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partnership of senior individuals from business and industry, government, academic and other intellectual circles. All participate in their private capacity and

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PECC was established in 1980. It currently has 25 Member Committees, including two associate members (Mongolia and French Pacific Territories), from all over

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### Turn Challenges of Climate Change into Opportunities

Darson Chiu

The current global economic downturn has provided both the pros and cons to our world in a way. On the one hand, the economic slowdown obviously impacts the living quality of all human beings, since it reduces job opportunities through lowering the aggregate demand. On the other hand, lower total demands could further trim down the consumption of crude oil that has been widely recognized as one of the major factors contributing to global warming. Economic slowdown might affect our short- to medium-term living qualities; however, climate change caused by global warming could seriously hurt many generations of ours.

For a while, the world's attention has been on the recent growths of GDP of emerging economies. When we consider their tremendous growths as a solution to resolve the problem of regional poverty; nevertheless, the economic growths might also provide equivalent harms to our community, society, region or even planet. There is no reason to trade our sustainable development for temporary satisfaction. It is also not rational to blame emerging economies, since the harm has been done by the developed world as well. However, at this moment, seeking for the cures is more important than identifying the causes. And we need to meet the needs of present

generation without compromising the future generation to meet its needs.

As a world citizen, everyone shall keep in mind that saving the planet is the one and only one optimal option we have here. Many international organizations have initiated numerous projects and methods to deal with climate change problems, but it would be great and more feasible if those organizations could also identify their embedded incentives at the same time. This can simply build up the willingness of participants and stakeholders who would like to search for solutions for climate change. At the international level, Taiwan also cannot ignore the issue of climate change and focus only on economic growths. Although Taiwan does not have many accesses to international forums such as the United Nations, she can still make a good use of her existing and reachable channels such as the Asia-Pacific Economic Cooperation (APEC) and the Pacific Economic Cooperation Council (PECC) to help keep the world live on.

To better manage negative impacts caused by global warming and natural resource depletion, the Chinese Taipei Pacific Economic Cooperation Committee (CTPECC) initiated an international project, "Climate Change and Green Opportunities: Business, Society, and Cooperation" during the PECC Sydney General Meeting and Singapore Executive Committee Meeting around two years ago. The objective of this PECC international project sought to explore opportunities for growth and prosperity for Asia-Pacific economies while addressing the problems of climate change. Different from other international proposals, this project has attempted to provide some

motivations to make it more workable.

Efforts devoted to deal with climate change could imply new sets of production formula and developmental perspectives, which could potentially generate opportunities for regional cooperation and innovation. Despite individual and joint efforts devoted to resolve the problem of climate change, CTPECC and its researchers trusts that the Asia-Pacific region can further explore ways to resolve the climate issue and enjoy the byproducts generated from the processes. This concept therefore aims to build regional partnership for member economies to fully share experience, knowledge, expertise, and views of how to cope with and manage climate change.

The idea of the project should further seek opportunities related to business, society, and cooperation for growth and development for economies in the region at different developing phases. The project team preliminarily specified three dimensions of opportunities. The first dimension of Business opportunities regarding managing climate change can be explored from clean production and green consumption. Clean production is the production process that helps reduce pollutants and increase added values, and green consumption is about harmonizing energy saving and environments through specific supply and demand activities. Cleaner production, green consumption, and green industries derived from managing climate change could also implicate business opportunities in relevant processes. Cleaner production, such as reducing pollutants and increasing added value during production process could include industrial waste minimisation and the

spread of green chemical technologies. Green consumption, such as the promotion of green architecture could be related to energy efficiency and environmental preservation. Furthermore, green industries could aim at creating scale economy through international cooperation.

The second dimension of society opportunities can be gained from climate change related education launched by the civil society. Nature preservation that focuses on the protection of land and forests, together with the prevention of natural disasters caused by climate change have been considered as potential solutions to resolve the anomaly of climate change. However, people tend to take no notice of relevant social impacts of climate change or due to by adopting specific solutions. We could help explore potential social impacts as well as discuss on the feasibility of solutions. For example: education about natural preservation regarding conserving regenerative and depletive resources or education about pollution prevention of reducing pollution of air, water and soil can be designed and incorporated into existing educational systems.

