

DEALING WITH A RISING CHINA: OPTIONS FOR MIDDLE POWERS

By

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## **Abstract**

The centre of gravity in world affairs has shifted once again towards Asia, more specifically to China. As the world's growth engine, Beijing is now increasingly taking on leadership roles regarding global governance issues. While the international relations literature has focused on the dangers associated with the rise of a great power challenging the ruling hegemon, this focus on power transitions has left a major knowledge gap regarding how China deals with middle powers and how middle powers can engage with Beijing. I argue in my thesis that by using their middle power status, multilateralism and niche diplomacy, middle powers in the Pacific region, including Canada, collectively have the ability to influence global governance decisions made by China. In the context of China's return as a global power in the 21<sup>st</sup> century and its increasing ability to shape its external environment, this research project investigates the foreign policy implications of this shifting geopolitical order in the Asia-Pacific for middle powers like Canada.

## **Preface**

This thesis is original, unpublished and the result of independent work by the author, Grégoire-François Legault.

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## List of abbreviations

- ADB, Asian Development Bank
- AIIB, Asian Infrastructure Investment Bank
- APEC, Asia-Pacific Economic Cooperation
- APFC, Asia-Pacific Foundation of Canada
- APP, Asia Pacific Partnership on Clean Development and Climate
- ASEAN, Association of Southeast Asian Nations
- AUD, Australian dollar
- BIT, Bilateral Investment Treaty
- CAF, Canadian Armed Forces
- CBC, Canadian Broadcasting Corporation
- CBS, Canada-based staff
- CDS, Chief of Defence Staff
- ChAFTA, China-Australia Free-Trade Agreement
- CIA, Central Intelligence Agency
- CSEC, Communications Security Establishment Canada
- CSIS, Canadian Security Intelligence Service
- DFATD, Department of Foreign Affairs, Trade and Development
- DND, Department of National Defence
- DPRK, Democratic People's Republic of Korea
- EAS, East Asia Summit
- FIPA, Foreign Investment Protection Agreement
- FTA, Free-Trade Agreement
- G20, Group of Twenty
- G7/G8, Group of Seven/Eight
- GDP, gross domestic product
- GMAP, Global Markets Action Plan
- IAR, Institute of Asian Research
- IMF, International Monetary Fund

- KDI, Korean Development Institute
- KF, Korea Foundation
- LNG, liquefied natural gas
- MAAPPS, Master of Arts in Asia Pacific Policy Studies
- MFA, Ministry of Foreign Affairs
- NDB, New Development Bank
- NGO, non-governmental organisation
- OBOR, One-Belt, One Road
- PPP, purchasing power parity
- PRC, People's Republic of China
- R&D, Research and Development
- R2P, Responsibility to Protect
- RMB, renminbi
- ROK, Republic of Korea
- TPP, Trans-Pacific Partnership
- UN, United Nations
- US, United States
- WTO, World Trade Organisation

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## **Dedication**

愚公移山。

To my mother, who never had a chance to pursue higher education; and to my family, who helped her put me through high school. I owe my success to their kindness, selflessness and dedication.

## Introduction

Asia is now the most economically dynamic and fastest growing region in the world. By 2050, if everything stays on track, China and India will lead the world as the biggest economies, both ahead of the United States (US).<sup>1</sup> In the case of China, its estimated US\$61 trillion economy will represent 20% of the world's annual gross domestic product (GDP). In many ways, this paradigm shift represents a return to the pre-Industrial Revolution era when China and the Indian sub-continent dominated the world economy through their extremely large populations and efficient agricultural and light manufacturing sectors.<sup>2</sup> Today, Asia is once again at the centre of the world systems and will soon be in a position to act as a central node for global finance and trade. For this reason, understanding Asia is important for the future economic prosperity of Canada. However, although Canada is a country with one coast geographically located on the limits of the Asia-Pacific region, it has traditionally perceived itself as an Atlantic nation only.

The relative economic and demographic weight and importance of Asia will allow countries in the region to influence key global governance decisions like never before. In this new or at least reinvented global order, China will certainly occupy one of the central seats. Therefore, it may not be too far-fetched to predict that the future of the world hangs in the balance based on how East and West interact in an international system that was not designed by Asian powers in the first place.<sup>3</sup> In what promises to be the biggest power transition of the last 500 years, middle powers like Canada could play a special role as intermediary, manager and facilitator of global affairs. Providing sufficient incentives for Asian states like China to accept a

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<sup>1</sup> PricewaterhouseCoopers (2015).

<sup>2</sup> See Arrighi (2007) and Pomeranz (2001) for more on the origins of the great divergence in terms of economic development between Europe and Asia. The essence of the question is also captured in the "Needham Question," namely why China did not experience an industrial revolution. Joseph Needham (1900-1994), a prominent biochemist at Cambridge University, devoted the last 50 years of his life to the study of Chinese scientific achievements.

<sup>3</sup> Tiberghien (2012). p.13.

stake in a system that is not their own will likely be challenging and fraught with difficult compromises over certain core values of the liberal West. Tensions are likely set to rise, but it is arguable that they can be managed diplomatically. Still, global governance needs actors able to better coordinate and develop pragmatic policies to solve pressing issues such as economic inequalities, climate change, pollution and terrorism.<sup>4</sup> Such actors, I contend, already exist in the form of middle powers.

Are we going to witness the return of middle powers as pivotal actors of the international architecture, after a relative decline in their influence in the late 1990s and 2000s?<sup>5</sup> Alternatively, will we see what Randall Schweller has described as an “explosion of global governance institutions that increases the chaos, randomness, fragmentation, ambiguity and impenetrable complexity of international politics?” Or will we see a mixture of both scenarios?<sup>6</sup> It is increasingly important for international actors, and more especially middle powers, to effectively and efficiently respond to China’s rise. Indeed, the lion’s share of the research on the topic has focused on Sino-American relations and not on the study of the role played by middle powers during great powers transitions. As Bruce Gilley and Andrew O’Neil put it, “middle powers are missing-in-action in the study of China’s rise.”<sup>7</sup> While Gilley and O’Neil perhaps underestimate the amount of middle power scholarship produced in relation to China’s rise, middle powers are certainly not absent from global governance platforms.<sup>8</sup> Indeed, they are already playing a role in managing China’s rise and have been doing so for quite some time and to some varying degree of success. This thesis contributes to the important discussion Canadians should be having in

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<sup>4</sup> *Opere citato*. pp. 22-23.

<sup>5</sup> Van Langenhove (2010).

<sup>6</sup> Stone (2013).

<sup>7</sup> Gilley & O’Neil (2014). p. 2.

<sup>8</sup> There are some pockets of resistance in academia – mostly in Canada, Australia and Japan – that kept doing research on middle powers despite their relative decline in influence in the late 1990s and 2000s.

relation to China's rise, and especially how Canada can take advantage of its geographical advantage, normative power and middle power status to advance its interests in Asia and help manage the complex power transition currently taking place.

A core premise of this thesis is that Canada currently does not play a middle power in Asia due to a decade of strategic mistakes attributable to petty politics, lack of understanding of the region's dynamics, decreased levels of investment in foreign policy initiatives and multilateralism, and finally a general indifference toward the region due to more pressing issues in domestic politics like the economy and terrorism. The "loss" of Canada's middle power status could simply be temporary. However, if nothing is done to address the issue, it could also become a more permanent situation given that in Asia, sustaining bilateral relations has traditionally depended on frequent engagement, close contacts between leaders and genuine commitment to the policies pursued from both parties. This thesis ultimately aims to provide policy options for Canada's policymakers and politicians to re-engage with Asia multilaterally, starting with China bilaterally as a gateway to the region. Reclaiming Canada's middle power identity is a key for Canada to successfully engage with China and to assist both Washington and Beijing to manage their differences constructively and peacefully. This relationship, arguably the most important bilateral one in the world today, is too important to fail and too delicate to leave to Zhongnanhai and the White House. Indeed, these two governments' differences of opinions and divergences of ideology are too far-reaching and momentous a matter to be managed without input from middle powers and the rest of the international community.

Middle powers are the best-suited actors to balance the interests of great powers and take advantage of their special position within the international system to proactively influence the reform of existing institutions. Middle powers are also adept at creating of new norms to sustain

the current world order. In the Asia-Pacific region, I discern several contenders for middle power status: Australia, Canada, South Korea, New Zealand, Indonesia, Japan and Singapore. However, due to space and time constraints, this thesis solely focuses on three: Canada, Australia and South Korea. Among the middle powers analysed, Canada occupies the central stage in this analysis because it is the country among the three that needs the most a complete foreign policy overhaul to regain its “lost” middle power status in the Asia-Pacific region. Australia was a logical choice for a comparison with Canada due to its similar history, demography, shared cultural values, economic similarities and geographic size. South Korea, a country defined by some Chinese scholars as a rising middle power relatively free of European and North American influence, is another prime example due to its phenomenal economic growth over the last four decades, intertwined history with China, geographical proximity with Beijing and newfound policy entrepreneurialism on the global stage since the early 2000s.<sup>9</sup>

Interestingly, all three nations have something in common: they are all dependent on the US, the hegemon, for traditional security to various extents. They all have formal military alliances with the US, and South Korea hosts over 30,000 American soldiers as a vestige of the Korean War. Still, if China manages to rise peacefully without soubresaut, and completes its integration in the current international system without completely altering its very foundations, middle powers will be in a position to reap the benefits of a renewed and rejuvenated world order. My analysis is divided into three chapters. In the first chapter, I review the theories and current academic literature on middle powers, both in the West and in China. In chapter two, I provide an overview of two middle powers in the Asia-Pacific region and their bilateral relations to China from 2000 to 2015. In chapter three, I look at Canada’s middle power role in Asia to

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<sup>9</sup> For example, see Tang & Bin (2008).

support the formulation of policy recommendations to renew its China policy. Finally, the conclusion briefly summarises the thesis's key findings and lists some of my final thoughts.

## Chapter I – On the Middle Power Theory and Its Applications to Current Issues in Asia

Over the years, the field of international relations (IR) has tended to focus more on great power politics than middlepowermanship. Great power politics refers to situations where a regional or global hegemon rises to power, holds it for a while, and slowly waxes and wanes until a new one takes over following a military confrontation.<sup>10</sup> The concept of middle power, on the other hand, is profoundly constructivist though it predated the establishment of constructivism as a school of thought in IR.<sup>11</sup> The middle power theory has often been dismissed by those believing only in hard economic or military power. For instance, Kenneth Waltz and John Mearsheimer, two of the fathers of modern neo-realism<sup>12</sup> IR school of thought, do not appear to fathom a world in which the structure of the international system is not determined by the behaviour of states as they fight for survival in an eternal struggle between the strong and the weak.<sup>13</sup>

Neo-realists are skeptical of the ability of middle powers to influence international politics because of their relatively weak position vis-à-vis great powers in terms of hard capabilities.<sup>14</sup> Middle powers are also presumed to lack the will to influence global governance outcomes because of their propensity to bandwagon with the hegemon. In fact, much of the current academic literature on the subject assumes that middle powers have limited autonomy to

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<sup>10</sup> I use Antonio Gramsci's definition of hegemony, where the theory denotes the predominance in IR of one country over others. In the context of hegemony, it represents not only the ability to exert political and economic control, but also the ability for the hegemon to project its own values and world view onto subordinated countries. In turn, those subordinated states come to view the values and world view of the hegemon as natural.

<sup>11</sup> For constructivists, international relations between states are historically and socially constructed, rather than inevitable consequences of politics. While some constructivists would accept that states are self-interested and rational actors, most would stress that variation in identities and beliefs belie the simplistic notions of rationality under which states pursue their survival, seek power or wealth. For more on constructivism, see Slaughter (2011).

