



2021-22 WILSON CHINA FELLOWSHIP

Essays on China and U.S. Policy

EDITED BY Lucas Myers



Asia
Program



Kissinger
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Ling Chen	Austin Strange
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David J. Bulman	Tyler Harlan
Dimitar Gueorguiev	Juliet Lu
David M. McCourt	Renard Sexton
Deborah Seligsohn	Diana Fu
Macabe Keliher	Austin Horng-En Wang
Emily Matson	Adrian Rauchfleisch
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Foreword

Stephen Del Rosso is the Director of the International Peace and Security Program at the Carnegie Corporation of New York

Since the first publication a year ago of the research produced by the Wilson China Fellows, the world seems to have grown more troubled and dangerous. In the shadow of COVID-19 and its variants, growing tensions between the United States and China have contributed to a sense of geostrategic unease and peril. The economic dimension of the Sino-American rivalry and calls for the decoupling of these two massive and intertwined economies have added another destabilizing element to the equation. Combined with America's equally challenging relations with Russia and China's "no limits" partnership with that other nuclear power—exacerbated by Russia's invasion of Ukraine—uncertainties in world affairs abound.

The knock-on effects of these developments on American scholars of China are both serious and regrettable. While there is growing demand for their work, the increasingly restrictive domestic political environment in China has limited the ability of American researchers to work in the country, interact safely with their Chinese counterparts, and gain access to archival material. All this, of course, has been exacerbated by visa and pandemic restrictions, and a security-heavy discourse in China and the United States that has politicized research and contributed to an environment of mutual mistrust suspicion. As attention on China grows throughout the American policy and expert communities, as well as the general public, the constraints to gaining knowledge and insights about this increasingly consequential country appear formidable.

And yet, in the best tradition of American scholarship and resourcefulness these researchers have persisted despite the headwinds. Utilizing a variety of methods, from accessing open source material to carrying out remote surveys, and, in some cases, managing to run the gauntlet and conduct field research in China, American scholars of China have found ways to ply their trade when nuanced and empirically-grounded understanding of this rising power is

needed more than ever. The Wilson China Fellows program is one of the key initiatives supported by the Carnegie Corporation of New York to further this goal. It is also an exemplar of the deceptively simple but impactful mandate of the Corporation's founder, Andrew Carnegie, to promote the "advancement and diffusion of knowledge and understanding."

We hope you find this volume both timely and enlightening.

The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.

Introduction

Abraham M. Denmark is the Vice President of Programs and Director of Studies; Senior Advisor to the Asia Program; and Senior Fellow in the Kissinger Institute on China and the United States at the Wilson Center.

With the conclusion of another successful year of the Wilson China Fellowship, it is important to reflect upon the momentous changes facing the international system and the United States. While Russia's invasion of Ukraine has attracted global attention, the Biden administration has continued to focus on the Indo-Pacific—speaking to the significant opportunities for engagement across the region and the profound challenges posed by China. Clearly, Washington continues to need sound analysis of China and the implications of its rise.

As Wilson Center President and CEO Ambassador Mark Green stated in the 2nd annual Wilson China Conference, “The Wilson Center was chartered by Congress some five decades ago for... the purpose of ‘strengthening the fruitful relation between the world of learning and the world of public affairs.’”¹ The Wilson Center and its Wilson China Fellows—with the generous support of the Carnegie Corporation of New York—work to advance that mission and shed light on the important questions facing policymakers in Washington.

Featuring twenty-five scholars, the second class of Wilson China Fellows undertook a wide range of research projects designed to improve policymaker understanding of the crucial issues surrounding China's rise and its impact on U.S.-China relations. Divided into broadly themed sections, this publication features the following scholars and their projects:

Several scholars examined the U.S.-China trade war, multinationals, and China's economy. Michael Beckley explored the security implications of a Chinese economic slowdown. Ling Chen's analyzed the “tech cold war” between the United States and China, and the future of state-business relations. Aynne Kokas looked into how Chinese government

content control regulations shape the U.S. market as Chinese influence on the U.S. entertainment industry increases. Jiakun Jack Zhang challenged conventional wisdom surrounding the efficacy of tariffs and the implications for the U.S. economy.

Others aimed to understand the decline of engagement and the impact on U.S.-China relations. David Bulman discussed China's burgeoning state-capitalist welfare state under the new concept of "common prosperity," as well as its implications for competition with the United States. Dimitar Gueorguiev surveyed public opinion in China to interrogate assumptions about hawkishness within Chinese public opinion. David McCourt conducted a study into the U.S. "China watcher" community and its changing views of U.S.-China relations. Deborah Seligsohn outlined the history of U.S.-China cooperation under the World Health Organization and its lessons for today's pandemic.

This class also featured several scholars who adopted a longer-term view to understand Chinese history, memory, and the Party itself. Macabe Keliher delved into Hong Kong's political economy both in driving protests and mobilizing state interest in the crackdown over the past three decades. Emily Matson undertook a historiographical approach into the role of Northeastern Chinese scholars on the recent Communist Party decision to shift the official starting date of the Second Sino-Japanese War to 1931 from 1937. Kacie Miura critically examined whether Xi Jinping's China is as unitary as many view it to be, while Joseph Torigian researched the role and influence that ideology plays on Xi himself.

China's Belt and Road Initiative and its deepening ties to the Global South constitute another area of intense scholar and policymaker interest. Meir Alkon analyzed China's overseas investments, host country politics, and its efforts to "green" the BRI. Kristin Hopewell looked into the impact of China's trade policies and subsidies on global development in the agricultural and fisheries industries, while Austin Strange examined China's high profile development projects. Emily Wilcox discussed and explored the role of dance in Chinese cultural diplomacy and its outreach to the Global South.

Southeast Asia, as the destination of increasing Chinese economic and political investment, plays a key role in the question of China's impact on its regional neighborhood. Darcie DeAngelo told the story of U.S. and

Chinese minefield clearance efforts and the implications for their regional soft power. Tyler Harlan and Juliet Lu embarked upon a joint project highlighting China's efforts to increase green cooperation within the BRI. Renard Sexton surveyed views of the South China Sea disputes within Southeast Asia.

Finally, another contingent of our scholars discussed the rise of China and its impact on democracy, norms, global governance, and diaspora Chinese communities. Diana Fu asked the question: Is China's civil society really dead? Austin Wang looked into the #MilkTeaAlliance to better understand popular support for democracy and opposition to China throughout the Indo-Pacific. Audrye Wong examined the Chinese government's foreign influence activities and the Chinese diaspora.

Each essay in this collection adds to the growing body of work on China in the United States. Perhaps more importantly, they serve to bridge the gap between academic and policymaker understandings of the rise of China.

As the challenges of the 21st Century continue to take shape, from climate change to the rising salience of great power competition, policymakers both within the United States and abroad will face a deepening array of issues. The rise of China may be the only challenge that reaches across and impacts each and every one of these challenges. For policymakers to craft and execute policies that address these issues, they require the knowledge and understanding of the academic community. Going forward, the Wilson Center will continue to work to meet this need, as will our Wilson China Fellows.

We are immensely proud of the quality of our scholars and the importance of the work they have completed. We hope you find these essays as valuable as we do.

The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.

Notes

- 1 Ambassador Mark Green, "Remarks at the Wilson China Fellowship Conference 2022," The Wilson Center, February 14th, 2022, <https://www.wilsoncenter.org/event/wilson-china-fellowship-conference-2022>

Section I

The U.S.-China Trade War, Multinationals, and China's Economy

U.S.-China competition increasingly covers all spheres of the bilateral relationship, including the economy, trade, and technology. During the Trump administration, the United States launched a trade war against China in response to alleged unfair trade practices. Under the Biden administration, these tensions with Beijing have only continued to simmer.

Most notably, a conversation around decoupling and shifting strategic supply chains away from China has emerged in recent years. China's growing authoritarianism and international assertiveness drive this conversation, as numerous examples of Beijing's censorship damaging U.S. companies attest. These developments raise important policy questions about the rise of China, the future of the global economy, and the impact of increasing competition on economic, trade, and technology policies.

**This chapter explores these issues and more,
featuring essays from the following fellows:**

Michael Beckley, "Desperate Times, Desperate Measures: Slowing Growth is Making China More Dangerous"

Ling Chen, "Changing State-Business Relations under the U.S.-China Tech War"

Aynne Kokas, "TikTok, *Mulan*, and the Olympics: Contesting Content Control through Trade in the U.S.-China Relationship"

Jiakun Jack Zhang, "The U.S.-China Trade War and the Tariff Weapon"

2021-22 WILSON CHINA FELLOWSHIP

Desperate Times, Desperate Measures: Slowing Growth Is Making China More Dangerous

Michael Beckley is an Associate Professor of Political Science at Tufts University, a Non-resident Senior Fellow at the American Enterprise Institute, and 2021–22 Wilson China Fellow



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Abstract

Most debate on U.S.-China policy focuses on the dangers of a rising, confident China. But the United States actually faces a more volatile threat: an insecure China mired in a protracted economic slowdown. China's growth rates have fallen by half over the past decade and are likely to plunge in the years ahead as massive debt, foreign protectionism, resource depletion, and rapid aging take their toll. Past rising powers that suffered such slowdowns became more repressive at home and aggressive abroad as they struggled to revive their economies and maintain domestic stability and international influence. China already seems to be headed down this ugly path. Slowing growth makes China a less competitive long-term rival to the United States, but a more explosive near-term threat. As U.S. policymakers determine how to counter China's repression and aggression, they should recognize that economic insecurity has spurred great power expansion in the past and is driving China's belligerence today.

Implications and Key Takeaways

- Policymakers should think about U.S.-China competition as a decade-long sprint rather than a decades-long marathon.
- The United States and its allies must prevent China from achieving near-term successes that would radically alter the long-term balance of power. The most pressing dangers are a Chinese conquest of Taiwan and Chinese dominance of critical goods, services, and technologies.
- The United States and its allies must use tools and partnerships that are available now rather than devoting resources to cultivating assets that will require years to develop.
- The United States and its allies should focus on selectively undermining Chinese power rather than changing Chinese behavior. Instead of trying to cajole and persuade Beijing, they should focus on conducting targeted attrition on Chinese capabilities. This approach is obviously risky, but not as risky as business as usual with Beijing.

- The United States and its allies must move fast, but also avoid provoking Beijing into a violent response. Washington should eschew impassioned calls to pursue regime change in China, a full technological embargo, across-the-board trade sanctions, or major covert action programs to foment tensions and violence in China.

Introduction

Most debate on U.S. China policy focuses on the dangers of a rising, confident China.¹ But the United States actually faces a more volatile threat: an insecure China mired in a protracted economic slowdown. China's growth rates have fallen by half over the past decade and are likely to plunge in the years ahead as massive debt, foreign protectionism, resource depletion, and rapid aging take their toll. Past rising powers that suffered such slowdowns became more repressive at home and aggressive abroad as they struggled to revive their economies and maintain domestic stability and international influence. China already seems to be headed down this ugly path.

As China's economic conditions have steadily worsened since the 2008 financial crisis, China's government has cracked down on dissent and dialed up nationalist propaganda. At the same time, it has invested heavily overseas to generate demand for Chinese exports and secure scarce resources for Chinese firms. To protect these investments, China also has gone out militarily, tripling its procurement of long-range naval ships, quintupling its patrols in major sea lanes, militarizing strategically placed features in the South China Sea, and increasing its use of maritime coercion—ship ramming and aerial intercepts—by nearly an order of magnitude.

The standard narrative in Washington attributes this surge in assertive behavior to China's growing power and ambition. In reality, it reflects profound unease among China's leaders, who are facing their country's first sustained economic slowdown in a generation and see no end in sight. China has experienced several recessions since the Reform and Opening period in the late 1970s, but China's government was able to rekindle rapid growth each time through stimulus spending or economic reform. But now stimulus is increasingly ineffective, and China's leaders have ruled out reform as too politically risky. Consequently, they are resorting to a classic authoritarian strategy: tightening their grip on power while carving out privileged economic zones overseas.

Slowing growth makes China a less competitive long-term rival to the United States, but a more explosive near-term threat. As U.S. policymakers determine how to counter China's repression and aggression, they should recognize that economic insecurity has spurred great power expansion in the past and is driving China's belligerence today.

These findings contribute to theoretical and historical debates on the origins of great power conflict and the rise and fall of great powers. The current scholarly literature on those subjects is vast but rests on several simplistic assumptions: great powers are either rising or falling, rising powers expand, falling powers retrench, and conflict is most likely when there's a power transition, a phenomenon that Harvard professor Graham Allison has popularized as the "Thucydides Trap" though his analysis is essentially a regurgitation of power transition theory—a well-established literature stretching back decades.² The findings in this paper overturn these assumptions. I show that there is much more volatility in every country's trajectory. Rising states often experience extended economic slowdowns. Those states can and often do expand rather than retrench in the face of growing headwinds. I further show that wars can occur even when there is no power transition and, often, precisely because a rising state perceives that it will fail to overtake the leading power. These dynamics have been the primary driver of major power conflict in the modern era and are at the core of contemporary U.S.-China competition.

China's Economic Slowdown

In March 2007, China's then Premier, Wen Jiabao, delivered a shocking press conference in which he said China's growth model had become "unsteady, unbalanced, uncoordinated and unsustainable."³ From that year until 2019, China's gross domestic product (GDP) growth rates dropped from 15 percent to 6 percent, the slowest rate in 30 years and marking the longest sustained growth deceleration in the post-Mao era. The COVID-19 pandemic has dragged China's growth rates down even further.⁴

A growth rate of 6 percent would still be spectacular, of course, but many economists believe China's true rate is roughly half that.⁵ More important, GDP growth is not necessarily a sign of wealth creation. If a country spends hundreds of billions of dollars on useless infrastructure, its GDP will rise but its stock of wealth will remain unchanged or even decline. To accumulate wealth, a country needs to increase the output it produces per unit of input, a metric that economists call total factor productivity. Over the past decade, China's productivity has deteriorated by a full percentage point each year and

more than 10 percent overall and essentially all of its economic growth has come from capital inputs, spending more money and taking out more credit.⁶

The tangible signs of China's unproductive growth are easy to find. China has built more than 50 ghost cities—huge metropolises filled with empty offices, apartments, malls, and airports.⁷ More than 20 percent of homes sit unoccupied.⁸ Excess capacity in major industries tops 30 percent as factories sit idle and goods rot in warehouses.⁹ China's government estimates that it spent at least \$6 trillion on “ineffective investment” between 2009 and 2014 alone.¹⁰ The unsurprising result of this waste is massive debt. China's debt ballooned eight-fold in absolute size from 2010 to 2019 and was more than three times the size of China's economy on the eve of the COVID-19 pandemic, which has pushed Beijing's finances further into the red.¹¹

Worse, the very elements that powered China's economic ascent are fast becoming growth-sapping liabilities dragging the economy down. In the 1990s and early 2000s, China enjoyed expanding access to foreign markets and technology and a secure geopolitical situation rooted in a friendly relationship with the United States. China enjoyed near self-sufficiency in food, water, and energy resources and a manageable level of pollution. Most important, China was reaping the benefits of the greatest demographic dividend in history, with ten working-age adults per senior citizen aged 65 or older (roughly twice the global average ratio).¹² China's government seemed to be skillfully harnessing all of these advantages, slowly transitioning from a Maoist dictatorship to a business-friendly autocracy.

But now China is losing access to foreign markets and technology; since the 2008 financial crisis it has been hit with thousands of new trade and investment barriers by the world's biggest economies.¹³ The surge of anti-China protectionism has accelerated greatly since 2017, when the United States started waging a trade and tech war against China. The world's wealthiest democracies, led by the G-7, are adopting new labor and environmental standards that implicitly discriminate against China. They also are looking to reduce China's presence in their supply chains and are colluding to cut China off from advanced technology. For example, the United States, the Netherlands, South Korea, and Taiwan recently cooperated to prevent China from gaining access to advanced semiconductors and the machines that manufacture them.

At the same time, China has started suffering severe water scarcity—Beijing has less water per capita than Saudi Arabia—and it is now forced to import more food and energy resources than any other country, having decimated its own natural endowments.¹⁴ To top it off, China is starting to experience what will be the worst aging crisis in history, in which it will lose 200 million workers and gain 200 million seniors over the next 30 years, thanks to the one-child policy.¹⁵ The most recent estimates, including those from Chinese researchers, suggest China's population could be cut in half perhaps within the next 30 years and certainly by the end of the century.¹⁶ Demographers project that China will have to triple age-related spending as a share of its economy, from 10 percent of GDP to 30 percent of GDP, by 2050 to keep large numbers of senior citizens from dying in abject poverty.¹⁷ To top it off, China's government is sliding back into economically devastating neo-totalitarianism.¹⁸ Xi Jinping is a dictator that has clearly shown he will sacrifice economic growth to maintain political power. Even though private firms generate most of China's real wealth, Xi has funneled subsidies to inefficient, and even loss-making, state-owned firms while starving private firms of capital. He also has carried out a brutal anti-corruption campaign that has discouraged economic experimentation by local governments and objective economic analysis.¹⁹ And he has pushed through an array of new regulations that have crimped China's tech sectors. Any Chinese company that does anything remotely related to the internet is required to hand over its data and get Beijing's blessing before making major strategic moves or obtaining a loan.²⁰

China hopes to maintain solid economic growth by boosting its economic self-reliance and technological innovation through a policy called “dual circulation,” in which China relies more on its home market for demand while siphoning technology and key resources from friendly countries in Eurasia, Africa, and Latin America.²¹ At the same time, China has invested heavily in R&D. These efforts have paid some dividends. China leads the world in certain manufacturing industries—for example household appliances, textiles, steel, solar panels—and it boasts the world's largest e-commerce market and mobile payments system. Yet in high-technology industries that involve the commercial application of advanced scientific research (e.g., pharmaceuticals, bio-technology, and semiconductors) or the engineering and integration of

complex parts (e.g. aviation, medical devices, and system software), China generally accounts for small shares of global markets.²² China also still relies on imports for an array of linchpin technologies, including 80 percent of its computer chips, high-end sensors, and advanced medical devices and 90 percent of its advanced manufacturing equipment.²³ This lack of progress, despite hundreds of billions of dollars spent on R&D over the past decade and the world's most aggressive use of economic espionage during that time as well, do not bode well for China becoming a high-productivity economy anytime soon.

Every country that has experienced anything close to China's current debt accumulation, productivity collapse, or rapid aging has suffered a lost decade or more of near-zero economic growth. How would China handle such a dire situation?

The Historical Record

When fast-growing great powers slow down, they typically do not mellow out. More often, they crack down on domestic dissent while expanding abroad to tap new sources of wealth and deter foreign rivals from exploiting their economic vulnerabilities. Over the past 150 years, nearly a dozen great powers grew economically at 3.5 percent annually or faster for at least a decade followed by another decade in which their average growth rates fell by at least 50 percent. None quietly accepted a new normal of slower growth.²⁴

When U.S. growth slowed in the late-nineteenth century, for example, the United States suppressed domestic labor strikes, hiked tariffs on foreign goods, and pumped investment and exports into Latin America and East Asia, annexing territory there, and building a massive navy to protect its far-flung assets. It also seized key strategic points, including the Panama Canal route, Puerto Rico, and the Philippines and waged war against Spain and sent troops to China, all while warning other great powers to stay out of the Western Hemisphere.²⁵ During its own late-nineteenth century slowdown, Russia centralized authority in the Tsar's hands while building the Trans-Siberian railway and militarily occupying parts of Korea and Manchuria with 170,000 troops.²⁶ By 1905, some 70 percent of the Russian empire was living under martial law. The Russian military grew, especially the navy, which saw

its budget rise by 40 percent from 1901 to 1905. Russia's expansion ceased only when Japan defeated it in the Russo-Japanese War.

When economic crises threatened Japan's rise and Germany's recovery during the interwar years, both countries turned to authoritarianism and went on rampages to seize resources and smash foreign rivals.²⁷ When France's postwar boom fizzled in the 1970s, it tried to reconstitute its economic sphere of influence in Africa, deploying 14,000 troops in its former colonies there and carrying out a dozen military interventions over the next two decades.²⁸ When Japan's era of rapid growth ended in the 1970s, it transformed itself into the world's largest foreign investor and a major military power: it provided struggling Japanese firms massive loans to help expand their global market share; quintupled foreign investment from the mid-1970s to the early 1980s, purchasing controlling stakes in raw materials firms in developing countries and high-technology companies and real estate in developed countries; acquired hundreds of advanced combat aircraft, ships, and submarines; and began patrolling sea lines of communication up to 1,000 miles from the Japanese coast.²⁹ When Russia stagnated after the collapse of world oil prices in 2009, it jailed dissidents and banned foreign NGOs while pressuring its neighbors to join a Russian-dominated regional trade bloc. This coercion intensified a crisis with Ukraine that culminated in the Maidan Revolution and Russia's annexation of Crimea.³⁰

These and other examples show that rising powers can become prickly and aggressive when their economies run out of steam. Rapid growth fuels their ambitions, raises their citizens' expectations, and alarms their rivals. Then stagnation dashes those ambitions and expectations and gives their enemies a chance to pounce. Consequently, their leaders become extremely fearful of a rise in domestic unrest and a decline in international power and prestige, and they search feverishly for ways to restore steady growth and keep internal opposition and foreign predation at bay. A prolonged economic slump threatens a great power's security as well as the legitimacy of its leaders and the patronage networks they rely on to remain in power. For these reasons, when a rising great power experiences a severe and sustained economic slowdown, its leaders can be expected to become determined, even desperate, to boost growth or generate alternative sources of regime security. If rapid growth gives countries the capability to expand their interests, a slowing economy provides

a powerful motive to make secure those interests quickly, before the country's window of opportunity slams shut. It is the long ascent followed by the specter of a sharp decline that makes the situation so dangerous.

In theory, slowing great powers have alternative options to economic and military expansion. They could for example, try to revamp the economy by enacting major reforms, for example, invest more heavily in education and R&D to spur innovation and boost productivity. A slowing great power also could try to stimulate domestic demand by providing more social services to citizens (e.g. healthcare, childcare, and pensions), thereby encouraging citizens to spend, rather than save, more of their incomes. But such major reforms are typically expensive, require raising taxes, and could take years to boost the economy. Thus, leaders typically look for other, less politically wrenching, options. International expansion often appears to be an attractive option, because it can potentially open up new sources of wealth, rally the nation around the ruling regime, and ward off rival powers. It offers the prospect of a single great solution to what ails a slowing regime. Historically, the question has been, not whether a rising power would expand abroad during a slowdown, but how.

Risk Factors

Great powers have two basic pathways to expand. One is to rely on global markets by opening up to foreign trade, investment, or immigration. The other is to engage in mercantilism, protecting national firms with subsidies and trade barriers while using various elements of state power (e.g. aid, loans, bribes, arms sales, technology transfers, military coercion and conquest) to carve out exclusive economic zones abroad. In practice, great powers typically rely on some combination of markets and mercantilism. In most cases, however, it is possible to identify a general tendency toward one or the other.

Two main factors shape a rising power's response to hard economic times. The first is the level of openness in the international economy.³¹ How open are foreign markets? How safe are international trade routes? If the international economy is open, a slowing great power can potentially rejuvenate its economy through peaceful free trade and investment, as Japan did after its postwar economic miracle came to an end in the 1970s. If the international economy

is closed, however, then the great power may have to shove its way into foreign markets and physically secure critical resources, as Japan did in the 1930s.

The second key factor is the degree of state ownership and intervention in the great power's economy.³² If the government has a direct stake in the survival of major firms, and if major firms have substantial influence in the government, then the government will be especially inclined and capable of shielding firms from foreign competition and helping them move overseas when profits dry up at home. State-led economies are unlikely to liberalize and rely on free markets during a slowdown, because that would require eliminating subsidies and protections for state-favored firms—risking a surge in bankruptcies, unemployment, and popular resentment and disrupting the crony capitalist networks that the regime depends on for survival. Instead, state-dominated regimes usually engage in mercantilist expansion during slowdowns, using money and muscle to carve out exclusive economic zones abroad and divert popular anger toward foreign enemies.

Over the past 150 years, the most violent expanders were authoritarian capitalist countries suffering slowdowns during periods of declining economic openness. All of the state-dominated economies that faced closing markets abroad (Imperial Russia, Imperial Japan, Nazi Germany, the Soviet Union, and contemporary Russia) resorted to military coercion and conquest—the most intense forms of mercantilism—to try to carve out exclusive economic spheres, deny rivals an exclusive economic zone, divert domestic discontent toward foreign enemies, or all of the above. The other formerly rising powers that suffered an economic slowdown faced a more varied set of circumstances and, perhaps as a result, employed a more mixed bag of mercantilist and market-based strategies while expanding abroad. China today is clearly an authoritarian capitalist state, and while the global economy remains more open today than in previous eras, China's access to foreign markets and resources are coming under increasing threat from a global rise in protectionism and the trade war with the United States.

Chinese Assertiveness

As China has faced slowing growth and rising protectionism over the past decade, it has tightened authoritarian controls while greatly expanding its global

economic and military footprint. Domestically, it has erected the most advanced propaganda, censorship, and surveillance systems in history; doubled internal security spending; expelled foreign NGOs; detained one million Uighurs in internment camps; and concentrated power in the hands of a dictator for life.³³ Internationally, China has tripled foreign direct investment and quintupled overseas lending to gain privileged access to foreign markets, resources, and technologies.³⁴ To protect its vast overseas assets, China has adopted a new military strategy focused on “open seas protection,” launched more warships than the total number of ships in the British navy, flooded sea lanes with hundreds of government vessels and aircraft, militarized features in the South China Sea, and dramatically increased its use of coercion—especially sanctions, ship-ramming, and aerial intercepts—to defend its maritime claims.

Many observers believe these actions reflect China’s growing power and confidence. In fact, they are rooted in economic and domestic political insecurity. When China’s economy was booming in the 1990s and early 2000s, China loosened political controls and adopted a peaceful rise strategy, which sought to mollify other countries through economic integration and multilateral confidence building mechanisms. China’s hard turn to dictatorship and mercantilist expansion, by contrast, has occurred as China’s economy has suffered its most protracted slowdown in a generation; labor protests have proliferated; Chinese elites have moved their money and children out of the country en masse; China’s president has given multiple internal speeches warning party members of the potential for a Soviet-style collapse; and China’s government has outlawed negative economic news and peddled conspiracy theories blaming setbacks, such as the 2015 stock market collapse and the 2019 Hong Kong protests, on Western meddling.³⁵ These are not the hallmarks of a confident superpower. Rather they reflect a sense of urgency in Beijing, one that could impel China to make a mad dash to achieve its vaunting objectives—to conquer Taiwan, control the East and South China Seas, and restore China to its rightful place as the dominant power in Asia and most powerful country in the world—before decline sets in.

Indeed, China has in recent years thrown off any semblance of restraint and started expanding aggressively on multiple fronts and brandishing every coercive weapon in its arsenal. Friendship diplomacy has given way to “wolf warrior diplomacy.” Perceived slights from foreigners, no matter how trivial,

are met with vicious, North Korean–style condemnation. “We treat our friends with fine wine, but for our enemies we have shotguns,” explained Gui Congyou, China’s ambassador to Sweden, in 2019, after a Swedish literary group dared award a prize to an imprisoned Chinese publisher. Western powers once thought they could tame China by integrating it into the liberal order. But last year, President Xi Jinping declared that anyone that tries to control China will have their “heads bashed bloody against a Great Wall of steel.” A combative attitude pervades every part of Chinese foreign policy—and it is confronting the United States and its allies with their gravest threat in generations.

This threat is most apparent in East Asia, where China is moving aggressively to condolidate its vast territorial claims.³⁶ Beijing is churning out warships and has flooded Asian sea lanes with government vessels. Since September 2020, it has carried out the most provocative show of force in the Taiwan Strait in decades. Chinese military patrols, some involving a dozen warships and more than 50 combat aircraft, loiter in the strait almost daily and simulate attacks on Taiwanese and U.S. targets. Chinese officials have told Western analysts that calls for an invasion are growing more common within the CCP. Pentagon commanders worry that such an assault could occur by the middle of this decade. A major clash between nuclear-armed great powers hasn’t looked this likely since the early 1980s. The world’s most important maritime crossroads is on the brink of becoming a warzone, and China’s entente with Russia raises the specter of simultaneous conflicts in Europe and Asia.