Finally, the third dimension of cooperation opportunities can be derived from developed and developing economies working together on managing climate change through information and innovation sharing. In the 2007 APEC Leaders' Declaration, APEC economic leaders announced that "Adapting to climate change impacts is a priority for domestic development strategies which should be supported by the international community, including through appropriate policy exchanges, financing, capacity building

O

and technology transfer". In response to the call of APEC leaders, horizontal and vertical cooperation among governments would be much needed.

There is only one planet, and there is no option B. Climate change is a pressing global issue that jeopardizes the earth, and the issue is a time bomb that needs to be dismantled as soon as possible. This project is not only a Taiwan's project but also a project that might shed some light for all. And the project's purpose is to entice more people who have resources to get involved.

### **APEC's First Dialogue with Multilateral Organisations**

Gratiana Pei-fang Jung

For a long time APEC has been inviting guest speakers and participants from outside to various events at different levels. Never before, however, there has been a formal dialogue dedicated to this nature. For quite some times for some member economies of APEC to engage with international organisations was very much a sensible area to enter into. In recent years by and large the difference among economies on this issue is just skin-deep. Even the firm antagonist to the idea, China, has loosed its tongue. They are now sitting more comfortably with this initiative, as long as it is not casted on a piece of paper, i.e. to formalise any relationship with multilateral organisations.

In February this year APEC held its first one-day policy dialogue on APEC's Engagement with Multilateral Organisations. It was set out "to identify practical ways to maximise the contribution of other multilateral organisations in the pursuit of APEC's agenda. Conversely, ways APEC can help mobilise region-wide support for the initiatives of other multilateral organisations" (APEC, 2009a).

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In the late 1990s and early 2000 in the academic circle there were already calls for strengthening ties with multilateral organisations. The core idea is about capacity building, which is related to the third pillar of APEC, i.e. economic and technical cooperation. It was argued that "[s]uch relations can promote policy consistency and convergence, facilitate access to expertise and finance, and help to disseminate awareness of APEC's success stories". (APIAN, 2000: 19) Apparently, whilst acknowledging APEC's contribution as an informal forum for exchanging ideas and forming common ground in a subtle way, with the unique characteristic of APEC as a so-called "soft institutions" (APIAN, 2000) or "meta-regime" (Aggarwal and Morrison, 1999) based on consensus, voluntary, non-binding modus operandi, its efficacy and resources are bound to be constrained when trying to achieve policy consolidation and goal reaching.

According to a research conducted by the Centre for International Economics in Australia for the event mentioned above, "...multilateral organisations provide skills, resources and information that help progress the development of the APEC agenda and processes". The report found out several distinctive features in APEC's interactions with its international counterparts. Firstly, APEC brings leaders across economies for informal exchange of views, including those expressed by multilaterals in APEC fora. Secondly, multilateral organisation provides world's intellectual capacity to tackle current issues. Thirdly, APEC has been actually engaging with multilaterals extensively. Fourthly, the outcomes of interactions vary, and the interpretations and experiences differ, too. (APEC, 2009b)

There are two major categories for multilaterals to be involved in APEC activities, i.e. guest status and invited guests. The latter is an ad hoc nature, in contrast to the former. The specific areas where APEC can benefit from engaging with multilaterals are research results (which is the most common form of contribution), information sharing, information disseminating publically, and capacity building. (APEC, 2009a) Whereas there are advantages for involving multilaterals, setting up a relationship could be difficult sometimes owning to the length of time needed to get an approval for participation from international institutions.

With regard to levels of engagements, the momentum is mainly coming from the Working Groups or the Task Forces in APEC. The interactions between heads of APEC economies and multilateral organisations are largely absent in APEC forum. It reinforces the argument that multilateral organisations play an important role in assisting APEC with practical technical and intellectual inspiration and enlightening. The most frequent participants are from the United Nations System, World Bank, World Trade Organization, Organisation for Economic and Co-operation Development, Asia Development Bank, just to name a few. These international institutions are highly focused regarding their orientations. The results they produce complement APEC's dearth of expertises and in-depth researches. Without these so-called "know-how" those goals agreed upon by leaders could just be floating ideas, and would be even more challenging to actually consolidate. Above all, the great privilege of having professionals from international fora

will undoubtedly opening up the two-way channel for exchanges and keeping APEC itself in line with the motions evolving in the international settings. Indeed, APEC has never been designed in a detached manner, rather from the beginning of its establishment it has always been stated clearly that this is a regional cooperation mechanism meant to complement the coordination at international level.