<sup>12</sup> For neo-realists, the international system is defined by anarchy. States are sovereign and autonomous of each other. As such, no structure can order relations between them. Neo-realists think that states only answer to power, which they perceive as the most important variable in politics. Indeed, only through the accumulation of power can states survive an anarchic international system. For more on neo-realism, see Slaughter (2011).

<sup>13</sup> Waltz (1979) and Mearsheimer (2001).

<sup>14</sup> For another example, see Mearsheimer (1994/1995).

confront or influence the ruling hegemon.<sup>15</sup> In addition, according to neo-realists, normative power or soft power is also only the prerogative of the hegemon and not of middle powers. However, through my analysis, it will become clear that middle powers are actually positioned to exert as much soft power as great powers or hegemons, provided they are inclined and willing to actively take part in global governance issues in an attempt to play the role of the “good cop” of the international system. Moreover, a country that has middle power capabilities but refuses to act as a “good citizen” in the international system should not be considered as a middle power. Thus, middle power status is not eternal; like hegemons, middle powers wax and wane.

Despite their long existence as a concept, middle powers only began to be theorized prominently shortly after the Second World War.<sup>16</sup> At this time, following the post-conflict reconstruction of the international order in 1945, Canada used its diplomatic clout to foster new institutions and practices conducive of peace, trade and development. Middle power theory was partly promoted as a concept by Canadian diplomats and later on analysed, theorised and cemented by the academic community. Broadly speaking, Canadian policymakers and theorists believed Canada could use its privileged position in the international system to manage differences between the US and the Soviet Union. Most IR scholars looking at middle powers would agree that unlike great powers, middle powers are not bent on hegemony and world domination, yet have enough resources and soft power to enact new norms and promote their own ideas independently. Middle powers could be defined in myriad other ways. One mainstream definition labels them as either middling in terms of their geographic location

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<sup>15</sup> See Cooper et al. (1993) and Nye (1990).

<sup>16</sup> The earliest traces of the existence of middle powers in IR can be traced back to the 16<sup>th</sup> century.

between great powers, their physical and population sizes, or ideological positions, which avoids taking a polarised position on ideological issues or political systems.<sup>17</sup>

Robert W. Cox, a leading scholar on middle powers, has reflected on their functional relationship to world order, laid down the keys elements of the current international system, and examined the place of middlepowermanship within it.<sup>18</sup> Middlepowermanship, as defined by Canadian scholar John Holmes, describes the principal characteristic of a country tending to pursue solutions to international problems through multilateral channels, institution-building and willingness to compromise in pursuit of good international citizenship. This is a role that Canada has often played since 1945.<sup>19</sup> While the role of a middle power is to promote peace, they also play a key role in sustaining the current world order in which they operate as long as they can also promote reforms of existing institutions and the creation of new norms reflective of an international system in metamorphosis. For my thesis, I adopt Cox and Holmes's definitions of middle power and middlepowermanship and apply them to Canada.

Despite the fact this helps us understand what constitutes a middle power, metrics employed to define them such as GDP per capita can often paint an inaccurate picture of a country's ability to influence global outcomes. Indeed, even though some countries could be described as middle powers based on economic metrics alone, this criterion is not enough to formally classify a country as one since middle powers are more than the sum of their material capabilities. Even without the support of great powers, they can have a huge though not systematic impact on global governance.<sup>20</sup> Middle powers exert the most influence through coalition-building and multilateralism. Generally speaking, they can act as a catalyst, a facilitator

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<sup>17</sup> Holdbraad (1984).

<sup>18</sup> Cox (1989). p. 825. He did not consider Japan to be a great power, but rather a middle power or strong middle power.

<sup>19</sup> Holmes (1966).

<sup>20</sup> Carr (2013).

or a manager in the international system.<sup>21</sup> Given the failure of traditional IR theories to predict the sea-changes of the past few decades including the collapse of the Soviet Union, the rise of the BRICS and the return of multilateralism after a brief unipolar moment in the early to mid-1990s, it is worth re-examining global structures and processes of IR through the lens of constructivism and middle power theory.<sup>22</sup> My conception of what constitutes a middle power thus considers both capabilities as well as ideological and normative power.

According to Cox, the international system and its supporting institutions are a process, not a finality.<sup>23</sup> The institutions themselves are conducive of global governance and act to stabilise the international system. As such, supporting the world order is quite different from sustaining hegemony through the use of coercive diplomacy or brute force.<sup>24</sup> Furthermore, Cox argues that middle powers should and can play a constructive and innovative role within the current world order.<sup>25</sup> For instance, Canada, the quintessential example of a middle power from the mid-1940s through early 2000s, used the Suez Canal incident to push forward the concept of peacekeeping. In this case, Canada was able to convince great powers of the importance to solve conflict by other means than war. As Cox demonstrates, middle powers act as anchors, rational and reasonable actors in the international system. The latitude that middle powers can exercise is relative to the hegemon's tacit support of their role in exchange for recognition of its legitimacy. Indeed, a hegemon has to win the hearts and minds of other states in order to maintain its world order. This is what makes middle powers so important.

More than two decades after the collapse of the Soviet Union, is the unipolar moment over and the stage set for multilateralism and middlepowermanship? Hegemonic decline is not a

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<sup>21</sup> Beeson & Higgott (2014). p. 223-224.

<sup>22</sup> Neufeld (1995) . p. 7.

<sup>23</sup> Cox (1989). p. 826. See also Wang (2008). pp. 21-31 for a Chinese perspective on the international order.

<sup>24</sup> *Opere citato*, p. 827.

<sup>25</sup> *Opere citato*, p. 862.

new theme in IR studies, nor is it new to the debate on the future of the current world order crafted by the US in the post-World War II era.<sup>26</sup> Yet, as Cox reminds us, “a hegemonic order is inscribed in the mind” since “it is an intersubjective sharing of behavioral expectations.”<sup>27</sup> Hegemony is thus both inscribed in the consciousness of the global and in the existing institutions set up by the hegemon. This means that even in the context of a hegemon’s declining capabilities, the current world order will not wash away easily despite attempts by contenders like China to challenge some of its existing norms and propose alternative institutions. While the US may no longer be in a position to act as the world’s gendarme, the institutions associated with its hegemony are unlikely to disappear or change substantially until they are replaced by the new hegemon, if any will arise. Still, a hegemon must act confidently, or else the system it created becomes more likely to shift towards instability or towards another rising hegemon able to stabilise the international system. This is why middle powers are crucial in times of uncertainty and during hegemonic transitions. If the current unipolar moment is truly over, then middle powers are needed to act as anchors of the international system and help transition from unipolarity towards multipolarity.

A good example to understand the role that middle powers can play in context of Asia, specifically China, is the domain of UN-mandated stabilisation operations and the responsibility to protect (R2P). In the last two decades, China’s engagement in international institutions has exposed the country to normative values concerning human rights, conflict resolution and good international citizenship. Those are niche diplomacy areas for middle powers looking to influence China’s behaviour. In regard to peacekeeping, these normative values are now being

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<sup>26</sup> For hegemonic decline in perspective, see Arrighi (2007) and Kennedy (1988).

<sup>27</sup> Cox (1989). p. 829.

factored into China's foreign policy discourse and calculus.<sup>28</sup> China's complicated relationship with R2P demonstrates that it is possible to tie down the country in a web of international commitments. More importantly, R2P was a concept pushed by middle powers like Canada onto China. This gives credence to the idea that middle powers can indeed have a positive impact on China, despite having a disproportionately asymmetrical power relationship with Beijing on a bilateral level.

Another good example of middle power diplomacy is the creation of the APEC, a forum that was imagined and created by middle powers in the region in 1989 – namely Australia and Japan.<sup>29</sup> While Australia and Japan provided the real impetus, Canada and New Zealand still played important secondary roles to push for its creation. Decisions and statements produced during APEC meetings are not legally binding, but it provides a forum for policy and business elites to interact. In other words, institutions like APEC enable middle powers to socialize Chinese diplomatic actors and to subtly push Chinese leaders to act as good international citizens within a mutually favourable system.<sup>30</sup> APEC's success was not just predicated on the willingness of regional players to join the new, non-binding institution, but also on many years of intellectual expertise building in the field of economic cooperation and Track-II diplomacy among middle power involved.<sup>31</sup>

### **1.1 Frameworks of engagement for middle powers**

In the context of the relative decline of the US and a rising China, what are the policy options and strategies at hand for the middle powers of the Asia-Pacific? Van Jackson argues

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<sup>28</sup> Lei (2011). p. 359.

<sup>29</sup> Among the founding countries, we also find Indonesia and Singapore. Although they could be considered today as a middle power, this was not the case in 1989.

<sup>30</sup> For more on the effects of socialisation on China's behaviour, see Johnston (2008). One of Johnston's conclusions is that post-Mao China did become more cooperative and self-constrained in regards to arms control and disarmament treaties.

<sup>31</sup> Drysdale (1988).

that hedging is the best framework available for countries in the region not knowing with whom to side.<sup>32</sup> Hedging could be simply defined as not putting all the policy eggs in the same policy options basket. As such, a country like Australia may want to rely on China to drive its economic growth, while at the same time maintaining security ties with the US. Hedging strategies are the direct consequence of the current hegemonic transition taking place in Asia. Jackson makes the case that due to Asia's complex network structure, foreign policy elites, including diplomats and academics, are uncertain about the future consequences of present day commitments.<sup>33</sup>

By not knowing whom to side with, countries employing hedging strategies will try to maximise their bargaining position by not completely siding with either Beijing or Washington. Instead, hedging countries will decide what policy decision is in their best interest before making a final decision. Van Jackson attributes this preference for hedging in Asia to the absence of rules-based institutions like the EU and the presence of consensus-based institutions like ASEAN. Jackson is not the first scholar of IR to identify the complexity of the political and regional architecture in Asia. Victor Cha had also defined the security architecture of the Asia-Pacific as a "complex patchwork."<sup>34</sup> In short, Jackson is convinced that hedging strategies among Asian states will persist as long as questions pertaining to China's rise and the staying power of the US remain unanswered.<sup>35</sup> According to Jackson, this means that increased trade and financial flows in the Asia-Pacific are a reflection of Asian governments' embrace and acceptance of uncertainty.<sup>36</sup>

As a result, "the fluid structure of Asia's complex patchwork does not provide clear incentives for states to make long-term commitments to balance against or bandwagon with

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<sup>32</sup> Jackson. (2014). p. 331.

<sup>33</sup> *Opere citato*. p. 332.

<sup>34</sup> Cha (2011). p. 27

<sup>35</sup> Jackson (2014). p. 332.

<sup>36</sup> *Opere citato*. p. 343.

others.”<sup>37</sup> Thus, hedging strategies will remain the policy option of choice for Asian middle powers caught between hammer and anvil. Similar to Australia and South Korea, other countries of the Asia-Pacific will rely on China for trade and finance while simultaneously counting on the US for security. Unfortunately, hedging strategies are inherently unsustainable and one day, countries may be faced with a difficult decision of determining whether to follow the Washington or the Beijing Consensus. Alternatively, middle powers could help both powers to forge a great new bargain to help stabilise the region once and for all by using hedging a little bit, but mostly focusing on bridging differences between the US and China. While unlikely, the third outcome would be in the best interest of both Washington and Beijing.