China has gone on the economic offensive, too. Its latest five-year economic plan calls for achieving primacy over what Chinese officials call “chokepoints”—goods and services other countries can’t live without—and then using that dominance, plus the lure of China’s domestic market, to coerce countries into concessions.³⁷ Toward that end, China has loaded up more than 150 countries with more than \$1 trillion of debt. Beijing has massively subsidized strategic industries to gain a monopoly over hundreds of vital products including medical supplies, pharmaceuticals, rare earths, and industrial goods, and it has installed the hardware for digital networks in dozens of countries.³⁸ It is using economic coercion with increasing frequency. Australia, Canada, the Czech Republic, Japan, Lithuania, Mongolia, Norway, the Philippines, South Korea, Taiwan, and the United States—plus dozens of private companies and individuals—have recently

experienced China's economic wrath. In many cases, the punishment has been vastly disproportionate to the supposed crime. After Australia requested an international investigation into the origins of COVID-19, for example, China slapped steep tariffs on nearly all the country's major exports. Like Imperial and Nazi Germany, China has become what the economist Albert Hirschman called a "power trader," a country that uses commerce as "an instrument of power, of pressure, and even of conquest."³⁹

China also has become a serious antidemocratic force, developing Orwellian tools of tyranny and selling them around the world.⁴⁰ By combining surveillance cameras with social media monitoring, artificial intelligence, and biometric, and speech- and facial-recognition technologies, the Chinese government has pioneered a system that allows dictators to watch citizens constantly and punish them instantly by blocking their access to finance, education, employment, telecommunications, or travel. The system is an autocrat's dream. With computers and cameras managing day-to-day surveillance and propaganda, security forces are free to focus on the physical elements of autocratic rule, such as detaining and beating dissidents. Whereas dictators once had to choose between internal security and economic development, now they can have both, because China's "smart city" technologies not only help control populations but also enhance infrastructure and make the trains run on time. After beta-testing its system against the Uyghur population in Xinjiang, where smart cities coexist with concentration camps, China has started supplying and operating aspects of it in more than 80 countries.⁴¹

If China's growth slows further in the coming years, as is likely, then China's government will probably double down on the repressive and aggressive policies of the past decade. The regime has already stoked Chinese nationalism, promised Chinese citizens national rejuvenation, staked out uncompromising positions on territorial disputes, issued deadlines for reunification with Taiwan, and sunk more than half a trillion dollars of taxpayer money into risky bets on foreign infrastructure. In addition, powerful interest groups—most notably, state-owned enterprises and the military and security services—have developed a vested interest in maintaining China's current strategy, which funnels money into their coffers.⁴² Great powers typically struggle to extricate themselves from foreign entanglements, especially when expansion serves elite interests.⁴³ China looks unlikely to buck this historical trend.

Conclusion

China's economic insecurity poses grave dangers to the United States and its allies. As China's leaders lose the ability to rely on rapid growth to bolster their domestic legitimacy and international clout, they will become more eager to appear tough in crises, squelch dissent, and boost China's economy by any means necessary. Rampant espionage, protectionism, a splintered internet, naval clashes in the East and South China Sea, and a war over Taiwan are only the more obvious risks of a desperate and flailing China.

These threats are near-term concerns. Many analysts describe U.S.-China competition as a marathon that will last for decades and a new cold war in which both sides will have time to marshal their resources, invest in long-term innovation, and gradually assemble international coalitions. But history and China's recent behavior suggest that the sharpest phase of competition will occur this decade, the 2020s, as Beijing tries to rush through closing windows of strategic opportunity before its economic problems set in. The most important mission for the United States and its allies, therefore, must be to prepare to blunt this coming upsurge of Chinese aggression.

That in turn requires adopting what Hal Brands and I have called a "danger zone" strategy, which would entail three basic elements.⁴⁴ First, the United States and its allies must prevent China from achieving near-term successes that would radically alter the long-term balance of power. Second, the United States and its allies must use tools and partnerships that are available now or will be in the near future rather than devoting resources to cultivating assets that will require years to develop. Third, they must focus on selectively undermining Chinese power rather than changing Chinese behavior. Instead of trying to cajole and persuade Beijing, they should focus on conducting targeted attrition on Chinese capabilities. This approach is obviously risky, but not as risky as business as usual with Beijing.

Washington's top priority must be to save Taiwan from Chinese aggression. If China absorbed Taiwan, it would acquire an "unsinkable aircraft carrier" to project military power into the western Pacific and threaten to blockade Japan and the Philippines as well as gain access to the island's world-class technology. China also would shatter the credibility of U.S. alliances in East Asia and eliminate the world's only Chinese democracy.

Taiwan is a natural fortress, surrounded by rough waters and coastline, but Taiwanese and U.S. forces currently are ill equipped to defend it, because they rely on small numbers of advanced aircraft and ships tethered to large bases—forces China can now cripple with air and missile attacks. Some American policymakers and pundits are calling on Washington to formally guarantee Taiwan's security, but such a pledge would amount to cheap talk if not backed by a revamp of actual military capabilities. Instead of issuing threats, Washington should deploy large numbers of missile launchers and armed drones near, and possibly on, Taiwan. These forces would function as high-tech minefields, capable of destroying significant portions of a Chinese invasion or blockade force early in a war. It is a strategy that capitalizes on the fact that China needs to seize and maintain control the seas and airspace around Taiwan to conquer the island, while the United States just needs to deny China that control. If necessary, the United States should reduce funding for costly power-projection platforms, such as aircraft carriers, to fund the rapid deployment of missile launchers and smart mines near Taiwan.

The United States also needs to help Taiwan revise its military structure to fight asymmetrically. Taiwan's Overall Defense Concept envisions enormous arsenals of missile launchers and drones; an army that can deploy tens of thousands of troops to any beach at a moment's notice backed by a million-strong reserve force trained for guerrilla warfare. Yet Taiwan is dragging its feet on implementing this new concept and some of its top-brass may be trying to table the initiative in favor for more traditional, symmetrical defense concepts. The United States should encourage a Taiwanese transition to an asymmetric strategy by offering to subsidize Taiwanese investments in asymmetric capabilities, donating ammunition, and expanding joint training on air and coastal defense and antisubmarine and mine warfare.

Finally, the United States should try to multilateralize the Taiwan conflict by enlisting other countries in Taiwan's defense. Japan has already signaled that it would regard a Chinese conquest of Taiwan as a mortal security threat and has drawn up joint battle plans with the United States to prevent it. Perhaps Japan could be called on to block China's northern approaches to Taiwan in a war. Australia's defense minister has said it is "inconceivable" that his nation would not join the fight as well. Now that AUKUS has linked the United States and Australia closer together militarily and will soon equip

Canberra with advanced long-range missiles, perhaps Australia could be called on to strike Chinese vessels operating in the South China Sea or assist in a multilateral blockade of China's energy imports in the event of a war. India might be persuaded to allow the U.S. Navy to use the Andaman and Nicobar Islands to enforce such a blockade, and European allies could impose severe economic and financial sanctions on China in case of an attack on Taiwan. The United States should continue to reach out to partners to commit publicly to joining a conflict over Taiwan. Even if the measures they would implement would not be decisive militarily, they could enhance deterrence by raising the possibility that China might have to fight a multifront war.

The United States must simultaneously work to prevent China from monopolizing the commanding heights of the global economy. History shows that whatever country dominates the critical goods and services of their era, dominates that era. In the nineteenth century, Britain was able to build a vast empire in part because it mastered iron, steam, and the telegraph faster than other great powers. The United States rose above other nations in the twentieth century in part by harnessing chemicals, electronics, and information technologies. China today is trying to dominate modern strategic sectors—including artificial intelligence, biotechnology, semiconductors, and telecommunications as well as strategic goods like rare earths and services like 5G telecommunications—while relegating other economies to subservient status. The role for other countries in the global economy, Chinese Premier Li Keqiang reportedly told former U.S. National Security Adviser H.R. McMaster in 2017, will “merely be to provide China with raw materials, agricultural products, and energy to fuel its production of the world's cutting-edge industrial and consumer products.”

To avoid becoming vassals in a Chinese economic empire, the United States and its allies need to take steps to speed up their economic development and resilience in key sectors while slowing China's down. They should expand the lists of technologies that they currently restrict from exporting to Beijing to cover semiconductors, AI chips, and computer numerical control (CNC) machines. They also should form an unofficial “economic NATO,” a grouping of democratic economies, anchored by the G-7, that could defang Chinese economic coercion by pledging to mutually assist one another should a member become the target of Chinese economic pressure. Members could open up their markets to goods from other members that are shut out of

China and find alternative sources of supply when members are cut off from their Chinese suppliers. The longer-term goal would be to develop supply chains among democracies that don't involve China.

Given the United States' domestic problems, some policymakers want to dial back competition with China now so that the United States can focus on repairing its democracy, economy, and public health. Those are important tasks, but the United States does not have the luxury of a respite from competition with China. As China grows more aggressive, the United States must plug holes in its defenses, and do so now.

Yet urgency is not the same thing as recklessness. The United States and its allies must balance strength and deterrence with caution to avoid goading China into a war. The United States, for example, should not impose a full-scale technological embargo against Beijing or pursue comprehensive decoupling from Beijing. Nor should it try to foment domestic instability within China through covert action programs, as was considered in the early years of the Cold War with Moscow. The United States and its allies also should encourage or ignore Chinese initiatives in areas that don't affect their vital interests. That includes most projects in China's Belt and Road Initiative. If China wants to lavish funds on bridges to nowhere in Central Asia or invest in aircraft carrier battle groups that will not have a strategic impact for decades, the United States should not stand in its way.

Making it through the 2020s won't bring an end to U.S.-Chinese competition, any more than surviving the early Cold War won that struggle. The goal should be to make it through to a less volatile and intense form of Sino-American rivalry. Such a competition may still rage across regions and last for decades. But the risk of a shooting war might dissipate as the United States shows China that the status quo can't be overturned through a smash and grab operation. The United States and its wealthy democratic allies have ample resources to win a long competition with China, but to get there they may first have to weather an intense series of crises this decade.

The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.

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2021-22 WILSON CHINA FELLOWSHIP

Changing State-Business Relations under the U.S.-China Tech War

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Abstract

The rise of China's high-tech giants, such as Huawei and ZTE, has aroused much anxiety in policy circles, leading to a recent "tech-cold war" between the United States and China. How does the movement of Chinese firms up the technology ladder influence U.S.-China relations? More specifically, can the United States weaponize its position on the supply chain effectively to contain China? Have China's businesses collapsed after the launch of the tech war? This paper starts with the state-business alliance behind China's joint venture period and the engagement with the global value chain period, when the incentives of the state and firms were often misaligned. Then it proceeds to analyze how the interruption of the global value chain acted as an external shock that reshuffled state-business relations by aligning the incentives of the state and businesses under the structure of a new technology innovation system. It evaluates how such state-business relations, in turn, influence the effectiveness of U.S. policies in the short and long run. In the short run, the tech war directly reduced the Chinese products relying on U.S. chips, but in the long run, it facilitated the re-alignment of state and business in hardware tech industries and also propelled China into a period of self-sufficiency, an import-substitution industrialization (ISI) period that it originally skipped. Furthermore, businesses in the United States and other regions (especially in East Asia) have adopted various strategies to recover broken value chains via relocation. This means that U.S. policymakers may have overestimated the leverage of their technological advantage and weaponization and underestimated the interdependence along the value chain.

Implications and Key Takeaways

- U.S. policymakers need to look into the long-term effects of the tech war instead of only short-term goals. A long-term strategy, other than blocking or disrupting the supply chains, is needed for promoting national technological competitiveness. Specifically, the United States should continue to encourage R&D in cutting-edge technology within the electronics and IT sectors (hardware as well as digital). More importantly, the U.S. should continue to attract talent from all around the world and improve its immigration policies. To combat the recent trend that

scientists, engineers and scholars emigrate to other countries or return to their home countries, the United States should design policies that make it attractive for existing talent to stay and for new talent to come to the United States in order to sustain the long-term strategy of boosting technology competitiveness.

- The U.S.-China tech war may galvanize China to unify state and business interests and accelerate their technology development by concentrating resources that were previously misallocated elsewhere. The effect of the tech war may be counterproductive for the United States.
- The ability of the United States to weaponize the supply chain is constrained by business interests both inside and outside of the United States as these businesses can relocate supply chains to the Asia-Pacific region and seek non-American equipment.
- In order to maintain its advantages on the supply chains, the United States does not only need a technological advantage in core components but also the ability to scale up the fabrication of these components with U.S. companies in order to address the problem of lacking capability of electronics production. Otherwise, the ability to fabricate core components could be used as a bargaining chip by other countries to weaken the goal of the U.S. strategy.

Introduction

The rise of Chinese tech firms and the U.S.-China technology rivalry has certainly received much attention. Yet thus far, few academic works provide frameworks to systematically capture the influence of such a tech cold war. To fully understand the impact of China's technological development and whether the U.S. response is effective, one has to incorporate perspectives from weaponized interdependence, global value chains, and government-business relations.

Without a doubt, the United States has been trying to weaponize its advantages in supply chains (e.g. core technology in chip-making) in order to restrict China's access to key components. Global value chains and production networks in high-tech, digital industries have been among the key areas where asymmetries of power and weaponized interdependence exist.¹ The hierarchical order is often ranked by a firm's position on the value chain. Higher positions usually involve more proprietary knowledge, higher profit margins, higher barriers to entry, and more bargaining power.² Therefore, the United States blocked international firms from selling their own products or U.S.-designed components to Chinese firms that are blacklisted, such as Huawei and ZTE.

A crucial question, however, remains: will such a strategy of weaponization be feasible and effective in the context of China's industrial and technology development? Existing literature has yet to offer adequate answers to this question. The "weaponized" interdependence framework captures how asymmetrical power allows states to leverage their advantages in global networks, but often assumes that businesses will go along with the state's agenda. In contrast, studies of global value chains and production networks are helpful in specifying firms' upgrading strategies in each node of production, but they are less sensitive to politics and the role of the state. In fact, the development and manipulation of supply chains for political purposes are always closely associated with both state and business actors. Bringing state-business coalitions into the analysis is thus essential. As my own earlier work and other studies have shown, the building, consolidation, or fragmentation of state-business coalitions have a substantial influence on economic policies domestically and abroad.³ Although there are obvious differences between democracies and authoritarian regimes, the state-business coalition has gained

much more influence in a globalized era where politics and economics are increasingly bundled.⁴

In order to evaluate the effectiveness of such weaponization as well as the implications for U.S. policies, one has to explore and understand the evolving state-business coalitions in China before and after the tech confrontation and the disruption of the supply chain. The next section started with the state-business relations before the US-China trade war.

State-Foreign Joint Ventures Under “Market in Exchange for Technology”

When China initially open up for foreign investment, the major approach of striking an alliance is forming joint ventures between Chinese state-owned enterprises and foreign firms facilitated by the state under the rubric “market in exchange for technology (以市场换技术).” The term originated from China’s automobile industry in the early 1980s and was later widely used as the central tenet in support of policies for encouraging inward foreign investment in most manufacturing industries. The main argument was that by allowing foreign investment to enter the domestic market, China could use its huge domestic market as a powerful bargaining chip for the introduction of advanced technology.⁵

The China Joint Venture Law stipulated that such technology and machinery should be advanced and “appropriate to China’s needs,” and that when foreign investors intended to cheat the Chinese partner with “backward” technology and machinery, they should be compensated.⁶ The 1986 “Decision of the State Council to Encourage Foreign Investment” further provided these enterprises with lower charges of basic utilities, priority loans from the bank, and a wide range of tax exemption policies.⁷ Any joint ventures with at least 25 percent of the shareholding from a foreign firm can be categorized as foreign-invested firms (FIEs). Typical JVs between China and United States included Shanghai GM, and beyond the United States in the hardware high-tech sector, there were many examples, such as Beijing Panasonic, Shenzhen SEG Samsung, Shanghai Philips, and the investments of Huajing and Huahong in the “908 Project” and “909 Project.”⁸

Joint ventures, however, turned out to be difficult marriages, due to a range of factors such as conflicting firm cultures and the divergent business goals

in profits or amount of production. But most fundamentally, the key logical assumption behind “market in exchange for technology” was challenged. Foreign firms followed the plan from their parent company and prioritized their dominance of China’s market. They had no intention of conducting real R&D in their China branches. Yet the China side assumed that the market would provide enough leverage and incentive for technology transfer. When the China side sought to establish their own R&D branch within the joint venture, it was discouraged from the foreign side. But more often than not, the Chinese SOEs also did not have enough incentives to push forward for learning as they were accustomed to the state handing them the resources without taking their own initiative to learn.⁹ The slow-moving feature and the lack of incentive to improve efficiency means that once the production line was finally in place, technology already marched to a new generation where the older generation of products was hard to find a home.¹⁰

The Chinese state and municipality governments certainly participated in many negotiations to place pressure on the foreign side for technology transfer, but they themselves also came to realize that direct technology transfer or R&D in key technology was unlikely to be done through the JV format.¹¹ Therefore, the state often acted as a thankless matchmaker or broker between domestic firms and foreign partners, although such marriages often turned out to be too difficult to produce results.

Because the state’s focus was on acquiring modern technology from foreign firms through forming joint ventures with state-owned firms, they paid little attention to indigenous private firms or start-up firms during this period and did not set them as a priority for overall state policy. However, the latter in general had far more incentives for technology learning and innovation than the former. Therefore, it can be argued that the state’s effort was wrongly placed on the JVs between domestic SOEs and foreign firms.

Fragmenting State and Business: Global Value Chain and the Barrier to Indigenous Innovation

Between the 1990s and the mid-2000s, as China further opened up and decentralized authority of foreign investment and trade to localities, China was further integrated into the global value chain. As localities started to

build thousands of development zones for FDI attraction, governments at the central and local levels also started to form coalitions with foreign firms. Government officials provided a wide range of preferential policies in terms of tax breaks, funding, utility, and land discounts. Bureaucrats from various departments went out of their way to attract investment in a beehive campaign mode.¹² China thus rose to be the largest manufacturing house and exporter in the globe. It was also during this wave of global offshoring that technology hardware industries or the ICT industry (such as computers, tablets, mobile phones, etc) rose to be the major exporting sector in China and across the globe. Lead firms such as Apple, Intel, Foxconn, Nokia, Samsung, and Philips all outsourced or offshored their production.

By the mid-2000s, however, most of China's engagement with the global value chain was at the bottom segment, focusing on processing and assembly, generating razor-thin profits and relying on sweatshops. The situation raised alarms among observers and the Chinese central state (ministries and central leaders), who proposed an "indigenous innovation" program in 2006 that sought to promote the indigenous innovation of Chinese domestic firms and pushed them up the value chain.¹³

Since then, China experienced a complicated period during which government officials in different bureaucracies started to cultivate and advance the interests of their own business clients. On the one hand, with the fall of JVs and the increase of wholly-foreign owned enterprises with direct offshoring, officials in the internal commerce coalition sought to cultivate a friendly environment for foreign firms and encourage expansion of their investment and production. On the other hand, officials promoting domestic technology and indigenous innovation also sought to promote domestic firms (which were their clients) with available resources in preferential policies. As a result, the types of global value chains that took shape across China generated very uneven regional patterns, with some much more suitable for indigenous technology progress than others.

The overall ecology of production in the tech sector before the 2018 trade and tech war, however, was heavily influenced by the hierarchical logic of production along GVC created by firms in western countries, especially the United States. In such a hierarchical order, the higher a firm's position on the value chain, the higher a profit margin a firm could receive and the stronger its

bargaining power over prices. Higher positions on the value chain also mean more proprietary knowledge and a higher barrier of entry for competition. An upper-level producer, unless upgraded to an even higher position, has incentives to refrain from transferring proprietary knowledge to firms at lower levels so as to prevent sublevel suppliers from directly competing with itself. A firm that sought to outsource production activities down the value chain would have fewer obstacles than a firm that sought to move up the value chain. The hierarchical order that was broken down in a corporation was re-established at the global level. In such a hierarchical order, U.S. firms (together with other OECD countries) occupied the top of the value chain, whereas Chinese firms which sought to climb up the tech ladder had to fight an uphill battle. It was much easier for them to expand their production lines at the bottom of the value chain rather than climb upward to compete with their western clients.

Although, as mentioned above, indigenous firms may have the support from the officials who seek to provide domestic tech upgrading, the overall ecology of production works against Chinese firms from making direct progress on key technology. Bureaucrats in charge of promoting tech innovation in the electronics and IT sector had complained about the lack of incentives from the firms' side, even when they actively provided funding for firms to apply for patents or conduct R&D.¹⁴ While most firms acknowledged the importance, both the risk and the cost of developing technology and creating new markets against the competition from global incumbents were too high.

Therefore, when Premier Li Keqiang launched the “Made in China 2025” plan, it was as much a compromise as an ambitious plan. While observers tend to place the plan in the same category as those that sought to turn China into a technology powerhouse—such as the “indigenous innovation” and the mid-to-long-term science and technology development plan, the essence of “Made in China 2025” was different. Among other aspects, the plan emphasized advanced manufacturing instead of cutting-edge innovation (thus not “Innovated in China 2025”). Instead of getting rid of the label of “Made in China,” which is often associated with cheap, low-quality production, “Made in China 2025” sought to take advantage of China's manufacturing capacity in the GVC and boost some key industries such as new materials, equipment, and green energy. The plan included objects

broader than conducting R&D in crucial, key technology, as the latter did not always succeed.

Firms such as Huawei and ZTE grew from small to large under such an environment in the electronics and IT sector. With state-owned, private, and foreign firms all entering the sector, the structure of the value chain was such that major semiconductor chips, memory cards, touch screens, and Bluetooth systems were designed and produced in foreign countries, with Chinese firms all located at the bottom of the value chain. While most of the firms in the electronics and IT sector devote resources to conduct R&D, at a percentage often higher than other industries, the decisive role of the global value chains and power asymmetry still pushed the Chinese firms to the bottom, where competition was extremely fierce. In order to carve out markets at the lower niches that were not directly in competition with foreign companies and thus also reduce the dependent relationship, Chinese firms fought aggressively with each other for market share in domestic China and abroad (such as South Asia, Southeast Asia, and Africa). For example, some of the seemingly ambitious concepts associated with Huawei, such as “wolf culture” and “mattress culture” were all developed to describe the aggressive battles that the firm had to fight with its competitors, the most important of which was ZTE. Internal interviews indicated that the competition between the two firms was so intense in the decades from the late 1990s to the late 2000s that sometimes if one side lost a market to another, the former’s regional market manager would be fired.¹⁵

Emerging at the same time were numerous start-up tech firms during this period supported by policy packages in the high-tech zones. While some indeed involved cutting-edge technology, especially those who returned from Silicon Valley, it was hard for them to scale up without industrial buyers. Most demands still went to incumbent firms in OECD countries with mature products. Thus the approach of engaging with GVC while pushing for technology upgrading and innovation through competition seemed to be a plausible strategy for domestic firms in China, but in reality, the focus almost became horizontal expansion at the same node of the value chain. This was the case even for firms such as Huawei and ZTE, who were aware of the importance of technology.

The U.S.-China Tech War in Two Rounds

Precisely because of such a hierarchical structure and unequal power, the United States was able to weaponize its global supply chains. In April 2018, the Commerce Department banned U.S. chip exports to ZTE, claiming the Chinese communications company had violated a 2017 settlement on illegal ZTE exports to Iran and North Korea. Afterward, the United States also issued a ban on exporting chips to Huawei and other Chinese companies. The first round came in 2019, when the United States prohibited firms from providing hardware and EDA software to Huawei and Chinese companies on the U.S. Entity List. However, the first round had many loopholes with the hardware, as third parties can still provide Huawei with U.S. products. It was also during this time that Huawei started to stock up chips. The second round of the tech war made sure that no part of the supply chain touched China and no third-party firms could use American equipment to manufacture components for exporting to China. This was a much stricter ban and had major disruption on the global supply chains, and such disruption has fundamentally reshuffled state-business relations. In addition to the export ban, the Federal Communications Commissions (FCC) also issued a ban on U.S. telecommunication industries purchasing products from Chinese companies (Huawei, ZTE, Hytera, Hikvision, Dahua) inside the United States.

China's Counter Strategy and New State-Business Relations

The launch of the tech war and the cut-off of supply chains for businesses such as Huawei and ZTE have given rise to techno-nationalism in China. As mentioned above, before the tech war and under the “Made in China 2025” plan, China avoided head-on competition in tough tech components such as computers and mobile phone chips. Instead, it sought to use manufacturing to break into emerging areas where China still can be a leader, and aimed to establish China as a major global competitor in advanced manufacturing. Yet after the tech war, the often taken-for-granted supply chain was no longer there, and the focus on core, crucial technology has re-emerged in national policy and narratives. Furthermore, unlike the 1990s, forming joint ventures

in chip manufacturing was no longer an attractive option. Rather, directly conducting R&D and exploring chip-related technology in hardware industries were strongly encouraged, as these were identified by the central leadership as the choke points for China's technology survival. A nationwide system of innovation has been developed.

After the Chinese tech firms were put in the spotlight in U.S.-China competition and their success or failure was interpreted as a matter of national survival. The Chinese state leadership recognized the importance of supporting high-tech firms and digital technology. The pressure from the United States has galvanized Chinese businesses and the state to carry out more intensive R&D and raised a strong sense of urgency. China started to build a national ecosystem that runs at multiple levels and connects numerous actors for technology innovation.

At the national level, the state has provided support for businesses to make a faster technology leap in chip-making, investing \$29 billion in initial funding.¹⁶ In late 2020, the Politburo held a collective study of quantum technology and emphasized the importance of having a major breakthrough in core and crucial technology. The 14th Five Year Plan also devoted significant attention to creating a nationwide system (*juguo tizhi*) that supports science and technology development, which is the only place where a "nationwide" system is mentioned in the plan. Although the support of science and technology is not new and can be traced back to the establishment of the country, the emphasis in recent years has been on the "central role" of businesses and firms rather than pure research institutions or government agencies such as the ministry (bureaus) of science and technology.

Vertically, this means that the local governments (at the provincial, city and the district levels) would provide capital investment for major projects, offer funding or rebates for R&D cost, implement tax breaks, and attract talent from a highly-educated pool. Horizontally, this means that with firms occupying the major role in research and innovation, the system connects interactions with numerous other entities, including high-tech development zones, high-tech parks, incubators, research institutions, and universities. In some selective cities, the administrations of high-tech industrial parks have risen to be on par with city governments, and sometimes they were referred to directly as high-tech district governments.

At the same time, firms are embedded in the ecosystem through multi-tiered institutions, seeking to avoid the previous situation of applying one method to all kinds of entities (*yi dao qie*). Among high-tech firms, some firms are much larger and stronger, such as Huawei, and others are smaller, start-up firms. Among the smaller firms, there are initial start-up tech firms, gazelles (those that passed the initial risky periods and have entered high-growth periods) and unicorns (those that were valued at over \$1 billion). The tiered ranking has been used by local governments and industrial parks. Different tiers of firms involve different evaluation criteria for acquiring government funds, and the higher the stakes are, the more comprehensive the evaluations are. For higher stake projects, the evaluation process involves departments such as bureaus of finance, science and technology, and environmental protection, as well as independent experts from these areas.

Therefore, at least in the area of promoting high-tech firms (but not necessarily in other areas), local governments are still responding strongly to central government signals. For example, as soon as chip-making became a trend since the start of the U.S.-China tech war (similar to what solar panels and electrical vehicles used to be), local governments were reported as giving up on real estate sectors (which contained many bubbles) and invested billions in chip-making so as to gain central funding and to increase investment and revenue.

An important difference before and after the tech war was not only China's enhanced effort in developing chip technology, but the re-alignment of interests among different parties. As mentioned above, prior to the U.S.-China tech war, competition between Huawei and ZTE was fierce. Yet in face of a bigger challenge from the United States, overcoming the technology bottleneck became the priority. Huawei not only front-loaded orders with TSMC, but also started chip fabrication using Chinese equipment vendors (such as Shanghai IC R&D center). The company also invested in domestic EDA (Electronic Design Automation) startups to deal with the technology pressure for chip design.¹⁷ Between 2018-2020, Huawei cut 1,600 personnel in non-R&D areas and acquired 2,500 personnel in R&D.

