchestrated regionalism in the absence of strong (pro-Chinese) organic incentives, the November 1997 meeting was followed by a Russian defence official’s visit to China (Andrei Kokoshin, secretary of the Defence Council) in January 1998. He and the then Chinese Prime Minister, Li Peng, celebrated the ‘strategic partnership’ between the two countries. In November 1998, China's President Jiang travelled to Moscow to discuss ways to revive Russia's collapsed economy. Matters took a decidedly political turn in August 1999 when China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan - parties to the above-mentioned 1996 Agreement on Mutual Military Confidence-Building Measures - met in
Bishkek, Kyrgyzstan, and signed a statement of intent to work together to fight terrorism, arms smuggling and drug trafficking. Coming in the wake of Russia’s battles with secessionist Dagestan, China’s continued vigilance against similar sentiments in Xinjiang in the country’s far northwest, and Kyrgyzstan’s offensive against Islamic militants who seized several villages in a remote southern region, this meeting was understandable. While there were five parties attending the meeting, it was yet another summit between Presidents Jiang and Yeltsin, affirming their ‘strategic partnership’, and showing every indication that it was part of a pattern of such summits which was still to unfold.

As I have elaborated elsewhere (Dellios, 1999), the rhetoric, though not the substance or continuity, of ‘strategic partnership’ was notable also in Sino-American summity in October 1997 (Jiang in America), June 1998 (Clinton in China), and was reinforced by Premier Zhu Rongji’s visit to the United States in April 1999. China’s ‘strategic partnership’ concept sought to evade superpower global dominance through a strategy of cooperative relations in a multipolar setting. To quote a recent commentary on China’s concept of security (Finkelstein and McDevitt, 1999):

China’s growing collection of “strategic partnerships” with key nations and political-economic organizations such as the European Union and ASEAN [Association of Southeast Asian Nations] . . . apparently are China’s alternative to bilateral alliances. According to Chinese spokesmen these partnerships are not formal alliances and are “not aimed at third parties.” While some are more symbolic than real, they are the bilateral vehicles the Chinese use to settle disagreements or reach agreement on common interests. The Chinese claim their “strategic partnership” with Russia is the model.

The demise of the American ‘strategic partnership’ in contrast to the continued vigour of its Russian counterpart, was clearly seen in Premier Zhu’s April 1999 US visit having failed to gain Washington’s backing for China’s admission to the WTO. The final straw for China came the following month with the US bombing of the Chinese embassy in Belgrade. Meanwhile, the ‘Cox Report’, with its alarmist allegations of Chinese nuclear espionage in the US, added fuel to the flames of distrust.

Participation in International Economic Regionalisms

China’s approach to international regionalism may be described as affective insofar as it is strongly trust-determined, anti-hegemonic in its call for multipolarity, and hard-headed in its realist strategic calculation. All three attributes - the importance of cultivating relationships as a resource (as evident in Confucianism), the prominence of consensus (rather than individualism), and an instinct for strategic thinking (as in the popular Daoist manuals such as Sun...
Tzu's Art of War) - is suggestive of a common culture in Asian regionalisms generally. As observed by Khoo (1999:187):

... to the extent that certain regional projects had been proposed or were being implemented during the past decade - including Asia Pacific Economic Cooperation [APEC], East Asia Economic Caucus, the expansion of ASEAN membership, and the coordination of Asian positions at the Asia-Europe meetings - "Asian values" came to constitute a "value-spiritual-attitudinal" corollary to these projects.

During the onset of the Asian economic crisis in 1997, China not only acted as a stabilising force by not devaluing its currency, for had it done so it might have triggered a new round of devaluations in the region, but it also sympathised publicly with the victims. This solidarity was particularly evident during the then Chinese premier Li Peng's visit to the region. As reported at the time (Vatikiotis, 1997:14):

China and Southeast Asia need to cooperate to "ward off international financial speculation," he told an audience in Singapore. Earlier, in Kuala Lumpur, his remarks were more pointedly aimed at western powers: "Some countries attempt to lead while some attempt to bully others into accepting their standards."