There are many positive examples for reinforcing connections between APEC and multilateral organisations. Generally speaking, areas with fruitful outcomes are those with shared common interests and high priority, and require great intensity of international collection action. The best example is regarding disruption to telecommunication such as malware or anti-corruption. In the meantime, emerging new issues also catch attentions for cooperation. Besides, where there are benefits for information dissemination and capacity building, usually we will find close engagements of multilateral organisations in APEC fora.

As far as a specific strategy for APEC to engage multilaterals is concerned, it has been suggested that it should been conducted at three levels. At the top, a high level interaction between the heads of multilateral organisations and APEC ministers should be seen through. Secondly, APEC needs to review its engagements with multilateral organisations regularly, and find out those successful stories and apply them widely in APEC fora. Thirdly, as mentioned the experience in interacting with multilaterals varied from forum to forum, it therefore has a practical need to develop a process

guiding the engagements in helping to achieve their full potentials and effectiveness. All in all, taking long-term approach and a strategic view, bridging the cultural gaps among member economies, and being pragmatic are the key advice that experts from multilateral organisations attended the February dialogue in Singapore gave to the senior officials of APEC's.

As APEC is very much a result of changing of global political landscape and economic development, naturally it has to respond to these challenges as the world evolves everyday. Owning to limited resources and the nature of issues have been increasingly dynamic, APEC cannot tackle them alone. For APEC it is not only desirable but also practical to maintain a close working relationship with multilaterals. Though member economies like China is still not too keen on seeing APEC institutionalising relationships with multilateral organisation, such as concluding Memorandum of Understanding (MOU), gradually they came to accept that strengthening linkages with those mechanisms is necessary and a unavoidable consequence of greater international political and economic evolution. Indeed, the undertaking can only be positive to both APEC and its international counterparts in a globalised world.

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### Could India Maintain its Competitive Advantage in the Future?

Joanna Lan

India is one of the cradles of ancient culture in the world. People had been influenced by India in a lot of fields, such as mathematics, philosophy, and religion etc. Since Narashima Rao, the Prime Minister of India, started to promote "Look East" policy and take a series of economic revolution. Now India is one of BRIC and with high economic growth rate. As we all know, the purchasing power of India has been raised significantly. There are a large population, skillful IT staff, and a big market in India. People would like to invest in it and trade with India. For pursuing economic development, Indian authority has set some "Special Economic Zones" (SEZs) to attract more foreign investors. According to the report of "Global Retail Development Index" which was edited by A. T. Kearney in 2007, India was the top potential retail market in the world.

After the arrival of global financial crisis, India has also been impacted. This February, according to the estimation that was made by "Directorate General of Commercial Intelligence & Statistics of India", the total amount of import and export in India were around US\$16.8 billion and US\$11.9 billion, respectively. Compare with last February in 2008, the total amount of import in India was US\$20.8 billion. At the same period, the total amount

of export in India was US\$15.1 billion. There is an obvious decline of import and export in India. The global financial crisis is the only reason to cause the current situation. Furthermore, the accumulative import amount from April in 2008 to February in 2009 was US\$257.7 billion, and the accumulative export amount from April in 2008 to February in 2009 was US\$154.7 billion. Since the statistical results were lower than the period from April in 2007 to February in 2008, we could easily find that the economic growth rate in India was not as good as before. Could India maintain its competitive advantage in the future?

Even the index of stock market in Mumbai had been down 32% from last September. Many foreign companies have continued to enter into the Indian market. The Indian Express reported that since last September, almost 108 corporate organizations have entered the Indian market. According to Securities and Exchange Board of India, now the total registered foreign legal institutions have increased from 1,517 to 1,625, including Young Mens Christian Association, Wanburg Pincus International, Califormia Endowment and Managers Funds from United States, Shin Kong Investment Trust from Taiwan, Western Asset Management from Singapore, and the Master Trust Bank from Japan. These corporations may not invest in India immediately, but they show their big interest in India. People believe that when the stock and monetary markets get revived, those corporations will do something. The Economic Times also mentioned that the stock market index is a kind of leading indicator. Before economic recovery, the stock market index will get up first. From the beginning of March to now, we saw the Mumbai

stock market index rose from 8,000 to 10,000. Besides, the demand of steel, cement, and consumer products were getting stable. According to the Reserve Bank of India (RBI), the foreign exchange reserve of India was now US\$254.052 billion in the end of 2008. Most important of all, people have become increasingly convinced of governments' ability to implement fiscal and monetary policies to avoid further deterioration of the global financial recession.