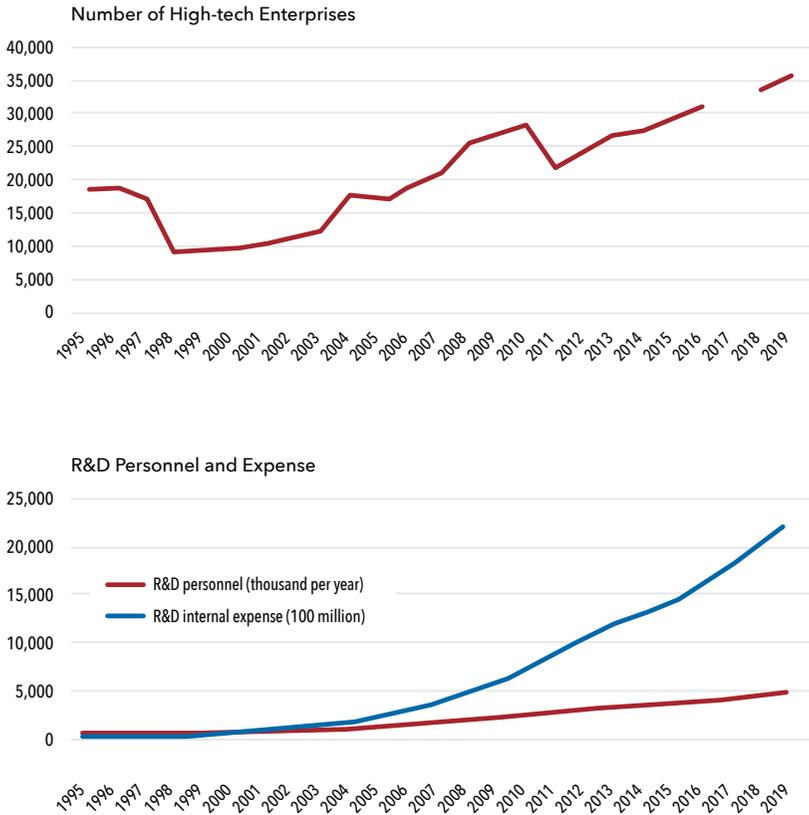
In addition to firms that were directly impacted by the tech war, such as Huawei, there were also many startup firms. Many of these high-tech startups focused on cutting-edge technology during the Hu-Wen era and before the

tech-war experienced a significant change. When core tech components were readily available from the United States (such as Intel or Qualcomm) prior to the breakdown of the supply chain, it was hard for these Chinese startups to convince any customers to purchase their products. As one manager interviewee asked, “Why would I bother taking risks to try out unstable new products rather than purchasing chips from established chip makers?” Startup firms lacked any feedback for technology improvement or opportunity for scaling up their markets. With the tech war taking place, Chinese firms immediately started to look for their potential domestic backup suppliers and turned to these high-tech startups that they previously ignored, which directly stimulated the demands for products from these startups.

The acceleration of development in high-tech hardware did not imply the immediate success of China in this regard, especially given the uncertainty, risks, and difficulties associated with these industries. The recent collapse of the 100 billion yuan HSMC chip project in Wuhan was a clear case where both local governments and the experts in chip-making were cheated by a team of outsiders who persuaded the district government of Wuhan to make the investment but covered the actual debt in the money-raising process. When the project was found to be fraudulent and collapsed, the team took part of the money and fled.¹⁸ Similar processes took place in Anhui province and other localities.¹⁹ This phenomenon, later regarded as cheating to obtain government subsidies (*pian bu*), showed that in order to make the state-led development work, it is important to have basic knowledge in semiconductor, electronics, AI and other industries in the decision-making process for local officials when making investment and allocating resources.

Despite these initial problems and even considering a high proportion of failed projects, the emergence of such a multi-layered nationwide innovation system that expanded vertically and horizontally at a rapid speed will overall likely accelerate the pace of innovation in areas deemed as crucial technologies, such as integrated circuits, AI, and quantum technology. Although under the Xi regime, key decisions such as approving developing zones and other major economic and social initiatives were more centralized, in terms of supporting hardware tech firms’ innovation behavior, the Chinese state has been consistent. And although other policy areas can experience policy disruptions due to changes of priorities, the state has carved out a relatively safe

FIGURE 1: Number of high-tech enterprises, R&D personnel and expenses



Source: *China High Tech Industries Statistical Yearbook*; *China Science and Technology Statistical Yearbook*

space for hardware high-tech industry, with support in the format of capital, fixed assets and tax breaks.

Crucial to this consistency and relative stable space for high-tech development in hardware is China's understanding of the "high-tech" industry. Unlike western countries, which often equate tech firms with online-platform companies or digital giants such as Amazon, Google or Facebook, China's understanding and pursuit of core, crucial technology lie in the hardware tech parts, and their ideal role models are companies such as Apple and Intel. An overview of China's high-tech industry catalog also conveys a similar meaning: technology needs to be combined with industries that produced tangible products. Companies with digital technology such as Alibaba, JD, Didi and Tencent developed fast, but they did not fall into the usual category of high-tech industries in China. The rise of digital companies deserved a separate space for study, but these companies, with access to digital data and private information and succeeded mainly due to their first-mover advantages in collecting rents, were major targets of state control, rather than a major target for high-tech development.²⁰

Observers have recently pointed to China's crackdown on tech firms to point out that there are risks associated with increased state control. As mentioned above, one has to pay attention to China's definition of "high-tech" firms, which specifically focuses on hardware technology and such definition is different from the west. Firms such as Huawei, ZTE, SMIC fall into that category. Not all internet firms or their affiliated firms undoubtedly fell into that category (e.g. Alibaba and Baidu), except for specific sub-divisions that invested in R&D in technology (e.g. AI). However, for any parts that are directly related to online platforms only, hence involving data management and security, or sectors that come with potential bubbles such as finance (e.g. Ants Group) or real estate, regulation was quite different. In the hardware technology, which is the focus of the paper, the state issued more supportive policies to attract business investment and encourage R&D, rather than direct crackdown. Therefore the potential pitfalls involved in supporting these sectors are the usual ones associated with government intervention in industrial policies, corruption and information asymmetry, as mentioned above through the local examples. For digital and online platforms, the risks are new for the state and the regulations are considerably tighter.

Implications for United State's Policy Effectiveness

The launch of the tech war had the overall goal of containing China's technology competition or convergence with the United States, with both economic and security concerns. Thus far, U.S. strategy has mainly been cutting off supply chains. The most recent move was placing restrictions on start-up firms worldwide (such as Xpeedic) to provide or invest in technology for EDA tools in China. While the cutting off of the supply chain may work to reduce products from Chinese firms in the short run, the long-term effects were more worrisome.

In the short run, the disruption of the supply chain has been effective in directly reducing Chinese products that involve using these core components. Huawei's mobile phones sales plunged in 2020 and 2021 and its smartphone market shares shrank in China, showing the direct influence of the U.S. ban on chips.²¹ In fact, the export ban was said to produce a harder than expected hit on Huawei's revenue.²² To mitigate the influence, Huawei sold its Honor brand to a consortium of businesses backed by Shenzhen. Therefore, despite Huawei's shrinking markets, if one combined both Huawei's and Honor's shares in 2021 (20 percent), it still surpassed Apple (16 percent) in China's domestic markets, but definitely was superseded by Vivo and OPPO, two other Chinese smartphone brands.

We do need to be more concerned, however, with the longer-term influence from the weaponization of the supply chain and evaluate its effectiveness. First of all, the longer-term influence on China is quite mixed and complicated. Compared to the JV period, when the state chose an inappropriate ally, and the GVC period immediately before the tech war, when businesses that cared about core technology development were embedded in the wrong structure, the urgency for investing in and developing choke point technology seemed to be quite convincing and attractive to the business community and local governments. Furthermore, the cutting-off of the supply chain also forced businesses to be more reliant on the state. Both the pull and push sides propelled a re-focus on hardware technology. Although success or failure was highly unpredictable, at least the rise of techno-nationalism (or tech alarmism), state-business alliance, and reshuffling of the structure of production were all in place. In the process of economic and technology catch up, the East Asian developmental states of Japan, South Korea and Taiwan had all experienced

an import substitution industrialization (ISI) stage, where infant industries were protected from international competition. China's domestic reform and opening to outside almost took place at the same time, which meant the country skipped this stage in the post-Mao era. The disruption of the supply chain and return to self-sufficiency may entail the start of a delayed ISI stage, even though it is currently termed as a dual circulation strategy.

China, however, is fundamentally different from its East Asian neighbors. Although the United States had witnessed the rise of tech firms in Japan, South Korea and Taiwan, and even offered economic and security aid during the cold war period, the rise of Chinese tech firms has different implications.²³ These firms were reported to be connected and supported by the Chinese authoritarian state, and China now plays an opposite geopolitical role compared to its East Asian neighbors. Furthermore, the hardware technology that China seeks to develop currently is closely connected to 5G and AI technology that Chinese firms will continue to develop and has gone beyond "shallow" products into "deep technologies" that affect countries' economic, political, and security matters.²⁴ This means that the Chinese firms' move up the value chain will further intensify the threat perception of U.S. policy elites and their desire to weaponize the supply chains. This policy would in turn push China to develop indigenous technology domestically, leading to stronger techno-nationalism and state-business collaboration, thus wiping out foreign firms' influence in telecommunication and unleashing a vicious cycle in U.S.-China relations.

Second, businesses in the United States and other countries may not be aligned with the U.S. government. Historically, the U.S. government does not necessarily have easy control of businesses' behavior during sanctions.²⁵ As mentioned in the previous GVC stage, U.S. firms were beneficiaries due to their top positions on the value chain, which allowed them to reap huge profits from providing core components, and the China market was still attractive. Companies like Flex, Broadcom, and Qualcomm were the largest revenue makers from Huawei, earning around 6.2 billion yuan each year. Meanwhile, firms like NeoPhotonics were the most dependent on Huawei, with 48 percent of the company's revenue deriving from Huawei. Not surprisingly, U.S. firms worried about unfair competition with foreign rivals that were not banned from conducting trades with Chinese firms and urged the U.S. government

to approve non-sensitive component sales.²⁶ For example, the Huawei ban alone is estimated to result in a \$30 billion revenue loss on the U.S. part.²⁷ Therefore, at least in the digital and telecommunication industries, the initial reaction of the U.S. firms was that they had an interest in continuing to trade with Chinese firms due to their different positions on the supply chain. More recently, according to interviews, U.S. firms learned to accept the fact of the tech war and were exploring markets outside of China and shifting their supply chains in case the tech war lasts for a long time. However, this process was going to take a long time without guaranteed success.

Because of business interests, the long-term monitoring cost was also substantial. The major unit in charge of the Entity List and the export ban is the Bureau of Industry and Security (BIS) under the Department of Commerce, which may not be able to watch over all transactions and products. Thus from time to time, the major tech firms were supposed to submit their supply chain information for the state's review, which may be against the will of the businesses.²⁸ While various industrial associations may be able to help, prioritizing certain firms while excluding others was against the principle of open trade, standard development and neutral technology that most industrial associations advocated for.²⁹

The picture is also quite different when supply chains beyond the United States and China are taken into consideration. Although political leaders in European countries seemed to be more on board with the U.S. tech war in the Biden administration compared to the Trump era, overall uncertainty is high. Particularly, perceiving possible disruption in the GVC involving the United States and China, companies will try to take supply chains to regions out of the United States and into other regions to maintain production stability, especially the Asia Pacific region. In fact, the very success of Apple itself during the Covid period precisely lies in its increase of supply chains in Asia rather than in the United States. The equipment producer, KLA, also attempted to offshore to Southeast Asia by not using American equipment.³⁰ This implies that direct offshoring of production to Asia or China without selling core components to Chinese companies can become the dominant trend, through which U.S. companies' success becomes tightly bounded with development in Asia by using non-American equipment, thus starting their de-Americanization process. Another important player is of course Taiwan's

TSMC, which has been wedged between the politics of the United States and China. Although TSMC could not sell chips to firms on the entity list anymore, there has been major talent flowing from TSMC to the Chinese mainland in several major semiconductor projects in Shanghai and Wuhan.³¹

South Korea is another example. The country's four big companies, Samsung, Hyundai, SK Group and LG, are under pressure to manufacture semiconductors and batteries in the United States, largely due to the shortages of chips partly resulting from the stocking strategy in the tech war, the outbreak of Covid-19, and the fundamental lack of ecosystem for electronics production.³² The Korean firms, in turn, have lobbied to get export licenses to supply U.S.-blacklisted Chinese companies, such as Huawei and chipmaker Semiconductor Manufacturing International Corp (SMIC).³³ Under such pressure, the U.S. Department of Commerce did grant them licenses, which directly countered the United States' own goal of blocking Chinese companies from having the key components.

These factors jointly suggest that in the current era, the U.S. government cannot single-handedly block off everything to create an export vacuum for Chinese firms because there are business players both in and outside of the United States that still seek to recover the broken supply chain. While the United States did maintain its overall technology advantages, the recent chip shortages indicate that technology advantages themselves are no guarantee of effective weaponization of the supply chain, as the United States also depends on business actors to manufacture high-tech products. The level of interdependence along the supply chain was higher than expected by U.S. policymakers. The United States could increase its control over the business if it seeks to continue weaponizing the supply chains. However, over the short- to mid-term, this is unlikely to succeed and may cause further backlash from businesses. Furthermore, as shown in this paper, continued sanctions will propel China to accelerate its pace of core technology development.

Therefore, a long-term strategy is needed for promoting national technological competitiveness other than blocking or disrupting the supply chains. More specifically, the United States should significantly increase R&D in cutting-edge technology in sectors such as electronics and IT (hardware as well as digital). More importantly, the U.S. should continue to attract talent from all around the world and improve its immigration policies. Against the

recent trend that scientists, engineers and scholars emigrate to other countries or return to their home countries, the U.S. had to design policies that made it attractive for talent to stay and for new talent to come in in order to sustain the long-term strategy of boosting technology competitiveness. In addition, the U.S. does not only need a technological advantage in core components but also the ability to scale up the fabrication of these components with U.S. companies.

The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.

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TikTok, *Mulan*, and the Olympics: Contesting Content Control through Trade in the U.S.-China Relationship

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Abstract

Since the beginning of the COVID-19 pandemic, China's entertainment sector has radically grown in its influence in the United States. China became the largest global theatrical distribution market. At the same time, Chinese social media platform TikTok moved from a fringe app to one of the most dominant players in the U.S. social media landscape, despite national security concerns voiced by both the Trump and Biden Administrations. The following paper outlines Chinese government content control regulations shaping the U.S. market as Chinese influence on the U.S. entertainment industry increases. It then identifies the most prevalent forms of content control and the corporate rationale for such actions. Finally, the paper offers policy proposals that reflect potential options for the U.S. government to reshape this dynamic. Ultimately, the paper argues that for the United States to effectively contend with the challenge of Chinese firms influencing content in the U.S. entertainment industry, the United States must grapple with the relationship between free markets and freedom of expression domestically.

Implications and Key Takeaways:

- The United States needs to reevaluate the relationship between freedom of expression and the free market. Chinese firms controlling content via algorithm as well as Hollywood studios following international content control restrictions reflect a prioritization of free market interests. U.S. consumers are alienated from how and why the media they consume gets to them. This is not an issue of U.S.-China relations, but rather an issue of lack of transparency in the U.S. tech sector.
- The United States should expand state-level data security regulations nationally to protect consumers of digital entertainment in the United States from predatory data usage by both domestic and international firms.
- Building on national data security regulations domestically, the United States should work with allies and partners to establish multilateral alliances for data storage and security standards.

- Next, the U.S. government should recognize that tech algorithms offer a strategic national security asset as the Chinese government has done. They ensure both protection of long-term economic gains and military strength. It is thus important to work with tech firms to identify ways to limit the export of critical algorithms.
- To track content control practices, the United States should implement new regulations requiring content reporting and takedown notices from non-U.S. actors.
- The U.S. government should explore limiting investment by Chinese media and tech firms operating in the United States. Such financial pressure may offer the chance to renegotiate access for U.S. media and tech firms in China.

Introduction

Entertainment changed during the COVID-19 pandemic. Consumption of filmed entertainment dropped as theaters closed out of pandemic precautions, while social media platforms like TikTok saw a 75 percent growth in new users. Yet this practice of substituting one form of entertainment for another, while seemingly just another pandemic adaptation for most consumers, had significant implications for China's ability to shape the U.S. entertainment landscape and draw clear national security benefits from that influence.

In the wake of the COVID-19 pandemic, the United States faces a new entertainment environment. The Chinese market is the largest theatrical distribution market in the world. As I argue in my book *Hollywood Made in China*, Hollywood studios must cater to the financial interests of Chinese government regulators alongside global audiences to make their profits. With China's ascendance as the largest market globally, Hollywood studios now have a clear financial incentive to work with Chinese regulators, even as that market has increasingly complex conditions for access. Yet operating in parallel with China's increasing influence in the shrinking US theatrical entertainment market is the power of Chinese-owned social media entertainment platforms. TikTok, WeChat, and others are shaping users' entertainment experience. They harvest transfer valuable data resources available to Chinese government. This occurs through national security audits, civil-military fusion, corporate pressure, a seminal practice in advancing China's global digital sovereignty I refer to as "trafficking data."¹

At its core, the challenge of content control via trade is an issue at the very center of U.S. interests in an economy with free trade and freedom of expression. It operates at the center of what Karl Popper described as the "paradox of tolerance" where unlimited tolerance leads to the disappearance of tolerance because it enables the emergence of authoritarian practices.² The following paper outlines Chinese government content control regulations shaping the U.S. market as a result of U.S. tolerance of and support for a free and open market economy as well as freedom of expression by U.S.-based content producers. It then identifies the forms of Chinese content control in the United States that are most prevalent with relevant examples. The paper follows the standards of content control with corporate rationale for such actions. Finally, the paper offers policy proposals that reflect potential options

for the U.S. government to reshape this dynamic, recognizing the importance of preserving an environment of tolerance both in the present moment and in the long-term.

Entwined financial interests in media and entertainment production infrastructure in China and the United States have yielded a system where Chinese national champions can grow domestically. Restrictions on U.S. firms in China have led to reduced access to the Chinese market. China's national theatrical distribution market size enabled it to grow into the largest market in the world following a rapid progression of investments in film distribution capacity.³ In 2020, China became the largest film market in the world,⁴ a position it retained in 2021⁵ as the U.S. recovery from the COVID-19 pandemic lagged behind China's.⁶ Meanwhile, patriotic fare such as the Korean War epic *Battle of Lake Changjin* powered China's roaring box office performance.⁷ Without the protections of the U.S.-China Film Treaty,⁸ which expired in 2017 under the Trump Administration, U.S. films had limited access to the Chinese film market in 2021, with no Marvel Cinematic Universe films released in China.^{9,10}

In parallel, PRC-based entertainment and communication platforms grew domestically in the U.S. and China. At the same time, U.S. tech firms saw a decrease in their already anemic Chinese market share. TikTok and WeChat survived Trump Administration Executive Orders^{11, 12} to continue their operations in the United States with the support of enthusiastic users of the platforms as well as the U.S. legal system.¹³ Beijing-based platform TikTok, a subsidiary of Beijing-based Bytedance and the international counterpart of Chinese social media platform Douyin, grew from over 11 million monthly users in in 2018 to over 100 million in 2022¹⁴ in the United States. By contrast, Microsoft's LinkedIn, the last US social media platform standing in China, exited the market at the end of 2021.¹⁵

China's rise in the media and technology sectors aligns with long-term goals expressed in the 12th, 13th, and 14th five-year plans.¹⁶ They also align as parallel parts of a vision for China to become a "*qiangguo*" (great power) across different areas of strategic competition. The Chinese government has singled out film and tech as two areas of interest for this great power competition: the film and tech realms. Specifically, the goals are for China to become a "*dianying qiangguo*" (great film power) and a "*wangluo qiangguo*"

(great internet power) by 2030.¹⁷ With that vision in mind, the Chinese government's efforts to influence content in the media and tech sectors in the United States appear to be not merely a financial strategy for global companies seeking to expand their wings but an explicitly conceived framework for great power competition.

Data Control as Content Control

Data control practices implemented by the Chinese government first created punishing restrictions for foreign firms operating in China that impacted their international business. This was followed by explicit efforts to control digital content outside China's borders. In 2017, the Chinese government instituted a Cybersecurity Law (*wangluo anquan fa*) that asserted that all "critical information" should be controlled by Chinese state-owned firms.¹⁸ Linking issues of content control and data security, regulators have also used the phrase "core socialist values" (*shehui zhuyi jiazhi guan*) to nationalize foreign corporations' data storage facilities through the law.¹⁹ The law structured China's data as a fixture of its national security apparatus. It established the government's role in the governance and control of critical national data. Corporations like Apple, operating in China but generating data locally, partnered with Chinese state-run corporations to store their data.²⁰ Apple set up a data-sharing partnership with Guizhou Yunshang in Guizhou province after being the subject of a lawsuit immediately after the law took effect and moved its China iCloud data to Guizhou Yunshang servers.²¹ Still, in a move that proved to be prescient of future Chinese government efforts, there were reports of the iCloud data of U.S.-based iCloud accounts being swept up in the Apple data transfer.

In 2020, following the implementation of the 2017 Cybersecurity Law, the Chinese government introduced a draft of the 2021 Data Security Law. The 2021 Data Security Law expands on the 2017 Cybersecurity Law by laying out a more precise data access procedure.²² This process formalizes government access to data, which the Chinese government introduced via its principles of military-civil fusion and the 2017 Cybersecurity Law. It creates a framework through which the government can access data generated by a company in China via national security review. It also empowers and mandates all

government agencies to develop their data audit procedures according to the industrial sector they represent. But perhaps most importantly, the Data Security Law makes these laws apply to all Chinese companies everywhere, not just to firms operating in China.

This global reach has multiple implications. First, the national security review of data becomes explicit—not just for local firms but also for international firms with data stored in China. Corporations must be willing and able to make their data available for a national security review at any time.²³ The Data Security Law further expands China’s extraterritorial enforcement of its data oversight mechanisms. This law subjects corporations to national data gathering, linking corporate data with data gathered by the nation. It implies that data collected by any Chinese firm worldwide becomes subject to Chinese national security review oversight.²⁴ The Data Security Law’s extraterritorial scope reflects the increasingly international scope for Chinese jurisprudence.

In parallel, the Chinese government implemented national security oversight over algorithms developed by Chinese firms that the firm seeks to export to another country. Chinese tech firms that are China-dominant in their data gathering have a clear market incentive to localize their global data in China. Such an approach enables them to develop the most efficient algorithms they can with larger volumes of data because of the difficulty of exporting algorithms due to national security controls.

The Standing Committee of the National People’s Congress passed the Law of the People’s Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region in 2020. Hong Kong national security law integrates control of content, infrastructure, and extraterritorial oversight. Article 38 of the law also provides for extraterritorial enforcement of national security review, which applies to the Special Administrative Region’s technology sector.²⁵

How U.S. Corporate Dependence on the Chinese Market Enables Content Control

While China’s content control regulations are national laws, when combined with trade in the media and technology sectors with the United States, they

functionally become international content regulations. The following sections examine how trade within the United States and China shapes content offerings by the U.S. media and technology firms in China and the United States.

The first way China's content regulations become global is the dependence of U.S. firms on China for market access. This takes place in both direct and indirect ways. Firms might shift the type of content they create to access the Chinese market. In practice, this can mean adjustments strictly for the Chinese market such as changes in the endings of *Fight Club* or *Winnie the Pooh* for Chinese market access. The Shanghai-set animated blockbuster *Abominable* (Jill Culton and Todd Wilderman, 2019) was released in September 2019 with high expectations for its global market performance. The film, about a young girl from Shanghai's emerging middle class and her abominable snowman pal, offers a global, cosmopolitan view of China's film industry. That is, until the film displayed a map of China's contested South China Sea maritime claim. This moment would eventually cause Vietnam, Malaysia, and the Philippines to ban the movie. Critics in the United States roundly panned the visible influence campaign in the film, but it went on to achieve box office success.²⁶

However, market concerns with respect to content control are not the only limitations. There are also broader considerations concerning market access. For example, both Disney²⁷ and Universal have significant capital investments in China in theme parks. The firms are minority stakeholders in both enterprises and depend on their relationship with the Chinese government to continue operating in China. These two major Hollywood studios face a consistent bind between maintaining their political relationships within China and the type of content that they release globally. Objectionable content presents a challenge not just for Chinese regulators in content industries but also for theme park operators.²⁸

This comes out most clearly in the case of NBC Universal, which is the U.S. broadcasting home of the 2022 Beijing Olympic Games. NBC Universal must contend with the risk that its coverage runs afoul of Chinese regulators not just concerning access to the 2022 Olympic Games, but also in questions of access to the Chinese market for the company. To mitigate these risks, NBC will not send reporters unfamiliar with the constraints of operating in China to Beijing, instead covering much of the Games from a studio in the United

States. NBC reporters based in Beijing will also cover the Games from outside the Olympic bubble. However, NBC's access to the Games and the stability of its theme park investment both are vulnerable due to the sensitive nature of the Olympic Games in China's international image.

Unlike in the media industries, market dependence in the tech sector takes the form of desired access to the Chinese tech sector and the modes of access for Chinese firms operating in the United States. U.S. tech CEOs have historically been willing to make significant market access concessions to access the Chinese market. Mark Zuckerberg met with then-Chinese internet regulator Lu Wei and had Xi Jinping's speeches on his desk. He later asked Xi to name his first-born child (an honor Xi immediately declined). In addition to storing its data on Chinese-government-run servers, Tim Cook legitimized China's Wuzhen Internet Conference, a Chinese-led site for consensus-building around digital standards, by speaking at the conference in 2017.²⁹ However, with increasing Chinese government data security regulations, the space for U.S. firms willing to share data with Chinese regulators has shrunk.

Instead, an emergent challenge is the advocacy of U.S. firms for Chinese tech platforms operating in the United States to ensure continued financial success. WeChat has been documented to restrict content on the platform and surveil users, not just in communications between the United States and China, and not just on Chinese run accounts, but in both countries.³⁰ One of the central arguments against the Trump Administration's Executive Order 13943 banning financial transactions with WeChat was that it would create a financial penalty for U.S. firms operating in China that depend on the firm to do business with their customers in China. However, the current landscape means that U.S. firms rely on WeChat to retain market share in China. Of course, such dependence on WeChat did not occur in a vacuum. Instead, it resulted from systematic support for Chinese tech national champions and the suppression of foreign tech firms operating in the market.³¹ For companies like Walmart and General Motors, this means retaining market share in one of the most dominant global markets for their products.³²

In the case of TikTok, there were examples of users being pulled from the platform, limitations on LGBTQ content, biased portrayals of Hindu/Muslim conflict in India, censorship of discussions of Xinjiang and Hong

Kong, and more. However, in a similar vein, U.S. industry associations like tech advocate NetChoice stood with TikTok following the issuance of the Trump administration's Executive Order because of concerns that other companies in the United States already depended on the firm for marketing and advertising across a wide range of industries. Such market dependence is no longer dependence on the Chinese market but rather on firms born and bred out of China's legal framework for cyber sovereignty.

Corporate Rationale for Content Control

These forms of content control come with different forms of corporate justifications. It is essential to understand the rationale for policy purposes because of the close entanglement of the U.S. media and technology sectors with the U.S. regulatory apparatus.

Rationale 1: Responding to Chinese Censors Reflects Cultural Sensitivity

One important rationale is the issue of cultural sensitivity. Both Hollywood Studios and U.S. tech firms have suggested that controls on content are essential to reflect international norms. For example, in the Marvel Cinematic Universe films *Dr. Strange* and *Iron Man 3*, filmmakers adjusted their characters to correct the Orientalist portrayals of characters from the original comic source material. The "Ancient One" in *Dr. Strange*, a Tibetan character, was shifted to a Celtic figure. The "Mandarin" from *Iron Man 3* was repurposed as a character who was an out-of-work actor portraying a character with this name, but no other characteristics. Stripping Orientalist source material from new films is an important practice. However, the MCU created follow-up films rife with other forms of stereotyping, from Asian martial artists in *Shang Chi and the Legend of the Ten Rings* to blatant parodies of Eastern Europeans in *Black Widow*.

