

A superpower state facing an economic downturn is always cause for alarm. The real question over regional stability is not, however, one of how much rapid growth that China will continue to possess, despite a slowdown. It is, instead, if China itself can pace its integration into the global market system cautiously, and so remain a viable partner for the United States, writes Cory Turner.

What has come to be ominously known as 'Black Monday' was China's true, if unplanned, test of whether or not it could weather risks that comes with integration into global markets. Indeed, much of the country's economic growth has come off of the back of private enterprise in recent history, and it was thought that China's reinterpretation of how to manage the tried-and-tested model of capitalism would act as its own absorber for any surprises that threaten growth. We discovered two principal facts about China's involvement in the international system from the single day that lost the country billions of dollars.

First, China is by no means fully integrated into the global market system. Despite being known as the 'world's workshop', developed economies are not nearly as reliant on China as was previously suspected. Black Monday did not trigger the global downturn that was imagined. Instead, the damage was almost exclusively endured by itself and its less developed neighbours, which casts doubt on the notion that China is fast becoming a rival to the United States in the traditional sense. That is, it will not, and doesn't seem to want to mimic a 'world police'-style foreign policy.

Therefore, at least in the next couple of decades, there will be no cause for fear of China assuming a confrontational role against the United States directly, or even taking daring steps against its allies. It relies on the US far more than the other way around, and it will continue to do so.

Second, China's ambitions are outpacing its abilities. In an effort to undercut the United States, it has been striking deals across Latin America and the African continent, perhaps most famously in the planned Nicaraguan Canal. Whilst some of these projects appear to be more in the name of symbolism than of tangible utility, they appear to constitute a comprehensive plan of long-term investment, and enhances its own soft power abroad to encourage future cooperation.

This is to the neglect of its own shock absorption to financial crashes, which can be much less predictable than the returns on its investments abroad. By languishing in between fully embracing any 'Western' model and outright rejecting capitalism, decisive action, and perhaps inaction, China can resort to few options to reassure investors when slowdowns occur. Thusly, it could be forgiven if China was suspected as being a less than reliable partner in future global stability if it expanded too fast. Internal development suffers comparably in relation to investments abroad as designs for the latter assume a larger role, leaving a gulf of inequality that isn't being addressed with the same energy with which it could be.

As a result of Black Monday, it seems that any confrontational-directed foreign policy, which was suspected of being quietly employed after its increasingly antagonistic action in the South China Sea, will have to be abandoned. That is, any substantive plans for confrontation. The scales of dependency are still weighed far too much in favour of the United States to launch any real threat towards the US and its allies, principally Japan. Under Prime Minister Shinzo Abe, in a move which may become career suicide, the latter has been embroiled in a deep controversy over an ambiguous constitutional change which would permit the more liberal deployment of armed service personnel in response to fears about Chinese aggression. Such moves are unnecessary; in a battle of rhetoric, Prime Minister Abe need only stop antagonising Chinese pride when it can be avoided.

China will still, of course, continue with more symbolic acts of defiance against supposed Japanese dogma. Island base building may continue, but all this creates is a political trap that the Japanese government can easily choose to refuse be caught by.

War is unlikely at best, at least for so long as China will continue to rely much more on the US than the US relies on it. This is not to remove the country's importance by any means, but there is little doubt that China simply does not possess the persuasive power to force the US to back down from its hold over the region. Furthermore, in addition to war in the South China Sea not being inevitable, US presence in the region will continue to persist, given this advantage of dependency.

Whilst China will continue to be forced to act around the axis that revolves around the US in the region - though this is increasingly being turning away from it - China will still be able to strengthen its position as a rival and partner to the United States. The country still, after all, possesses an astonishingly rapidly growing economy, and continues to reinvent itself as a great military power. What Black Monday revealed, despite events designed to express nationalistic fervour within the country, and flex its muscles abroad, through the employment of monumental displays of military hardware and the sustained expansion of artificial island bases, is that China will have to accept that it will become more of a partner than a rival to the US, which plays much more into its hands than the latter.

Such a position requires stability though, and itself must be underwritten by sustained growth and internal development. Without this, it would be difficult to maintain the upkeep and energy that holding onto the absolute monopolisation of power that ruling China demands, given the oppression of what can be entirely different peoples and cultures, which the country is founded upon, demands to manage. It must resolve its development problem by closing the gaps arising from the dire inequalities between different areas, whilst working internationally to create worldwide protections against future crashes, which are lacking after years of Quantitative Easing (QE) measures from Japan to the EU. At the same time, it will have to deal with the problems that this development will, and is, bringing to the surface, especially in the fringe regions, notably Hong Kong, as new politics are adopted as prosperity spreads.

Without reconciling its need to adapt to its potentially vulnerable role in world markets, and through this China's relationship with the US, with the direction that internal development may force it to adapt to a changing political landscape, the region may become violently unstable. For the long term prosperity and security of its damaged South East Asian neighbours, all roads now lead to Beijing. Only time will tell if this means economic catastrophe, and through this political turmoil that some would be sorely unprepared for, or a consistent relationship between the world's superpower and Asia's leading great power. There may be middle ground.

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