Apart from the global financial crisis, terrorist attack was also a factor to impact India's economy. When the terrorist attack happened, it brought negative impact to India. When it happened in their financial center, Mumbai, investors were scared and worried about their human security. If Indian authority had no idea to prevent this kind of problem, it may lead to capital outflows. However, compare with China, the production cost in India is still lower than in China. So even if the terrorist attack is a factor to push investors out of India, many manufacturers may still move to India to lower their production costs.

The chief economist of World Bank appealed to India to develop its basic infrastructure by spending its foreign exchange reserves. It would be a good way for India to take a part of its foreign exchange reserves to invest in water, electricity, energy, transportation and other infrastructures to stimulate domestic demand-led economic growth. In short term, India's foreign exchange reserves would be reduced. In the long term, when the global economy recovered, the exports of India will increase. So the building

of infrastructure must become the main driver of economic growth for India. India also decreases the interest rate and ease lending restrictions to improve its financial system to face the global financial crisis. In conclusion, it's reasonable for us to believe that India will keep shining in the future.

### English Speaks Louder than Ever! And Why?

Chih-An Shen

With globalization and regional economic integrations getting prevalent and popular, the countries in the Asia-Pacific region are shifting into high gears to improve on one thing: English proficiency of the nationals.

There's no doubt. In recent years, under the influence of globalization, the world is getting flat and regional economic ties are becoming closer and interactions more frequent. As a result, a trend is gradually taking shape in many countries in the Asia-Pacific region, a trend that governments and private industries dare not overlook. A trend that is decisive in affecting a country's competitiveness in the future. This trend is, namely, movements to boost the overall English proficiency of the people in various countries in the Asia-Pacific region.

Just how important English is regarded in this region at the moment? To find answers to this question, we may simply take a brief look at what Korea's actions in enhancing the English proficiency of its people in recent years. Similar actions are taken in Taiwan, Japan and Hong Kong, but it is Korea that launched a series of programs and spent huge budget in the English education infrastructure.

#### **Korea's Actions**

To boost the overall English proficiency, the Republic of Korea sets up English Villages for schoolchildren to learn English in a variety of "real" settings as well as experience the lifestyle and culture of English speaking countries. The scale of the English Village is huge, so is its cost. Take the largest Paju English Village in Korea (also worldwide) for instance, the total cost is roughly US\$85 million. This has demonstrated the Korean government's determination to take English education to the next level by making learning real.

So real that the English Village has almost everything one can find in a city - bar, bookshop, bakery, restaurant, theater, bank, hospital, etc... By immersing kids in an English-only environment, kids can quickly develop English proficiency, especially speaking and listening, with more efficiency. With more and more English villages like the one in Paju in place, it is expected that the English proficiency of students in Korea will be improved gradually, if not completely.

Actions with the same purpose were taken earlier, to improve students' general lack of English speaking proficiency. Since 1994, under the "English Program in Korea," over a thousand teachers from native English speaking countries (United States, Canada, Australia, United Kingdom and Ireland) are hired by the Korean government each year and dispatched to local primary and junior high schools. The budget's considerable: different levels of remuneration from the lowest of US\$1,970 to the highest of US\$2,952

per month, plus additional benefits, such as accommodation, airfare and tax exemption, which makes the annual budget about US\$0.36 billion.

Besides the endeavors in improving students' English education, the Korean government launched an English education channel on Education Broadcasting System in 2007, offering courses 18 hours a day as a way to provide easy access for its people to learn English in a more economical and convenient way. The channel runs numerous programs with categories ranging from history, science to cooking and music, providing people the chance to learn English from different medium.

This has taken the English learning to a national level. Similar programs or actions described earlier were launched or taken in China, Hong Kong, Taiwan and Japan. Though the scale, budget or involvement may be different, one thing is the same, fear of losing competitiveness. Because English is no longer simply a "subject" students learn at school, it is becoming a basic skill, a basic communication tool that people cannot do without in the near future.