In *Mulan*, Disney argued that choosing not to speak out about lead actor Crystal Liu's decision to offer her public support for Hong Kong police officers who were beating protesters, and or about the company's decision to work with government offices in Xinjiang associated with reeducation camps were efforts to respect the decisions of local actors. While this may have been

true, it is a self-serving justification that side-stepped thorny political issues. Disney did, however, speak out about concerns related to Xinjiang when it became clear that there would be a marketing blackout in China—and financial consequences—for the film due to bad press in the United States.³³ Similarly, TikTok and WeChat’s claims that their algorithm are just sensitive to China’s cultural environment works within a Chinese context, but does not hold water in a U.S. context.³⁴

Rationale 2: Corporations must be “apolitical” or “universal”

A second rationale for content control by U.S. companies when seeking to justify content control practices in relation to Chinese firms and the Chinese market is the claim that businesses who seek to serve all customers must remain variously “apolitical” or speak “universally.” Such an approach reflects the challenging situation U.S. corporations operating in China and Chinese firms operating in the United States face. The diverging regulatory environments of the two countries are increasingly difficult to navigate for global firms. Media and technology firms operating in the United States have responded with different strategies.

DreamWorks Animation pulled out of its Chinese joint venture, Oriental DreamWorks, because of concerns about political risks related to content production in China.³⁵ This approach reflects a way in which the firm deemed the political risk of operating its Chinese studios also to be an economic risk.³⁶ The company was concerned that the shifting regulatory environment in China would prevent long-term growth for the company’s interests in China.

In contrast, Disney chose to continue working with partners in Xinjiang even as it built reeducation camps and rumors of detentions escalated. Disney did not comment on the scandal surrounding its cooperation with government agencies in Xinjiang until its CFO responded to investors’ queries that the film had “generated a lot of issues.”³⁷ However, Disney’s still depended on its capital investment in Shanghai Disney, an even greater concern given China’s more successful coronavirus recovery and, by extension, more robust theme park industry.

Netflix has sought to justify its—largely unsuccessful—efforts to enter the Chinese market by making cuts to films through the idea that films are censored for many different contexts. Reed Hastings, CEO of Netflix, has

justified cuts made to film and television for China as similar to “airplane” cuts that might be appropriate for general audiences. For its part, the Motion Picture Association of America has given cover to both approaches. Its current chair Charles H. Rivkin noted that the main goal of the Motion Picture Association is to tell “universal stories.”³⁸ Such a rationale enables firms to cut content that they would not distribute globally.

TikTok has further advanced this idea of “universality” to justify political decisions made by the platform. TikTok has explicitly noted that the platform will eschew political speech. However, as social media becomes a central form of communication, this stance becomes complicated to defend. The platform served as the main communication vehicle for a protest against the Trump campaign that left an entire stadium empty for a Trump rally as TikTokers claimed tickets they never intended to use. The platform has also received criticism for its censorship of content relating to LGBTQ+, Hong Kong, and Xinjiang in line with Chinese government standards.

WeChat has also received criticism for its censorship of accounts in North America. However, upon closer examination of WeChat’s terms of service, the firm offers a new framework for presenting a rationale of political neutrality while also following apparatuses for content control from China. WeChat’s terms of service note that any platform users will be required to follow local laws. This applies to both users of the platform and the laws to which the platform is subject. By this logic, while the phrasing is neutral in the terms of service, it also extends the reach of Chinese government content control practices into the United States.

Rationale 3: Freedom of Speech

Beyond questions of cultural sensitivity and maintaining an apolitical corporate stance are the complex questions of freedom of speech that emerge with platform dependence on Chinese tech. WeChat offers a helpful case for understanding this dynamic. The Citizen Lab and other organizations have demonstrated censorship in North America on WeChat. At the same time, because of the restrictions on both foreign and domestic platforms operating in China,³⁹ WeChat still offers the only reliable pathway for real-time communication between communities in the United States and China. Northern District of California Judge Magistrate Laurel Beeler ruled in favor of the

WeChat Users' Alliance following the Trump Administration's Executive Order banning WeChat.⁴⁰ Her ruling was precisely because it was the only platform these users could rely on to communicate with friends, colleagues, and loved ones in China.⁴¹ Beeler's ruling helpfully allowed people to remain connected to their friends, family, and business associates in China. However, it also offered a free speech justification for preserving access to a platform that constrains user expression, and support to a platform that is the only available communication venue because of Chinese government trade restrictions.

The legal structures of the Chinese market make it nearly impossible for foreign competitors to operate there or for Chinese platforms to allow the open exchange of ideas. Yet without such platforms, there would be no space for any exchange. This tension sits at the crux of Chinese government content control efforts. It is challenging to ensure the flow of media between China and the United States, recognizing that such a flow depends on the robust commercial relationship between China and the United States. Yet, at the same time, the flow of media and communication is also essential to maintaining the free speech of Americans when engaging with people in China.

Degree of Threat: Influence over Filmed Entertainment vs. Social Media

While both filmed entertainment and social media fall under the rubric of entertainment content, they present significantly different risk profiles. Both Chinese government influence over social media platforms operating in the United States and influence over the content of Hollywood studio films present a soft power challenge concerning the type of content that individuals around the world consume. Content control in filmed entertainment demonstrates the potential damage of the trade asymmetry between the United States and China on two dimensions—the ability to control content and shape industrial practices.

However, the acquisition of user data presents a much more significant potential security threat. It is not just concerned with the soft power issue of engaging content, but coercive, or sharp power attempts to conduct phishing operations, coerce individuals and groups, and grow China's civilian and

military AI capabilities. As I argue in my forthcoming 2022 Oxford University Press book, *Trafficking Data: How China is Winning the Battle for Digital Sovereignty*, social media is increasingly becoming critical communications infrastructure for everything from disaster preparedness to social activism. Such influence occurs regardless of the stated corporate mission of an individual platform.⁴² As the entertainment mix of the United States shifts from consumption offline to consumption entwined in networked platforms, the implications of content control by Chinese government regulations expands. Offline entertainment offers soft power, but online entertainment enables coercive control of infrastructure.

Policy Recommendations

To tackle the policy challenges presented by content control of the media and communications industries in the context of U.S.-China trade, I first urge the reconsideration of the relationship between content producers and distributors and the free market. Most of the challenges described result from the inherent tension between maximizing market size and enabling clear expression. What this paper has demonstrated is how the value of maximizing market size has repeatedly taken precedent over both freedom of expression and transparency about the process of generating content. While the U.S.-China relationship magnifies such challenges, it is also a symptom of domestic dysfunction within the United States. Thus, for any of the policy suggestions below to work, it is essential that the United States internally revisit how much power corporate market growth aspirations should have in shaping speech from Hollywood to Silicon Valley.

Expand State-level Data Security Regulations Nationally

To better monitor how platforms move and use data with the support of users, it is also essential to enact national data security regulations. Models exist in different states to draw from, as California,⁴³ Virginia,⁴⁴ Utah,⁴⁵ and others offer different forms of data privacy regulations that allow users to access, correct, and delete personal data they choose not to share. This is an important response to risks of content control by the platforms and empowers users to monitor their data. While such a proposal has been suggested

widely, one of the central challenges in its implementation is both a lack of capacity and willingness to implement such practices on a national level. As such, the barrier to implementing such a policy emerges both from the challenges of executing it and the challenges of passing such legislation across a country with diverse interests in and awareness of privacy and security in the tech sector.

National Security Control of Algorithms

A final, albeit more controversial, possibility to address content control concerns is through national security control of the export of algorithms. China used this strategy to take upon the threat that TikTok would move the development of its algorithm abroad. Such a move practically requires that user data storage and the development of algorithms only happen in countries with standards that the United States deems to be protective of free speech. Such an approach is a much more complex option than those policy proposals suggested previously. It would need to be executed with nuance and in partnership with industry needs. However, as TikTok and WeChat become more integral players in the U.S. information ecosystem and U.S. tech firms continue to operate in China, it may become necessary to have more transparency over how algorithms gather, share and distribute data. At a minimum, it is important to have more government visibility into what laws they follow when they do this.

Build Multilateral Alliances for Data Storage and Security Standards

To address the inherently global nature of data movement, it is important for the tech sector is to work across governments in the United States, Europe, Japan, Australia, Brazil, India, and Singapore, as well as other developed nations. Such collaboration should focus on standards for the movement and storage of data across borders. At present, global dominance by U.S. tech companies as well as differences in how corporations must treat data both within and between these countries presents a challenge to cooperation. The U.S. government could improve its credibility with allies and partners by strengthening data storage and security protections required of U.S. tech companies. Similarly, U.S. tech firms could offer more transparent data

storage and security practices through voluntary industry-wide standards-setting. However, thus far, both federal government data storage and security standards and industry-wide standards have met with resistance from industry partners due to the financial value firms accrue by exploiting user data. While collaborative standards-building practice presents a significant challenge due to radically different approaches to data storage and security across developed tech markets, it remains an important aspiration. At this point, the United States lacks nationwide data storage and security standards. Such an international effort would need to operate in parallel with a national movement to reform U.S. data storage and security standards.

Reporting Content and Takedown Notices from Non-U.S. Actors

In response to the internationalization of Chinese government content controls, one important step would be to prevent U.S.-based media and technology firms from following foreign laws to remove content or share information with foreign governments while operating in the United States. This would need to apply to U.S. and Chinese firms with U.S. operations. While the United States has little leverage in changing Chinese laws, it can enforce corporate practices domestically.

Media and tech firms in the United States should be required to report content takedown notices and requests for information from international government officials and the specific law that the government officials cite. This is particularly important to prevent U.S. firms and those operating in the United States from just complying with general requests that are not grounded in legal jurisprudence. It also will allow for tracing particularly damaging laws and more focused policy initiatives. Of course, this is a highly sensitive subject, closely tied to questions of freedom of speech in the United States. I would argue that an initial first step should focus on reporting takedown notices rather than further devolving policymaking to tech firms. Higher quality data about the scope and scale of international takedown notices offers a first step to understanding the scale of the problem. It also forces tech firms to move away from transparency reporting that conceals their flaws. Such an approach would require infrastructure to monitor such practices. Such reporting could be directed to the Committee on

Foreign Investment in the United States, the SEC, or another agency with the capacity to take on this burden.

Domestic rule-making offers one path to constrain Hollywood studio financial interests from following Chinese government content regulations. However, there are several challenges that this proposal poses. First, this approach works contrary to one of the great strengths of Hollywood studio filmmaking in building American soft power—its relative independence from the U.S. government. Second, U.S. government interventions in Hollywood have a dark history grounded in the Hollywood blacklist denying employment to individuals deemed to be Communist sympathizers. Any U.S. government efforts must be narrowly grounded in tracking specific content takedown practices requested by Chinese government officials. While such practices would not capture concerns about the influence of Chinese regulations on the film development process, U.S. content creators need to retain creative autonomy if the regulations are to preserve the core values of freedom of speech they are meant to protect.

Reporting Local Law Adherence to International Content Control Regulations in the United States

For both the film and social media entertainment sectors, a further requirement could include reporting which “local laws” any firm following laws outside of the United States in their U.S.-based media and technology activities are subject to with respect to content censorship. Such a policy is risky because it would increase firms’ reporting requirements and has the potential to become unwieldy. Such legislation would also be so general as to capture not just pressures from Chinese regulations but from other countries around the world. One possible approach to mitigate the scale and paperwork burden of such a requirement would be to implement it for a short period of time or as a pilot in one industrial segment to carefully assess what type of laws are most commonly impacting the content of U.S. firms. Such an approach offers a valuable monitoring function for determining the size and scope of content control practices. By monitoring international content control practices over time, it becomes possible to mitigate international legal pressure through targeted local laws.

Limit Investment by Chinese Media and Tech Firms Operating in the United States

To create leverage for renegotiating the U.S.-China Film Treaty and the conditions under which U.S. tech firms operate in China by limiting the types of investments that Chinese firms can make in the United States in sectors that do not allow for U.S. investment in China. Such a move presents challenges because it risks further decoupling the U.S. and Chinese economies. It presents economic risks to U.S. corporations and investors. It also presents the possibility of further damage to the U.S. investment environment if the Chinese government penalizes U.S. corporations in response.

Then-Vice President Biden negotiated the treaty with then-Vice President Xi to allow a floor of 34 films to be admitted into China. Since the expiration of the treaty in 2017 under the Trump administration, Hollywood studios have been increasingly at the mercy of Chinese censors. For example, in 2021, no Marvel Cinematic Universe films were admitted into the Chinese market.⁴⁶ The limitations on Hollywood studios have the potential to drive firms to make increasingly undesirable content trade-offs to access what is now the largest market in the world.

The U.S.-China Film Agreement came about following the United States suing China in the WTO under violation of terms for A/V market access in 2007.⁴⁷ Particularly due to the Chinese market's strength relative to 2012, renegotiating an entry guarantee for U.S. films will be difficult at this juncture due to the lack of an incentive to admit the films for market growth purposes. It may be necessary to consider making a formal complaint in the WTO. Of course, such a move is complicated within the U.S.-China trade relationship. It would need to be balanced against other trade interests. While this multilateral/bilateral approach may help address some narrow challenges in the film industry, the issue of content control through trade is much more expansive.

Renegotiating the treaty would be difficult. The rise of China's media and tech industry domestically and internationally, the United States has lost much of its leverage to make market access demands. The failure to renegotiate the U.S.-China Film Treaty in 2017 when China's film market was still smaller than the United States' is a failure of U.S. foreign policy under the Trump administration. With China's theatrical market larger than that

of the United States for two years in a row, the United States currently has little leverage in negotiating this point. One possible point of influence would be to prohibit the investment by Chinese film studios like Alibaba Films or Tencent Films in the U.S. market until the renegotiation of the U.S.-China Film Treaty. Unfortunately, such an approach harms these companies' U.S. partners, employees, and investors even as it offers potential options for market access, and indeed, there may not be a net financial gain for the U.S. film industry from blocking Chinese investment as a tool to enhance Chinese market access. As with all these policy approaches, any approach will be imperfect because of the asymmetry between the U.S. and Chinese regulatory landscapes paired with their economic interdependence.

The suggested policy proposals have clear downsides despite their ability to address the issues of data and content control through trade. The challenge of implementing any of these solutions underscores how the US and Chinese industrial ecosystems entwine. Ultimately, U.S.-China trade offers a hotbed of challenges for freedom of expression in the United States. U.S. firms depend on the Chinese market to sell films, television shows, cars, consumer goods, and a whole host of other products and services that require either direct market access or access to platforms based in China. However, the Chinese government has implemented increasingly tight controls over content and data over the past six years.

What remains is the need to restructure the U.S. media and tech landscape to protect consumers. This includes refining laws, enhancing trade protections, and requiring transparency from companies operating across borders. Such efforts demand greater clarity over what Chinese law firms operating in the United States follow and why. It requires more consumer protection of data that corporations share. Firms operating in the United States may need to exhibit greater transparency in their data gathering and use practices. However, these latter options should be held in reserve if other approaches fail to yield results. Finally, and perhaps most importantly, trade in media and tech between China requires a large-scale reassessment of how to effectively balance freedom of speech and corporate interests in the United States.

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2021-22 WILSON CHINA FELLOWSHIP

The U.S.-China Trade War and the Tariff Weapon

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Abstract

Managing the U.S.-China Trade War ranks among the most difficult foreign policy challenges for the Biden administration. It should not be weighed down by misguided Trump-era thinking on the strategic virtues of tariffs. The Trump administration cast tariffs as a panacea for all the economic challenges facing the United States and employed them to achieve contradictory strategic ends. Tariffs have distributional consequences, and their efficacy must be evaluated by the net effect on the whole U.S. economy. Research suggests that section 301 tariffs have caused great collateral damage to U.S. businesses and consumers without generating the leverage over China or reducing trade deficits as advocates hoped. This is because large companies are not responding to tariffs by abandoning China but by passing on the costs or circumventing tariffs. Tariffs have instead become a regressive “hidden sales tax” that places a disproportionate burden on the less affluent by contributing to rising consumer prices and on small and medium enterprises that struggle to remain competitive. Tariffs have trapped the United States and China in a massive economic war of attrition that grows costlier by the day without yielding measurable strategic benefits.

Implications and Key Takeaways

- Despite the economic toll on both economies, tariffs have achieved few of the strategic ends articulated by the Trump administration. The United States should scale back section 301 tariffs in favor of policy instruments that cause less collateral damage on the American economy or are more effective at achieving desired strategic ends.
- Rolling back tariffs does not mean capitulating to China but a change in U.S. tactics. U.S. efforts to increase investment in science and technology, to strengthen foreign investment screening, and to add companies with links to the Chinese military to the entities list, all serve strategic competition much more so than tariffs.
- The United States should seize the opportunity afforded by growing inflation concerns to reframe the characterization of tariffs as not “tough

on China” but bad for the American economy. It could also pair tariff reductions with Chinese cooperation on the Russia-Ukraine War.

- The United States could also do more to address structural imbalances by strengthening export competitiveness. This involves traditional measures such as maintaining a competitive exchange rate and negotiating trade agreements but could involve new policies such as taxing capital inflows and use the revenue to subsidize exports.
- The failure of section 301 tariffs is a cautionary tale against an all-or-nothing approach to strategic competition with China. The Trump administration hoped tariffs would achieve an expansive and contradictory set of strategic goals and overplayed its hand. Tariffs can be a source of leverage, but they are best threatened and not used. The costly tariff stalemate could have been avoided had it made a more focused set of asks.

I. Introduction

Tariffs are inflicting real economic costs on the United States while their purported strategic benefits remain illusory. In 2018, the Trump administration imposed section 301 tariffs on China to combat the forced transfer of technology from American firms, to stop cyber-intrusions to access U.S. business information, and to curb Chinese industrial policies such as the Made in China 2025 initiative. Members of the administration also vocally advocated the strategic virtues of tariffs in reducing economic reliance on a geopolitical rival. They claimed the long-term, strategic gains from encouraging companies to bring jobs back to this country by raising import costs¹, and reducing the trade deficit² justify the short-term pain of tariffs. Some even saw tariffs on China as a “poor man’s TPP,” by making China a less attractive destination for foreign investors relative to U.S. allies.

The Biden administration’s approach to managing the U.S.-China Trade War has been rightfully criticized as “Trump lite”.³ Average U.S. tariff levels on Chinese goods have increased over six-fold since 2018 and cover two thirds of imports. Researchers have noted that this “trade war stands out as among the largest and most abrupt change in U.S. trade policy history, particularly when juxtaposed against the leading role historically played by the U.S. in driving tariff reductions.”⁴ Most of these new tariffs remain in place today, over two years after the signing of Phase One deal on January 15, despite mounting evidence that the trade war has hurt the U.S. economy without achieving its original aims.

This essay will focus on tariffs. Even though the U.S.-China Trade War has metastasized into a “tech-war”⁵ and may be escalating towards a “New Cold War,”⁶ tariffs are where the short- and medium-term costs of the trade war are the most evident. Tariffs are political crowd-pleasers because they give the executive the appearance of decisive action and allows for selective redistribution of revenues to cronies, but they are quite counterproductive in actuality by imposing higher costs on society as a whole.⁷ They are a blunt instrument that have elevated uncertainty and raised costs for businesses but have not caused large and consequential MNCs to exit China.⁸ Instead, they serve as a regressive tax as higher costs are passed down the supply chain to the businesses and consumers who can least afford to pay them.⁹

Both the United States and China are losers from the trade war, with the costs falling disproportionately on those who can least afford them. While well intentioned and impressive sounding, claims about the strategic virtues of tariffs for the United States are contradicted by the weight of evidence. The Trump administration tried to use of tariffs to achieve contradictory goals, the resulting strategic muddle was further exacerbated by how businesses have responded to tariffs in unanticipated ways.

The Biden administration has advocated a trade policy that supports the middle class through stable well-paying jobs in order to further help the United States “build back better” from the COVID-19 pandemic. Tariffs at best do not contribute to these goals and at worst undermine this vision. Section 301 tariffs have not resulted in measurable reshoring of industry or a reduction of the trade deficit but they have exacerbated supply chain disruptions and inflated consumer prices. Tariffs, and the byzantine process for tariff relief or exemption, chiefly benefit the politically connected and deep pocketed, while the rest of the country bare their costs.

II. The Road to Decoupling: An Intellectual Framework

The rise of China, a geopolitical competitor that is also a leading U.S. trade partner, has challenged the conventional wisdom that views economic interdependence as a force for good in and of itself. But it was not until the outbreak of the trade war in 2018 that economic decoupling between the U.S. and China went from unthinkable to inevitable. This push for economic decoupling marks a stark reversal of the half-century consensus among U.S. policymakers that freer trade will encourage China’s peaceful integration into the liberal international order.

2.1 The Emergence of Economic Nationalism

The outbreak of the U.S.-China Trade War can be traced to efforts by both countries to reduce perceived vulnerabilities that stem from asymmetric economic interdependence. Scholars have long recognized that economic interdependence creates both mutual benefit and mutual vulnerability, and that coercive power can emerge from asymmetrical interdependence.¹⁰ China’s accession to the World Trade Organization (WTO) in 2001 created political

backlash in both China and the United States, where fear about economic dependency stoked the embers of economic nationalism in both countries.

In China this political backlash took place earlier and caused the government to embrace indigenous innovation (自主创新) to reduce asymmetrical dependence on foreign technology in the mid-2000s.¹¹ In the United States, it gained momentum after the Global Financial Crisis as the growing trade deficit with China and its growing purchase of U.S. debt became framed increasingly as a national security issue rather than an economic one. Both trends were driven by the domestic political and economic transformations that followed China's WTO accession, which created winners and losers through increased international competition. The economic losers from growing interdependence were able to succeed politically by shifting national discourse from a liberal narrative that emphasized the mutual benefits of interdependence to a nationalist one that fretted about mutual vulnerability.

These parallel trends in China and the United States would converge with the election of Donald Trump and touch off a series of events that transformed trade from a cornerstone of peace in the U.S.-China relationship to a source of uncertainty and instability. Trump's China-bashing campaign brought the issue of asymmetric interdependence with China into mainstream American politics. In 2016, 63 percent of Americans surveyed by the Chicago Council favoured friendly cooperation and engagement with China but by 2020, this percentage dropped to 47 percent.¹² The percentage who believed that China practiced unfair trade increased from 58 percent in 2006 (prior to the Global Financial Crisis) to 68 percent in 2017 (after the election of Trump) and to 73 percent in 2020 (after the trade war).

2.2 Misplaced Anxiety Over Asymmetric Interdependence

The United States and China remain highly interdependent across multiple economic dimensions but the relationship is imbalanced in several notable areas. The tragedy of the trade war stems from nationalists in both countries choosing to focus on different dimensions of the relationship that are unquestionably asymmetric rather than examining it as a whole. Beijing and Washington are racing to wall-off access to their domestic market and reduce dependency on foreign suppliers to address perceived national security vulnerabilities. These efforts to mitigate perceived asymmetries and enhance security

in one area, such as Chinese efforts to reduce reliance on U.S. technology or U.S. efforts to screen Chinese investments, threaten overall interdependence and contribute to an economic security dilemma.

In 2020, trade between the two totaled \$615.2 billion, which contributed to a \$310.3 billion trade deficit for the United States. The financial relationship is even larger, totaling a staggering \$5 trillion. China holds \$1.07 trillion in U.S. debt, which makes it the second largest foreign debtor at 15.5 percent, behind only Japan at 18 percent. Another \$2 trillion are Chinese listings in U.S. stock exchanges. Foreign direct investment (FDI) from China accounted for a much smaller share of U.S. FDI inflows, at \$38 billion, far behind Japan who is the largest foreign investor in the U.S. at \$647.7 billion. The United States is one of the largest sources for FDI in China, investing over \$123.9 billion in 2020. The United States and China are also linked by a robust education and talent pipeline: China is by far the largest source of international students to the United States at 380,000 (the next highest is India at 190,000). There are over 2.5 million Chinese immigrants living and working in the United States, around 10,000 American students in China and as many as 100,000 American expatriates that live and work in China.

The ability to “weaponize” asymmetrical interdependence to gain political leverage is not as straightforward as it would initially appear. For example, the United States runs a large trade deficit with China but this paradoxically gives asymmetric leverage to the United States because China depends more on U.S. markets than we rely on theirs. American tariffs on China were supposed to work because China needs to sell more to the United States than the United States needs China. In other words, they wouldn’t work if the United States didn’t run a trade deficit with China.

Furthermore, the trade deficit is what contributes to an investment surplus that reduces the cost of sovereign borrowing for the United States and makes China one of the largest holders of U.S. debt. While China’s accumulation of U.S. debt has also sparked anxiety about asymmetric interdependence in the United States, the scholarly consensus is that this leverage is more theoretical than practical.¹³ As one senior Chinese official put it, “U.S. Treasuries are the safe haven. For everyone, including China, it is the only option...we know the dollar is going to depreciate, so we hate you guys but there is nothing much we can do.”¹⁴ So, China may enjoy asymmetrical advantage in debt, but it is

because it is the largest holder of U.S. foreign exchange (dollars used to pay for Chinese goods). This, in turn, gives the United States the asymmetrical power to put more tariffs on China than China can retaliate back with. So does asymmetric interdependence actually favor the U.S. or China in aggregate? Both and neither.

The economic security dilemma is also playing out in the area of foreign direct investment. The Chinese government has long been concerned about the asymmetry created by foreign companies gaining market share in China and reliance on foreign technology. Beijing has erected barriers for foreign businesses while adopting policies to encourage Chinese firms to invest abroad. These industrial policies are at the heart of Washington's justification for the trade war. They, in turn, brought Chinese style obsession over national security to the U.S. foreign investment screening process, resulting in the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA). China responded by updating its own rules for national security review of foreign investment (外商投资安全审查办法) in 2020.

2.3 Sleepwalking towards Decoupling

Economic linkages between the United States and China are often asymmetrical when viewed individually, but it is not at all clear how such asymmetry translates into coercive leverage overall. What is clear is that the wave of economic nationalism unleashed by the trade war and Donald Trump's "America First" foreign policy threatens all economic ties with China, not just those that create asymmetric vulnerabilities. This tragic slide towards decoupling was not inevitable, but rather the product of a series of miscalculations by different actors in the United States and China.

What becomes clear in retrospect is that different actors in the leadup to the trade war all came to see tariffs as the means to achieve wildly different ends. Donald Trump believed that tariffs could reduce the trade deficit and bring back the jobs he promised to his supporters. Protectionists supported tariffs because it shielded their industries from Chinese competition while punishing China for its unfair trade practices. Multinational businesses, which benefited from trade with China did not share these goals, but they saw tariffs as a convenient way to pressure Beijing to level the playing field in their favor. While protectionists did not much care about how China might

respond, Trump and the multinational advocates of tariffs expected China to capitulate rather than jeopardize its profitable economic relationship with the United States. But the result was a maximalist set of demands that exceeded the economic pain of tariffs and Chinese leaders, overconfident in their ability to outmaneuver Trump, saw retaliatory tariffs as preferable to acquiescence. This mutual confidence led to bargaining failure and resulted in the largest trade war in history, an economic war of attrition that continues to grind on today.

The following sections will review the strategic logic of U.S. tariffs as well as China's retaliatory tariffs. This will be followed by an analysis of the short- and medium-term impact of these tariffs on the United States and Chinese economies to determine whether they achieved the intended strategic objectives.

III. Strategic Logic of U.S. Tariffs

The logic of section 301 tariffs suffers from muddled strategic thinking. Their adoption by the Trump administration seemed to reflect the need to do something to address long-standing trade tensions with China despite unresolved disagreements about the desired ends tariffs were supposed to bring about. Tariffs raise costs for imported goods, thus their effects depend on which economic actors end up shouldering these costs and whether they change their future behavior in response.

If the net effect of these changes is beneficial to the United States, then they can be considered strategic. However, a systematic review of their anticipated effects reveal that they are far from the miracle silver bullet for strategic competition with China that many policy-makers believe they are. The Trump administration have, at different times, characterized tariffs as achieving strategic ends that sometimes contradict each other:

Punishment: Tariffs that function as payback against Chinese “economic aggression” and undercut Chinese competitiveness. This logic was particularly prominent in the initial two of four lists of U.S. tariffs, which targeted \$50 billion worth of products from industrial sectors that contribute to or benefit from Made in China 2025.¹⁵ This logic assumes zero-sum competi-

tion with China. For this logic to be true, the costs of U.S. tariffs are taxes on Chinese exports paid by U.S. importers. If all exporters in China were Chinese, the distributional impact of tariffs would be straightforward. They should raise costs for all China-based producers creating goods for sale in the U.S. market, making them relatively less competitive than U.S.-based producers. But in a world of global value chains and MNCs, things get complicated. In 2018 alone, over 40 percent of Chinese exports was conducted by foreign companies. This means that a sizable number of U.S. and allied companies are also hurt by tariffs. Additionally, U.S. firms that import Chinese components also face higher costs, potentially becoming less competitive relative to European and Asian competitors that can import Chinese components more cheaply. It is not clear whether tariffs are really undercutting Chinese or American competitiveness.