Hedging has some advantages, but also brings externalities. The complex relationships between all state-actors thus incentivise foreign policy leaders to make short-term decisions on a case-by-case basis which may appear to be contradictory at times. By trying to appease Washington and Beijing on certain issues, middle powers run the risk of angering both. The enduring connectivity of networks in Asia, despite its fluidity, enables for goods and knowledge to flow freely between states without, as Jackson puts it, “surrendering sovereignty.” Ultimately, power in the region is slowly diffusing towards middle powers and smaller states, which gives an opportunity for countries like Canada to drive the policy agenda to its own advantage. Still, the US will retain its ability to drastically influence the foreign policy of many players in Asia. Yet, the US leadership learned the hard way that it has to remain engaged and participate in the multitude of independent regional cooperation initiatives in order to remain relevant.<sup>38</sup> Guaranteeing relevance will not be easy if the US continues to be perceived by countries in Asia

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<sup>37</sup> *Opere citato*, p. 343.

<sup>38</sup> Press-Barnathan (2014), p. 383.

as negative force obstructing constructive Chinese actions like the establishment of the Asian Infrastructure Investment Bank (AIIB).

China is too important to be left alone. It is no longer tenable to assume that China will change. If it does, it will do so on its own. This does not mean that engagement has failed. It simply means that we need to be realistic about what Canada and the West expects to get from Beijing. I remain convinced that there are enough areas of policy overlaps to find a middle ground to appeal to both sides. Middle powers and their effect on China reveals partly reveal Beijing's future trajectory, as well as the structure of the international system itself. Thus far, middle powers have demonstrated that they can influence Chinese foreign policy outcomes. China's interactions with middle powers have also demonstrated that Beijing prefers pragmatism over unilateralism. This means that middle powers are less able than great powers to influence China directly, but they are still able to influence China through the use of adept diplomatic means when building coalitions. Policy coordination for middle powers thus remains incredibly vital, but requires additional intellectual and governmental resources not all governments may be willing to commit.

Middle powers of the Asia-Pacific, like Australia and South Korea, have a vested interested in preserving the US role as security provider. At the same time, they encourage the accommodation of China and multipolarity in the economic and financial realms. Gilley and O'Neil further argue that middle powers require enough political will to lead an eclectic coalition of powers, while at the same time the right domestic political climate to stimulate interest regarding foreign policy and a country's place in the world.<sup>39</sup> In sum, being a middle power is more than just being a label that a country can apply to itself when it sees fit. A country's intellectual and foreign policy elite must also recognise itself as belonging to a middle power,

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<sup>39</sup> Gilley & O'Neil (2014). p. 13.

something that has been missing in Canada for a decade. Thus, for Gilley and O’Neil, only Australia and South Korea represent cases close enough to fit their definition of middle powers.<sup>40</sup>

Both countries will be used in this thesis as a point of comparison for Canada.

## 1.2 China and middle powers

The middle power theory seems to be enjoying a relative boom in the Asia-Pacific region, and more specifically in China. Chinese scholars are closely debating what constitutes a middle power, their role in the international system and how China can leverage them. Since the early 2000s, Chinese scholars have been engaged in discussions about middle powers and how Beijing could leverage them to swing the international system in its favour.<sup>41</sup> Indeed, middle powers can bandwagon with different great powers on a case-by-case basis, which means that China has the opportunity to bandwagon with them without directly undermining the US-led world order. As noted by Gilley, it is too early to tell whether or not Beijing will incorporate middle power diplomacy into its foreign policy approach, but there is clearly enough room for China to leverage or attempt to leverage middle powers to influence global governance outcomes.

The concept of middle power is relatively new to China because of the long overemphasis of Chinese scholars on great power politics and neo-realism. While the role of great powers (强国, “powerful state”) has been examined and debated for quite some time, the same cannot be said for “middle-level powerful state” (中等强国), as middle powers are known in Chinese.<sup>42</sup> Gilley points out that the Chinese term for middle powers is a more accurate description of the role they play in the international system, their capabilities and their status. According to some Chinese academics, middle powers are rising and becoming more powerful

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<sup>40</sup> *Opere citato*. p. 15.

<sup>41</sup> Gilley (2014).

<sup>42</sup> Less frequently used, scholars can sometimes encounter the term “middle country” (中等国家).

due to the re-inauguration of a multipolar world order. For instance, Liang Yabin argues that “newly rising countries” (新型崛起国家) like South Korea are key to uphold the US-led world order.<sup>43</sup> In other words, middle powers have the ability to help shape the current international system.

As in the West, the concept of middle power in China is being debated in intellectual circles. The same holds true for a clear and definitive definition of the concept. Zhu Zhongbo and Zhou Yunheng identify middle powers based on their positional capabilities.<sup>44</sup> For them, Canada is a middle power not because of its behavioural or normative commitments, but because of the capabilities the country can muster to influence global policy outcomes. Gong Ding argues that middle powers have more power than small and mid-sized states and should therefore be considered in the upper strata of the hierarchy of states.<sup>45</sup> However, Gong does not see Canada or Australia as middle powers since they are too closely integrated into the US-led world order to act in their own accord. Put in another way, they are not seen as middle powers at all, but servants blindly executing the biddings of Washington. This vision of the role of traditional Western middle powers is flawed in that it fails to give agency to countries like Canada and Australia, but such views are useful to illustrate the thought process of Chinese academics. Even though China is no longer a communist country in the purist sense, knowledge and information are still processed to an extent in revolutionary and realist ways.

Not all Chinese scholars deny agency to middle powers. For instance, Qian Hao argues that middle powers are special because of their ability to constrain great power unilateralism through a combination of soft power diplomacy as well as global and regional multilateral

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<sup>43</sup> Liang (2012).

<sup>44</sup> Zhu & Zhou (2010), pp. 29-34.

<sup>45</sup> Gong (2012), p. 63

institutions.<sup>46</sup> Tang Gang makes the argument that counter-hegemony, multilateralism, and regional leadership are key behavioural attributes of middle powers.<sup>47</sup> For China, adapting to this situation is not easy since Chinese leaders have a habit of judging the world in terms of capabilities and hard power alone, as demonstrated by the studies of other Chinese academics. For instance, Yu Changsen remarks that Australia-China relations are driven by the need for Canberra to maintain the status quo where Australia relies on China for trade and investment, and on the US for traditional security.<sup>48</sup> In this context, Chinese scholars appear to have identified Australia's hedging strategy. Chinese scholars recognise Australia's ambivalence towards Beijing, but acknowledge that it is a normal consequence of belonging to the West. In some ways, Australia's role as an ally of Washington is even encouraged by China, since it gives Beijing a way to influence the US indirectly.

It is not too far-fetched to argue that Chinese academics do not perceive Canada and Australia as typical middle powers. As seen previously, Gong does not even consider Canada to be a middle power at all due to its close proximity to the US. Other Chinese scholars, such as Tang Xiaosong and Bin Ke, are convinced that Australia is trapped in a dependent relationship with the US for security even when it relies on China for trade.<sup>49</sup> Still, Australia's privileged geographic position in the Asia-Pacific region could technically enable it to break its shackles and become a true rising middle power like South Korea. As new rising forces in the post-Cold War world order, they are convinced that middle powers that used to be on the periphery of the world systems are now at the forefront of global governance. In the absence of strong American leadership in a globalising world and due to China's unwillingness to play a larger role in the

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<sup>46</sup> Qian (2007).

<sup>47</sup> Tang (2013).

<sup>48</sup> Yu (2010).

<sup>49</sup> Tang & Bin (2008). p. 18.

international system, they view middle powers as countries able to fill in the deficiencies in global governance.

For Bao Shenggang, the world is currently entering a new era of middle powers where concerns of legitimacy of actions and equality among nations trump power and security concerns.<sup>50</sup> This is a fascinating perspective on IR that sounds more constructivist than realist. For some Chinese scholars, Canada and Australia are anachronisms in a sea of unaligned middle powers due to their strong bilateral relationship and historical links with the US. Zhao Chen notes that Canada's liberal culture and political dependence on the US forces it to pursue causes that run against its national interests. Chinese academics, however, fail to explain how Canada and Australia could become less dependent on the US and assist China to achieve its desired foreign policy outcomes.

Thus far, China's foreign policy has aimed to manage relations with bordering countries in order to maintain its territorial security. In its outlook, China has been far from global.<sup>51</sup> Indeed, Beijing has relied so far on great powers to deliver stability at the strategic level and is only starting to become more involved internationally. By having comparatively ignored middle powers, China has not focused on their rules setting ability and capability to affect regional outcomes.<sup>52</sup> Jin Shanrong, who identifies South Korea, Canada and Turkey as middle powers, thinks that sufficient attention should be given to these issues in China's foreign policy as they could become important allies.<sup>53</sup> Indeed, the implications of China's rise go far beyond its borders and its relationship with other great powers. In light of Washington's "Pivot to Asia," which has been interpreted by some Chinese scholars and policymakers as a move to contain and

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<sup>50</sup> Bao (2008).

<sup>51</sup> Shambaugh (2013).

<sup>52</sup> Chen (2012).

<sup>53</sup> Jin (2009).

isolate China, Beijing could potentially strengthen its ties with middle powers in order to exert a radiation effect on its security.<sup>54</sup> Chinese academic thinking on middle power theory is slowly maturing, though China has to fully come to terms with middle powers and treat them as equals. Nevertheless, as a civilisational superpower and a re-emerging global power, Beijing, like Washington, could potentially look down on the concept of middle power and dismiss it as irrelevant in its grand strategy, if such a strategy exists.<sup>55</sup>

Due to the nature of its political system, China also has less natural affinity with democratic middle powers and is not as well positioned as India to exert its influence on niche diplomatic areas like climate change. Often, Chinese leaders' efforts to democratise international relations are perceived by realist scholars outside of China as a thinly veiled attempt to further expand its influence on the international stage and break Western powers' monopoly on global governance. The initial resistance of the US to the AIIB is a case in point. Operationally, the G20 represents the best venue for China to forge a strategic alliance with rising middle powers to manage pressing issues. This is apparent with China's policies towards Australia and South Korea, policies that have focused to advance Chinese economic interests.<sup>56</sup> As William Tow and Richard Rigby note, Chinese policymakers have developed an entrepreneurial posture increasingly compatible with middle power diplomacy.<sup>57</sup> This is why China is so active in initiatives around the world, even though Beijing sometimes has no foreign policy interests in that particular region.

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<sup>54</sup> Zhang (2011).

<sup>55</sup> For more on the concept of civilisational superpower, see Zhang (2012) and Jacques (2012). Zhang is convinced that China is a new type of superpower, while one of Jacques' core assumptions is that Western hegemony is neither natural nor eternal. Both see China as more than a nation-state, a civilisational one.

<sup>56</sup> Tow & Rigby (2011). p. 159.

<sup>57</sup> *Opere citato*. p. 159

Still, China's acceptance of middle powers is not clear-cut as it may seem in the academic and policy-making communities. For instance, Wei Guangqi is not totally convinced that middle powers will be able to resist the current power realignment taking place and will ultimately be forced to side with the US in a coalition against China.<sup>58</sup> Therefore, their attempts to practice niche diplomacy may be bound to fail. China does not appear to have decided whether or not it wants to maintain its great power identity or embrace middlepowermanship. Indeed, by promoting multipolarity (世界多极化), China also undermines its great power potentialities.<sup>59</sup> Working too closely with the BRICS could even alienate moderate and liberal middle powers. In other words, China has yet to decide what it wants from the international system.