### Why English?

According to the British Council, there were over 1 billion people worldwide learning English as a foreign or second language in 2000. By 2010, the number will double itself and continue to rise in the years to come. According to CommonWealth Magazine, the number of people who speak

English is 0.35 billion, which is equal to the total number of population of the United States, Canada and the United Kingdom.

To this day, the number of people who speak English as a second language has far exceeded those who do as the mother tongue, according to David Crystal, the author of "English as a Global Language."

This trend is unlikely to reverse itself. In fact, globalization and the prevalence of English seem to complement and influence each other. Globalization, that is, the emerging of a flat world, requires an effective tool for communication. And this was when English comes into play. When more and more people are able to communicate in English, the status of English as global language is established and globalization accelerates as a result.

This creates immediate influence on the ability to gain information quickly and efficiently. For governments and businesses alike, keeping aware of development of world news and trends is important in decision-making in many areas. And "international news has been dominated by English language" (English Next, 2006). Providers like Associated Press, Reuters, the BBC, CNN and now Al Jazeera and NHK publish news stories in English, almost immediately after events take place every day.

In addition, as international trade and commerce develop, it is inevitable that people will need to acquire the very basic communication tool, namely, English. In international conferences, it is always easier for participants to get their ideas across, if presented directly in English, without the help of interpreters or translators.

English proficiency, as a result, has become a crucial factor in deciding the competitiveness of a country, because it helps keep people abreast with the latest trends, events, knowledge and information elsewhere in the world. And this alone, provides edge in competitions. However, is it the only deciding factor? Is the English language environment so important that it completely decides the competitiveness of a country?

Obviously, other factors count as well, such as quality of economic performance, government efficiency, regulations for doing business, infrastructure (technological, scientific, health, education...etc.), political stability and so on. These factors keep a country running, but the ability to absorb information and communicate in English prepares a country for take-off in competitiveness.

Therefore, governments tend to work on multiple aspects, to gain global competitiveness. Take Taiwan for instance, to compete with regional competitors such as Korea, Hong Kong, China and Singapore, apart from enhancing the English proficiency of its people in a number of ways as described above, Taiwan is set to provide workforce talent (high tech or management expertise) for international companies and is rapidly working on the relaxing regulations that create impediment to business development. Plus, it is providing a number of tailored-made, friendly services for both

foreign companies and individuals. For instance, the setup of the Information for Foreigners hotline provides timely assistance in three languages-English, Japanese and Chinese-in which anyone can easily gain information about visa, residence, education, transportation, travel and so on.

To compete with strong players in the Asia-Pacific region, English proficiency of a country may not be the only thing that determines the result, but it helps people to open themselves up to the world and is undoubtedly one thing that is worthwhile for governments and businesses to take into consideration in developing well.

### **Book Review**

## The Three Faces of Chinese Power: Might, Money, and Minds by David M. Lampton

Chen-Sheng Ho

In the face of the current global economic crisis, the world is looking to the United States and China to play a greater role in addressing the challenges. The most important reason for this occurrence is that both countries have the financial and economic resources to reverse the downturn. The fact that the United States has been called upon to take a leadership role is not surprising, since it has been considered a major global power. In addition, the United States is the starting place of the economic crisis, so that it has to do something to bring the United States and the world out of this predicament. China, on the other hand, is now widely acknowledged as having considerable economic power, as a result of its export prowess. China now has the largest foreign exchange reserves. Therefore, China is also playing an important role in mitigating the existing economic challenges facing the world.

With the spotlight being shine on China recently, the world's understanding of China needs to be enhanced. David M. Lampton's book, The Three Faces of Chinese Power, has provided a comprehensive analysis of China's power. In the beginning of the book, Lampton expounds on the definition of power and the types of power that a country may hold. For

the straightforward definition of power, Lampton supports Joseph Nye's definition that "power is the ability to achieve one's purposes or goals." Lampton then makes a slight adjustment to the aforementioned definition in stating that "power is the ability to define and achieve one's purposes or goals." Furthermore, Lampton states that "smart power...is the capacity to define goals and implement policy with the most efficient use of resources, which means the optimal mix of power types."

