Chapter 2: Contemporary Centres of Power

Exercises — Exercises

Q1 Arrange the following in chronological order. (a) China's accession to WTO (b) Establishment of the EEC (c) Establishment of the EU (d) Birth of ARF

(b) Establishment of the EEC (1957) → (c) Establishment of the EU (1992) → (d) Birth of ARF (1994) → (a) China's accession to WTO (2001).

Q2 The 'ASEAN Way' (a) Reflects the life style of ASEAN members (b) A form of interaction among ASEAN members that is informal and cooperative (c) The defence policy followed by the ASEAN members (d) The road that connects all the ASEAN members

(b) A form of interaction among ASEAN members that is informal and cooperative.

Q3 Which of the following nations adopted an 'open door' policy? (a) China (b) South Korea (c) Japan (d) USA

(a) China. Deng Xiaoping announced the 'open door' policy and economic reforms in 1978.

Q4 Fill in the blanks: (a) The border conflict between China and India in 1962 was principally over _____ and _____ region. (b) ARF was established in the year _____. (c) China entered into bilateral relations with _____ (a major country) in 1972. (d) _____ Plan influenced the establishment of the Organisation for European Economic Cooperation in 1948. (e) _____ is the organisation of ASEAN that deals with security.

(a) Arunachal Pradesh and the Aksai Chin (Ladakh) region; (b) 1994; (c) the United States; (d) the Marshall Plan; (e) the ASEAN Regional Forum (ARF).

Q5 What are the objectives of establishing regional organisations?

Regional organisations are set up to build a more peaceful and cooperative regional order in place of old rivalries and enmities. Their main objectives are: (1) to promote economic growth and prosperity of member countries through cooperation in trade and economic issues, as the OEEC, EEC and ASEAN did; (2) to promote social progress and cultural development; (3) to maintain regional peace and stability, based on the rule of law and the principles of the UN Charter, and to settle disputes through negotiation instead of armed confrontation; (4) to give member states a collective voice and strength in international institutions such as the WTO; and (5) to find regional solutions to their historical weaknesses, such as poverty and economic backwardness, so that they do not depend on one great power.

Q6 How does geographical proximity influence the formation of regional organisations?

Neighbouring countries share a common region, history and problems, so they find it natural to cooperate. European states had faced the ruin of the Second World War together, and Southeast Asian countries had all suffered colonialism, nation-building problems, poverty and Cold War pressure to align with great powers. Being close, they also share borders, trade routes and security concerns, so conflict in one country affects the others. Regional organisations therefore help neighbours settle disputes peacefully, build common markets and trade, and cooperate on political and security matters. Proximity also makes cooperation easier, since members can be economically integrated and interact informally and regularly, as in the ASEAN Way.

Q7 What are the components of the ASEAN Vision 2020?

ASEAN Vision 2020 defines an outward-looking role for ASEAN in the international community. Its components are: (1) building on the existing ASEAN policy of encouraging negotiation over conflicts in the region, as in ASEAN's mediation of the Cambodian conflict and the East Timor crisis; (2) interaction and consultation with member states, dialogue partners and other non-regional organisations; (3) acting as a political forum where Asian countries and the major powers discuss political and security concerns; (4) annual meetings to discuss East Asian cooperation; and (5) broadening objectives beyond the economic and social spheres, which led to the ASEAN Community.

Q8 Name the pillars and the objectives of the ASEAN Community.

In 2003 ASEAN agreed to establish an ASEAN Community with three pillars. (1) ASEAN Security Community: based on the conviction that territorial disputes should not escalate into armed confrontation; members promise to uphold peace, neutrality, cooperation, non-interference and respect for national differences and sovereign rights. The ASEAN Regional Forum (1994) coordinates security and foreign policy. (2) ASEAN Economic Community: aims to create a common market and production base within ASEAN states, aid social and economic development, improve the ASEAN Dispute Settlement Mechanism for economic disputes, and create a Free Trade Area for investment, labour and services. (3) ASEAN Socio-Cultural Community: aims at social progress and cultural development in the region.

Q9 In what ways does the present Chinese economy differ from its command economy?