For Canada, this means that China is paying particular attention to the concept of middle power. While some Chinese scholars do not think that Canada classifies as a middle power, many academics recognise that Canada possesses the capabilities to act as one. Middle powers engaging China have many policy options on the table. Beijing's need for strategic partners and collaboration can be used to socialise China, further integrate it into the international system, and tame any nascent revolutionary impulse to create a new world order on its own. China has yet to arrive to the conclusion of what it wants from middle powers because it still has not figured out its long-term global grand strategy. Still, in spite of these debates on the conceptual level, the Chinese leadership recognised the usefulness of middle powers long ago. According to Paul Evans, Mei Ping, China's longest-serving ambassador to Canada to date, revealed that China had been carefully examining Canadian foreign policy under Pierre Elliott Trudeau even in the midst

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<sup>58</sup> Wei. (2010). p. 44.

<sup>59</sup> Jin & Ma (2012). p. 3.

of the Cultural Revolution.<sup>60</sup> Mei Ping does not use the middle power concept, but nevertheless ascribes many of the concept's characteristics to the Canadian approach. Even though it is relatively difficult to quantify how much middle powers matter to China, it is reasonable to conceive that Beijing is and has been paying attention to them for some time already. The next chapter of this paper will delve into the issue of middle powers and how they have engaged with China over the last 15 years.

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<sup>60</sup> Evans (2014). p. 27

## Chapter II – Engaging China as a Middle Power: Case Studies

This chapter looks at two middle powers of the Asia-Pacific in order to draw policy conclusions for Canada that will be discussed in the following portion of the thesis. More precisely, I seek to answer why Canada has become relatively disengaged from China and the region while Australian and South Korean engagement has surged. To do so, I look at some of the major policy developments in those three countries that had a connection with China over the last 15 years. Both South Korea and Australia have adopted hedging as a strategy to engage China. Simultaneously, recent changes in Chinese diplomacy have left China and foreign countries under-prepared and somewhat confused about what is to come next in terms of regional governance issues, integration and hegemonic decline.<sup>61</sup> Even for Canberra and Seoul, the middle powers with arguably the best engagement record with China, their relationship with Beijing is not always simple and straightforward.

### 2.1 The case of Australia

Along with Canada, Australia has been cited as an archetype of a middle power.<sup>62</sup> Over the years, Australia's identity was shaped partly in accord with the underpinnings of the middle power concept.<sup>63</sup> Australia normalised relations with China in 1972, roughly a year after Canada. Since then, Australia and China have seen the relationship grow tremendously over time. Today, as China attempts to create new regional institutions to support its rise, Australia is an important piece of Beijing's strategy in the region.<sup>64</sup> Defined as a part of China's "greater periphery" (大周边), Australia's support is vital for China to secure in order to achieve its regional goals. During his address to the Australian parliament in November 2014, President Xi Jinping highlighted his

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<sup>61</sup> Shi (2015).

<sup>62</sup> Wilkins (2014).

<sup>63</sup> *Opere citato*.

<sup>64</sup> Thomas (2015).

vision for China-Australia relations. This Chinese framework for relations can be summarised as strengthening the “Four Bonds” (四个纽带), namely mutual trust, economic interests, people-to-people exchange and high-level strategic dialogue. China thus outlined a clear Australia policy. The same is not completely true for Australia.<sup>65</sup>

Overall, Australia has put more government resources than Canada over the years into understanding Asia. Getting China right has been a key challenge for Australian foreign policymakers for the last thirty years.<sup>66</sup> Like Ottawa, Canberra has historically pursued the path of the middle power to achieve its goals in the international sphere. Through a skillful employment of multilateralism, Australia has punched above its international weight in global governance issues from the 1950s to the present day by building coalitions around specific problems to achieve its foreign policy goals. The Australian government has actively participated in regional initiatives such as ASEAN and was a founding member of APEC. Internationally, Australia also invested considerable amount of resources to support leading multilateral institutions like the UN. Canberra’s engagement also extended to Track-II initiatives like the Shangri-La Dialogue in Singapore – Australian defence minister has always attended the security initiative since its beginning in the early 2000s. Indeed, with the exception of Japan and the host country, Singapore, Australia is the only other state that has attended Shangri-La every year.

As opposed to Canada, Australia managed to clearly articulate its vision of a foreign policy in Asia through a white paper entitled *Australia in the Asian Century*.<sup>67</sup> That being said, this policy document was not without shortcomings. For instance, a criticism often levelled against Australia is that its embrace of Asia is transactional, meaning that it wants to interact with Asia on an economic plane but is rather reluctant to engage with the region on a deeper

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<sup>65</sup> Barmé & Manuel (2014).

<sup>66</sup> Jennings (2015).

<sup>67</sup> Australian Government (2012).

level. The document did not provide a coherent, cohesive and compelling narrative to anchor Australia intellectually, culturally and emotionally in Asia. Moreover, it failed to consider Asian-Australians at the role they could play in connection Australia to the region, did not clearly focus on ASEAN's economic and political potential, and finally, it did not articulate how Australians ambitions in Asia would be translated from theory to practice.<sup>68</sup>

While some gaps persist in Canberra's policy direction in Asia, more of the groundwork for this policy orientation has already been done in comparison to Canada. This partly stems from the fact all political parties in Australia are generally supportive of engagement with Asia, which allows the government of the day to maintain a coherent approach in the country's dealings with the region.<sup>69</sup> If Canada is ruled by the tyranny of distance from Asia, Australia's own geographic isolation from the West means that it needs to integrate itself in the Asia-Pacific region and act as a bridge between East and West or else be left out of the regional order.<sup>70</sup> Thus far, it is fair to say that Australia has articulated the most comprehensive and serious pivot to Asia of all Western countries.<sup>71</sup> By going as far as to reform education to instill Asia competencies among its students population, the Australian government is middling in a state competency – something that few federations would be willing to do. Yet, Australia will always need Asia more than Asia needs Australia. Economically, Australia's economy is too small and too dependent on the export of commodities to have a large and systemic impact on Asian economies if it acts alone.

During the years of Prime Minister John Howard (1996 to 2007), Australians were led to believe they did not have to pick between an economic relationship with Beijing and their

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<sup>68</sup> Thakur (2013).

<sup>69</sup> Wilkins (2014).

<sup>70</sup> Yet, it is useful to remember flight times from Canberra to Beijing and Vancouver to Beijing are roughly equal.

<sup>71</sup> Studin (2013).

security alliance with Washington.<sup>72</sup> Even if Australian security policies remain tied to the US, economically it is focused on proactively building ties with China and other Asian economies. China is Australia's largest trade partner. Canberra has not always recognised Asia as an important region for Australia's future.<sup>73</sup> In fact, Australians had long been wary of Asia and, like Canada, restricted Asian immigration up until the late second half of the century. However, Australian participation in multilateral forums and bilateral engagement with Asian states today is seen as key to maintain legitimacy in the region and ensure the country's future economic prosperity. Though Australia is not perceived as an Asian nation in the region, it hopes through bilateral and multilateral engagement to act as a bridge between Asia and the West. For China, it is already apparent that Australia occupies an important place in its regional order.<sup>74</sup> This was exemplified by the signature of the China-Australia Free-Trade Agreement (ChAFTA) last year in stark contrast with Canada, which has not even held exploratory talks concerning an FTA with China to date. The ChAFTA represents to date the most advanced and comprehensive trade agreement ever signed by Beijing.

In terms of its security environment, Australia does not face a mortal threat close to its borders like South Korea, but still needs to patrol its extensive maritime borders – the third longest in the world. Since the end of the Second World War, Australia's strategic environment has been largely defined by the absence of direct danger against which to plan its defence.<sup>75</sup> The strong emphasis on the development of a Chinese blue-water navy as detailed in China's latest white paper on military strategy may force Canberra's hand and force the Australian government to rethink its position. Still, being drawn closer to the US does not appear to be a policy option

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<sup>72</sup> Thakur (2013).

<sup>73</sup> *Opere citato*.

<sup>74</sup> White (2014).

<sup>75</sup> Heinrichs (2015).

favoured by all of the Australian policy elites. In a recent essay, former Prime Minister Malcolm Fraser warned against embracing the US while it recklessly overreaches in the region.<sup>76</sup> In fact, he called for Australia to end its strategic dependence on the US in order to better integrate the country into the Asia-Pacific region. Australia could leverage its middle power position in Asia to mediate tensions in the South China Sea, but has not done so thus far.<sup>77</sup>

The New Colombo Plan is arguably Australia's most important effort to develop better ties with Asia. Building on the country's white paper on Asia, the program provides opportunities for Australian students to undertake semester-based study and internships or mentorships in Asia, and Asian students to study in Australia. The government has committed over AUD\$ 100 million to the program over a period of five years, an amount of money which dwarfs anything that Canada can offer to students desiring to foster reciprocal exchanges with the Asia-Pacific region. Reaping benefits from the Colombo Plan will arguably take some time, but this is the kind of initiative that demonstrates Australia's desire to build human networks in Asia. Without educated elites, no middle power can succeed in Asia. Such a plan in Canada would be the kind of policy initiative needed to promote better "Asia literacy" among young Canadians.

Australian scholars and policymakers, as well as those in South Korea, are anxious about the state of their country's relations with China and the rest of Asia. In fact, many are not even convinced that Australia has developed a long-term strategic thinking to guide its policies in Asia.<sup>78</sup> Australians in general seem to have nurtured the belief that the West will perpetually be in a state of primacy. In such an environment, Australia's scope to hedge its bets is going to be limited. Recent Australian prime ministers, whether Kevin Rudd, Julia Gillard or Tony Abbott,

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<sup>76</sup> Fraser (2014).

<sup>77</sup> Raymond (2015).

<sup>78</sup> For instance, see Harris (2015), or White & Skilling (2012).

have also all failed to demonstrate strong leadership in general after initially having strongly endorsed pro-Asian integration policies and middlepowermanship.<sup>79</sup> While having claimed the importance of developing better ties with China, they failed to capitalise on the dynamism of the relationship due to security concerns and latent domestic racial tensions that refuse to be fully washed away.

The current Prime Minister of Australia, Tony Abbott, once allegedly told German Chancellor Angela Merkel that his country's policies towards China were driven by "fear and greed."<sup>80</sup> Those remarks perfectly capture Canberra's ambivalence and bipolar nature towards Beijing. Interestingly, some analysts have described Australia's Prime Minister as "a leader once deemed too conservative to win power, a monarchist in a new-world nation, an opponent of carbon taxes, an advocate of fiscal restraint, and an admirer of Mr. Harper."<sup>81</sup> Nevertheless, Abbott has still shown more leadership in managing Australia's relationship with China than Canadian Prime Minister Stephen Harper has.

In April 2015, the Australia-China Relations Institute conducted a poll that asked more than 1,500 Australians what they thought about China's rise. When compared with the Canadian equivalent of the poll, conducted by the Asia Pacific Foundation of Canada, the results from the two surveys potentially reveal a divergence in opinion between the two countries' citizens. Indeed, Australians are generally accepting of China's rise and welcome it to play a bigger role in the region. Despite acknowledging obvious differences between themselves and China in terms of political systems, values and culture, they do not seem to condone the "China threat" theory.<sup>82</sup> Still, as Hugh White has argued, one day Australia may well need to pick between

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<sup>79</sup> White & Skilling (2012).

<sup>80</sup> Garnaut (2015).

<sup>81</sup> For instance, see Clark (2014).

<sup>82</sup> Laurenceson & Bretherton (2015).

Beijing and Washington. Australia will also need to decide whether or not it wants to be a leader in Asia's transformation, or if it will stand on the sidelines of one of the most important power realignments in history. Australia's ability to act as a middle power remains partly in question, but it is apparent that any coalition of middle powers in Asia will need Canberra's support to make headway. While imperfect, Australia's China policy sets a good example for Canada to follow.

