

appropriately subject to the discretion because Taiwan has been bound to the consensus reached by representatives of both sides in 1992 in Hong Kong. Therefore, China considers that the existence of a policy which only recognizes one China a status quo that can not be contested by Taiwan. However, Taiwan's former president Chen Shui-bian refuses to recognize the doctrine of the Chinese policy, and he admitted that since 1949, the synergy between China and Taiwan never again be realized. Therefore, Taiwan continues to pursue the negotiations in order to gain full sovereignty as a country which is not identical with the People's Republic of China.

Policy of One China Policy later asserted that any country that wants to conduct diplomatic relations with China, the need to avoid Taiwan because he entered into the territory of China. It thus bringing the United States on the stance that supports the One China Policy, by reason want to diplomatic relations, so he then agreed termination of diplomatic relations with Taiwan to approve a Joint Communiqué in 1979.³¹

³¹ <http://www.cfr.org/china/joint-communicue-usa-peoples-republic-china-establishment-diplomatic-relations-1979/p8452>, accessed March 8th 2017

CHAPTER III

GLOBALIZATION IMPACT FOR CHINA

After explaining the history of China government and China leadership in previous chapters, in this chapter the writer will present the analysis about the reason of China in implementing One Country Two Systems.

A. Globalization for China

As it has been described previously that after the death of Mao Ze Dong and China leadership replaced by Deng Xiaoping, China became a country which was more open towards the western world. It happened because Deng Xiaoping believed that one of the factor for the improvement of a country is the influence from the world economy at that time. However, before the writer explain the detail about China's reason in decision making after the leadership transformation, the writer will explain the globalization first.

Steve Smith and John Baylis in *The Globalization of World Politics* book stated that globalization is not a new term because of there are some change aspects itself before the globalization term become a worldwide term. At least there are nine features in world politics that have similarity with the theory brought by globalization. However, writer will only discuss five of those features.³² First, globalization has similarities with the modernization theory where both of them are the industrialization process that impacts on the political, economic, and social that are also characteristic of pre-modernization. Second,

³² John Baylis, *The Globalization of World Politics*, 2001, p.7

globalization is a renewal of the liberal paradigm as it also discusses the economic dependence, the role of trans-national actors, and produce a cobweb model of world politics. Third, in 1964, Marshall McLuhan has coined the term "global village" for the development of communication. Fourth, changes in norms and patterns of interstate agreements consent has been described in the theory of "new medievalism" by Hedley Bull in 1977. Fifth, globalization avoid the war, as well as the main idea of liberal democracy.

Moreover, Cochrane and Pain states in David Held's book entitled "A Globalizing World?: Culture, Economics, Politics" that in the context of globalization, there are three theoretical positions that can be seen.³³ Namely:

- A. The globalists believe that globalization is a reality that has real consequences for how people and institutions around the world running. They believe that the states and local culture will be lost buffeted by global economic culture and homogeneous. Nevertheless, the globalists do not have the same opinion about the consequences of the process.

The positive and optimistic globalists respond well to such developments and stated that globalization will produce a world community that is tolerant and responsible.³⁴

Globalists pessimists argue that globalization is a negative phenomenon because it is actually a form of western colonialism (especially the United States) which forced a number of cultural and consumption forms a

³³ David Held, A Globalizing World: Culture, Economic, Politic, 2004

³⁴ Ibid

homogeneous and seen as something that is on the surface. Some of them later formed a group to oppose globalization (anti-globalization).³⁵

- B. The traditionalists do not believe that globalization is happening. They argue that this phenomenon is a mere myth or, if they exist, have been exaggerated. They refer that capitalism has become an international phenomenon for hundreds of years. What we are experiencing today is just an advanced stage, or evolution, from the production and trading of capital.³⁶
- C. The transformasionalis be between globalists and traditionalists. They agree that the impact of globalization has been greatly exaggerated by the globalists. However, they also argue that it is foolish to deny the existence of these concepts. This theoretical position argues that globalization should be understood as "a set of relationships that are linked together purely through a force, which mostly did not happen immediately." They stated that this process can be reversed, especially when it is negative or, at least, can be controlled.³⁷

If we take a look and correlate it with the globalization theory, the definition and the perspectives, at least we can see that Deng Xiaoping, the leader of China at that time, refers more to transformalist perspective. It is because Deng Xiaoping see that the current world political economy has changed. The global financial crisis that occurred after the collapse of Bretton Wood system in 1970s

³⁵ Ibid

³⁶ Ibid

³⁷ Ibid

triggered the change in global context of financial system and international monetary.³⁸

Deng believed that China need to be more open towards the western world for the sake of their economic growth. However, although China has opening up to western world economy system and implementing the socialist system in their economic system, it does not directly change the political system that has been implemented in China before.