Leverage: Tariffs would push more companies to divest from China and reshore supply chains to the United States unless China makes difficult reforms. This logic assumes cooperation with China is possible and that imposing some costs on China will make it more willing to negotiate. The central assumption of the leverage strategy is that tariffs will induce some MNCs important to the Chinese economy to leave the country. But this assumes that MNCs will leave China rather than simply pay the cost of tariffs. This does not appear to be the case, especially for larger MNCs, which have the market power to pass the cost of tariffs on to customers and a variety of means to avoid duties by exploiting loopholes in trade law. As a result, small and medium enterprises are the most sensitive to tariffs and their pain doesn't generate the kind of leverage that would get China to engage in structural reforms.

Additionally, there's some tension between using tariffs for punishment or for leverage, since the former requires narrow targeting to avoid non-Chinese companies while the latter requires imposing significant costs on foreign MNCs. If punishment featured more prominently in the targeting of List 1 and 2 tariffs, the logic of leverage was more central to List 3 and 4 tariffs. These later tariffs covered a much broader number of product lines and were intended to increase pressure after China imposed retaliatory tariffs rather than capitulating. This difference in intent is why thousands of U.S. companies have sued the Trump administration for List 3 and List 4A tariffs because

of the expansion of tariffs for reasons untethered to the unfair Chinese practices it originally investigated and why the WTO has found the U.S. in breach of trading rules.¹⁶

Protectionism: Tariffs shield domestic producers from foreign competition and offer selective compensation of political supporters. This logic is driven by domestic political considerations and has special resonance with Congress because it promises job creation. Politicians have historically imposed tariffs as a means of curating political favor with local interest groups interested in “buying” protection through campaign contributions. The Trump administration liked to tout the new revenues generated by tariffs and the jobs created in the steel industry. Nevertheless, it spent more on compensating farmers who suffered from Chinese retaliatory tariffs,¹⁷ and U.S. manufacturers as a whole shed more jobs than gained them because of rising input costs.¹⁸

This gap highlights the central problem with the siren song of protectionism: it creates a deadweight loss on the economy as a whole while benefiting politically connected interest groups. This is why political economists have long believed that the executive branch would oppose tariffs because it has to consider the welfare of the nation as a whole while the legislative branch would be inclined towards enacting more to satisfy their local constituents. Additionally, the logic of protectionism likely undercuts punishment as well as leverage because the targeting of tariffs could not be strategic if driven by parochial domestic interests.

Structural deficit: Tariffs are a means to reduce the trade deficit with China and reverse U.S. dependency on foreign debt. This logic seems to be favored by former President Trump and USTR Lighthizer who see the trade deficit as the U.S. trading future wealth (through borrowing) for short-term consumption.¹⁹ According to an account of trade negotiations, the Trump administration refused a Chinese offer in March 2018 to head off the trade war by reducing trade barriers and demanded instead that Beijing quickly cut its \$375 billion trade surplus with the United States by \$100 billion.²⁰

While it is true that the trade deficit leads to a financial account surplus, which reduces the cost of U.S. foreign borrowing, it is unclear whether tariffs will help reverse these structural imbalances. U.S. tariffs on China may

reduce imports but they have also prompted retaliatory tariffs and raised the cost of U.S. firms producing goods for export. Both will reduce U.S. exports. Tariffs have also prompted some trade diversion to countries like Vietnam, expanding the U.S. trade deficit with those countries. This means that tariffs on China is unlikely to change the overall trade deficit. This is exactly what we see empirically, the U.S. trade deficit grew to record levels in 2020 and will reach new heights in 2021 despite high tariffs. The bilateral trade deficit with China did shrink in 2019 but so did pressure to reduce the growing trade deficit with Vietnam. A better way to address structural imbalances would be to tax capital inflows and use the revenue to subsidize exports.

IV. Strategic Logic of Chinese Tariffs

In contrast to the muddled strategic logic of U.S. tariffs, Chinese retaliatory tariffs had the singular purpose of undermining political support for the trade war in the United States and pressuring the Trump administration to rollback tariffs. Chinese tariffs were designed to maximize *leverage* to force the United States to reverse its policy. This meant targeting products produced in Republican-supporting counties, particularly those in closely contested Congressional districts.²¹ Over the decade preceding the trade war, China had become the largest importer of U.S. agricultural products. These products tend to be produced in rural districts and states that favor the Republican party and voted for Donald Trump. In response to U.S. tariffs, China levied retaliatory tariffs on almost all U.S. agricultural products, such as soybeans. Other retaliatory tariffs targeted industries such as automobile manufacturing, iron and steel, and oil and gas extraction. In 2019, it even went as far as to instruct its state-owned enterprises to halt all purchases of U.S. agricultural goods.²²

Researchers estimated that as many as 61 percent of jobs affected by retaliatory tariffs are in counties that voted for Donald Trump.²³ Even so, whereas the EU targeted its tariffs to minimize the harm to its own consumers, China showed no such concern. Rather than acknowledging the underlying issues raised by the USTR's Section 301 Report, which had widespread support in the U.S. business community, Chinese leaders turned the bombast of the Trump administration to its own propagandistic ends by framing the trade

war in nationalistic terms. According to Davis and Wei, leaders in Beijing saw China as an equal to the United States and resented Washington's pressure tactics.²⁴ This uncompromising approach played into nationalist narratives about U.S. curbing Chinese development. Much of the Chinese commentary in the lead up to the trade war also urged the government to "seek peace through war" (以战争换和平) in the face of pressure from the Trump administration. That is, China should be prepared to place retaliatory tariffs on U.S. exports to counter Trump's tactic of proposing high tariffs and then negotiating exemptions one by one.²⁵ They perceived a gap between Trump's and the U.S. business community's goals on trade as a source of leverage in U.S.-China trade negotiations. Many Chinese analysts believed the U.S. business community and their allies in Congress would put pressure the Trump administration to stop the trade war from escalating. Thus, as this war of attrition drags on towards a fourth year, both economies are hurt but nonetheless have incentives to hold out until the other side gives in.

V. Short-term Impact: Economic Pain and Uncertainty

5.1 Tariff Impact on the United States

Economists estimate that tariffs have cost U.S. consumers and businesses who buy imported goods \$51 billion, or 0.27 percent of GDP.²⁶ Even after accounting for tariff revenue and gains to domestic producers, the aggregate real income loss was still \$7.2 billion, roughly equivalent to the entire annual economic output of a medium sized American city like Topeka, KS or Columbia, MO. Additionally, American importers bore more than 90 percent of the cost of U.S. tariffs²⁷, putting lie to the claim that China will pay for them. This is because most U.S. importers could not find new suppliers in the short-run and had little choice but to rely on Chinese suppliers. Instead, U.S. businesses were forced to cut wages, slash jobs, and accept lower profit margins.

Higher tariffs were associated with a 1.4 percent decline in American manufacturing, contrary to exaggerated claims about re-shoring. Trade frictions have also dampened the valuation of listed companies that trade with China and depressed investment in the United States because lower returns to capital weaken incentives to invest.²⁸ Chinese retaliatory tariffs have also

taken a toll, particularly on Republican-leaning counties that export goods to China. One study estimates that the trade war cost nearly 300,000 jobs between 2018-2019.²⁹

A significant portion of these higher costs have been passed on to retailers and eventually to consumers in the form of inflation. Treasury Secretary Janet Yellen has conceded that tariffs are inflationary.³⁰ Though other factors such as COVID disruptions and changing consumer demand also play a role in inflation, 25 percent tariffs on Chinese goods act as a hidden sales tax that contributes to rising prices in the United States.

5.2 Tariff Impact on China

Tariffs also took a toll on Chinese consumers and businesses. They did so by reducing the volume of trade between the United States and China while incentivizing some countries to reallocate exports into the United States and away from China.³¹

One study found that export-intensive areas of China with the largest U.S. tariff shock saw a 2.5 percent reduction in income per capita between 2018 and 2019.³² Another study found that Chinese firms that were more exposed to American tariffs posted 3 percent fewer ads and hired fewer workers in the months following tariff increases.

Vortherms and Zhang found that the trade war accelerated foreign firm exit in China, but through elevating political risk more than the targeting of tariffs.³³ Their research reveals that multinationals left China at a rate of 11.4 percent in 2019 compared to an average of 7.1 percent prior to the outbreak of the trade war. The firms that exit are more likely to be smaller and newer to China and not concentrated in manufacturing or information technology that were targeted by tariffs.

Additionally, Chinese consumer prices nearly doubled in the wake of its imposition of retaliatory tariffs from 1.56 percent in 2017 to 2.9 percent in 2019. Prices for popular commodities such as pork more than doubled, a significant enough increase to convince the government to exempt American pork and soybeans (used in animal feed) from tariffs.³⁴

5.3 Short-Term Net Assessment

Despite the economic toll on both economies, tariffs have achieved few of

the strategic ends articulated by the Trump administration. They have imposed some costs on Chinese manufacturers yet perhaps more importantly, also have on U.S. manufacturers. Given the evidence of near complete pass through, it is hard to argue that the total economic costs are borne disproportionately by Chinese companies. This makes tariffs hard to justify as an instrument of punishment.

Setting aside the fact that the trade deficit is a flawed measure, tariffs only managed to reduce the trade deficit with China slightly in 2019 before surging to a new record in 2020. Though it is hard to disentangle the roles played by tariffs and by the pandemic in these figures, the undisputed fact is that U.S. tariffs have led to trade diversion from China to countries like Vietnam. The U.S. trade deficit with Vietnam grew alarmingly enough that the Trump administration labeled it a currency manipulator in 2020, hardly a success if deficit reduction was the original goal.

Tariffs have also yielded very limited political leverage for either side. U.S. companies aren't divesting from China as much as U.S. policymakers would like — or pushing back against tariffs as much as Chinese policymakers had hoped.³⁵ This is because the United States and China are both large domestic markets, so even though the scale of the trade war is immense, the impact on the daily lives of consumers is muted and distant. The rhetoric used by their governments to justify tariffs remain popular with nationalists in both countries, explaining why popular pressure to roll back tariffs have failed to materialize. However, this armed stalemate nonetheless favors Beijing more than Washington because it has given Xi Jinping a freer hand to pursue the same kind of technological self-reliance policies that tariffs were supposed to put an end to.

VI. Medium-term Impact: The Rich Get Richer

Defenders of tariffs might dismiss their high costs and limited success thus far to argue that their strategic benefits will take time to materialize. This sounds like the kind of wishful thinking used to justify the lack of strategy in other wars of attrition such as the ones in Vietnam and Afghanistan. It also leaves unchallenged the faulty logic of economic nationalism that gave rise to the trade war in the first place.

Tariffs harm those who can least afford it while benefiting those industries that least need it. Research by Zhang and Vortherms have found that larger and older multinationals are less likely to close their China operations compared to smaller firms during the trade war.³⁶ This is why only 4 percent of AmCham China members, who tend to be large multinationals, considered moving out of China in 2019.³⁷ A similar survey by AmCham Shanghai in 2021 show five-year optimism rebounding, finding that only 1.6 percent of companies plan to move production out of China in the next three years and none planning on relocating production back to the United States.³⁸ China continues to attract record volumes of foreign direct investment, despite trade tensions and pandemic disruptions. These figures do not suggest that tariffs will produce a sudden change of heart in global business leaders in the future. In fact, foreign multinationals have been cooling on China even before the trade war and have been diversifying their supply chains. They remain in China not because they don't know better but because they are taking a calculated risk to serve China's growing domestic market. These large multinationals also have sophisticated ways to evade or recover tariffs. Instead, tariffs are having an impact on small and medium enterprises in both the United States and China.

6.1 Small and Medium Enterprises are the biggest losers

Neither the United States or China are likely to win from the persistence of tariffs, but the biggest losers will be small and medium enterprises in both countries. These smaller, less productive firms account for a large share of the businesses engaged in trade but a small volume of trade itself. They lack the capacity to find alternative suppliers or hire expensive lobbyists during the trade war. Unlike larger competitors, they also do not have the leverage to pass these costs on to customers or the resources to mitigate them. In other words, even though tariffs affect firms of all sizes, the firm-level capacity to deal with them varies greatly. The most profound effect of tariffs on the medium rung is likely to be within and across countries. For example, aiming to reduce the U.S.-China trade deficit with tariffs ignores the possibility of a larger Chinese firm moving operations to Vietnam through investment and continuing to ship to the United States, while a smaller Chinese firm goes out of business. At the same time, a major U.S. retailer will leverage its supply chains to replace or use its mar-

ket power to pressure Chinese suppliers to eat the cost of tariffs, while a minor U.S. retailer that lacks market power will likely go out of business. Neither the United States or China win here, in both countries it is only the bigger and more global firms that get stronger while smaller ones go out of business.

The popular backlash to trade with China was fueled by a frustration that “Wall Street” benefited more from the relationship than “Main Street.” It would be ironic if the smaller firms on main street lose out twice, first by being slow to enter the China market and again by being slow to adjust to the harsher economic realities of tariffs. Furthermore, the creation of byzantine tariff exclusion processes, while effective as a political pressure valve, only exacerbates this problem. Since the introduction of section 301 tariffs, the number and amount of money spent lobbying the USTR have increased significantly. The tariff exclusion process has made lobbyists and their big money clients richer while disadvantaging small businesses.³⁹

6.2 Towards a Trade Policy for the Middle Class

Framing the trade war in terms of economic nationalism conceals the true distributional consequences of tariffs. Policy makers in both countries would do well to remember that the winners and losers from trade are often distributed within national borders rather than across them. Rather than letting trade policy be set by a vocal minority who are losers from free trade, the United States should embrace a positive-sum view of trade policy and look out for the aggregate welfare of their respective nations.

A more productive approach would see foreign economic policy as an extension of domestic policy rather than the other way around. Over three-quarters of U.S. managers interviewed in a national survey say that their company has been harmed by tariffs and only 16 percent say that they have been helped.⁴⁰ In the same survey, 69 percent of managers say that suppliers have raised prices over the past year as a result of the trade war. Instead of asking Americans to endure tariffs because of some vague notion of economic competition with China, the United States should assess whether tariffs working for the majority of Americans. This approach has several advantages.

First, it would lower prices for businesses and consumers in the face of rising inflationary pressure. The majority of products covered by section 301 tariffs, from medical devices to mattresses to furniture, are not vital to “strategic com-

petition” with China. Furthermore, tariffs are a greater burden on those with lower disposable incomes. Reducing or eliminating tariffs should make many household essentials more affordable for less affluent American households.

Second, it would resonate with a bipartisan desire to make trade work for the middle class. The Biden administration sees the acceleration of corporate consolidation as stifling competition and driving up consumer prices. Tariffs and the tariff exclusion process disproportionate hurt small and medium enterprises that are the backbone of the American middle class.

Third, the trade war reveals that well intentioned government policies to redirect economic flows do not work as intended. This is because businesses are the primary decision makers in trade and they do not always respond to government policies in ways that policymakers intend. U.S. businesses trade with or invest in China not because they are foolish or shortsighted but because makes economic sense to operate there, they have not responded to U.S. tariffs by abandoning China. They also know the risks of operating in China more clearly than policymakers and they should be consulted in crafting foreign policy.

Finally, a bottom-up foreign policy that did not begin with the assumption of zero-sum competition might actually get more done. Politics is the art of compromise. It is easier to agree to disagree on some issues in order to make progress on others such as intellectual property or corporate taxation than to frame compromise as point scoring in some geopolitical contest with China. While this makes trade policy more dramatic, such a frame makes actual problem solving harder. The United States and China have intractable national security concerns with each other but they still stand to gain from cooperation on a host of mundane policies that benefit their interdependent economy.

VII. Conclusion and Recommendations

The U.S.-China Trade War and the widening strategic competition between the two countries are about more than tariffs. But this analysis of how the muddled strategic logic tariffs failed to deliver a good outcome for the United States is a cautionary tale against an all of nothing approach to strategic competition. Tariffs were not a panacea for all the economic challenges facing the United States and righting all the wrongs that China is accused of.

The United States should recognize the economic costs and strategic trade-offs associated with using section 301 tariffs. Research suggests that tariffs are not doing as much as policymakers seem to think in forcing MNCs to choose between the United States and China, nor have they produced the desired macroeconomic outcomes such as deficit reduction. But they have been hugely disruptive and are having a significant distributional impact among the MNCs that operate across the two countries. Tariffs are thus not helping win the competition with China but rather inadvertently creating winners and losers among U.S. businesses that operate in China, with smaller and newer firms losing to larger conglomerates. A trade policy for the middle class is not well served by a regressive tax that passes on the costs of tariffs to those who could least afford it.

Rolling back tariffs does not mean capitulating to China but a change in U.S. tactics. The United States must also reframe the characterization of tariffs as not “tough on China” but bad for the American economy. The Biden administration inherited Trump framing based on flawed economic analysis and mischaracterization of the policy to voters. Indeed, it is remarkable how fast the Belt Way consensus shifted from favoring free trade to favoring tariffs. The lack of leverage may dispel the notion that tariffs are a smart way to compete with China. Rising consumer prices and supply shortages might offer a politically opportune time to reframe the narrative around tariffs.

The United States has at its disposal an array of alternative tools⁴¹ besides tariffs for economic competition with China that may result in less collateral damage on the U.S. economy. Tariffs are a weapon of economic statecraft. But a weapon that is difficult to target and prone harm one’s own side is not a very effective one. Any form of economic coercion is a double-edged sword: these tools tend to inflict collateral damage on one’s own economy while hurting that of the target, but tariffs are the bluntest weapon of all. U.S. efforts to increase investment in science and technology, to strengthen foreign investment screening, and to add companies with links to the Chinese military to the entities list, all serve strategic competition much more so than tariffs. The United States can continue to safeguard its security interests by investing in its military readiness and working with allies to deter Chinese aggression. It must ignore the siren song of protectionism and remain open to the global inflows of trade, investment, and talent that are at the heart of American competitiveness. Finally, taxing multinational profits or providing subsidies to strategic sectors would both

more directly incentive firm behavior than tariffs. However, the politics of picking which sectors or technologies are strategic and how much to tax MNCs will be bitterly contested in a polarized domestic political arena.

The trade war has made the United States more like China than policy makers may realize, and not always in a good way. Washington has followed Beijing in treating trade and investment as national security vulnerabilities that need to be actively managed. U.S. policymakers are increasingly attracted to the idea of industrial policy. Having long complained about China's manipulation of its economy, the United States demanded that it manipulate trade flows to reduce the bilateral trade deficit in the Phase One Trade Deal. Two years later, China is dramatically short of its purchase commitments because even Chinese officials lacked the ability to bend market forces during a global pandemic. China has also become more like the United States, abandoning its practice of keeping a low profile while striving for achievement in favor of a more openly confrontational foreign policy. This is a recipe for disaster for the world economy.

Leaders in both countries should reflect on the fact that China has gained ground on the United States economically, not by declaring itself to be economic competitors with the United States, but by simultaneously welcoming trade and investment with the world and working tirelessly to give its firms market advantage. Opening and reform lifted China out of poverty not through central planning but rather by allowing for local experimentation, not by treating economic development as a means to some geopolitical end, but as an end in itself. Today, both the United States and China face daunting social and economic challenges at home. The least their leaders can do is to make sure that strategic competition, and the accompanying temptation to weaponize economic interdependencies, do not exacerbate these domestic challenges.

The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.

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Section II

The Decline of Engagement and the Impacts of U.S.-China Competition

From President Nixon's outreach to China in the 1970s to the Obama administration, U.S. policy predominantly favored engagement with Beijing in the belief that sustained ties would moderate China's behavior over time. However, with the Trump administration's elevation of "great power competition" and President Xi Jinping's increasing assertiveness and authoritarianism, many policymakers in Washington now identify Beijing as a strategic competitor for the foreseeable future.

This profound rethinking towards China raises a number of important questions about the future of U.S.-China relations and the wider international order. What explains this shift in views? Does competition mean there is no room for cooperation? What kinds of impacts will this have on issues where the United States and China share mutual interests, such as pandemic response? Can China's social and political system compete with the attractiveness of American soft power?

This chapter explores these issues and more, featuring essays from the following fellows:

David J. Bulman, "'Common Prosperity' and China's State Capitalist Welfare State: Implications for U.S. Policy"

Dimitar Gueorguiev, "Understanding Hawkishness in Chinese Public Opinion"

David M. McCourt, "Knowing the PRC: America's China Watchers between Engagement and Strategic Competition"

Deborah Seligsohn, "The Key Role of Multilateral Coordination in the U.S.-China Health Relationship"

2021-22 WILSON CHINA FELLOWSHIP

“Common Prosperity” and China’s State Capitalist Welfare State: Implications for U.S. Policy

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Abstract

China and the United States will increasingly compete over socioeconomic models, with major implications for the development of world order in the 21st century. An underappreciated aspect of this competition revolves around the ways that economic models ensure suitable levels of equality as well as growth. The Communist Party of China (CPC) has indicated its intentions to develop its own approach to the public financing of a welfare state. Specifically, the CPC has advocated a common prosperity agenda based on redistribution to address deep-rooted challenges of inequality, financed by a stronger state sector that contributes more to transfers and redistribution, creating a “state capitalist welfare state.” If successful, this model could help put China on a path towards sustainable economic growth. The CPC believes that this version of “socialism with Chinese characteristics” will resonate abroad and improve China’s soft power. If successful, this policy direction has major implications for the Chinese economy as well as the attractiveness of the China model. This chapter discusses China’s vision, current implementation, and related implications for U.S. policy.

Implications and Key Takeaways

- Do not make policy based on assumptions of China’s economic failure. Demography is not destiny, and U.S. policy should not be based on an assumption of future U.S. dominance.
- Pressuring market reform in China via bilateral trade and investment policy will become increasingly ineffective. Multilateral trade inducements have proved more effective in the past. If the United States seeks to shape Chinese economic reform and engage fairly with China in the global trading system, it should engage with partners on WTO reform and negotiate entry into CPTPP.
- The State Department should take China’s soft power challenge seriously and seek to better understand public opinion abroad. Do not assume U.S. soft power superiority.

- The United States should continue to use the DFC and USAID to compete with BRI, but propaganda to undermine China's investments is ineffective. Instead, the United State should promote its own shared prosperity language abroad. The United States has a more equitable economic model than China does today, and rather than opposing China, working together with China, especially through international organizations, allows the United States to highlight confidence in its economic model advantages.
- U.S. policymakers should not assume continued domestic support for policies perceived as furthering decoupling or economic containment of China. These policies are economically costly and difficult to reverse when public opinion shifts.
- The United States should fund further public education on China, including language and area studies. Congress should provide additional funding to the Department of Education's Title VI and Fulbright-Hays programs, and the Biden administration should revive the Fulbright-China program.

Introduction

Since the Fifth Plenum of the 19th Central Committee of the Communist Party of China (CPC) in October 2020, the CPC and General Secretary Xi Jinping have increasingly emphasized “common prosperity” (共同富裕). In 2021, “common prosperity” became a core political slogan, with Xi using the term in his speeches at least 65 times.¹ According to Xi, common prosperity seeks to address inequality: “We must not allow the gap between the rich and the poor to grow wider, the poor getting poorer and the rich getting richer, and an insurmountable gap between the rich and the poor must not appear.”² To do so, the common prosperity agenda calls for using taxes and fiscal transfers to support low income populations, expanding the middle class through salary increases, tax deductions for small and medium size enterprises (SMEs), reforming the household registration system, training new skilled workers, improving social protection and education, and cracking down on “illegal” high incomes.³

Yet concrete policies to achieve common prosperity goals remain vague, allowing for wide variance in external interpretation of the CPC’s actual ambitions. Economically, China in recent years has experienced a strengthening of the state sector, expansive industrial policies, and a freezing or reversal of many market reforms. Politically, the CPC has centralized power, taken over government functions, and become increasingly repressive. Understandably, then, many observers interpret “common prosperity” as another mechanism for CPC control over the economy, particularly the private sector, pointing to the recent regulatory anti-trust crackdown on large technology companies and the promotion of “tertiary distribution” (第三次分配), a euphemism for semi-coerced private sector charitable donations.⁴ This interpretation sees the redistributive aspects of common prosperity as mere rhetoric, perhaps justifiably given China’s persistently high levels of multi-dimensional and multi-scalar inequality.

The interpretation of common prosperity through the lenses of party control and private sector suppression has been prominent in Washington, DC, policy-making circles. Over the past year, in nearly two dozen formal interviews and informal discussions with Biden and Trump administration officials at the State Department, National Security Council, Department of Defense, and Department of Commerce, not a single official took seriously

the possibility that “common prosperity” would effectively achieve China’s stated economic redistributive goals. Policy planning documents, including but not limited to the Biden administration’s Interim National Security Strategy⁵ and the Trump State Department’s “The Elements of the China Challenge,”⁶ similarly do not take seriously Xi’s redistributive socialist rhetoric. Instead, these officials and these planning documents see common prosperity through the same prisms of Xi’s centralization of party power and ideological straitjacketing.

These interpretations may well be correct—indeed, CPC rhetoric frequently serves political and propaganda purposes—but this paper argues that it is important to take the CPC’s own language seriously and consider the consequences if the common prosperity agenda achieves its stated goals. Common prosperity is the CPC solution to the “principal contradiction” in modern China between “unbalanced and inadequate development and the people’s ever-growing needs for a better life.”⁷ It is a long-term economic project that seeks to address persistent and deep-rooted economic challenges with inequality and domestic imbalances in order to enable China to become a high-income economy. It is also a project that requires significant increases in public expenditure, and the CPC has made clear over the past several years, prior to the recent “common prosperity” propaganda push, that it intends to fund increased social expenditure, social insurance, and income redistribution, not through a modern taxation system, but through state-owned enterprise (SOE) share transfers and dividends. The use of state asset ownership in a predominantly market economy to develop a non-tax-based redistributive welfare system—what this paper calls a “state capitalist welfare state” (SCWS)—has important implications for China’s future economic development. It necessitates a larger and more profitable state sector, helping to explain the trajectory of SOE reforms, but also makes China’s future growth trajectory more sustainable.

Common prosperity and SCWS also have important implications for the global attractiveness of the “China model” and thus U.S.-China competition. Since Xi’s 19th Party Congress speech there has been more explicit CPC attention to developing and exporting a “China solution” (中国方案). As the theorist Jiang Shigong notes, having adopted Western lessons, Xi’s CPC is now seeking to define an alternative socialism with “Chinese characteristics”

whose export can serve as a global public good.⁸ A key part of this global influence agenda is promoting CPC efforts to “build a socialism that is superior to capitalism” (建设对资本主义具有优越性的社会主义).⁹ Successful SCWS development would make China more attractive, not only to developing economies, but also to middle- and even high-income economies struggling with similar questions related to the efficiency-equality tradeoff.

Implementing the common prosperity agenda remains difficult and uncertain, and as discussed in the conclusion, common prosperity may prove to be no more than a tactical propaganda campaign. Yet more progress has been made at addressing poverty and inequality through the use of state assets than has been broadly appreciated. By interpreting “common prosperity” only from the perspective of party dominance, U.S. policymakers risk underestimating the possibility that the emerging SCWS system could bolster China’s economic resilience while also setting China up as a true soft power competitor. Taking these developments seriously would necessitate a different balance of global hard and soft power investments by the United States.