## **2.2 The case of South Korea**

The Republic of Korea (ROK) has had a troubled relationship with China. Having for centuries been part of a Sino-centric regional order and heavily influenced by Chinese culture and political system, Korea today is still caught in a complicated historical relationship with China.<sup>83</sup> Furthermore, South Korea still remembers the Korean War, during which Chinese soldiers fought against the South to reduce US influence on Chinese periphery.<sup>84</sup> In the early 1990s, booming trade between China and South Korea quickly pushed Beijing to normalise diplomatic relations with the former enemy. The secret move to normalise diplomatic relations in 1992, however, forced South Korea to abandon its support of Taiwan, thereby depriving Taipei of its last formal ally in Asia.<sup>85</sup> Since the normalisation, China and South Korea have benefited tremendously from their rapprochement.

Today, thousands of Korean companies operate in China where factories churn out high-tech products for the rest of the world. China runs a significant trade deficit with Seoul, and even with a freshly signed FTA, this situation is unlikely to reverse itself quickly. South Korea also sends the most foreign students to China out of any country. There are over 70,000 young

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<sup>83</sup> Kim (2014).

<sup>84</sup> Chen (1996).

<sup>85</sup> Oberdorfer (2013). p. 245-246.

Koreans in China who are learning Chinese and preparing themselves for the future. Despite a certain uneasiness due to continued Chinese support vis-à-vis the Democratic People's Republic of Korea (DPRK, as North Korea is also known), it appears that Beijing would now favour a reunification based on Seoul's terms.<sup>86</sup> Indeed, China has a lot more to gain from deeper integration with South Korea than propping a failed authoritarian state. Chinese support of Seoul-led unification completes a full about face from the Korean War, and represents the abandonment of China's revolutionary inclinations.<sup>87</sup>

South Korea stands as one of the most successful development stories in the modern era. Like Singapore and Taiwan, it is one of the only countries in the world that has managed to transition from a developing country to a developed one. Still, South Korea today is central to the world economy and an innovation powerhouse with deep embedded networks in Asia. As a newly industrialised economy, South Korea partly owes its success to the current international order based on international free trade, and thus possesses a clear stake in maintaining the system in place.<sup>88</sup> South Korea began to play a middle power role in the late 1990s. Foreign policy and business elites had started to think creatively about how their country could transition from a regional small power to a global middle power.<sup>89</sup> South Korea is arguably a late-arriving middle power, but has now deeply embraced the concept and highly favours multilateralism to deal simultaneously with China and the US on global governance issues.

South Korea, like Australia, relies on China for trade and investment while using the US as its prime security provider in the face of an unpredictable and nuclear DPRK. Increasingly

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<sup>86</sup> Tisdall (2010).

<sup>87</sup> Chen (1996).

<sup>88</sup> Ikenberry & Mo (2013). Despite the heavy influence on state capitalism in South Korea, the government still favours the market and adhere to open economic policies. This is exemplified by the flurry of bilateral trade agreements signed between Korea, the EU, the US and Canada.

<sup>89</sup> Bradford (2015). p. 11.

though, South Korea and its elites are tied to China for trade and investments. It is this thus in Seoul's interest to maintain a peaceful regional order by acting as a mediator and a bridge between China and the US. South Korea is an aspirational middle power that is unfortunately caught between Washington and Beijing. Down the road, Seoul will have to make difficult choices, and while it may not have to pick a side permanently, this situation could become quickly untenable.<sup>90</sup> Seoul's decision to join the AIIB is a perfect illustration of the tensions simmering between the two. Despite Washington's diplomatic pressures, Seoul ultimately decided to side with Beijing and joined the newly created regional infrastructure bank. Until South Korea abandons hedging as its strategic framework, its diplomats will have to find sufficient room to balance both giants through coalition-building and helping them find common ground.

Economic interdependence between South Korea and China runs deep, which magnifies the importance of the Middle Kingdom as an export market for South Korean businesses.<sup>91</sup> The recent signature of a free-trade agreement and Seoul's decision to join the AIIB arguably signals South Korea's intent to be drawn closer into Beijing's orbit. For now, it appears South Korea is primarily concerned with maintaining good relations with both the US and China, but is independent enough to make its own foreign policy decisions. In essence, South Korea has adopted hedging as its preferred strategic framework to engage with China. Seoul's silence on regional maritime disputes could be interpreted as free-riding on South Korea's part. Indeed, South Korea does not want to take side in what is increasingly becoming a bitter nationalistic fight between Asian states.

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<sup>90</sup> Snyder (2015b).

<sup>91</sup> Kim (2014).

Still, South Korean diplomats officially supported the implementation of the ASEAN Code of Conduct for the South China Sea.<sup>92</sup> Even though South Korea is itself locked in a maritime dispute with Japan, Seoul's lack of a clear policy regarding the East and South China Seas reveals how comfortable the government is in respect to balancing regional and great powers against each other. This raises the question of whether or not democracies in Asia can find ways to work with China without betraying their core values. For instance, abandoning Taiwan in the event of a new tense situation akin to 1996 Taiwan Straits Crisis would be a bridge too far that democracies should refrain of crossing, but openly supporting the sustenance of Taipei would have obvious economic and political consequences for a country like Korea that is in close geographic proximity with China.

Middle powers need to rely on soft power to project their ideas and punch above their weight internationally. South Korea has been extremely successful in this regard through public policy initiatives like "Global Korea," popular culture products K-pop, think-tanks such as the Korea Development Institute (KDI), and education and cultural initiatives like the Korea Foundation (KF).<sup>93</sup> Soft power enables South Korea to be known throughout the region for its ingenuity and savviness, which in turns advances South Korean interests in the region. KDI became one of the first think-tanks from a newly industrialised country to gain international recognition. The KF represents a deliberate attempt by the South Korean government to expand the reach of Korean culture abroad by providing resources and exchange programs for the study of the country. In sum, South Korea leveraged soft power to exert greater influence in Asia, something that Canada and Australia failed to do so.

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<sup>92</sup> Van Jackson (2015).

<sup>93</sup> Kim (2014).

South Korea's middle power diplomacy has convinced China to engage with the region on various issues. More specifically, Seoul has pushed for Beijing to join regional cooperation mechanisms like ASEAN. One of the other most significant examples of middle power diplomacy for South Korea in Asia was the Asia Pacific Partnership (APP) on Clean Development and Climate.<sup>94</sup> The APP was an initiative set up in 2005 by Australia, Canada, China, India, Japan, Korea, and the US. Through APP, Korea made significant contributions in respect to setting better standards for buildings and appliances. The ROK had indeed identified climate change as one of the policy areas where the country has some technological leverage. In 2008, the South Korean president had launched a "Green Growth" initiative to better coordinate policy decisions domestically and among countries in the region. Such initiative is important because it represents a low-hanging fruit of global governance that most reasonable countries can support. By focusing on climate change before tackling more sensitive issues like cyber-security, which South Korea has also been pushing, countries can improve their mutual trust and learn from each other. In addition, South Korea played an important role to assist China and Mongolia combat desertification and sandstorms. While climate change is not an issue that generates punchy headlines, this is still an area of niche diplomacy where South Korea made a difference and managed to positively engage China based on common interests. Such efforts are extremely important to build trust and momentum in the bilateral relationship.

Between 2010 and 2013, South Korea hosted a series of important multilateral forums including the G20, marking a new chapter in South Korea's experience as a convener and contributor to global governance.<sup>95</sup> Indeed, it was the first time that a newly industrialised economy hosted the summit. Seoul's intentions were to strengthen and reform the global system

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<sup>94</sup> Lee (2014), p. 24.

<sup>95</sup> Snyder (2015a).

of international institutions.<sup>96</sup> This is particularly important considering Canada had already downgraded its participation to the G20, which was seen by Prime Minister Stephen Harper as a liberal multilateral initiative not conducive to strike grand bargains. During the G20, Seoul pushed for a set of IMF reforms known as the “Seoul package,” as well as a set of priorities for international development known as the Seoul development consensus.<sup>97</sup> Indeed, South Korea is particularly interested in advancing international development cooperation through the UN.

Korea’s efforts to date are a reflection of its newly acquired middle power status. In other words, South Korea has been apt at playing the role of a developing middle power, but there is still room for growth.<sup>98</sup> South Korean academics and analysts are not quite convinced that their country has performed well as a middle power of the Asia-Pacific region. For instance, scholar Choi Young Jong thinks that South Korea punches below its weight as a middle power and should follow the examples set by Canada and Australia.<sup>99</sup> However, not all scholars would agree that South Korea is a weak middle power. In fact, many are convinced that Seoul punches well above its weight as a middle power due to its support for international institutions and successful efforts to reform of global governance.<sup>100</sup> As a true Asian middle power with few ties to the West, South Korea is often seen as speaking for Asian countries instead of speaking for the old world order. Developing economies in Asia and beyond are also keen to listen to what South Korea has to say in order to gain precious South Korean aid. In these cases, South Korea is in a privileged position as a middle power because of its lack of ties to imperialism, having itself been colonised several times in its recent history.

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<sup>96</sup> Bradford (2015). p. 8.

<sup>97</sup> *Opere citato*. p. 13.

<sup>98</sup> O’Neil. (2015). p. 89.

<sup>99</sup> Choi (2009). p. 47.

<sup>100</sup> See Bradford (2015) and Kim (2015). Kim has identified human security, public diplomacy and Track-II diplomacy as some of the niche areas where South Korea should concentrate its international policy efforts.

In sum, South Korea is pursuing a hedging strategy like Australia founded on a strong security relationship with the US and an even stronger economic relationship with China. Given South Korea's status as a newly emerging non-Western middle power, Seoul has the ability to greatly influence institution-building in the region in order to foster a sense of shared Asian identity. If Korea manages to settle and set aside its historic disputes with Japan, both middle powers could exert their leverage on Washington and Beijing in addition to being able to better hedge their bets in a changing Asia-Pacific regional order.<sup>101</sup> As opposed to traditional middle power like Canada and Australia, South Korea does not currently lack knowledge of China and is sufficiently innovative in its policies to skillfully manage its relationship with Beijing.<sup>102</sup> South Korea may have to start leading other middle powers, for Seoul cannot play the middle power role alone in the region.

South Korea is a true middle power due to its robust capabilities, international behaviour and self-identity.<sup>103</sup> Given its geographical proximity and its economic interdependence with China, South Korea can exert a disproportionate impact on China when compared to Australia and Canada. The bottom line is that South Korea needs allies to better engage with China. Seoul's response to the rise of China fits the theory on middle power because of its emphasis on multilateralism and coalition-building.<sup>104</sup> Acting as a coalition, middle powers will then have enough weight to make Beijing bend on certain issues. For now, hedging will remain South Korea's preferred strategic framework to balance Beijing and Washington during this uncertain regional power transition. Unfortunately for South Korea, the existence of a rogue regime close to its borders threatens its security environment by acting continuously as a wild card. In all,

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<sup>101</sup> Son (2014). p. 91.

<sup>102</sup> Lee (2012). p. 22

<sup>103</sup> Kim (2014).

<sup>104</sup> *Opere citato*.

South Korea offers a good example of how new middle powers can wield influence over great powers by focusing on niche diplomacy. Like Australia, its domestic support for engaging Beijing is not always very high, but nonetheless managed to maintain a coherent and relevant China policy since normalisation of the bilateral relationship in the early 1990s. Given Korea's geographic proximity, economic interdependence and close people-to-people ties, Seoul will continue to act as a pivotal middle power to engage China.