Even though the experts assume that socialist and communist system are two opposing system and difficult to be implemented at the same time, Deng Xiaoping proved that China's decision to implement these two systems is the right decision. Deng Xiaoping's success can be seen from the change and China development in the economy aspect. In Deng Xiaoping era, with his pragmatic-realist thought, capitalism was revived through the free market. Deng Xiaoping successfully change the China economy structure fundamentally.

Despite Deng Xiaoping death in 1997, the reforms continued under his successor that was chosen by him, Jiang Zemin and Zhu Rongji. Between 2001-2004, the amount of the state-owned enterprises reduced by 48 percent.³⁹ It also happened in the same period in which tariffs and trade barriers were successfully reduced by the government. In addition, the banking system has reformed. In this era, China also started to join World Trade Organization. The amount of private

³⁸ Louis W. Pauly, *The Political Economy of Global Financial Crises*, 2008, p.241-272

³⁹ Thomas G. Rawsky, *China's Great Transformation*, 2008, p.573

domestic sector exceed up to fifty percent and GDP in 2005 has expanded. In 2005, China was able to surpass Japan as the largest economy in Asia.⁴⁰

B. Theory Analysis

In analyzing China's reason to implementing One Country Two Systems, the writer here refers to Foreign Policy Decision Making Process by William D. Coplin. According to Coplin, to understand a reason of a country we need to understand the background of the leader to make the decision.⁴¹ However, it will become a fault if we assume that the decision maker act in vacuum condition. Otherwise, every foreign policy decision that is given can be seen as the result from three consideration categories which are affecting the policy. The first category is domestic politics in decision maker country. The second category is state economy and military ability. And the third is the international context, especially the relations with another country.

If we refer to Coplin's thought about how a state make the decision, Deng Xiaoping as the decision maker certainly considerates the domestic politics, economy and military ability, and the international context of his country. China at that time facing the need to reunite with Hongkong, Macau, and Taiwan for the sake of increasing foreign investor to develop China economy. The problem between China and Taiwan began after the end of Japan colonialism in the end of

⁴⁰ <https://www.theguardian.com/business/2010/aug/16/china-overtakes-japan-second-largest-economy1>, accessed March 26th 2017

⁴¹ William D. Coplin, *Pengantar Politik Internasional: Suatu Telaah Teoritis* [Introduction to international politics: a theoretical overview], 1992, Mercedes Marbun, Trans., 2nd Edition, Bandung: Sinar Baru, p. 30

World War II. At that time Kuo Mintang and Chiang Kaisek met the Communist Party leader, Mao Zedong. Chiang with his party, Nationalist party, lost from the civil against Communist Party and escaped to Taiwan, an island in southeast China Mainland. In the Kuo Mintang's year of defeat, the communist party established the People Republic of China. Since that time, two leaders lead in separately.⁴² Meanwhile, in Macau and Hong Kong the case was caused by the background of both countries. Hong Kong and Macau are colonialized by Europe. The heritage of Europe certainly sticks in their people and this condition become the challenge for China. In this case China need Hong Kong and Macau because these two region are located in southern line of China that being the central of industrialization.

The second consideration is the economy and military ability. Since the early 1980s, the Chinese strategy of "active defense" is consistent with economic development efforts "great leap forward" launched by Deng Xiaoping. Thus, China's defense policy must be subordinated to and is intended to support the national economic development. Overall, the doctrine of "active defense" is intended to face three types of war, the world war, wide-scale war in the face of foreign aggression against China, and border conflicts or limited war. Of the three war possibilities since the mid-1980s, the Chinese strategic elite convinced that the third kind of war will probably happen.

⁴² <http://www.bbc.com/news/world-asia-16178545>, accessed March 5th 2017

In the Deng Xiaoping era, China's progress and developments in the economy was caused by massive reforms conducted by Deng Xiaoping. This can be seen from some of the events that occurred such as when Shenzhen South became the city's first "Special Economic Zone" with a more flexible market policies.⁴³ Moreover, in the same year fishing areas had turned into the center of shipbuilding and manufacturing. The Shanghai Stock Exchange was opened for the first time in China, and China also allowed foreign exchange transactions against the yuan.

And the last consideration is the international context. The international context that heavily trigger the changes in China government system are the changes in conditions and also systems in world economy at that time. In the 1980s, the financial crisis in developing markets, especially in developing countries happens. The global financial crisis itself triggers a change in the context of the global financial system and the international monetary where banks were based on industrialized countries which are advancing rapidly expand their operations of international lending throughout the 1970s, multinational corporations to diversify their investment activities, and investors in developed countries are gradually expanding the interest and capacity to buy bonds and other financial instruments issued by governments and companies in developing countries. And also some related capital flows is related to trade and investment began to globalize.⁴⁴

⁴³ http://www.chinadaily.com.cn/china/2017-02/20/content_28261033.htm, accessed March 6th 2017

⁴⁴ Louis W. Pauly, *The Political Economy of Global Financial Crises*, 2008, p.251