Common Prosperity’s Economic Rationale

Multi-dimensional inequality increasingly undermines China’s economic prospects, and common prosperity can be interpreted as a response to this challenge. After four decades of nearly double-digit economic growth, China has become an upper middle income country with the world’s second largest economy. Yet structural and demographic changes have led to decreasing returns to capital and slower economic growth while exacerbating inequality and pressuring fragmented and underfunded social security and welfare systems. China’s high levels of inequality have increasingly become a barrier to future growth. On the one hand, inequality and persistent poverty undermine human capital development and thus prevent the work force productivity gains that become increasingly essential as China’s population ages and the workforce shrinks. Additionally, inequality undermines domestic consumption and rebalancing, forcing China to continue to rely on debt-financed investment with decreasing returns. In this sense, inequality-related challenges may undermine party legitimacy even if they do not cause social unrest as often perceived.¹⁰ In publicly explaining the common prosperity agenda, Xi

himself has argued that the Soviet Union’s collapse was due to its lack of attention to the people.¹¹

In terms of human capital development, health and education shortcomings for rural and migrant youth—driven by broader regional and urban-rural income inequality—threaten to undermine the productivity of China’s future workforce. Nearly 90 percent of the rural labor force lacks a high school education; rural children suffer disproportionately from anemia (25 percent of rural youth) and intestinal worms (40 percent of rural youth); and half of all rural infants are cognitively delayed and thus unlikely to reach an adult IQ of 90.¹² Based on global comparisons of educational attainment, Hongbin Li and co-authors estimate that China’s rural/migrant education gap will push China’s annual GDP growth down to a maximum of 3 percent, and likely much lower.¹³ Improving rural and migrant health and education outcomes to address this deep challenge to future growth requires considerable additional public financing and fiscal transfer mechanisms. The poverty alleviation push under Xi should be seen in this context, as should the more recent focus on rural revitalization. Although in the 1980s and 1990s, China relied on a “trickle-down regional economic development strategy,” since 2013 China’s “precision poverty alleviation” (精準扶貧) strategy targeting poor households rather than poor villages has increasingly relied on targeted interventions financed by fiscal transfers.¹⁴

Common prosperity also seeks to address China’s imbalanced economy to enable domestic demand to become a sustainable source of growth. China’s consumption share of GDP remains only 54 percent in 2020, and the CPC has raised “rebalancing” concerns since at least Wen Jiabao’s “Four ‘Uns’” speech in 2007.¹⁵ Although the economy has still grown rapidly over the past 15 years, productivity has shrunk and become a drag on growth over this period; growth itself has only been sustained by high levels of debt-fueled investment which the CPC acknowledges are unsustainable. But inequality with minimal redistribution undermines efforts to rebalance the economy towards consumption. Population aging adds to this difficulty, as the current pension system cannot support high levels of retiree consumption, a challenge that will become more problematic as China’s old-age to working-age population ratio rises from 18.5 percent in 2020 to 58.3 percent in 2060, exceeding OECD levels.¹⁶

China's high levels of inequality and aging are extreme, but today's high income countries all faced similar pressures to address these two trends through greater public expenditure and redistribution, even if the degree to which they did so differed. No resource-scarce country with such high levels of inequality has ever made the transition to high income.¹⁷ Economic growth alone cannot solve current entrenched inequality in China; instead, the state will have to play a greater role through growing expenditure. On average, as a share of GDP, OECD countries spend 2.6 times more on health, 1.4 times more on education, 1.9 times more on social protection, and 1.4 times more on general public services; a combined 15 percent of GDP more on these four categories.¹⁸ Yet despite assertions of a "socialist" market economy, China's overall public financial system remains regressive on net.

The CPC recognizes the challenges this poses for China's high income transition and the need for a greater state role. Overall, the past two decades have seen a remarkable increase in social expenditure. Despite attention to state-financed R&D and growing defense spending, these budgetary categories have stayed constant or declined as a share of total expenditure.¹⁹ Rather, a growing share of expenditure has been taken by social expenditure. According to IMF data, functional government spending on education, health, housing and community amenities, and social protection rose from 5 percent of GDP in 2005 to 17 percent in 2018.²⁰ Poverty alleviation funds from the central budget skyrocketed, doubling between 2012 and 2018 and reached 146 billion RMB (20.6 billion USD) in 2020. On the surface, on the back of this growing expenditure and assistance, China in the Xi Jinping era has successfully addressed many challenges related to demographics and distribution. The Gini coefficient has peaked, extreme poverty by the CPC's own definition has been eradicated, rural-urban gaps have shrunk, and wage-based inequality has declined.²¹

But the common prosperity agenda recognizes that considerably more social expenditure is necessary to achieve China's economic goals. Despite peaking, inequality remains persistently high across multiple dimensions. And despite assertions that China eliminated poverty in 2020, the CPC continues to focus on China's poor; Premier Li Keqiang famously noted that 600 million Chinese continue to live on less than 1000 RMB per month. The common prosperity agenda, focused on increased taxes and fiscal transfers to support

low income populations and improving social protection and education, requires significantly greater fiscal expenditure.

Social security provides the starkest example. China's existing pension system does little to address old-age poverty and actually exacerbates inequality. At a simplified level, two components comprise the public pension system: employment-based pension systems for urban formal workers and a social pension system for rural and informal urban residents. The urban employment-based pension system, covering less than 30 percent of the current working-age population, is relatively generous but increasingly underfunded; the social pension system has expanded rapidly over the past decade, but remains extremely limited in terms of benefits. This dual approach leads to considerable inequality given that social pension annual benefits are only ~2 percent of GDP per capita, *25 times* lower than public unit pensions at 50 percent of GDP per capita. And employment-based pensions themselves are highly regressive, with bottom quartile recipients receiving only 2 percent of those in the top quartile.²²

The multi-pronged pension system that China has developed and implemented is laudable in terms of its rapid expansion of coverage, but the generosity of benefits remains extremely low for rural and informal urban residents, and the current system is already financially unsustainable. Even without increasing benefits, population aging will drive the system to insolvency. If China hopes to increase social pension generosity, this insolvency will come much sooner. Even with no increase in generosity, population aging will result in spending increase from under 4 percent of GDP to over 10 percent of GDP from 2015-2050.²³ And contributions will only reach 2.8 percent of GDP, leaving a gap of 7.3 percent of GDP.²⁴ A widely discussed 2019 report released by the Chinese Academy of Social Sciences and the Ministry of Human Resources and Social Security's National Council for Social Security Fund forecast that the pension balance would become negative by 2028, and reserves would dry up by 2035, with payment shortfalls accumulating to 11 trillion RMB by 2050.²⁵ Today, pension benefits already exceed revenues in many provinces. And these shortfalls refer only to the formal urban system. All of these estimates assume that social pension expenditure remains miniscule. Nearly 40 percent of the working age population contributes to the social pension contributory system, with small

government contributions, but the low generosity leads to low overall expenditure (0.3 percent of GDP in 2014). Raising social pension benefits to just 10 percent that of urban workers (from 2 percent today) would result in an additional 3 percentage point of GDP gap in 2050; equalization of benefits would yield a 41 percentage point gap.

The common prosperity agenda explicitly seeks to address the shortcomings of China's existing social security system. In Xi's words, China "still needs to attach great importance to and make practical improvements on the weak links of the system, as the principal contradiction in Chinese society has evolved...Social security is the most imminent and realistic issue the people care about."²⁶ In February 2021, Xi announced a far-reaching—if vague—reform plan to broaden the range and strengthen the benefits of the system, arguing that doing so was imperative for state security (是治国安邦的大问题).²⁷ Although the reform plan was vague, it made clear that system generosity and reach both had to expand, necessitating considerably more public financing.

Pensions are just one piece of the common prosperity agenda, albeit one of the most expensive and consequential. Health, education, housing, and targeted poverty funds are all included in common prosperity rhetoric, and all require significant increases in state expenditure that the state has increasingly committed itself—rhetorically at least—to financing. China hopes to avoid the fate of other communist countries that experienced economic stagnation and service quality deterioration following periods of increasing the generosity of social guarantees.²⁸ But if the CPC truly envisions tackling inequality and redistribution by reaching OECD-level fiscal expenditure norms, this will require over 15 percent of GDP in *additional* annual fiscal expenditure.²⁹

Financing Common Prosperity: The Emerging State Capitalist Welfare State

How will China finance this ambitious common prosperity agenda? It has become increasingly clear that one way the CPC intends to achieve this goal is by funding social expenditure and income redistribution not through a modern taxation system, but through SOE profits via share transfers and

dividends. The use of state asset ownership in a predominantly market economy to develop a non-tax-based redistributive welfare system—a “state capitalist welfare state” (SCWS)—has important implications.

Until relatively recently, China appeared to follow the playbook of other successful high income economies by expanding broad-based taxation to enable higher levels of social expenditure. As Zhu Rongji pushed through massive SOE restructuring in the late 1990s, a basic welfare system emerged. SOE restructuring paved the way for WTO entrance and a private-sector-led economy. By the mid-2000s, private sector entry and creative destruction drove economic growth. A modern taxation system based on a value-added tax (VAT), corporate income tax, and, to a lesser extent, progressive personal income tax, financed rapidly expanding social, health, and education expenditure. With regard to social security, international organizations promoted common global frameworks for social security development through technical assistance, policy dialogues, and recommendations, many of which China adopted.³⁰

But SCWS as envisioned by the CPC marks an end to that convergence and a return to an earlier model of SOE-based public finance. Yet this is not the *danwei*-based iron rice bowl, but rather a more sophisticated and potentially sustainable SOE-based public finance 2.0. China’s tax-based revenue has already shrunk significantly in relative terms—from over 93 percent of revenue in 2001 to less than 83 percent in 2019—while social expenditure continues to rise.³¹ The CPC could have instead chosen to have a more progressive income tax-based fiscal system to be more in line with advanced economy trends, but China seems unlikely to move towards OECD levels of personal income taxation.³²

Instead, China has made clear its intentions to finance redistribution through state asset transfers rather than broad-based taxation. The basic idea is to boost SOE assets and profits and transfer these profits to state coffers. The system itself is in part designed on James Meade’s idea of “social dividends.”³³ The system also has clear echoes in the Singaporean model. Non-tax revenue dependence for social welfare provision will depend on enhanced SOE strength and profitability, and SCWS thus has two key and inseparable components: SOE revitalization and SOE profit transfers.

Revitalization and evolution of state capital

SCWS requires profitable state-owned enterprises. It is common to hear that SOE reforms have reversed under Xi as the state has advanced while the private sector retreats (国进民退). Although partially true, this is an overly simplistic interpretation. Rather, SOE reform has taken three broad directions under Xi: 1) continued removal of purely state-controlled enterprises from competitive industries along with efforts to strengthen the private sector in these industries; 2) maintaining—and expanding—state ownership of strategic and public-focused industries; and 3) increasing state investments in the private sector as a tool of industrial policy and to bolster state profits, which consequently obfuscates the private/state distinction.

The CPC has sought to exert heightened oversight and control over the private sector in recent years, and, as discussed above, common prosperity is often interpreted in these terms. Yet despite greater oversight and central control, the private sector continues to expand faster than the state sector and continues to drive China's investment, employment, growth, and exports.³⁴ The number of SOEs in competitive sectors has continued to shrink, albeit at a reduced pace. Premier Li Keqiang has personally led a campaign to reduce red tape for private sector firms, and central regulators and the PBOC have attempted to channel preferential tax and lending policies towards the private sector to spur growth. Perhaps ironically, part of the turn to state-asset-dependent financing modalities for common prosperity have arisen because of efforts to cut private sector corporate income and labor taxes, which has necessitated finding new revenue sources.

Yet two countervailing trends show that in other ways, the state sector has indeed advanced. First, many sectors have been deemed strategic or public, with SOEs expected to dominate these sectors and act as implementers of government policy. With little consistency over time, policy uncertainty has risen over what constitutes a strategic or public sector. The most recent example may be commercial housing. With Xi's repeated assertion that "houses are for living in, not for speculation," along with the Evergrande debacle and broader property sector corrections, SOE developers have become key players by taking over debt-laden but still viable commercial projects. State developers will likely face pressure to build low-income affordable housing.³⁵ SOEs will play a stabilizing role in real estate markets, guaranteeing state profits while also

ensuring that people have access to housing.³⁶ This is a clear example of the state advancing at the expense of the private sector, with common prosperity goals and stability in mind.

The final SOE evolution under Xi relates to state investments. State capital has expanded far beyond majority purely state-owned firms: the “investor state” has risen.³⁷ When “mixed ownership” reforms were touted in 2013, they were seen as a way to reinvigorate SOEs with private sector stakes and dynamism. But actual implementation has more frequently meant state investments in private firms. At times, this serves as a form of industrial policy, as with the Ministry of Industry and Information Technology (MIIT) investments in nearly 5000 emerging “little giants” since 2019.³⁸ But another key aspect is increasing returns for state capital investment bodies, which have proliferated. This trend accelerated during the pandemic-related economic downturn, with floundering private sector firms seeking state bailouts/investments.

In sum then, SOE evolution seeks to combine private sector dynamism with state control and state profitability. This is a tall order, and, as discussed below, even if implemented “successfully” would still lead to considerable efficiency losses as compared to a market reform scenario. But the strategy has succeeded in giving the state new levers of policy control as well providing a new source of revenue: in 2021, SOE profits were higher than private sector profits for the first time since 2008.

SOE asset transfers: the case of social security funds

Reform-era China has a relatively long—if until recently underwhelming—history of efforts to transfer state assets to support the public budget, social security funds in particular. Efforts began in earnest in 2001 with measures to transfer 10 percent of SOE initial public offering proceeds to the National Social Security Fund.³⁹ In 2007, central SOEs, which had been exempt from paying dividends previously, began paying 10 percent dividends in profitable industries, though strategic sector SOEs remained exempt. In 2011, top dividend rates increased to 15 percent, a rate well below that facing most global SOEs.

Under Xi, asset and profit transfer efforts have become more ambitious, particularly with regard to social security financing, an area with great financing needs. The Office of the National Working Commission on Aging estimates that elderly care will consume 26 percent of GDP by 2050, up from 7

percent in 2015.⁴⁰ Any increase in social pension generosity—as envisioned by common prosperity—will drive these figures considerably higher. But urban employment pensions cannot simply be funded from greater contributions, as contribution rates (at 28 percent of wages on average) are already well above advanced (20 percent) and emerging market economy (15 percent) averages. The system already has high minimum thresholds, and there is already considerable evasion by small companies and those with high turnover.⁴¹ And gradually raising retirement ages, as mooted in 2021, will simply be offset by rising life expectancies, especially at the envisioned pace of change.

Consequently, in addition to expanding individual contributions, China plans to reform its pension system by increasing share transfers from SOEs to allow local and central governments access to SOE dividends to shore up social security funds. The most recent and ambitious step is transferring state-owned assets directly to social security funds. The policy began in Shandong in 2015 with 18 companies picked to transfer 30 percent of their total capital to the newly created provincial social security council (山东省社会保障基金理事会). Later more companies were added, but the transfer share was reduced to 10 percent.

Following Shandong, in November 2017 the State Council issued the “Implementation Plan for the Transfer of Some State-owned Assets to Firm up Social Security Funds” (划转部分国有资本充实社保基金实施方案). The Ministry of Finance in 2019 followed up with more specifics on transferring SOE shares to social security funds, pressuring reforms that had lagged after the initial 2017 announcement. The transfer of financial and non-financial SOE shares proceeded rapidly after mid-2019. In 2019 alone, over 1 trillion RMB of SOE shares were transferred to the fund.⁴² By January 2021, the Ministry of Finance announced completion of the program, with 10 percent of all 93 of the largest state owned companies transferred to the national pension fund, worth 1.7 trillion RMB.

Yet this 1.7 trillion RMB transfer only covers central firms, and is not enough to fill expected pension gaps, which are themselves concentrated at the sub-national level given China’s highly decentralized fiscal system. The State Council made clear that provincial and sub-provincial SOEs should also transfer shares. Implementation varies: although SOE share transfer were intended to be completed by 2021 in all provinces, over half of China’s provinces

have yet to set up a social security council and transfer shares.⁴³ But assuming these efforts continue, these transfers could make a considerable dent in expected pension shortfalls. There are several unknowns regarding dividend payout ratios (currently at 15 percent, much less than the 50-60 percent level of US industrial firms)⁴⁴; the share of assets transferred to social security funds (currently 10 percent but originally envisioned at 30 percent); and future SOE profits (currently 5 percent of GDP and rising). Reasonable estimates could yield between 0.3 percent and 1.5 percent of GDP in additional revenue for social security funds each year.

More broadly, increasing SOE profits and dividend payout ratios could yield an additional 2-3 percent of GDP in revenue for general government budgets across administrative levels, held in related State Capital Management Budgets (国有资本经营预算). These funds would not be earmarked for any specific purpose, but could help finance other aspects of the common prosperity agenda.

Implications for U.S. Policy

Implementing the common prosperity and SCWS agenda is far from certain.⁴⁵ Challenges with firm capture, central-local relations, and elite politics could all conspire to make the common prosperity reality far less than the vision. Indeed, the reason that common prosperity in 2021 focused on anti-trust regulation and tertiary distribution may be that these were low-hanging fruits politically. But assuming that China successfully implements this agenda, what are the implications? Below, I focus on three implications for U.S. policy:

1. *Economic competition.* Common prosperity and SCWS imply a less dynamic but potentially more sustainable growth trajectory, but also militate against further market reforms. By boosting domestic demand and enabling dual circulation and self-reliance, common prosperity and SCWS make China more robust to external economic pressure.
2. *Global soft power.* Common prosperity and SCWS imply a potentially workable version of market socialism that the CPC believes would

resonate globally, boosting China's soft power. Given growing global discontent with inequality and capitalism, the CPC may not be mistaken, despite soft power shortcomings stemming from China's authoritarianism.

3. *Domestic support for China policy.* The Beltway consensus spurring more combative or “decoupling”-type policies towards China, particularly in the economic realm, is facilitated by growing anti-China sentiment among the American public. Common prosperity and SCWS could change American perceptions of China and reduce support for current policy directions.

Implications for U.S.-China Economic Competition

Current DC perceptions of China's economic prospects appear to fluctuate between two extremes. One increasingly common view sees China's current demographic and debt challenges as insurmountable. From this vantage point, concerns about competition with China are either overblown, or China is a “peaking power” that is likely to become increasingly externally aggressive before its relative power declines.⁴⁶ In contrast, other U.S. policies correspond with a view of China as an emerging techno-industrial superpower whose state interventions will enable cutting-edge innovation and supply chain dominance. From this latter perspective, the United States should seek to contain China or decouple from China before it is too late.

Yet successfully implemented SCWS is likely to chart a middle path for the Chinese economy. SCWS would help China overcome its demographic and debt challenges, boosting domestic demand through redistribution and improving human capital through increased education and health expenditures. This will help China escape the middle income trap. It will also reduce external dependence and make China more self-sufficient. China's economy would continue to grow, and per capita income would continue to converge.

But SCWS would also coincide with slowing growth in China. Beyond short-term pandemic effects, China's current economic slowdown can be arithmetically explained by two factors: declining (total factor) productivity growth, and the reversal of China's demographic dividend. The key determinant of

productivity decline has been capital misallocation that prevents the exit of underperforming firms and the entry of productive firms.⁴⁷ SCWS will not solve this problem, and could exacerbate it. The extent of efficiency costs will depend on broader SOE reforms. Moving towards a state investment system modeled on Singapore’s Temasek would enable more efficiency than keeping SOEs dominant in production itself. The bigger question is China’s far more numerous local SOEs, many of which operate un-competitively within competitive, non-strategic sectors; allowing these firms to close would boost overall productivity and allow new entrants. SCWS would not depend on profits from these loss-making firms and thus would not necessarily impact local government willingness to shut them, yet as state capital bails out large state- and private-sector local firms, closing these firms may become even more difficult.

In terms of overall growth, then, China, with a shrinking population and continued support for “zombie” firms would experience slowing yet positive growth. Although China has a market-based economy and is adapting its state sector to fit—China is not becoming a command economy again—prospects for further market reform and privatization are distant. China will double down on industrial policy and state guidance. Because of the boost to domestic demand and continued state control over key “strategic” sectors, as well as continued industrial policy to shore up key technology sectors, China will be more self-reliant and less susceptible to external pressure in the form of either carrots or sticks. If SCWS succeeds, then, China would have slower growth that is more balanced both internally and externally.

These growth trends have implications for U.S. policy. First, in contrast to many existing discussions, U.S. policymakers should not design policies based on assumptions of China’s economic failure. Demography is not destiny, and U.S. policy should not be based on an assumption of future dominance. Similarly, however, U.S. policymakers should not assume that China will rapidly become the world’s largest economy. Second, pressuring market reform in China will become increasingly ineffective. Recent bilateral sticks, most notably the trade war initiated in 2018, have proven ineffective, but multilateral trade inducements have provided effective carrots for China’s reform in the past. If the US seeks to shape Chinese economic reform and engage fairly with China in the global trading system, the windows for WTO reform and joining CPTPP to incentivize change in China are closing.

Implications for China's Global Leadership and Soft Power

In the context of growing global discontent with inequality and capitalism, SCWS—and the CPC's explicit intentions to export this emerging brand of market socialism—also has implications for U.S.-China soft power and ideological competition. The development of a uniquely Chinese sustainable welfare state will help shape the global attractiveness of a “China Model.” Yet today, this aspect of global competition gets short shrift. Dominant perspectives in U.S. policymaking communities on the ideological nature of U.S.-China ideological competition focus on political system competition. According to one view, China does not pose an ideological challenge given that China's authoritarian/totalitarian state capitalism has few adherents.⁴⁸ An alternative view takes the authoritarian challenge seriously, particularly given the end of the “third wave of democratization” that has coincided with China's rise.⁴⁹ Edel and Shullman argue that the CCP is exporting authoritarianism “not through seminars on Marxist ideology...but through a broad range of antidemocratic activities.”⁵⁰

A contrasting view of the ideological competition from an economic perspective acknowledges that China has now begun to challenge U.S. dominance as a potential socioeconomic system competitor, but sees this competition through the lens of state control and technological capability, not through the lens of soft power attractiveness. The threat focuses on industrial policy and state ownership in a market economy, as well as China's efforts to export this model through global financing as part of the Belt and Road Initiative. But there is a tendency to overstate the potential influence of the “China model” when analyzed through these prisms of techno-industrial policy and development finance. Although techno-industrial policy will help shape U.S.-China competition, China's approach is neither successful enough nor original enough to pose a broader threat to the liberal economic order.

By focusing on the competitive challenge posed by China's hard power and not acknowledging the deeper goals—and potential socioeconomic effectiveness—of Xi's redistributive push, U.S. policymakers may underestimate the soft power challenge posed by China's rise. This economic ideology challenge should be seen through the lens of rising global discontent with capitalism as well as through China's explicit promotion efforts. In terms of China's promotion efforts, SCWS is a key element of the “China Solution” that the CPC has

promoted since the 19th Party Congress, and whose export the CPC believes can serve as a global public good.⁵¹ The idea of funding redistribution through SOE shares has precursors in the West and in Singapore, and China's efforts are based on Western social science ideas, but the CPC believes its ideas will resonate abroad.

China's redistributive turn would likely find a receptive audience, coming at a time when global perceptions of capitalism have never been so negative. One Edelman survey in 28 countries finds that 56 percent of respondents think capitalism as it exists today does more harm than good in the world, and only 18 percent say the "system is working for me."⁵² The world is increasingly favorable towards socialist ideas; most country publics see redistributive socialism as beneficial, even when they negatively associate socialism with aspects of social and political totalitarianism.⁵³

Comparing large-scale rigorous time-series polling data in Latin America (AmericasBarometer), Africa (Afrobarometer), and Asia (Asian Barometer) yields several interesting and cross-regionally-consistent findings related to the potential attractiveness of "Chinese socialism."⁵⁴ As has widely been reported, publics in most countries hold increasingly "unfavorable" opinions of China, and much of this low opinion arises due to perceptions of China's authoritarianism. However, publics in Asia, Africa, and Latin America already generally perceive Chinese influence as equal or more positive than U.S. influence. And today, although China is still not the top external "model" for development, it comes second after the United States and has been closing the gap. For instance, in the latest Afrobarometer (2019/2020), the China model (23 percent) is second after the United States (32 percent).⁵⁵ In other words, China is already more attractive than often perceived, despite China remaining a relatively non-prosperous and unequal country.

There are also indications in the Barometers surveys that SCWS could make the China model more attractive. The cross-regional polling data reveals both increasing redistributive preferences as well as growing correlations between these redistributive preferences and support for the China model. Controlling for individual country effects, all three regions exhibit a consistent trend towards more support for redistribution, unsurprisingly given the global shift towards pro-socialist attitudes and discontent with inequality. Moreover, respondents with greater redistributive preferences are already

more likely to see the China model as desirable, despite China's high levels of economic and social inequality. In all three regions, there is a growing association between left ideological preferences and support for the "China model," which also correlates with trust in China. A decade ago, in Asia at least, concern with inequality predicted *less* support for the China model, but this has reversed across regions, either as a result of discontent with "Western" capitalism and its effects on inequality, or as a result of perceptions of greater Chinese success confronting inequality.

In sum, Xi's aspirations of re-establishing China as a global socialist model may seem improbable given China's high levels of inequality, but left-leaning populations in the developing world already perceive China favorably. If China successfully implements SCWS and common prosperity, China would become even more attractive, not only to developing economies, but also to middle-income economies struggling with similar questions related to the efficiency-equality tradeoff. This is much more of a competitive soft power threat than authoritarianism itself, which detracts greatly from China's attractiveness.

In terms of policy recommendations, U.S. policymakers should take China's soft power challenge seriously and seek to better understand public opinion abroad. One reason for the perceived lack of soft power resonance regarding China may come from U.S. policymakers' greater familiarity with elite positions; socioeconomic elites in the developing world, as shown in the Barometers surveys, tend to have much more negative opinions of China and more favorable views of the US than general populaces.⁵⁶

Additionally, U.S. policymakers and diplomats should improve U.S. messaging abroad and promote America's own shared prosperity language. Currently, the State Department competes with China abroad through propaganda efforts that aim to portray BRI and Chinese investment negatively. This propaganda is ineffective. The United States has an equitable development model and provides considerably more global aid than China, and U.S. policymakers at the State Department and USAID, as well as through representation at international organizations, should focus on these American advantages. Rather than opposing China, working together with China, both bilateral and through international organizations, allows the US to highlight confidence in these advantages. This does not preclude highlighting China's

human rights violations and CPC authoritarianism. Indeed, the United States has a major advantage arising from “moral asymmetry.”⁵⁷ But that advantage is squandered through inconsistency and conflating China’s positively-perceived economic engagement abroad with CPC authoritarianism.

Implications for public support for U.S. policy towards China

Among the American public, attitudes towards China have hit unprecedented lows.⁵⁸ These negative attitudes give policymakers space to impose more confrontational policies on China, especially in the economic sphere; indeed, conventional wisdom has it that being “soft” on China would be politically disastrous for either party. Yet SCWS may affect American opinion on China in unexpected ways, limiting policy choice.

Consistent with the global polling data cited above, inequality in America has triggered growing discontent and rising support for redistribution across ideological and party lines. Both liberals and conservatives now agree that inequality of income and opportunity have reached levels that undermine the American economy.⁵⁹ And American support for socialism has grown, largely driven by liberal youth, but also among conservatives,⁶⁰ likely because “socialism” now tends to activate ideas of government-led redistribution rather than government ownership of the means of production.⁶¹

But is there any reason to think that this evolving sentiment would affect attitudes towards China and preferences regarding U.S. policy towards China? To assess how the American public perceives China’s economic system and whether “socialist/redistributive” developments in China would affect perceptions of China as a threat, I commissioned a nationally-representative survey of 1,016 Americans by Ipsos KnowledgePanel. Additionally, to compare preferences between the public and the policymaking community, I ran an identical survey for alumni of the Johns Hopkins School of Advanced International Studies (SAIS). SAIS alumni predominantly work in government or private/non-profit/think tank communities connected to international affairs, with over 40 percent of 560 respondents having worked (or currently working) for the U.S. government.⁶²

Analyzing and comparing these two surveys highlights stark differences between the foreign policy community and the American public, and highlights ways in which SCWS development in China might make Americans less will-

ing to support policies based on perceptions of China's economic threat.⁶³ First, in terms of how they perceive the Chinese economy, the American public is significantly more likely to think of China as a command economy than the foreign policy community; and significantly more likely to think China's growth has been based on unfair trade, rather than market reforms or globalization.⁶⁴ In terms of the perceived threat emanating from China's economic rise, although the two samples have no differences in overall favorability towards China, the foreign policy community is much more likely to see the economic threat in military terms, while the public is more likely to see the threat in terms of competitiveness and American job loss. Relatedly, the public is much more likely to see the primary goal of economic interactions with China as American job creation, whereas the foreign policy community would like to pursue political and military goals using economic levers. Although the foreign policy community strongly believes that political reform (democratization) in China would lessen the threat from China, the public does not, instead expressing concern only with the overall size of the Chinese economy.

Summarizing these findings, the public sees China as having a command economy; thinks this leads to unfair trade; and sees the threat from China as one to economic competitiveness of the United States, but does not worry about the security risks surrounding economic integration. The foreign policy community is more knowledgeable about China's actual economic model but sees economic interactions through security lenses. The public is less likely to be concerned about ideology and much more likely to be concerned about Chinese economic effects on American jobs.