## **Chapter III – Canada’s Policy Options for Dealing with a Rising China**

In the age of globalisation and interconnectedness, Asia is no longer “over there”; Asia is here, and it affects all aspects of Canadian citizens’ lives.<sup>105</sup> In spite of this, Ottawa does not currently have the ability to involve itself in complicated matters facing the Asia-Pacific. It continues to be far more comfortable interacting with traditional, Western partners. The existing and growing knowledge gap could lead to a dangerous situation where Canadian politicians, policymakers and diplomats would be put in a situation outside of their realm of expectations and with no solutions at hand. In response to this, Canada should return to middlepowermanship by using multi-pronged policies to ensure it keeps a voice and retains the ability to act decisively in the region. There are indeed options for middle powers in search of a way to deal with a rising China. Those options are also available for Canada to reassert its middle power status and identity vis-à-vis not only China, but also other Asian states. This closing chapter looks at Canada’s middle power engagement with China during the last 15 years and lays down some policy options for Ottawa to reassert its middle power status and strengthen its bilateral relationship with Beijing and other Asian capitals.

### **3.1 – Canada’s China policy and middlepowermanship**

Canada occupies a special place in the international system given its location, history and reputation as a middle power.<sup>106</sup> Since 1945, Canadian foreign policy has tended to ignore considerations of pure national interests, in spite of IR academic literature predicting a different outcome given the country’s physical and cultural proximity to the US. As stated earlier, being a middle power is not a natural state for any country. In fact, middle powers are neither immutable nor permanent. This means that there is simply no natural, immutable or permanent role for

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<sup>105</sup> Evans (2014).

<sup>106</sup> Clark (2013).

Canada in the international system unless it chooses to assume its middle power role and act as one.<sup>107</sup> This state of mind is built upon an intellectual and political consensus that goes far beyond a world painted in mere black and white strokes. Former Prime Minister Joe Clark had recently warned in his book *How We Lead: Canada in a Century of Change* that Canada eventually “could gradually turn inward, and, in the process, depreciate national and personal assets that will become more valuable in the world that is taking shape than they have ever been before.”<sup>108</sup>

Once Canada stops acting as a middle power, the country is simply reduced to the status of a strong small power that possesses the material capabilities of a middle power, but lacks the will to take on a leadership role internationally. In other words, Canada in recent years went from a net exporter of norms and ideas such as peacekeeping, R2P, the G20 and APEC, to an intellectual deficit and an unwillingness to think creatively in order to solve important global issues. Reconstructing its middle power identity, through increased regional participation in diplomatic and Track-II initiatives, will take time and money. Indeed, countries in Asia, especially those that are part of ASEAN, have been increasingly portraying Canada as absent in the region when compared to the constructive role Ottawa played in the 1990s. It is hard to blame ASEAN for criticising Canada when considering Ottawa only appointed an ambassador to the organisation for the first time in 2009. For Beijing too, it is difficult to perceive Canada as an honest breaker given the inconsistency of its China policy, decline in participation in regional forums, and Ottawa’s reticence to support multilateral initiatives in the region during the last ten years.

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<sup>107</sup> Evans (2014). p. 19.

<sup>108</sup> Clark (2013).

As a middle power, Canada's approach to China has been since the 1970s a policy of constructive engagement. Underlying the Canadian perspective was the idea that Canada has always shared a special relationship with China either because of its missionary involvement early on or because Ottawa's role in opening up China to the West during the Cold War.<sup>109</sup> Despite a diplomatic low point following the Tiananmen incident in June 1989, Canadian politicians, at the advice of the Department of Foreign Affairs, did not sever the ties and went on to quickly re-establish diplomatic channels with the People's Republic of China (PRC). The Liberals, who formed the government in the 1990s, privileged diplomatic engagement through the use of "Team Canada" missions.<sup>110</sup> Paul Martin, who went on to become Prime Minister Jean Chrétien's successor, also spearheaded the creation of the G20 as a platform to include China and other emerging economies to play a bigger role on the international stage. Clearly for the Liberals, integrating China into the international community was essential. Indeed, the G7/G8 had become increasingly ineffective at dealing with global governance issues and represented a vestige of bygone Cold War era. By giving a greater voice to rapidly emerging economies and middle powers, Canada had hoped to rejuvenate global governance.

The arrival of the government formed by Conservative Prime Minister Stephen Harper in 2006 hastened Canada's decline as a middle power in Asia and the rest of the world, but that downward trend had already started in the early 2000s when Ottawa started to disengage from multilateral and Track-II initiatives in the region due to reduced budgets for funding initiatives and the instability of minority government.<sup>111</sup> For instance, some programming at the Canadian embassy was cut, trade missions increasingly had grown increasingly ineffective and the government had already started losing skilled diplomats due to the lack of career incentives to

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<sup>109</sup> See Manicom & O'Neil (2012), as well as Evans (2014) for the missionary aspect of the relationship.

<sup>110</sup> Keating (2004). p. 125-126.

<sup>111</sup> Evans (2014).

specialise on Asian affairs. Between 2003 and 2006, Canada was already underperforming in terms of bilateral economic flows with China and kept seeing its market share decline.<sup>112</sup> This situation stands in stark contrast with the late 1980s and early 1990s when Canada had been extremely active in the region, and the Canadian government had supported with open arms Track-II mechanisms and trade promotion activities.

The origins of this Asia fatigue are complex, but not completely unknown. The fatigue stems partly from Canada's own political system in which the prime minister and senior ministers have a monopoly on power and policy-making, the long decline of the civil service, geography and the current lack of knowledge regarding Asia among the Canadians.<sup>113</sup> Even if Canada completely changed its China policy tomorrow, time would be required to rebuild its middle power status in the region. As indicated by academic Brian Job, Canada has disappeared from Asian multilateral forums and will not be able to rebuild its intellectual capacity and presence very quickly.<sup>114</sup> Not only would doing so require significant investments on the part of the Canadian government, academic community and businesses, but Canada's Asian partners and China are unlikely to give much credence to Canada's efforts after more than a decade of relative absence. This state of disengagement is a far cry from South Korean and Australian responses to China's rise, and do not place Canada in a good position to play the middle power game. Furthermore, there is an important connection to be made between the relative lack of Asia competency among elites in Canada vis-à-vis its middle power counterparts in the region and Canada's inability to play the middle power game in the region. Without an upcoming generation of Asia-competent specialists able to navigate Asian affairs, Canada is bound to fail

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<sup>112</sup> Chen (2010).

<sup>113</sup> See Evans (2014) for a detailed analysis of the bilateral relationship from Trudeau to Harper, Clark (2013) for political issues that contributed to Canada's decline in international standing, and Mulroney (2015) for problems associated with the civil service.

<sup>114</sup> Job (2012). p. 6.

in its efforts to become a middle power in Asia. And yet, without sufficient incentives to specialise in that direction and the freedom to innovate within the existing diplomatic structure, this situation is unlikely to change.

By 2010, Canada had been sidelined in Asia for quite some time already. This partly stems from Canada's abandonment of multilateralism in favour of bilateralism with a heavy accent on bilateral trade engagement. Ottawa is not perceived as a friend of ASEAN countries, and as such is not invited to the East Asia Summit or other major initiatives. The Shangri-La Security Dialogue, a key meeting for Asian defence ministers, has been attended by the Canadian foreign or national defence minister on very few occasions. Ottawa was only invited to join the Trans-Pacific Partnership (TPP) in the fall of 2012. Canada's China policy is only a façade for the Conservatives' vision of domestic politics in Canada.<sup>115</sup> Photoshoots, handshakes and pandas are the new face of Canadian China policy. This approach is heavy on the icons and rhetoric, but it still does not amount to much when compared to what Australia and South Korea are able to accomplish.

As a middle power, Canada's ability to influence the rise of China ultimately depends on the extent that China is willing to comply with the current international order as it rises.<sup>116</sup> If Beijing manages its relationship with the US and neighbours peacefully, Canada and other middle powers could continue to form like-minded coalitions in a bid to influence and socialise China. As pointed out by Evans, Canada alone will not determine the fate of China or the global order.<sup>117</sup> Nevertheless, Canada should engage China because Beijing is too important to be ignored, especially as Canada's second largest trading partner after the US. As a middle power, it is Canada's role to facilitate and bridge the bilateral relationship between Washington and

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<sup>115</sup> See Mulroney (2015).

<sup>116</sup> Manicom & O'Neil. (2012). p. 211.

<sup>117</sup> Evans (2014). p. 83.

Beijing. Since Canada operates on the periphery of Asia, it needs to find key middle power allies to forge coalitions to influence China. By updating its middle power strategy in Asia, Canada can recalibrate its relationship with China to reflect the power realignment from West to East taking place. Until then, Canada will continue to fail to meet its full potential as a middle power in the region.

The current Conservative government came into office in 2006 with a profound anti-Chinese and anti-communist attitude.<sup>118</sup> In stark contrast with governments formed by Liberals and the Progressive Conservatives, Conservative Canada is currently bandwagoning with US initiatives in the region instead of developing policies on its own that may be more in line with Canadian national interests and identity as a progressive middle power. Thus, following the US “lead” in the Asia-Pacific region reduces Canada’s scope to act as a middle power and may reflect poor decision-making on the part of Canadian leaders. Given Asia’s economic dynamism, being absent or reactionary in the region will cost Ottawa dearly. European economic troubles and the uncertain recovery of the US economy force Canada to look elsewhere to sustain its economic prosperity.

When the Conservatives seized power in the 2006 elections, their foreign policy platform was a mere 171 words long.<sup>119</sup> It stated that “too often Liberal foreign policy has compromised democratic principles to appease dictators, sometimes for the sake a narrow business interests.” The electoral platform went on to declare that a Conservative government would “articulate Canada’s core values of freedom, democracy, the rule of law, human rights, free markets, and free trade – and compassion for the less fortunate – on the international stage.” As such, Canada disengaged from China because it did not endorse a communist regime. This ideological stance,

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<sup>118</sup> Evans (2014).

<sup>119</sup> Conservative Party of Canada (2006), p. 44.

unfortunately, ignores that fact that diplomacy is about making tough compromises with countries often sharing different values, perspectives and ideology.

In 2006, during an interview with Canadian Broadcasting Corporation (CBC), Prime Minister Harper went further and declared on air that Canada would not sell “the almighty dollar” to countries that do not respect Canadian values.<sup>120</sup> From that point on, the bilateral relationship with China went on a freefall. Even more insulting to the Chinese leadership was Harper’s refusal to attend the opening ceremony of the 2008 Beijing Olympics. Politically, the relationship had reached its lowest point in 2009. However, on the economic front, China had already become Canada’s top trading partner, second only to the United States. Slowly, things started to improve. Maybe Canada could sell the almighty dollar to China after all.

Nossal and Sarson suggest that the Harper administration orchestrated an about face regarding their China policy for three reasons.<sup>121</sup> First, the government wanted to reposition Canada away from Liberal and Progressive Conservative values as defined by middlepowermanship and multilateralism. As Harper stated back in 2003, multilateralism equates to a “weak nation strategy.”<sup>122</sup> Second, the Conservatives were looking for a way to save Canada from the tumultuous shockwaves created by the 2008 Financial Crisis. Increasing dissatisfaction with Canada’s economic dependence on the US prompted an ironic re-articulation of former Prime Minister Pierre-Elliott Trudeau’s “Third Option.” This constituted the main reason to focus on Canada-China energy diversification.<sup>123</sup> In other words, external economic pressure forced the government to reconsider its options to get Canada out of the worst financial crisis since 1929. The Conservatives were also playing up to their power base in Alberta, a

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<sup>120</sup> CBC (2006).

<sup>121</sup> Nossal & Sarson (2013) p. 7.