China, once regarded as a Communist Cold War foe by ASEAN countries, became an economic magnet in the 1980s and 1990s. By the closing years of the 1990s, it managed to provide a favourable contrast to American high-handledness during the Asian economic crisis and Washington's distractions with Northeast Asian affairs when ASEAN met in 1999. Strategic opportunities in any region might be found at times of crisis; it is the careful cultivation of these opportunities which distinguishes Chinese efforts at regional networking as distinct from perceived American failures. To quote various ASEAN perspectives on China and the US during the economic crisis (Vatikiotis, 1997:15):

- On the US's approach - 'It’s more or less like it always is: you’ll have this if you do that.'
- 'Asean countries are finding common cause with China, which is also under increasing political pressure from the U.S. If the U.S. is not careful it will drive Asean and China much closer together and both will be increasingly antagonistic towards the U.S.'
- 'By developing economic relations, China will soothe security concerns on Asean’s part. If it started with noneconomic issues it would cause more apprehension.'
In exchange for its economic support, 'China wants support in its foreign policy initiatives.'

China's international regionalism thereby plays to the sovereign state's needs for legitimacy as well as the trading region's drive for prosperity. Southeast Asia was historically a trading region under Chinese suzerainty. Great maritime trading nations like Sumatran-based Srivijaya were proud tributary states of China. The Celestial Empire's glory was affirmed by the outlying and independent tributary kingdoms, whose own ruling legitimacy was authenticated by such rites as the Chinese emperor's seal of approval during a new ruler's investiture.

The tributary system is indicative of China's importance to the region in the past. It is worth recalling for a moment in view of China's current gains in regional prestige, even in the face of so-called 'creeping assertiveness' in relation to the disputed Spratly Islands in the South China Sea. Indeed, such assertiveness, when circumscribed by diplomacy and limitation, might even enhance prestige. For two millennia, China was the equivalent of that which we regard today as a superpower. As the Central Kingdom, it commanded the loyalty of surrounding courts from the Korean to the above-noted Srivijayan in the southern archipelago. This was done not in an imperialistic vein of conquest and colonial rule, but through the practice of ceremonial allegiance-building within a system of tribute relations. These relations entailed surrounding kingdoms periodically sending gong (tribute or gifts) to the Chinese emperor and performing before him the kowtow of 'three kneelings and nine prostrations'. In return, loyal regional states received gong often of higher value than they brought, were allowed access to the China trade, and sometimes gained Chinese military protection from their enemies.

Of course, the system was not uniform. Interruptions to tribute diplomacy were to be expected in China's long and uneven history. Other great powers, like Japan, Vietnam and Java, also received tribute within their sub-regions. Moreover, military protection from a junior partner was not inconceivable. This was demonstrated by the Thai king's offer in 1592 to mount a naval attack on the Japanese islands at the time of Hideyoshi's campaign to invade China. Despite irregularities, the tribute system fulfilled its essential strategic function: maintenance of Chinese imperial supremacy. This, in turn, was grounded in a belief in the 'civilisational' superiority of the empire. China's current moral and cultural identification campaign with ASEAN, and ASEAN countries' affirmation of Chinese dignity, is not out of keeping with the political pattern of past relations.

Even in APEC, China permits an inclusive regionalism by acknowledging the rights of Hong Kong SAR and Taiwan to membership. Here there is more than
one China, in the sense of one country, many systems. Unlike the European imperial powers of the 16th to 19th centuries, economic regionalism is not predicated on the sovereign control (through conquest) of another country. Thus it is possible in Chinese regionalism to liang xing - follow two courses simultaneously (Zhuangzi’s philosophy noted earlier). This gives China greater flexibility to achieve even higher order sovereignty and regional prosperity goals.