In relating about the types of power, Lampton draws heavily from Amitai Etzioni's exposition of the subject. According to Etzioni, power could be coercive, remunerative, and normative. Coercive power is about inflicting physical or psychological pain. Remunerative power refers to material inducement. Normative power deals with the capacity to motivate through ideas. From this conceptualization, Lampton derives a basic typology of power. In sum, the three faces of power are might, money, and minds. Another important concept is that the power wielder acts like a conductor, which is about utilizing the most efficient combination of various types of power to attain objectives.

At this point, it would be the appropriate time to reflect upon Lampton's discussion of power. Since this book is meant to be for a wide audience and not purely for academics, Lampton has made the wise choice to limit his theoretical discourse of the concept of power to a minimum. Additionally, Lampton has been able to explain the ideas in simplistic terms. This is truly welcomed, because most readers would then be attracted to continue to read

the book. Most importantly, the book emphasizes the description of China's power in terms of might, money, and minds. Thus it is unnecessary to focus on the theoretical discussion of power. Instead, it is more useful to emphasize the three faces of China's power, so that China's position in the world would become clearer to policymakers, scholars and businessmen.

In Chapter Two, Lampton relates about China's might. He states that might stands for coercive power. In this chapter, extensive discussion of China's coercive power is provided. Lampton states that China's coercive power has increased in recent years. Most importantly, China has become more intelligent in combining the utilization of coercive, economic, and ideational power, so that neighbors and other countries are less anxious of the increase in China's coercive power. Lampton also relates that Chinese leaders strongly believe that their homeland is safe from occupation or conventional ground attack. The major threats are internal consisting of system legitimacy, social stability and separatist tendencies in China's western areas. Another significant idea presented here is that with the rise of China's military power, reassuring neighbors become an important task. As part of reassurance, China has developed military relations with more than 150 countries. Lampton says that the fact that the PLA has become more transparent indicates that China is more confident of its strength. The main objective for China is to become stronger without drawing outside responses that would compel China to redirect resources from internal development to war-fighting capacity. Finally, Lampton suggests that it is important not to stimulate China to acquire coercive power and also distract United States from addressing

challenges in the areas of economics and ideas.

The discourse on money is found in Chapter Three. Lampton states that money is power that can be converted. In this chapter, money is equated with economic power. A major point is that high growth in China has also led to the creation of forces that endanger stability. China must pay greater attention to the issue of more equitable distribution and quality of growth. Additionally, Lampton relates that the attributes of China's growth are: 1) national investment and savings rates; 2) educated and healthy citizens; 3) a growing middle class and private sector; 4) linkages between Chinese on the mainland and ethnic Chinese abroad; and 5) continuity and content of China's economic policies. Lampton makes the assessment that China is emphasizing economic power as the most vital form of power. With regard to the implication for the United States, Lampton asserts that Asian countries still desire the United States to be involved in the region but do not want this participation to be too intrusive.

The third important component of China's power is minds or ideational power, as is discussed in Chapter Four. According to Lampton, ideational power consists of intellectual, cultural, spiritual, leadership, and legitimacy resources. Lampton asserts that China emphasizes economic and ideational power, as part of national strategy. In response, the United States should also enhance economic and intellectual capabilities and not increase too much of coercive power. Furthermore, Lampton says that the major goal of China's foreign policy is to reassure the world that China seeks "peaceful rise" and

"peaceful development." He adds that economic power is the source of China's ideational power. At the same time, China is also acquiring ideational power to advance economic growth through strengthening leadership talent and innovation capacity.

In conclusion, Lampton relates that the United States is betting that China will adhere to the norms of the international system, as a result of interdependence. Essentially, the United States would like China to be a "responsible stakeholder" in a stable international system. On the other hand, China is betting that the United States will not attempt to disrupt the growth of China's power. Lampton states that the aforementioned outcomes have been in place for sometime now. He strongly urges that the United States, China and the world continue to maintain the current situation into the future.

After reading the book, it can be said that Lampton has written an excellent book about the characteristics of Chinese power. Readers from all fields would be able to increase their knowledge. Lampton has conducted thorough research and interviews to support his ideas. This is the reason why Zbigniew Brzezinski of Center for Strategic and International Studies has praised this book. The former United States ambassador to China, J. Stapleton Roy, has also highly recommended Lampton's book. Readers would certainly be delighted to see that Professor Lampton continues to publish articles and books on China in the future.

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### Memo



### Memo