After 1949 China followed the Soviet-style command economy: state-owned heavy industry built from agricultural capital, import substitution, and severed links with the capitalist world. Growth was insufficient for a growing population, farm output left no surplus for industry, trade was minimal and per capita income low. From 1978 Deng Xiaoping's 'open door' policy changed this: foreign capital and technology were invited; agriculture was privatised in 1982 and industry in 1998; Special Economic Zones removed trade barriers for foreign investors; China joined the WTO in 2001 and became the top destination for FDI, with large foreign exchange reserves. Reform was gradual, not 'shock therapy', and the state still plays a central role in the market economy.

Q10 How did the European countries resolve their post-Second World War problem? Briefly outline the attempts that led to the formation of the European Union.

After 1945 Europe's economies lay in ruin and its leaders asked whether it should revert to old rivalries or be rebuilt on principles of cooperation. They chose cooperation, aided by the Cold War. The US gave massive help under the Marshall Plan and created NATO for security. Under the Marshall Plan the OEEC was set up in 1948 and the Council of Europe in 1949. Integration then proceeded step by step: the European Coal and Steel Community (1951), the European Economic Community (1957), and the European Parliament, which gave it a political dimension. After the Soviet bloc collapsed, the European Union was established in 1992 (Maastricht Treaty), laying the foundation for a common foreign and security policy, cooperation on justice and home affairs, and a single currency, the euro (2002).

Q11 What makes the European Union a highly influential regional organisation?

The EU has economic, political, diplomatic and military influence. Economically, its GDP is projected at about $19.35 trillion in 2024, the euro can threaten the dominance of the US dollar, and its share of world trade is larger than that of the US, making it assertive in trade disputes and an important bloc in the WTO. Politically, France holds a permanent UN Security Council seat and several members are non-permanent members, which helped it influence some US policies, such as on Iran's nuclear programme. It uses diplomacy and economic investment rather than force. Militarily, its combined armed forces are the second largest and its defence spending is second to the US; France has nuclear weapons. It is also the second most important source of space and communications technology. It has its own flag, anthem and currency.

Q12 The emerging economies of China and India have great potential to challenge the unipolar world. Do you agree with the statement? Substantiate your arguments.

Yes, to a large extent. China has been the fastest growing economy since the 1978 reforms and is projected to overtake the US as the world's largest economy by 2040. It is the top destination for FDI, holds large foreign exchange reserves, drives East Asian growth and invests in Latin America and Africa. India and China are the two most populous countries, both see themselves as rising powers, and want a major role in Asian economy and politics. Their bilateral trade grew from $338 million in 1992 to over $84 billion in 2017, and they follow similar policies in the WTO. But there are limits: China's gains are unevenly shared, with unemployment, inequality and environmental damage, and India-China border disputes continue. So they can challenge US dominance together with the EU and ASEAN, but not yet replace it.

Q13 The peace and prosperity of countries lay in the establishment and strengthening of regional economic organisations. Justify this statement.

The statement is justified by the EU and ASEAN. European states, once rivals, integrated economically through the OEEC, ECSC and EEC, and this built a peaceful, cooperative order and prosperous economies; the EU received the Nobel Peace Prize in 2012. ASEAN began as an economic association to accelerate growth and, through its Security Community and ASEAN Way, promoted peaceful settlement of disputes. It has some of the world's fastest-growing economies, mediated the Cambodian and East Timor conflicts and is creating a Free Trade Area. Economic interdependence makes war costly, gives members collective bargaining power in bodies like the WTO, and widens trade and investment. Regional organisations also give a forum for resolving political and security concerns, supporting both peace and prosperity.

Q14 Identify the contentious issues between China and India. How could these be resolved for greater cooperation? Give your suggestions.

Contentious issues: the Chinese takeover of Tibet (1950); the unresolved boundary, which led to the 1962 conflict over Arunachal Pradesh and Aksai Chin; China's role in building up Pakistan's nuclear programme; its military relations with Bangladesh and Myanmar; the China-Pakistan Economic Corridor; and China's support to Pakistan at the UN against India's counter-terrorism moves. Suggestions: continue the boundary talks begun in 1981 without interruption and maintain 'peace and tranquility' on the border; increase military-to-military contact and frequent leader and official visits; expand trade and cultural and scientific cooperation; cooperate where interests could clash, such as bidding for energy deals abroad; coordinate in the WTO and other international institutions; and improve transport and communication links so that the two countries become more familiar with each other.