Moving beyond baseline differences, the surveys sought to explore how perceptions of economic redistribution in China affected the public's policy preferences. Controlling for baseline favorability towards China, perceptions of trade effects, ideology, party, age, race, and gender in order to provide a better indication of the pure effect of redistribution perceptions and perspectives, respondents who (incorrectly) think that China has a more generous safety net than the United States have lower threat perceptions. Relatedly, respondents who think China has a command economy are more supportive of containment policies, while those who think that China's efforts to share prosperity helped grow its economy are *less* likely to support containing China. In other words, across ideological and demographic lines, perceiving China as having

a more equal economy and less of a command economy leads to lower threat perceptions and lower support for confrontational economic policy.

To further explore the potential effects of changes to China's economic model, I added experimental cues to each survey. In each survey, one-quarter of respondents received a cue emphasizing bipartisan consensus on China's unfair trade practices ("unfair trade"); one-quarter received a cue emphasizing bipartisan critiques of China's human rights practices, including the genocide in Xinjiang ("Xinjiang genocide"); one-quarter received a cue highlighting China's goals and progress in fighting poverty and inequality ("common prosperity"); and one-quarter received no cue ("control"). Following these prompts, respondents were asked about threat perceptions regarding China and policy preferences.

The results are striking. For the public, receiving the "common prosperity" cue makes respondents considerably (nearly half a standard deviation) less likely to see China as a threat. The "Xinjiang genocide" cue makes respondents significantly more likely to see China as a threat, though the magnitude of the effect is smaller. The unfair trade cue has no effect, possibly because this information is already internalized by respondents. Looking at frame effects on specific policy preferences, the "common prosperity" frame causes respondents to be less supportive of decoupling and containment. Unexpectedly, party and ideological leanings do not shape the impact of these frames; instead, Republicans and Democrats both have lower threat perceptions after hearing about China's redistributive goals and poverty alleviation (though their baseline threat perceptions differ significantly). These findings indicate that perceptions of China's redistributive socialism trigger lower levels of support for policies that are perceived to punish China economically, and they imply that increased knowledge of China's redistributive goals and common prosperity agenda would decrease support for many current policies seen as limiting bilateral economic interaction.

In terms of policy recommendations, it is important that U.S. policymakers not assume continued support for policies that are perceived as attempting to contain China economically or decouple from China. Today's conditions lead to support for these policies, but conditions are likely to change, while these policies themselves can have more lasting consequences and become difficult to reverse.

Additionally, greater public education about China is essential; the United States should fund language training and study of China. The American public is generally not very knowledgeable about China, as seen by the high share who perceive China as continuing to have a command economy and the fact that only 47 percent of respondents can identify Xi Jinping as China's leader from a list of names. On the one hand, therefore, China's propaganda efforts to highlight its common prosperity successes in the United States may be ineffective. Yet as China becomes more important globally, it is likely to have more success touting its model abroad, including in the United States. Even during the Mao years, CPC propaganda had a major effect on U.S. domestic politics, where Mao found support among alienated minority groups, feminists, and idealistic youth.⁶⁵ And the survey results show that framing has a large influence on public policy preferences. Baseline knowledge of China, and even being able to identify Xi Jinping as China's leader, mitigates the impact of the experimental cues. The more Americans know about actual conditions in China, rather than propagandized stories from the CPC or fear-mongering distortions by U.S. politicians seeking political gain, the more rational public policy preferences will become.

Conclusions

China and the United States will increasingly compete over socioeconomic models, with major implications for the development of world order in the 21st century. An underappreciated aspect of this competition revolves around the ways that economic models ensure suitable levels of public goods provision, insurance, and equality to enable continued growth. Since the global financial crisis, Americans—and others around the world—have increasingly questioned whether a liberal capitalist economic model meets these needs. In China, the CPC has made a conscious decision to develop its own approach to the public financing of a welfare state. Specifically, the CPC has advocated a common prosperity agenda based on redistribution to address deep-rooted challenges of inequality, poverty, and aging. This agenda will be in part financed by a stronger state sector that contributes more to transfers and redistribution. If successful, this model could help put China on a path towards sustainable economic growth. The CPC believes that this version of

“socialism with Chinese characteristics” will resonate abroad and improve China’s soft power. China’s success in this vision, still far from assured, would make its economic model a true global competitor. Understanding China’s vision—and its implementation to date—is thus a pressing research challenge, as is gaining a better understanding of U.S. policymakers’ perceptions and potential responses.

At one level, the United States should welcome China’s development of a more equitable economic model. But China’s illiberal system poses a deep challenge to global liberalism and human rights. Ideally, the United States could demonstrate its own liberal meritocratic capitalism solution to problems of inequality, but conclusions that “we need to get our own house in order” are generally unhelpful, even if true.

The analysis presented here points in three general directions for U.S. policy focused on bilateral economic competition and the role of U.S. pressure; policy towards developing countries; and the framing of the “China challenge” domestically. Although specific policies are summarized above, let me repeat the broad implications in these three areas:

1. **The role of economic pressure, carrots, and sticks to achieve market reforms and fair trade practices in China.** The United States should not make policy based on assumptions of China’s economic failure and U.S. future dominance. Some argue that the United States should not pressure market reforms in China because wasteful subsidies and state intervention actually help limit Chinese economic growth and power.⁶⁶ This is shortsighted. Instead, there is an urgency to pressure market reforms now as opposed to waiting until it is too late. SCWS would make China more self-reliant while also establishing a state-dominated system at odds with American comparative advantage and free market preferences. Efforts to make China bear the costs of state intervention could lead to more viable approaches to state investment, competitive neutrality, and a more stable global trading system. Pressuring market reform in China bilaterally will become increasingly ineffective, but multilateral trade inducements may still work. The United States should therefore engage with partners on WTO reform and negotiate entry into CPTPP.

2. **U.S.-China soft power competition in the developing world.** U.S. soft power competition with China, particularly in developing countries, has increasingly revolved around the economic impact of BRI investments and foreign aid. U.S. policymakers should take China's soft power challenge seriously and seek to better understand public opinion abroad. And at the UN, and even the World Bank, the United States has ceded ground to China in terms of developmental and shared prosperity language. By all means, the United States should use the DFC and USAID to compete with BRI, but propaganda to undermine China's investments is ineffective. Competition over aid and investment makes the United States look weak and makes aid look transactional. Instead, the United States should promote our own shared prosperity language abroad. The United States has a more equitable economic model than China does today, and rather than opposing China, working together with China, both bilateral and through international organizations, allows the United States to highlight confidence in its economic model advantages.

3. **Framing China policy domestically.** The Cold War pitted communism versus liberal capitalism, with "communism" equivalent to command economy socialism combined with totalitarian governance. But in today's emerging cold war, markets have already won. American perceptions of command economy totalitarianism are very negative, but when confronted with redistributive socialism in China aimed at addressing poverty and inequality, they become much less supportive of many current policies towards China. U.S. policymakers should therefore not assume continued support for policies that are perceived as furthering "decoupling" or "containment." Policymakers should also devote greater effort to public education on China given that framing has a large influence on public policy preferences.

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The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.

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- 56 Consider the much more negative opinions of China in the ISEAS elite survey than in AsianBarometer and that within the Barometers surveys higher “social status” and income are associated with less favorability towards the China model. Sharon Seah, Hoang Thi Ha, Melinda Martinus, and Pham Thi Phuong Thao, *The State of Southeast Asia: 2021 Survey Report*, (Singapore: ASEAN Studies Centre at ISEAS-Yusof Ishak Institute, 2021).
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- 62 Although far from a perfect proxy, survey views are highly consistent with small-n findings in formal and informal interviews, providing a degree of justification for policymaker representativeness.
- 63 Findings from both surveys are summarized in broad terms here. Additional survey information, including methodology and questionnaires, as well as detailed results, is available at <https://davidjbulman.com/data/>.
- 64 In order to look at differences driven by the foreign policy community, the analysis controls for other personal characteristics that are over-represented in the SAIS alumni panel and that affect perspectives on China: education level, party affiliation, age, ideology, and race.
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2021-22 WILSON CHINA FELLOWSHIP

Understanding Hawkishness in Chinese Public Opinion

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Abstract

As tensions and competition between the United States and China rise, hawkish sentiments are gaining prominence in both countries. What do such trends mean for future diplomacy and cooperation? In this report, I share findings from recent surveys on Chinese public opinion concerning Sino-U.S. relations. The surveys show that hawkishness, which I define as strategic pessimism towards cooperation, is correlated but distinct from widely used attitudinal measures of favorability. The survey data also suggests that Chinese respondents are less emotional in their positions than what we see on the Chinese internet and media reporting. Furthermore, the surveys reveal that hawkishness in the Chinese public is more a reflection of internal factors than a reaction to external pressure. Overall, the survey results suggest a relatively coherent and cautiously optimistic Chinese public that sees options for diplomacy even as greater competition and rivalry seem inevitable.

Implications and Key Takeaways

- Hawkishness is distinct from favorability and the two concepts should not be treated interchangeably. It is possible for U.S. policymakers to influence Chinese public opinion with a focus on maintaining optimism about the future rather than worrying about whether positions will be viewed positively or not. For instance, holding out the possibility for mutually beneficial engagement for the future while simultaneously pushing back on Chinese economic opportunism in the present is a viable policy approach.
- Chinese netizens are not sensitive to moralistic rhetoric and U.S. policymakers need not assume that moralizing rhetoric coming from Chinese elites animates public sentiment. For U.S. policymakers the implication is that making moral appeals should be done with specific audiences in mind. While a domestic American audience may appreciate a morally driven approach, Chinese audiences will likely require a different angle. U.S. efforts to get Chinese leaders to condemn Russia's invasion of Ukraine, for example, might be more effective in underscoring the economic and reputational risks faced by China rather than appealing to moral obligations.

- While Chinese netizens are outwardly incensed by value-based criticism of China, they are unlikely to change their views on Sino-U.S. relations in response to criticism. The implication here is that U.S. policymakers need not worry that promoting democratic values and priorities will necessarily result in a public backlash within China. At the same time, such criticisms are unlikely to yield sympathy or change in attitude within China.
- Many Chinese netizens perceive Western countries as fearing China's rise and harboring intentions to contain China's future growth and influence. U.S. policymakers can pursue counter-narratives that communicate American confidence as well as openness to a more influential China. The heart of the challenge here is to signal confidence and strength in America's negotiating position without creating a sense of urgency for China to pursue aggressive policy goals for fear of diminishing leverage in the future.
- Chinese netizens remain open to diplomacy even as they anticipate rising competition. Unfortunately, Chinese incumbent leaders have been articulating a bleak narrative concerning the future of relations with the West under the competition framework and it is becoming increasingly important to offer counter narratives. These narratives need not be encompassing in scope, but there are narrower arenas such as energy security, trafficking, or money laundering, where earnest and open-minded negotiation could serve as testament that diplomacy remains a viable approach.

Introduction

Are U.S. and Chinese national interests incompatible? Are their differences irreconcilable? It was not long ago that diplomacy and engagement were the norm in the relationship.¹ It was a belief in common interests that encouraged American trade representatives to endorse China's bid for WTO accession and a preference for diplomacy that prompted Chinese officials to downplay crisis situations, such as the 1999 bombing of the Chinese embassy in Belgrade or the EP-3 plane collision in 2001. Increasingly, however, soft-spoken diplomacy has given way to hard-nosed scolding and the space for cooperation has narrowed. To be sure, the geopolitical environment and balance of power have shifted over the last ten years and with them so have the strategic calculations that drive foreign policy postures. Such shifts in strategic mindset, however, are likely to both affect and reflect shifts in public opinion.²

In this report, I consider some of the ways that growing rivalry in U.S.-China relations is being internalized within the Chinese public mood. While public opinion is unlikely to be the main driver behind foreign policy, public opinion is almost always a consideration for political leaders, both democratic and authoritarian. Moreover, modern diplomacy is more public and decentralized, meaning that leaders and policymakers have more tools for influencing and mobilizing public sentiment.³ The changing nature of public discourse is also making it difficult to distinguish between genuine public sentiment, vocal extremism, and state-guided nationalism. This attribution challenge presents itself in both open societies, like the United States, as well as closed ones, like the People's Republic of China.

Public opinion is also an area of strategic imbalance. Whereas Chinese policymakers have near unfettered access to the American public mood, less is known about how Chinese citizens view their political or economic options. This disparity arises due in large part to difficulties in accessing the Chinese public; namely, the censored nature of China's internet media and restrictions on public polling that make it difficult for non-state actors to survey citizens. These barriers have left Chinese public opinion relatively understudied. Gaps in our understanding of the Chinese citizen are also a function of skepticism over the influence public opinion plays in China's authoritarian policy space. Nevertheless, both academic and mainstream commentary on China routinely references rising nationalism and hawkishness

within the Chinese body politic as cause for concern in the bilateral relationship.⁴ Further research is thus warranted to avoid under or over-estimating the role of public hawkishness.

The rest of this report is divided into three sections. First, I summarize some of the relevant literature and arguments linking public opinion to foreign policy, with a focus on the U.S.-China relationship. Second, I introduce data from two online surveys designed to capture Chinese netizen opinions on relations with the West and the United States. I analyze this data to explore covariates and potential catalysts for hawkish sentiment among Chinese netizens. In the third section, I outline implications and policy recommendations that emerge from the research.

Public Opinion and the Bilateral Relationship

In less than a decade, relations between the United States and China have undergone a sea change from dialogue grounded in engagement to confrontation centered on competition. The transformation, though often discussed within the framework of foreign policy and interstate relations, has had a notable spillover into the realm of public opinion. In general, what we have seen is that public sentiment has soured on both sides of the relationship and that mutual enmity is intertwined with domestic political factors including partisan divides and support for central authorities.⁵

In a recent Pew Research poll, 76 percent of American respondents reported negative attitudes toward China—the highest percentage since Pew began collecting such data in 2005, when 35 percent reported a negative sentiment.⁶ This finding is echoed by a recent Chicago Council report on partisan sentiments toward China.⁷ According to the Carter Center and RIWI, a little over 60 percent of Chinese respondents hold “unfavorable” or “very unfavorable” views of the United States.⁸ Likewise, surveys from UC San Diego’s China Data Lab reveal that average Chinese netizens have a relatively low (4.77 on a 10-point scale) level of favorability toward the United States.⁹

Such trends coincide with growing hostility in diplomatic relations. In the United States, a “China threat” narrative emerged early in the Trump administration and Covid-19 only furthered the rift. In China, a growing

sense of national pride and assertiveness has paved the way for aggressive, so-called “wolf-warrior,” diplomacy. Unsurprisingly, the souring public mood in the United States reflects some of the deeply entrenched partisan divides of American politics. According to a recent study by the Chicago Council Survey, 42 percent of Republicans considered China an adversary, as compared to 17 percent of Democrats. Similarly, whereas 67 percent of Republicans viewed limiting China’s global influence as a top policy priority, only 37 percent of Democrats thought so. One important implication that emerges from such partisan differences is that average American views on national security and foreign policy are not uniform and sensitive to political narratives and elite cues.

The picture in China is murkier. As a one-party state, the Chinese body politic does not exhibit distinct political groupings or divides. While there are likely to be particularistic interest groups within the state and factional groupings centered around core elites, such domestic-level concentrations are not known to overlap with foreign policy in predictable patterns. One of the few patterns that have emerged is that higher levels of foreign policy hawkishness have trended together with increased levels of support for the Chinese government.¹⁰ Due to the sparsity of data and general opacity in China’s political fault lines, it is unclear to what extent these sentiments are related and whether increased hawkishness amongst the Chinese public is helping buoy support for the regime.

In the absence of abundant data points and unfettered debate, it can be tempting to generalize based on the information available. Familiar and outspoken nationalists, like China’s deputy foreign spokesperson, Zhao Lijian, enjoy a public pedestal and have proven highly effective in exploiting it.¹¹ But do they speak for the broader public? Based on research in democracies, we know that those with more extreme views tend to be more outspoken and that their opinions tend to have an outsized effect on the public discourse.¹² Research on Chinese internet discourse suggests some of the same dynamics might be at work, whereby more radical nationalist voices drown out moderates. This same research also notes the presence of nuanced perspectives and agendas within the Chinese public that do not fit into simple dichotomies¹³. According to some studies, actual levels of nationalism are relatively constant,¹⁴ while hawkishness is concentrated in smaller segments of the online community.¹⁵

Furthermore, because the Chinese discourse environment is so heavily infiltrated by the state, it is reasonable for netizens to feel greater ease in posting hawkish comments than dovish ones. Someone who is overly aggressive in their nationalism might get censored for errors in etiquette reasons, but those who propose engagement are likely to be censored for errors of spirit.¹⁶ To the extent that this kind of biased expression occurs, it can also lead to a form of systemic social desirability bias that crowds out pro-engagement voices. Bias might also encourage public displays of patriotic nationalism, whereby citizens want to be seen expressing or supporting hawkishness nationalism. Likewise, webhosts and media outlets will prefer publishing and promoting hawkish content that gets more views without attracting attention from authorities. Put simply, there is a political and economic logic that favors hawkishness because nationalistic content is safer and thus more likely to attract readers, likes, and shares.¹⁷

It is also worth questioning whether Chinese nationalism, rising or not, implies a higher risk for conflict. Hawkishness is commonly understood as a preference for aggressive and confrontational policy. If the Chinese public is hawkish, and leaders are responsive to public opinion, then we might conclude that the greater risk for conflict is intuitive. Yet, as Duan Xiaolin points out, the link between public opinion and policy preferences remains unclear and Chinese nationalists are a diverse crowd with many holding strong preferences for avoiding conflict.¹⁸ This should not be surprising. On a very general level, the public should always prefer diplomacy over conflict. Indeed, the idea that hawkish nationalism represents a preference for confrontation is misleading in so far as it prioritizes means over ends. As theorists point out, proud nationalists who have confidence in China's rise also have time on their side and should thus be uninterested in a confrontation in the present.¹⁹ Instead, I will consider hawkishness as a form of pessimism for diplomacy, either due to an inherent preference for confrontation or insecurity about the future. In effect, what this means is that someone can be hawkish on foreign policy not because they hold hostile attitudes but because they lack faith or confidence in diplomatic alternatives.

Public Opinion in China

China's hawkish foreign policy posture and aggressive public nationalism are relatively recent developments. During the 1980s and 90s, Chinese diplomats were notably cautious and pragmatic. This was due to overriding objectives, like attracting foreign investment and securing entry into the WTO. It also helped that most Chinese citizens of the time were focused on domestic issues, allowing leaders to pursue international cooperation and diplomacy, including typically sensitive issues like territorial disputes, with relatively fewer domestic audience constraints.²⁰

A more assertive foreign policy position in the Chinese public emerged gradually, beginning in the mid-1990s, around the time a popular book titled "China Can Say No" was published and during a period of highly visible saber-rattling over the Taiwan Strait. Na

tional pride surrounding the Beijing Olympics and disillusionment with the liberal economic model following the global financial crisis of 2008 only further emboldened the voice of those calling for China to push back against Western influence and stake its own claim on the international stage. The rise of "wolf-warrior" diplomacy is thus seen as part of a broader assertive awakening in China's foreign policy.²¹ That said, neither novelty nor strategy should be overstated in describing China's growing assertiveness. As Peter Martin argues, the "wolf warrior" approach has long been baked into the career culture of Chinese diplomats.²² Nevertheless, there seems to be a greater tolerance within the current Chinese leadership to take up more confrontational positions on issues evoking strong nationalist sentiments.²³

Some caution that the link between nationalism and hawkishness is overstated and that critical portions of the causal linkage are plausible but not demonstrated.²⁴ Not only does China lack an institutional mechanism, like elections, for translating public opinion into political pressure, the Chinese state also wields vast capacity to shape and direct the public discourse. This is especially true regarding foreign policy issues—an area in which the public relies overwhelmingly on heavily curated official media for information. When it comes to official diplomacy or state-level discussions, Chinese media outlets are prohibited from publishing original content and are instead limited to stories, headlines, and quotes, published by Xinhua. Moreover, vast censorship capacity combined with economic leverage gives

the central and local governments indirect influence over the broader media market and even over individual netizens online. On the rare occasion that sensitive stories, debates, or commentaries slip through the cracks, there is an army of “fifty centers,” netizens who are paid to post pro-government content, on the ready to shape and distort public discourse in ways that are favorable to the state.²⁵

Given the amount of sway the CCP holds over media and public discourse, it is plausible that Chinese leaders can both amplify and mollify hawkish public sentiments. The fact that in many cases leaders have looked the other way suggests that public hawkishness is desirable, or at least instrumental for the regime. It is possible, for instance, that ginning up hawkishness is a way of boosting domestic regime support. At the same time, it is also argued that popular nationalism serves as a constraint on China’s leaders, who feel compelled to adopt more confrontational postures so as to avoid being called out as soft or insufficiently patriotic.²⁶ This apparent contradiction resonates with a broader narrative in which the CCP is characterized as objectively strong but politically brittle, and that the CCP’s contemporary legitimacy rests on the perception that they are acting to promote China’s national interest whether that be economic, military, or otherwise.²⁷

Unpacking Public Hawkishness

How hawkish is the Chinese public? Government influence over Chinese public opinion makes it difficult to tease out genuine public sentiment. The lack of nuanced insight can also feed into generalizations about the Chinese public as being uniformly nationalistic and hawkish. We know this to be false, as previous research has shown that only certain portions of the population are more inclined toward hawkishness. Jessica Chen Weiss, for instance, finds that those born after the 1980s are particularly prone to consume and express hawkish sentiments.²⁸ Younger generations are more reliant on the internet and social media for their news diet. The young have also lived through fewer of the hardships experienced by their parents and grandparents and have not experienced periods of sustained international conflict.

Heterogeneity aside, it is hard to ignore the widespread backlash coming from Chinese voices whenever the international community raises issues on

matters such as China's human rights record, its environmental commitments, or its handling of the Covid-19 outbreak.

One possibility is that Chinese public opinion is sensitive to elite cues and that rising public hawkishness is a direct reflection of the aggressive posturing and nationalistic rhetoric coming from China's senior diplomats and leaders. Such an interpretation, however, only further disempowers the Chinese citizen vis-a-viz the state and discounts legitimate grievances and concerns about the international environment. Another possibility is that Chinese citizens see the world from a more realist, zero-sum perspective whereby mutually beneficial engagement with an adversary may seem like an improbable idea. A third and related possibility is that Chinese audiences may not hold overtly hawkish positions but are emotionally or morally incensed by criticism directed toward China. As Jackson Woods and Bruce Dickson show, Chinese nationalism is grounded in a collective sense of victimhood concerning China's history with the West.²⁹ Still, it is possible that some portion of public opinion is performative and that Chinese citizens are not as hawkish in private as they are in public.

Data on Chinese Public Opinion

To further probe Chinese public sentiment on the Sino-U.S. relationship, I conducted two rounds of online opinion polls targeting Chinese netizens. The first wave of the poll took place in April of 2021, involving around 3000 respondents. The second wave took place in late September and early October of 2021, involving around 2500 respondents. Sampling for the surveys was done anonymously with the help of Chinese recruiters who sampled netizens from across all of China's provinces and major cities.

Unsurprisingly, descriptive statistics in Table 1 indicate that the sample is younger, better educated, and more affluent than the average Chinese citizen. That said, internet-based surveys have been shown to mirror scientific samples, at least in terms of substance if not in composition.³⁰ Moreover, the online platform has been shown to work better for sensitive questions than face-to-face enumeration.³¹ Online polling and recruitment allow for respondent anonymity as their identities are unknown to the researchers who are the only ones with access to response data.³² The feasibility and anonymity features of

TABLE 1: Survey Sample Distribution

	Wave 1	Percent	Wave 2	Percent	CNNIC2020
Age					
18-25	1351	40.23%	1180	45.40%	*
26-30	783	23.32%	623	23.97%	*
31-40	696	20.73%	553	21.28%	20.40%
41-50	384	11.44%	160	6.16%	18.70%
51-60	130	3.87%	66	2.54%	12.50%
>60	14	0.42%	17	0.65%	10.30%
Education					
Junior High	170	6.15%	170	6.15%	59.70%
Secondary	639	23.12%	639	23.12%	21.50%
Bachelor	1,816	65.7%	1,816	65.7%	10.00%
Graduate	139	5.03%	139	5.03%	8.80%
Gender					
Female	1,805	53.75%	1,403	50.76%	49.00%
Male	1,553	46.25%	1,361	49.24%	51.00%
Income					
<20K	999	29.75%	754	27.28%	*
20k-30k	251	7.47%	155	5.61%	*
30k-60k	696	20.73%	647	23.41%	*
60k-150k	1,133	33.74%	983	35.56%	*
>150k	279	8.31%	225	8.14%	*
Total		3358		2764	

p-values report difference in proportion tests across treatment categories. CNNIC2020 refers to the 2020 annual report statistics from the China Internet Network Information Center.

online recruitment are why the method is becoming increasingly common when running survey experiments in restricted information environments.³³

Overall, the picture emerging from both survey waves, summarized in Table 2, suggests a more moderate view on Sino-U.S. relations than one might conclude from observing public discourse in Chinese censored media environment. Looking at the categorical scale of hawkishness, used in Wave 1, we see that, while a vast majority view the relationship as tensely “competitive,” they nevertheless view relations as “manageable.” Still, it is notable that only a small portion of the public, less than 15 percent, consider the relationship to be a “compatible and cooperative one.” Looking at the 10-point scale used in Wave 2, we see that a slight majority of respondents lean in a cooperative direction, not an overtly hawkish one.

Comparing across covariates in Table 3, I find that *hawkishness* is, unsurprisingly, negatively correlated with the *U.S. Feelings Thermometer*. In other words, netizens who are hawkish also tend to be less favorable toward the United States. Consistent with previous surveys, respondent *Age* is also negatively correlated with hawkishness, meaning that younger respondents are on average more hawkish. I also find some evidence, in Wave 2 of the survey, that more educated respondents are less hawkish. Other variables, such as *income* level, *urban* residency, *time abroad*, and *CCP membership* do not appear to have notable correlations with hawkishness. Perhaps more interestingly, I find that *Satisfaction* with the central government is negatively correlated with

TABLE 2: Hawkish Sentiments

Chinese views on Sino-US relations	Wave 1		Wave 2	
	Freq.	%	Mean	Std.
Incompatible, destined for conflict	413	13.79		
Competitive, but manageable	2,169	72.44		
Compatible, with room for cooperation	412	13.76		
Incompatible (*10-point scale)			*4.2	*2.4
Total	2,994		2390	

TABLE 3: Hawkish Covariates

Hawkish Covariates	(1)	(1)
	Wave 1	Wave 2
USA Feeling (5-point)	-0.128*** (-11.82)	-0.459*** (-8.66)
Govt. Satisfaction (10-point)	-0.0360*** (-6.54)	-0.197*** (-7.43)
Age	0.00209 (1.85)	-0.00389(- 0.61)
Male	0.0498** (2.61)	-0.297** (-3.09)
Education	0.00574 (0.36)	-0.250** (-3.07)
Income	0.00300 (0.39)	0.0354 (0.89)
Urban hukou	0.0154 (0.76)	0.0181 (0.18)
Time Abroad	0.00860 (1.00)	0.0136 (0.29)
CCP member	-0.0182 (-0.71)	0.176 (1.30)
Constant	2.386*** (24.80)	7.493*** (19.08)
N	2975	2387

t statistics in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

hawkishness. This suggests that while respondents are likely forming their foreign policy opinions based in part on how they feel about their own government, there is no evidence that public support for the Chinese state translates into support for confrontational foreign policy. This makes sense. If citizens have high faith in their leaders, then they may also have confidence that their leaders would be able to succeed in diplomacy as well. Likewise, because government satisfaction is correlated with optimism about China's political economy, it makes sense that those who see China's economic power growing with time would see less need for confrontation in the present.

A nuanced take on hawkishness may also reflect the paradigm through which respondents view the Sino-U.S. relationship. Table 4, for instance, shows that a vast majority of respondents (roughly 80 percent) view rivalry with the United States in terms of material, economic stakes. Far fewer (roughly 13 percent) interpret tensions in terms of a security rivalry, and even less (roughly 7 percent) perceive a moral conflict. This is reassuring insofar as an economic rivalry scenario is most amenable to diplomacy, especially when compared to moral-based and emotionally driven conflicts.³⁴ The findings also suggest that Chinese Netizens are perhaps more pragmatic in their foreign policy outlooks than much of the social media milieu and frequent "wolf warrior" outbursts suggest.