ASEAN’s expansion in the 1990s to include Vietnam, Laos and Burma was once widely thought to act as a counterweight to Chinese power, and hence represented an excellent balance-of-power stratagem from the perspective of Western-trained minds. However, its has since shown a yin-yang dynamic of also aiding China’s power. The expansion of ASEAN has in fact brought it closer physically to China – indeed, right on its borders - thereby giving the Greater Mekong sub-region (with its strong Chinese presence) a further nesting in the ASEAN circle. Expansion of ASEAN has also diminished the likelihood of an ASEAN consensus on China policy (Henderson, 1999:58-61). While this is an advantage when such consensus might be anti-China, it is a drawback when it could be pro-China. Moreover, China risks losing a strong southern pole in its preferred multipolar diffusion of the unipolar world. A strategy against American dominance demands a coherent ASEAN. Thus in yin-yang shifts from one polarity of operations to another, the bigger the ASEAN membership the greater the likelihood that China will revert to bilateralism in state relations rather than multilateral regional relations – which are the latterly favoured Chinese modus operandi. Hence, China’s orchestrated regionalism is again mediated by organic processes as the local levels, including the periodic expansion and, in effect, policy contraction of regional ‘mandalas’. Here the term ‘mandala’ is used in its historical-political sense (see Wolters, 1982), designating the fluidity of Southeast Asian kingdoms prior to the introduction of European state norms. While Chinese orchestrated regionalism is mediated by local organic processes, so too are local orchestrations mediated by Chinese organic dispositions (including factors of geographic proximity, scale of economy, and international clout - including China’s contribution to the IMF bailout).

Concluding Discussion: The Yin and the Yang of Chinese Regionalism
The regional processes discussed above may be further analysed to reveal two types of societies with which the PRC is interlocking. One refers to those that are ethnically Chinese, forming the Greater China Economic Circle (a term used in Hu, 1996:48). The other is made up of those who once constituted China’s old tributary system, the Greater China Geopolitical Circle (a term used in Dellios, 1997b). As I have explored elsewhere (Dellios, 1997b:9):

The first comprises economic linkages (of all kinds, not only NETs/economic circles) among the mainland, Hong Kong, Taiwan,
Macao, Singapore, and the Chinese diaspora around the world. The second includes ASEAN, Korea, Japan, Russia, Mongolia and the Central Asia states on China's border - Kazakhstan, Kyrgyzstan and Tajikistan. Russia was not part of the old tributary system, though its Far Eastern sector was. China's tributary system was one of economic regionalism premised on a hierarchy of relations with China at the top.

The Greater China Geopolitical Circle is also an economic proposition but without hierarchical relations. Any hierarchy of relations became anathema - to China and her neighbours alike - after the experience of Western imperialism. . . . Thus, an emergent Greater China Geopolitical Circle, while not recreating China's hierarchically superior role, will nonetheless see Beijing endeavour to readjust 'unequal' relations - including righting the wrongs of history. This would mean an expectation that others should respect China's sovereign rights where these are at issue and not offend Beijing by siding with foreign powers that become hostile to her. In turn, China is expected to use her enormity towards ensuring regional stability.

For China to withstand the power of the 'outer' - for its economically-induced and politically-cultivated expansion will undoubtedly bring to China 'proper' a cosmopolitanism and diversity of interests unknown in the 20th century - China needs to understand itself better, to incorporate the wide scope of its identities. It is conceptually equipped to do so through the 'one country, two systems' formula, already put into practice in Hong Kong and capitalist enclaves on the mainland. In view of the findings of this paper, the formula may be expanded to read: 'one country, many systems and many countries, one system' (See Fig. 1).