<sup>122</sup> Harper (2003).

<sup>123</sup> Houlden (2012). p. 7.

province totally reliant on the exportation of tar sands. For the Harper government, the most attractive and potentially highly lucrative element of the Canada-China relationship laid in the sale of Canadian oil to Asian states in need of fuel to power their rapidly growing economies, thereby transforming Canada into a petro-state highly vulnerable to oil shocks.

Nossal and Sarson are convinced that this change of attitude of the Conservatives represents a shift away from Canada's traditional role as a progressive middle power. In addition, they argue that Harper's desire to make Canada an "energy superpower" contributed to the rapprochement with Beijing in the hope of exporting Canadian oil and liquefied natural gas (LNG) to China.<sup>124</sup> The Asia-Pacific Gateway and Corridor Initiative, a Liberal initiative embraced by the Conservatives, represented a desire to diversify Canada exports beyond the American market. Unfortunately, such policy initiative requires continued interest from foreign partners, in other words China.<sup>125</sup> Due to different labour laws, important delays for approval and Canada's relative state of underdevelopment of its energy infrastructure, China seems to have almost given up on investing in the Canadian energy sector. Lastly, the Conservatives changed their mind regarding China in part due to people-to-people link. Indeed, Canada's vast Chinese diaspora represented a major electoral opportunity for the Conservatives to capitalise on.<sup>126</sup> As indicated by Canada's former ambassador to China, David Mulroney, even the country's relationship with China had become a photo opportunity to woo the ethnic Chinese-Canadian electorate.<sup>127</sup>

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<sup>124</sup> Given Canada's lack of infrastructure to support LNG exports, and in light of increased competition from Australia and the US, Canada is unlikely to ever become a big player in this market. Indeed, Australia has already started shipping LNG to China, whereas Canada is years away from being able to do so. Two reports produced by the Asia Pacific Foundation of Canada also highlight Canada's energy insecurity and relative lack of success in securing new markets for its energy. See APFC (2014) and (2015).

<sup>125</sup> Paltiel (2009).

<sup>126</sup> Nossal and Sarson (2013). p. 2.

<sup>127</sup> Mulroney (2015).

Actions speak a louder than words, Canada's new favorite foreign policy approach. Former Foreign Minister John Baird can profess that Asia is a foreign policy priority of the Conservatives, but the lack of concrete steps taken to utterly discredits his declarations.<sup>128</sup> Canada has not participated to the Shangri-La Dialogue regularly by sending its defence minister like Australia, though it did often send its top military official. In 2015, the Canadian Chief of Defence Staff (CDS) who represented Canada at the dialogue had absolutely nothing to say about Asia and instead spent much of his speech talking about Canada's most contributions in Ukraine and against the Islamic State (IS). Canada also is not part of ASEAN's most important regional forums and has not taken the lead on any regional policy issues. Even in the case of maritime disputes, the Government of Canada has not issued any statement indicating where it stands in light of China's expansion and land reclamation activities in the South China Seas. Canada's silence could be interpreted as a lack of understanding of the dynamics of the dispute, even though many prominent Canadian scholars had worked on the issue during the 1990s and could still be called forward to supplement government thinking.

Canada's declining international standing is accelerated by DFATD's lack of funding and resources, the government's genuine disinterest, poor policy vision, political machinations and Canadians' lack of interest in the region. This disinterest could be partly explained by the presence of the US, which distorts Canada's engagement with the rest of the world. As demonstrated by polling conducted by the Asia Pacific Foundation of Canada, citizens of Canada primarily identify themselves with the Western world and see little direct benefits in increasing engagement with Asia.<sup>129</sup> As opposed to Australia and South Korea, Canadians arguably perceive China and the rest of Asia as being too remote to affect their country's future.

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<sup>128</sup> Baird (2012).

<sup>129</sup> I define the core Western world as being composed of North America, Europe, Australia and New Zealand.

The exercise of middlepowermanship requires educated and savvy intellectual, business and political elites that can rise above petty domestic politics issues. As opposed to both Australia and South Korea, Canada has very few initiatives to promote people-to-people connections and cultural exchanges in China, and almost exclusively relies on the ad-hoc connections formed by its Chinese diaspora population. Due to Canada's political structure, almost no federal politicians would propose education initiatives, a domain typically reserved to the provinces. Existing scholarships like the Canada-China Scholars' Exchange Program are both underfunded and undersubscribed to the point where DFATD had to extend the deadline for application this year from March 2015 to August 2015. Considering this scholarship is only intended to fund 15 scholars or so, this shockingly exemplifies the state of China studies in Canada.<sup>130</sup>

Unfortunately, the country's intellectual decay related to Asia has been going on for years, and little efforts have been made to address this situation.<sup>131</sup> Despite some domestic attempts to spurt a similar dialogue as the one that has been going on in Australia about Asia competencies, no concrete policy initiative came out of the Asia Pacific Foundation of Canada following its report and conference on the matter.<sup>132</sup> Without political support at the highest level and new sources of funding akin to Australia's New Colombo Plan, the country's sole think-tank on Asia is unlikely to achieve any concrete results to promote Asian competencies in Canada. In turn, students in Canada are not likely either to start looking East to kick-start their careers. For young Canadians, unfortunately, there is little benefit to become knowledgeable about China or Asia.

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<sup>130</sup> The number of scholarships awarded each year can vary since it is based on the total number of months requested by all the applicants, which is roughly 180-200 months every year. Some scholars decide pursue studies or research in China for only a semester, whereas other stay for up to a year.

<sup>131</sup> Dunch (2012).

<sup>132</sup> See Asia Pacific Foundation of Canada (2013) and (2015).

Indeed, neither the government nor Canadian firms are particularly interested in hiring young graduates with such skills.<sup>133</sup>

### **3.2 – Policy recommendations for Canada**

Canada can be a middle power in Asia only if it acts multilaterally. Indeed, acting multilaterally in Asia is in a large part about integrating and socialising China, while also being about managing the difficult relationship between China and the US. As argued by Evans, the contemporary role of middle powers is to bridge differences between various actors internationally.<sup>134</sup> Canada should thus form a coalition with other like-minded middle powers in Asia to assist Beijing and Washington manage the current power transition, reform existing global governance institutions and create new norms reflective of a changing world order. Canadian policymakers should return to pragmatism and to long-term strategic partnerships without regard to ideological differences. In sum, Canada's Asia policy needs a complete overhaul that would be centered on the ideals and perspective of the middle power built into its foundations. What I propose is a three stage strategy to help Canada reassert its middle power status in Asia. First, Ottawa would be better served by adopting hedging strategies like other middle powers of the Asia-Pacific region. Once Canada regains its status as a middle power, Ottawa could then switch its engagement framework to constructive realism.<sup>135</sup> This framework, articulated by former Australian PM Kevin Rudd, could replace hedging as a medium-term strategy to engage China and combines both elements from constructivism and realism.

Middle powers need a strategic framework to engage with China, but desperately need to move beyond hedging. This is why Rudd's suggestion is so important. For Canada, it would

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<sup>133</sup> See Park (2013) and Legault & Liu (2014).

<sup>134</sup> Evans (2014). p. 94.

<sup>135</sup> Rudd (2015).

entail engaging China on security issues like counter-terrorism, transnational crime and peacekeeping. During that period, Canada should work with China on issues that are generally not too sensitive in order to build trust and cultivate networks in China. By then, the first generation of Asia-competent specialists would be entering the workforce, setting the stage for the final strategic framework: co-evolution. Co-evolution, as proposed by former American national security advisor and secretary of state Henry Kissinger, would lead to a stable, predictable, multi-polar world order where China is fully integrated and no longer perceived as a mortal threat. Co-evolution, interestingly, strangely resembles Beijing's concept of peaceful coexistence developed by former Premier Zhou Enlai in 1953. Trust building measures would have fully matured, and China would have completed its rise and peaceful integration into the reformed world order.

Middle powers have partly been caught by surprise by the speed at which China has been transforming. As a result, middle powers have resorted to hedging: relying economically on China while still remaining dependent on the US for security. Currently, hedging is the best course for Canada to quickly reengage with the region. Like Australia and South Korea, Canada could rely more on China economically while still counting on the US for its traditional security in North America. Given Canada's geographic proximity with the US, this framework would be accepted by China as a natural geopolitical reality. Since China used Canada to normalise diplomatic relations with the US, Beijing could count on Canada to exert some influence on the US. In the meantime, hedging would enable Canada to maximise global governance outcomes while diminishing the risks of not being present in Asia by acknowledging the importance of both Washington and Beijing. It would also give Canada enough time to train a critical mass of China specialists for the next phase of constructive realism. However, hedging would not be a

sustainable option over a period of more than 10 years and should eventually be replaced by constructive realism.

As defined by Rudd, constructive realism is “realistic” about recognizing areas of fundamental disagreement, while agreeing on common protocols to manage these disagreements without imperiling the entire relationship.<sup>136</sup> Evans had articulated something similar, though without applying the same label, when he called Canada to act as a middle power in its relationship with China even if it meant “accommodating Chinese interests while attempting to place limits on them.”<sup>137</sup> I would add that Canada should develop a substantive and empathetic understanding of China, rather than simply understanding Chinese interests enough to outmanoeuvre or control Beijing. In other words, my vision of the bilateral relationship has to move beyond its current highly transactional nature.

Constructive realism is also about being “constructive” in areas of difficulty in the bilateral, regional and global relationship between the US, China, middle powers and the rest. This way, all actors can engage each other, produce tangible results over time, and gradually build enough political and diplomatic capital, and trust to be drawn upon to deal with arising disagreements. The concept of constructive realism as explained by Rudd seeks to build on both pillars to find an overriding common strategic purpose to sustain, strengthen and reform the existing regional and global rules-based order. Until then, hedging represents a good choice for Canada, provided Ottawa wants to regain its middle power status in the region and start to proactively engage in institution building in the region. Hedging is not necessarily the best long-term strategy for Canada, but it is definitely suited for Ottawa in the context of heightened uncertainty about the future of Sino-US relations.

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<sup>136</sup> Rudd (2015).

<sup>137</sup> Evans (2014). p. 94.

Canada most definitely possesses the capabilities of a middle power, and used to have the political will to act as one. There are enough talented and intelligent people in this country to craft and implement a better foreign policy for the Asia-Pacific region and beyond. Canadian diplomats and policymakers have traditionally been able to innovate and help Canada punch above its weight in the international arena. For instance, the G20 was established partly by a Canadian initiative in 1999 and has become the successor of the G7/8 as a platform to discuss global economic governance.<sup>138</sup> For Canada to itself pivot to Asia, it will need to embrace multilateralism again and seek assistance from other middle powers. If Canada chooses to engage China bilaterally and solely on the basis of narrow economic interests, any effort to convince China to trot along a certain policy path will ultimately be bound to fail. Indeed, alone Canada has little the power and prestige to convince China to backtrack on a certain issue, whereas among a coalition of middle powers, Ottawa at least has a fighting chance.

Canadians understand that their economic prosperity will increasingly be tied to Asia. Like Australia, Canada has for the most part seen Asian countries as threatening rivals and poorly understood their values and goals.<sup>139</sup> For this reason, Canada's approach to Asia remains highly transactional: Canadians want Asian money, but nothing else. Canada will maintain its special affinity with the US and Europe for quite some time. It may even be never comfortable enough to see China and Asia through friendly eyes. Without rehashing the details of the Orientalism debate, Asia is still perceived by many Canadians as the exotic and incomprehensible "Other" that makes the headlines during the evening news, but cannot be engaged with. Increased Asian immigration to Canada, which will bring more interactions

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<sup>138</sup> Gilley & O'Neil (2014), p. 7.