Why the deviation from the official rhetoric's 'two systems' to this paper's 'many systems'? The deviation is not so great in that the intended (orchestrated) meaning is retained, but particularistic (organic) features are emphasised. Clearly, conditions in Hong Kong SAR differ from tiny Macao, and both differ from the de facto nation-state of Taiwan. Added to these three systems, are separate systems being practised on the mainland itself (capitalistic enclaves like Shenzhen and Shanghai in a socialist state). By now there are at least five systems: Hong Kong SAR, Macao, Taiwan (potentially), mainland socialism, and mainland capitalism. There is yet a sixth: an emerging union of on-shore and off-shore Chinese capitalism. The Pearl River Delta, which links Hong Kong SAR with Guangzhou and Shenzhen, exemplifies such an arrangement. This union of like-minded systems is but a natural step to a seventh system. It is one that is no longer exclusively Chinese but international. In the Chinese termed jingjiquan or 'economic circle', China shares with other countries a natural economic territory (or NET). Examples identified above include the Greater Mekong sub-region, the Tumen River Delta development project.
Not only are there socio-economic mandalas emerging in and around China, but they are premised on a yin-yang logic, a fuzzy logic, by which the world is not black and white, not purely orchestrated or purely organic, never permanently outside or inside. It is not even grey, for there is still differentiation. Rather, as noted above, it is black-in-white and white-in-black. To put it in Deng Xiaoping's famous metaphorical language, it does not matter if the cat is black or white, so long as it catches mice it is a good cat. Hence China's forms of regionalism are meant to yield better economic and policy results; their institutional purity is not of relevance. Hence there is not one China but many Chinas marking intra-Chinese regionalism; so too there are not two, three or more China's in inter-Chinese regionalism, but a single discernible Greater China. This inter-Chinese regionalism is not as politically articulate as Europe has become under the institutional arrangements of the European Union, but it is economically and culturally self-aware.

It may be concluded that Chinese regionalism is both creative ('many systems', diverse regions, pluralism) and controlled ('one country', sovereignty, integrating tendencies). It is vigorous in relation to other manifestations of regionalism in the global scene, such as the institutionalised and rules-bound EU and NAFTA, but by no means unproblematic with its exclusionary definition of modernisation. Further investigation into emerging forms of Chinese regionalism is to be encouraged as it comes at an auspicious time on the eve of the new century - one in which Chinese global power is likely to unfold more rapidly and to be mediated through regional frameworks of influence. In the
regional future, as in the tribute-trading past, China will realise itself through others; and others through China. The difference now is that tribute will be paid to market forces. Those market forces, however, are unlikely to be permitted to rampage again across swathes of Asia, as did the barbarians of the Chinese past. A strategy of incorporation into ‘civilisation’ might yet tame capitalism but retain its invigorating spirit within wu-wei or ‘soft’ regional structures and their governance.
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Although the global banking system is stronger than before the crisis, it is exposed to highly indebted borrowers as well as to opaque and illiquid assets and foreign currency rollover risks. This all raises the urgency for policymakers to step up efforts to boost the financial system’s resilience by completing the financial regulatory reform agenda as well as developing and deploying macroprudential policy tools. This GFSR also takes stock of global regulatory reform 10 years after the global financial crisis. Chapter 2 takes stock of global regulatory reform 10 years after the global financial crisis. It reviews the main precrisis failings in financial sector oversight and assesses the progress in implementation of the reform agenda designed to address them. 3rd Annual Securities Processing Conference - Free download as PDF File (.pdf), Text File (.txt) or read online for free. 3rd Annual Securities Processing. Achieving greater competitive advantage through enhanced operational efficiency. Singapore Establishing Best Practice by taking Advantage. Next Generation Cross examining regional regulation in an effort to facilitate Technology for the Securities Industry: A Brief Insight into the near securities processing and establish a foothold across a fragmented Future market Challenge 1: Modelling data with multiple semantics Examining regulation across the Asian securities market Challenge 2: Addressing the scalability problem Have regulatory developments increased trade volumes or created barriers? Serious financial crises go through seven distinct phases. First is the precrisis phase in which the authorities should be, and sometimes are, practicing crisis prevention. Too often, the crisis may be brewing, but the authorities are either in ignorance, or in denial, of that fact. Policy Responses to the Global Financial Crisis. Edwin M. Truman (PIIE). Remarks presented at the Ninth Annual International Seminar, on “Policy Challenges for the Financial Sector Emerging from the Crisis: Building a Stronger International Financial System,” Board of Governors of the Federal Reserve System, World Bank, and International Monetary Fund. June 3, 2009. Serious financial crises go through seven distinct phases.