<sup>139</sup> Walker (1999).

between various ethnicities, may change that in the long run. Still, engaging Asia cannot wait. It is thus time to articulate a clear policy to engage the region beyond the rhetorical.

Canadian foreign policy in regards to China should be based on four pillars: middlepowermanship, proactive engagement, commitment of sufficient government resources and multilateralism. This is the sort of foreign policy an independent middle power could exercise to great results. Instead of mere followership of decisions made in Washington, Ottawa should exercise independent agency and focus on policy innovation. The US simply has too many powerful vested interests in the current global system to be willing to accommodate China's rise, which poses the risk of putting Beijing and Washington on a collision course. Canada as a middle power has clear limits to what it can accomplish, but it nevertheless has the power to affect policy outcomes in partnership with other middle powers if Ottawa choose to do so. In the years to come, Canada's role in Asia should be to play a constructive role in parallel to the rise of China and the relative decline of the US in order to prevent a replay of the Cold War logic that plagued international relations for almost six decades. In other words, Ottawa will have to refrain from taking sides, and will have to encourage Beijing and Washington to engage in constructive and creative diplomacy. This, theoretically, is the true hallmark of middle power behaviour.<sup>140</sup>

Leadership must come from the federal government, because it is the only actor with the ability to coordinate various actors in governments, academia and the private sector. I recommend the following four broad policy initiatives to quickly update Ottawa's China policy: assist Canadian businesses to develop a strong presence in China and the rest of Asia through the Commissioner Service, update Canada's Asian knowledge by investing in education, reform government agencies in their dealings with the Asia-Pacific region, and upgrade Canadian non-

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<sup>140</sup> Beeson and Higgott (2014). p. 232.

traditional military capacities to support peacekeeping, anti-piracy, humanitarian assistance and counter-terrorism. A coherent Asia strategy will not come rapidly or on the cheap, but promises much economic and political dividend down the road.

Canada must first comprehend the importance of Asian markets and how they are tied to the future prosperity, and national security, of the nation. Simultaneously, Canada has to realise it is not a key player in the region and will never be unless it significantly steps up its commitments and allocation of resources. As a middle power, Canada competes for the attention of Asian governments with a long list of countries of larger populations and greater economic importance overall. Canada should clearly articulate a strategy for improving and promoting access to Asian markets for Canadian businesses within DFATD. This strategy should not simply pay lip service to the importance of emerging markets like the current Global Markets Action Plan (GMAP), but formulate a clear policy with actionable goals to help Canada become a prosperous trading nation and ease its overreliance on imports. The next logical step for Canada is thus to join the AIIB and to launch FTA negotiations with China, with the aim of signing a comparable deal to Australia. This will not only open up the Chinese markets to Canadian firms, making sure that Canada's market share in China does not slip further, but also demonstrate to Beijing that Canada wants to bring the bilateral relationship to the next level and take a proactive part in the future of the region.

Canadians will also need to be educated about Asia. Some initiatives, namely APFC's Asia Competencies program, aim to correct this lack of knowledge and stimulate policymakers to correct this Asia knowledge deficit. Unfortunately, this approach critically falls short of what is needed: a country-wide effort led by Ottawa. The Canadian government should create an education ministry to coordinate the effort between provinces to increase the bilateral flow of

students in and out of Canada. With it, the federal government should also establish a scholarship fund akin to Australia's New Colombo Plan to encourage Canadians to study in Asia and Asians to pursue their education here. While knowledge of an Asian language should not necessarily be required, it should be encouraged early on, as language is a gateway to cultural understanding and success in a foreign environment; fluency in just English or French will no longer cut it in China or the rest of Asia.

The federal government must show vision and demonstrate that it can be imaginative and forward-thinking in regards to its China policy. The easiest step to take would be to draft and publish a white paper on Asia akin to what was done by Australia a few years ago. This policy paper should be multigenerational and set the course of Canada-Asia relations for the decades to come. In fact, it could be updated every few years, like Chinese Five-Year Plans.<sup>141</sup> While white papers are often aspirational in nature, a Canadian policy document should also lay down concrete steps Canada intends to take to reengage with Asia. The document can focus in part on China, but chapters should also be dedicated to other Asian countries, especially ASEAN states and India. Canadian politicians should show some leadership domestically to recognize the changing geopolitical dynamics of power in the world. Managing foreign affairs is too important to be left as an electoral issue and should remain on top of the agenda of any elected government regardless of political ideology. New mechanisms for engagement should be created, and not just at the highest levels. Junior government staff should be exposed to Asia-related files early on in their careers since relationships with states like China need to be nurtured over time, managed carefully, and predictably. APEC membership for Ottawa is not enough; Canada will need to step its game in the G20, join the East Asian Summit (EAS) as well as playing a more proactive role within ASEAN if it wants to be recognised in the region as an important middle power.

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<sup>141</sup> Dobson (2012).

To fully act as a middle power in Asia and have the right tools to engage with China, Canada should foster an informed, innovative and independent bureaucracy.<sup>142</sup> As such, Ottawa should focus on niche diplomacy fostered by habits of dialogues. DFATD, the Department of National Defence (DND), Canadian Security Intelligence Service (CSIS), Communications Security Establishment Canada (CSEC) and other relevant departments and agencies must undertake dramatic reforms in order to gain the capacity to understand contemporary Asian affairs and promote Canadian interests in Asia. Indeed, these ministries and agencies currently lack the human capital to understand the changes taking place in the Asia-Pacific.<sup>143</sup> While the region has been the theatre of dramatic change transforming all aspects of economy and society alike, only a few qualified personnel have the ability to understand the local conditions. Most of them never lived or studied in Asia prior to their posting. The effectiveness of diplomatic staff is severely inhibited due to the allocation process of personnel without Asia-specific expertise. Under the current assignment system, diplomats are not encouraged to acquire specialised knowledge in a particular region since they are likely to never be posted again to the same mission.<sup>144</sup> Without sufficient career incentives to encourage Canadian diplomats to specialise on Asia, this problem will remain.

Finally, military-to-military relations between Canada-China are relatively inexistent, or at the very least do not go beyond what is expected of a middle power. It would be a giant leap of faith to believe Canada and China could develop a close military partnership anytime soon. Nevertheless, the two countries could improve the relationship by forging ties between the two militaries, promoting confidence-building measures, and increasing transparency, information exchange, and military exchanges. Additionally, both parties can engage in more active

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<sup>142</sup> Mulroney (2015).

<sup>143</sup> Burton (2009).

<sup>144</sup> *Opere citato*.

cooperation in the realms of terrorism, piracy, peacekeeping and transnational crime. A further, modest policy proposal could potentially create an exchange program for junior officers to study abroad for a brief period of time, especially in the field of peacekeeping considering China's strong interest for UN mandated missions. In addition, China would most likely be interested to learn about Canadian peacekeeping and counter-terrorism experience, at home and abroad. Instead of simply having Canadian defence ministers attend regional security dialogues, the Canadian Armed Forces (CAF) should encourage two-way military-to-military exchange programs with regional militaries including China and middle powers.

Taken together, all of those suggestions would reinforce Canada's position as a middle power, because it would clearly demonstrate that Ottawa has the ambition and intention to be a constructive player in the region. It would send clear signals to Beijing and other capitals that Canada wants to be a part of the emerging regional order. Unfortunately, I acknowledge that some of those solutions are currently impractical in the current political context. As long as the Conservatives remain in power, there is little reason to believe that Canada will upgrade its presence in Asia. The bottom line is that Canada can be middle power again. While Ottawa has limited capacity to exert influence in the Asia-Pacific region alone when compared to the US, it can still punch above its weight and remain a key player if it invests more resources into developing capacity in pivotal areas like finance, trade, diplomacy and military. The process of developing better and deeper ties with the Asia-Pacific takes time, and policy coordination with domestic and foreign actors, and will require significant investments in terms of financial resources. By concentrating on the low-hanging fruits of global governance, Canada can build enough trust between various nations to create momentum for the more difficult global governance reforms to come. Nevertheless, it is the only way forward to ensure Canada

maintains the same levels of economic prosperity as today while preserving its ability to positively influence the course of events in Asia, and more specifically China. Thus, the best way forward for Canada is to rediscover to its middle power roots.

## **Conclusion**

Middle powers are special actors in the international system. While not the prime focus of IR theory, unlike great powers, they still stand at the forefront of global governance issues and can exercise tremendous amounts of soft power through coalition-building. In Asia, middle powers can act as catalysts, managers and facilitators of global governance in order to assist China further integrate itself into the current world order without creating too much friction regionally. In addition, middle powers can band together to convince the US to adopt more enlightened policies towards China that will not antagonise Chinese leaders – a very difficult task. Domestically in China, middle powers can also engage in discussions with Chinese officials to help them continue reforming their policy in regards to issues like human rights and rule of law. Like great powers, the status of a middle power is not immutable. Without sufficient willingness to play the role of a middle power, a country like Canada which possesses the capabilities of a middle power is nothing else than a strong small power.

Getting China right is of vital importance to Canada and its traditional role as a middle power. Anything that happens in Asia now has a direct impact on Canada. Ottawa's Asia strategy should be anchored on China because the Middle Kingdom can act as Canada's gateway to the region. As the elephant in the room, Beijing is almost always involved in regional affairs and physically present at every discussion table. Ottawa's strategy in Asia should also take the long view and be updated every five years or so. With other middle powers, Ottawa should also attempt to influence China and reform global governance in areas where norms and laws are outdated. This is the kind of behaviour expected of a middle power, the same kind that increases Canada's normative power. Ottawa should thus make a more conscious effort to integrate itself in the Asia-Pacific region, because it is the only entity that can bring all provinces, federal

departments and agencies, scholars, NGOs and businesses together at the negotiations table. Canada has to invest in its Asian future, and the best way to do that is to promote people-to-people links and encourage Canadians to study Asia. Only then could a Canadian “Pivot to Asia” be credible and sustainable. Until that moment comes, Canadians will remain spectators as the biggest power transition of the last 500 years continues to unfold.

China has been learning from the West for more than 150 years. Has the West learned anything from China yet? With the impending sea of change, it is extremely important for Canada to be sufficiently open, curious, humble and inquisitive in order to learn from China. Indeed, China is eating Canada’s cake because for too long Canadians have presumed in the superiority of its system and values. Until a real Canadian strategy for Asia materialises, the imagined tyranny of distance will continue to dictate Canadian engagement with China. Building a common narrative for engagement is a daunting task. As Rudd suggested, it should focus on common values and common interest, finding ways to build the relationship jointly, increasing cooperation overtime, accumulating trust and finally transforming the relationship.<sup>145</sup> Rudd is not a traditional academic and his proposition is not grounded in IR theories. Nevertheless, it is in line with the concept of middle power. It is now up to scholars to put some meat on his view of constructive realism.

As seen throughout the text, understanding China and creating the right policy framework to engage with Beijing is of vital importance for Canada’s future. Therefore, Ottawa ought to have a clear China strategy, because Beijing most definitely has one for Canada. Ottawa currently needs a government-initiated in-depth assessment of China. Canada cannot credibly hedge its bets unless it knows what the stakes are. My sincerest hope is that such a thesis may finally spark a new wave of engagement among young “China Hands” in Canada. Our ranks are

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<sup>145</sup> Rudd (2015).

desperately thin and impossible to be replenished quickly. By creating more discussion, it will then be possible for the community of China watchers to grow, provided they manage to find careers in their fields whether in government, academia or the private sector. For now, China continues its meteoric rise.

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