It is possible that respondents hold baseline perceptions grounded in pragmatic and economic interpretations of rivalry but are nevertheless susceptible to elite signaling that emphasizes less tractable security or moralistic frames. To explore this possibility, the first survey wave included an experiment involving select phrasings from Chinese President Xi Jinping which respectively underscore zero-sum, non-zero-sum, and moral-based tensions in China's relationship with the West and the U.S. The three treatment conditions are summarized below:

- (Zero-Sum) In a recent speech, China's president explained that "the East is rising, and the West is declining." Do you agree with this position? (在近期的讲话中, 中国领导人提出了“东升西降”的说法。你同意吗?)³⁵
- (Non-Zero-Sum) In a recent speech, China's president explained that "we should reject the outdated Cold War and zero-sum game mentality,

TABLE 4: IR Paradigms

Chinese interpretations of Sino-US tensions (Wave 1)	Freq.	Percent	Cum.
Economic conflict (non-zero-sum)	2,349	79.49	79.49
Security conflict (zero-sum)	387	13.10	92.59
Moral conflict (moralist)	219	7.41	100.00
Total	2,955	100.00	

adhere to mutual respect and cooperation.” To what extent do you agree with this position? (在近期的讲话中，中国领导人提出了“要摒弃冷战思维、零和博弈的旧理念，要坚持互相尊重与合作”的观点。你同意吗?)³⁶

- (Moralistic) Inspired by Xi Thought, China’s state council recently directed citizens to uphold traditional values and defend China’s honor from moral attacks from abroad. To what extent do you agree with this position? (国务院近期提出了新时代公民要坚持传统美德和抵制国外道德攻击。你同意吗?)³⁷

If respondents are sensitive to these signals, we should expect them to shift preferences in-line with the treatment they were shown. As Table 5 summarizes, however, we see little indication that respondents are internalizing such signals to update their perceptions of the underlying rivalry. In no instance is there any indication that the randomly assigned rhetoric treatment has any measurable impact on respondents’ qualitative assessments of rivalry, nor does there appear to be any impact on overall hawkishness. Taken together, the findings suggest that respondent sentiments are relatively stable and not particularly sensitive to domestic framing. Again, this finding stands in contrast to conventional interpretations of Chinese public opinion on foreign policy as being pliant and politicized.

External Factors

In addition to domestic factors, Chinese citizens presumably form some of their attitudes toward the United States in response to policy and rhetoric coming out of Washington D.C. In particular, the popular victimization frame suggests that respondents might feel under threat from or that they are being unfairly treated by the United States. It has, for instance, become commonplace for Chinese diplomats to aggressively protest and deny external criticism of China—especially when it concerns issues that considered to be of internal concern, such as human rights or ethnic policy. In other words, hawkishness in Chinese public opinion might operate in part as a reactionary and emotional response to external criticism. By the same token, we might expect that praise for China's achievements, in addition to criticism, might endear citizens in a more positive direction.

To explore these emotional factors, I embedded an experiment in both waves of the survey whereby respondents were primed with one of three statements attributed to western governments indicating criticism, either over China's perceived *economic opportunism* and *human rights abuses*, or *praise for developmental achievements*, and then asked to write down some of their feelings in response to the statements.

- Western governments often criticize China over its human rights record. In a few words, please describe how such criticism makes you feel (西方国家经常批评中国的人权问题。请用几个形容词来描述你对这种批评的感受):
- Western governments often criticize China over its economic policies. In a few words, please describe how such criticism makes you feel (西方国家经常批评中国的经济政策。请用几个形容词来描述你对这种批评的感受):
- Western governments often criticize China, but they also praise China's achievements in reducing poverty and promoting development at home and abroad. In a few words, please describe how that makes you feel (西方国家经常批评中国,但同时也赞赏中国国内外的发展和扶贫的成就。请用几个形容词来描述你对这种批评的感受):

TABLE 5: Xi Rhetoric Treatment

	(1) Treatment	(2) Controls
Xi Realist Treatment	-	-
Realist Rhetoric	0.0628 (0.47)	0.0738 (0.55)
Moralist Rhetoric	-0.0823 (-0.61)	-0.0870 (-0.64)
Constant	-1.797*** (-18.90)	-2.852*** (-4.38)
Xi Moralist Treatment	-	-
Realist Rhetoric	-0.00426 (-0.02)	0.0132 (0.07)
Moralist Rhetoric	0.103 (0.60)	0.121 (0.70)
Constant	-2.408*** (-19.30)	-1.739* (-2.17)
Xi Neo-Liberal (Baseline)	-	-
<i>N</i>	2955	2947

t statistics in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

The random nature in which these statements were presented to different portions of the sample means that we can attribute differences in downstream outcome variables to the distinct set of sentiments provoked by the statements. There are several potential mechanisms that could be at work here. An updating logic suggests that different frames of criticism and praise will impact how Chinese respondents perceive external pressure and that this will motivate them to then update their perceptions of Western motives and the bilateral relationship with the United States. An alternative, emotional mechanism,

operates in a simpler manner whereby external criticism provokes hawkishness as a reactionary response without changing the respondent's underlying assumptions about Western motives for criticism.

While there are numerous ways in which one might characterize the motives of a foreign state, a close reading of media reports alongside discussions with colleagues and former students, resulted in four distinct ways that external pressure tends to be internalized and interpreted by Chinese observers. These interpretations are summarized in Table 6 based on how frequently they were chosen by respondents. Interestingly, most respondents interpret Western criticism as motivated by a fear of China's rise. Only a handful interpreted criticism as it is presented by Western governments: as a desire for a more liberal China.

These interpretations, however, are not fixed. Comparing across interpretation likelihood, conditional on treatment assignment, summarized in Table 7, we see that criticism on the human rights issue moves respondents to think that Western governments either misunderstand China or that they harbor an anti-China bias. Interestingly, mixed praise and criticism also encourage respondents to consider Western criticism as a misunderstanding. This is important because the *misunderstanding* interpretation is most strongly associ

TABLE 6: Perceptions of External Criticism

Perceived U.S. Motives	Wave 1		Wave 2	
	Freq.	%	Freq.	%
Desire for a more liberal China	52	1.73	49	2.01
A desire to contain China	765	25.45	615	25.19
A misunderstanding of China	149	4.96	96	3.93
Anti-China bias	283	9.41	217	8.89
Fear of China's rise	1,757	58.45	1,464	59.98
Total	3,006	100.00	2,441	100.00

TABLE 7: Criticism Treatment

	(1) Wave 1	(2) Wave 2
A desire for a more liberal China		
HR criticism	-0.139 (-0.42)	0.231 (0.52)
Mixed Praise	-0.175 (-0.50)	1.042** (2.68)
Constant	-3.425*** (-15.44)	-3.943*** (-11.71)
A desire to contain China		
HR criticism	0.141 (1.40)	-0.193* (-1.65)
Mixed Praise	-0.184 (-1.64)	-0.270** (-2.30)
Constant	-0.834*** (-11.66)	-0.715*** (-8.83)
A misunderstanding of China		
HR criticism	0.749** (3.29)	0.553** (2.15)
Mixed Praise	0.840*** (3.64)	-0.093 (-0.32)
Constant	-3.035*** (-16.51)	-2.921*** (-14.23)
Anti-China bias		
HR criticism	0.482** (3.19)	0.214 (1.15)
Mixed Praise	0.0368 (0.21)	0.266 (1.45)
Constant	-2.027*** (-17.56)	-2.079*** (-14.93)
Fear of China's rise (Base Outcome)		
N	3006	2441

t statistics in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Pragmatism

If Chinese netizens are less hawkish, less politicized, and less sensitive than a “wolf-warrior” narrative implies, then perhaps they should be more open to pragmatic approaches to foreign relations, which consider opportunities for coexistence even as they brace disagreement, competition, and even conflict. As summarized in Table 8, Chinese netizens are generally pragmatic about future cooperation. Looking across both survey waves, over 80 percent of respondents thought that it is either “mildly” or “definitely” worth listening to arguments about future cooperation on things like conflict resolution, trade promotion, climate change, and denuclearization.

In Table 9, I also explore several plausible covariates of pragmatism. The *hawkishness* measure and the *U.S. Feeling* thermometer are both associated with pragmatism in an intuitive direction. Importantly, both measures are highly significant, indicating that, while they likely capture related dispositions, they nevertheless encapsulate distinct foreign policy calculations. As noted earlier, it is possible for someone to have positive feelings toward the United States, while still holding hawkish positions in their overall outlook of the Sino-U.S. relationship. Likewise, it is entirely possible and intuitive to imagine confident regime supporters to be less hawkish in their outlook

TABLE 8: Open-Minded to Cooperation

Pragmatism	Wave 1		Wave 2	
	Freq.	%	Freq.	%
Total nonsense	33	1.10	37	1.49
Not very helpful	348	11.63	291	11.74
Possibly worth listening to	1,793	59.91	1321	53.29
Definitely worth listening to	819	27.36	830	33.48
Total	2,993	100	2,497	100

TABLE 9: Pragmatism Covariates

	Wave 1		Wave 2	
	(1) Internal	(2) External	(3) Internat	(2) External
Hawkishness	-0.312*** (-14.95)	-0.313*** (-15.02)	-0.099*** (-17.67)	-0.099*** (-17.69)
USA Feeling	0.071*** (5.66)	0.070*** (5.62)	0.055*** (3.74)	0.054*** (3.71)
Male	0.076*** (3.54)	0.076*** (3.56)	0.076** (2.88)	0.074** (2.82)
Education	0.010 (0.59)	0.008 (0.50)	0.016 (0.74)	0.015 (0.70)
Income	0.001 (0.12)	0.001 (0.07)	-0.045*** (-4.50)	-0.045*** (-4.51)
Urban Registration	-0.014 (-0.64)	-0.015 (-0.68)	0.030 (1.10)	0.030 (1.09)
Time Abroad	-0.012 (-1.26)	-0.012 (-1.27)	0.013 (1.02)	0.014 (1.06)
CCP Member	0.066** (2.30)	0.063** (2.20)	0.061* (1.67)	0.058 (1.59)
Government Satisfaction	0.048*** (7.57)	0.047*** (7.50)	0.000 (0.04)	0.000 (0.03)
Liberalize China		-0.026 (-0.31)		0.093 (0.95)
Contain China		-0.052** (-2.07)		0.057* (-1.82)
Misunderstand China		0.051 (1.01)		0.017 (0.25)
Anti-China Bias		-0.065* (-1.74)		-0.077 (-1.62)
Constant	3.503*** (36.86)	3.065*** (27.36)	3.508*** (46.91)	3.501*** (34.11)
N	2952	2916	2387	2338

t statistics in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.001$

precisely because they envision a future in which China continues to grow its relative power.

As anticipated, those respondents who perceive external pressure from the United States as motivated by a desire to contain China, are the least pragmatic about the future. The remaining variables do not reveal a clear picture of the correlates of pragmatism. The only consistent variable is the *male* gender, but this may simply reflect a different baseline interpretation of pragmatism. Other variables, like *CCP membership* and *government satisfaction*, correlate positively with pragmatism, but the relationship is not always significant.

Conclusion

Taken together, the findings presented in this report suggest that Chinese netizens have relatively pragmatic and stable interpretations of China's rivalry with the United States and that these interpretations are an amalgam of internal attitudes and domestic calculations as well as perceptions about the external environment.

On the internal side, I show that hawkishness, which I define as pessimism about the prospect for cooperation cannot be reduced to simple negativity toward the United States, even if the two attitudes are correlated. This contrast is also relevant when juxtaposed with the idea that Chinese nationalism is endogenous with regime support. My findings suggest this is only partly true. Respondents who express greater satisfaction with the Chinese government are also more likely to hold negative feelings toward the United States, but they are not more hawkish. While this may seem counterintuitive, it also suggests a more rational calculus at work in shaping respondent expectations for cooperation and conflict. Views on cooperation, for instance, appear to be not simply a function of feelings but also of diplomatic efficacy and time horizons. It is thus unsurprising, for instance, that respondents with high regard for their leaders also place greater confidence in their ability to effectively manage diplomatic relations with the United States. It is also unsurprising that respondents who are optimistic about China's economic future are less inclined to risk it with confrontation in the present. The idea that hawkishness in the Chinese public mood is more rational than ideological is further supported by the observational and experimental findings

concerning popular paradigms in Chinese foreign policy thinking. First, the survey results show that most respondents view tensions with the United States from a non-zero-sum paradigm that prioritizes economic competition rather than zero-sum realism or moralistic emotion. Second, experimental treatments designed to signal the preferred paradigm of China's preeminent leader, Xi Jinping, do not appear to significantly align respondents with the proposed paradigm. Taken together, the findings again suggest that, for most Chinese netizens, views on relations with the United States are relatively stable and grounded in economic thinking.

The surveys also offer some insight into how Chinese netizens perceive external pressure. For an overwhelming majority, U.S. criticism is seen as motivated by a fear of China's rise, followed by a containment motive. These perceptions dovetail with recent studies of nationalism suggesting that Chinese citizens hold conflicting emotions of national confidence and national victimhood.⁴⁰ A smaller proportion views external pressure as being biased or misguided. Only a handful of individuals deem Western pressure as benevolent. These interpretations are formed, at least in part, in response to how Western countries engage China. For instance, offering mixed praise for China's achievements alongside criticism appears to soften interpretations while criticism alone seems to increase the belief that China is being placed under unfair and malign scrutiny. Such tendencies should not be overstated, however. For instance, while criticizing China on the issue of human rights appears to provoke some emotional backlash, the most common reaction among Chinese respondents is to discount the criticism as a misunderstanding.

Looking further down the thought process, the survey results show that Chinese respondents remain generally open-minded about future opportunities for cooperation even in an age of heightened competition.⁴¹ While hawkish respondents are clearly less optimistic, I find that government satisfaction is positively correlated with pragmatism. Notably, CCP members are slightly more pragmatic than non-CCP members, reinforcing the idea that respondents with greater satisfaction or connection with the government are generally optimistic about the prospects for diplomacy.

Finally, perceptions of the external environment appear to have only a limited impact on pragmatism. A belief that the United States is aiming to contain China's rise is negatively and significantly correlated with pragmatism.

Even so, the relationship here is modest and the difference in effect, as compared to more benevolent interpretations of Western criticism, is small. Given that the Western criticism experiments did not have a large impact on perceptions, it again appears that Chinese respondents have relatively stable interpretations of U.S. foreign policy as well as rational beliefs about the prospects for diplomacy that are less sensitive to external criticism or individual interpretations of that criticism.

Policy Implications

Implications from the research are four-fold. First, the survey evidence suggests that Chinese netizens, even if they might be nationalistic, are not profoundly hawkish in their foreign policy outlook. By and large Chinese netizens see rivalry with the United States in terms of economic competition. The silver lining in all this is that Chinese netizens remain open to diplomacy alongside competition. Diplomats and strategists would be wise to engage and sustain this attitude. Even on the most sensitive of issues, such as Taiwan, there is a strategic interest in keeping time horizons long and not playing into what appears to be an alarmist narrative from China's leader that "the world has entered a new period of turbulence and change."⁴²

Moreover, the survey results suggest that Chinese netizens are not easily moved by moralistic and rhetorical appeals, either foreign or domestic. For U.S. policymakers, this means that the Chinese public has an opinion when it comes to policy and that it is not simply reacting to cues from China's political leaders. In other words, the Chinese public is a distinct audience that could be factored into the broader diplomatic strategy. Identifying areas of divergence between elite preferences and public opinion will not be easy, but it is a task worth investing in. Take, for instance, criticisms of China's response to Covid-19, which arguably served to galvanize Chinese nationalism. While these criticisms have focused largely on lack of transparency, few have appealed to the intense hardship Chinese citizens continue to endure under Beijing's "zero-covid" policy.

The surveys also show that Chinese netizens, even if they tend to vocally protest foreign criticism, are unlikely to change their views on Sino-U.S. relations in response to criticism. Practically speaking, this implies that U.S.

policymakers need not fear that promoting democratic values and priorities will necessarily result in public backlash within China. At worst, Chinese observers appear to deflect such criticism as “misunderstanding.” Consider, for instance, the recent Summit for Democracy hosted by the United States, “to renew democracy at home and confront autocracies abroad” in December of 2021. Chinese diplomats and media personalities were furious about the summit and netizens were vocal in their criticism.⁴³ Yet, the survey evidence provided here suggests that such displays may be more performative than genuine. From a policy perspective, endeavors like the Summit for Democracy can thus be disentangled into distinct audiences. While American voters and international partners may see U.S. claims on democracy as a commitment on values or rallying of like-minded partners, Chinese recipients likely see it as a smokescreen for economic rivalry.

Indeed, the surveys suggest that Chinese netizens already perceive the United States as being both fearful of China and intent on containing China. The task for U.S. strategists could thus turn to counter-narratives that communicate confidence on the part of the United States, and openness toward a more influential China. The point here is not that U.S. policymakers ought to be more careful in their messaging. Their primary audience is domestic. At the same time, the findings do indicate that taking note of the Chinese public as a constituency reveals opportunities and points of leverage that might otherwise go underutilized. Economic sanctions, a key tool for Washington in its attempts to pressure Beijing, are a good case in point. If sanctions are perceived as broad attempts to contain or undermine China’s economy, they will likely provoke a nationalist backlash and raise pessimism among Chinese citizens. If on the other hand, sanctions are more surgical in their targeting and specific in their duration, they are less likely to feed into dominant narratives about the unfair treatment of China.

The views expressed are the author’s alone, and do not represent the views of the U.S. Government or the Wilson Center.

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2021-22 WILSON CHINA FELLOWSHIP

Knowing the PRC: America's China Watchers between Engagement and Strategic Competition

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Abstract

Common pronouncements that Washington enjoys a “new consensus” on China mask wide variations in assessments of the China challenge. America’s China watchers disagree on a host of issues: How much of a threat is China? Was “Engagement” a failure? What even *was* Engagement? This paper maps out the distinct positions on the shift to Strategic Competition. It centers America’s China watching community as a worthwhile object for understanding Engagement’s demise. Against the prevailing explanation—that China changed rendering Engagement unworkable—I show that no amount of “re-litigating” Engagement will get us to a genuine consensus on what must come next—nor, again, should it. I then analyze the four major groups among America’s watchers and their views on China and U.S. policy—the *Strategic Competitors*, the *Engagers*, the *New Cold Warriors*, and the *Competitive Coexisters*. Finally, I identify the gaps between these groups, as a first step not toward consensus but productive disagreement.

Implications and Key Takeaways

- Undoubtedly an asset, America’s vibrant China watching community features a tendency toward polarization and politicization. The U.S. government and the community should endeavor to counter such trends;
- Congress should continue to support the development and funding of opportunities for the study of Chinese language and culture, including reinitiating the China Fulbright program, and funding people-to-people exchanges and cultural diplomacy;
- The USCC and CCE should be supported, and they should continue to hear from a broad swathe of U.S. China experts in their testimony;
- Think tanks should follow suit: promoting dialogue among China experts across the spectrum of views described below at public events and during collaborative work;
- Finally, the government promote Track 1.5 and Track 2 dialogues with the PRC.

Introduction

Common pronouncements of a “new consensus” in Washington on China ignore wide variation among America’s China watchers.¹ America’s China watchers disagree on a host of issues: How much of a threat is China, and what kind? Is China rising, or about to collapse? Was America’s policy of “Engagement” a failure, or reasonable at the time? *Was Engagement even a thing?* What does Strategic Competition entail? Proclamations of consensus are over-stated, if not inaccurate.

The lack of consensus should be unsurprising and is no bad thing.² U.S. foreign policy does not reflect pure rational calculations of threat or opportunity. Shifts in strategy are result of messy policy struggles that will not—nor should—cease. Baked into the concept of the national security community is that as a “clearing house” or “market” of ideas, as the community tests, checks and filters, policy recommendations and their intellectual bases, leading to better policy.³

To that end, in this paper I adopt a sociological perspective, foregrounding shifting social positions in the China debate, and the processes by which the community of China experts discuss, interpret, and frame China as an object for U.S. policy, I map out the distinct positions on Engagement and Strategic Competition within the China expert community. The topographical metaphor is deliberate. While individual experts view the world distinctly, nodal views emerge, clustering around a small number of positions. Those positions, in turn, contain holes and create blind spots. For example, a specific view might be strong on *description*—“China’s human rights record is terrible,” or “China’s middle class still represents an important market for American business”—but weaker on *prescription*, or *what to do*.

I identify four primary groupings within the debate: the *Strategic Competitors*, the *Engagers*, the *New Cold Warriors*, and the *Competitive Coexisters*. The *Strategic Competitors* seek a new, more hard-headed, approach. Viewing the U.S. and China as locked in a long-term competition—geopolitical, economics, and technological—they hope to operationalize Strategic Competition as policy. The *Engagers* defend the record of Engagement with the PRC. Typically more senior, with long-standing personal and professional ties to China or China policy, Engagers adopt a long view, and remain optimistic about cooperation. The *Competitive Coexisters* are mid-to-early career experts grappling with how to promote cooperation within a competitive

climate. Rejecting many of the assumptions of the Strategic Competitors, they focus on specific policy questions, particularly in business and technology. The *New Cold Warriors* take a more strident line. Convinced that China not just a competitor, but rival, even enemy, the Cold War is more than a metaphor. It is a framing definition of a global existential struggle for the hearts and minds of people around the world, necessitating the expenditure of all necessary military and economic resources.

Identifying these groups highlight gaps between their social locations and policy prescriptions. The question of how to promote human rights in China, in the context of the 2022 Beijing Winter Olympics, and whether to formally repudiate America's policy of "strategic ambiguity" towards Cross-Strait relations, each represent critical "wedge" issues. With the New Cold Warriors scathing in their rejection of Engagement and the Engagers trenchant in their defense, the Strategic Competitors seek to frame policy as distinct from what came before. In so doing, they are aware—with the Competitive Coexisters—of the reality of doing business with China, diplomatic and otherwise.

I begin by centering America's China watching community as a worthwhile object of analysis. Against the prevailing explanation—that China changed rendering Engagement unworkable—I show that no amount of "re-litigating" Engagement will forge a real consensus on what must come next, nor, again, should it. I then analyze four major groups among America's China watchers, before identifying important gaps. I highlight these gaps in the conviction that "consensuses" on any topic in the U.S. national security community should raise red-flags for those tasked with making policy. I conclude with some brief policy-recommendations, centered on expanding the range of voices heard in the debate, while fostering a broad community of knowledgeable China experts.

America's China Watchers and the Rise and Fall of Engagement

What *is* China? With a population of 1.4 billion and a land area of 10 million square kilometers, the answer is far from obvious. Is it the actions of the CCP? Or the hopes and dreams of ordinary citizens? There is no simple object for the referent "China."⁴

Despite this, an array of individuals profess authoritative insight.⁵ From positions in the academy, the government, business, the media, and think tanks, they analyze China's economy, politics, military, society, and history, interpreting its past and, for some, divining its future. Some adopt the label "China watcher," a term harking back to before the opening when sinologists peered behind the "bamboo curtain."⁶ The closing off of diplomatic exchanges between 1949 and 1972 limited the number of knowledgeable Americans to a handful of former diplomats, businesspeople, missionary children, and scholars. Since then, the number of credentialed China experts has grown to many thousands—from former diplomats to younger think tankers, from Wall Street analysts to new media commentators.

Institutionalizing Engagement

From the early 1970s, America's China watchers interpreted China as a multi-faceted opportunity. They saw the PRC as a geopolitical partner against the Soviet Union, a collaborator in growing cultural and educational exchange, a vast economic opportunity, a new world for scholarly and journalistic discovery. At base, they *knew* China as something that needed to be engaged.

Such understandings manifested at the policy level as "Engagement."⁷ The term is a recent invention—first emerging during the run up to WTO membership during the 1990s, and later a way of negatively characterizing China policy since the 1970s.⁸ Nevertheless, as a useful shorthand, "Engagement" conveys how successive policymakers shared the view that China was an enormous opportunity to be tapped, and sought to persuade the public of the same. The precise nature of that persuasion varied and is today a topic of contention, especially over whether Engagement was explicitly to the expectation—promise even—of liberalization in China.⁹

One tactic was to suggest that China could be brought into the Western-led international order as a "responsible stakeholder,"¹⁰ and that greater integration might even lead to changes in China in a more liberal, democratic, direction.

From the mid-2010s, China morphed in the American imagination. Out went the vision of a complex object necessitating scholarly scrutiny and diplomatic engagement, and in came the idea that China was a bad international actor, the essential nature of which was settled and which no amount of

engagement could alter. While far from uniform, and not uncontested, a paradigm shift saw the vision of China as country to engage replaced by a one of a long-term adversary. It was increasingly accepted that China had reached the “end of reform,” as a “third revolution” in the nature of the Chinese state—to a personalistic dictatorship—had taken place, a dictatorship playing a “long game” to supplant America as the global hegemon.¹¹ While some remained hopeful, many came to feel hopelessness, even despair.

What explains the transformation? Why did the growing Chinese economy—a place for the West’s largest firms to find growth after the exhaustion of the North American, European, and other global markets—stop representing an opportunity and begin representing a challenge? When did Chinese outbound investment come to be seen as a vehicle for destabilizing political influence? In short, *how did engagement and cooperation stop making sense?* For whom, when, and why?

China Changed

The typical answer is that China changed—its economic growth outstripping expectations, its interconnectivity altering political economies across the globe, a widening definition of its core interests unsettling security architectures in East Asia and beyond. From the first shoots of liberalization in the 1980s, China changed—or reverted—into an authoritarian state, one willing to stamp down on the freedoms of its citizens—Uighurs, Hong Kongers, tennis players—and make commercial exchange with Western companies difficult if not impossible. Beyond China, critics point to the militarization of the South China Sea, ongoing threats against Taiwan, and attempts to spread Chinese influence abroad—from United Front campaigns in Australia, Europe, and the United States, to the sprawling Belt and Road Initiative (BRI). The widespread belief that Beijing hid the outbreak of COVID-19, add to the impression that China is a bad international actor.

In the context of a bellicose and authoritarian China, a cooperative frame no longer fit with reality. It seemed naïve at best, at worst corrupt—intellectually and otherwise. As Kurt Campbell and Ely Ratner pithily noted in March 2018: “America got China wrong.”¹² In such an environment, few could continue to advocate in good faith for exchanges of various types with the Chinese government and civil society.

Other explanations complement the “China changed” story. China’s rise and, for some America’s decline multiplies the effect of changes in China, from irritant to threat. Likewise, commentators note the importance of the election of Donald Trump in 2016, under whom the American government effected the shift to strategic competition. A long-time critic of U.S. trade policy toward China, Trump made much of standing up to China and bringing back American jobs. In office, he normalized tough rhetoric, and rather than prevent officials from developing initiatives likely to annoy the notoriously prickly Chinese, he empowered policymakers across government departments to root out Chinese influence campaigns, and to investigate security vulnerabilities tied to Chinese information technologies.

Developments in American thinking—and the strategy-making it underpins—appear therefore as straightforward responses to changes in China. Set against macro-historical shifts in global power, and changes in U.S. domestic politics, the sort of pro-globalization arguments of the 1990s now seem arcane. Indeed, *nothing could seem more obvious that U.S. China strategy has changed in response to changes in China.*

Engagement Reconsidered

The problem is that the world does not work that way. Knowledge production and strategic thinking are far from automatic—especially in messy liberal democracies like the United States. Scholarly communities, like the China field, are diverse arenas, featuring individuals personally, politically, and professionally invested in the knowledge they produce, and have produced over their careers. The changing of minds is an exception, rather than the rule.

The idea that China’s transformation led automatically to developments at the level of American strategy, is thus a useful—even convenient—shorthand. And not entirely inaccurate as many China experts have changed their views. But it is not an adequate account of what has transpired, nor, therefore, guide to what might come next. An adequate account would make plain which individuals and groups altered their interpretation, how, when, and in response to what *specific* realizations or combination thereof—be it PRC designs on Taiwan, the militarization of the South China Sea, human rights violations, or some combination thereof. An adequate explanation would also make plain the sources of such knowledge, again, of how China is *made known*. An

adequate explanation of recent shifts in predominant interpretations of China would make clear their specific provenance—be it an area of governmental strategy-making or sector of the think tank space. Finally, an adequate explanation would account for the positions of those who—despite prevailing wisdom—still see China as more complex object than the military-security framing suggests, an object still necessitating engagement.

Attempts to understand Engagement's downfall are rendered difficult by two tendencies in the policy and academic debates, however. A first tendency is to present "Engagement" as a singular phenomenon—typically a coherent strategy, policy, or approach. Take, for example, the *United States Strategic Approach to the People's Republic of China* of May 2020,¹³ which begins:

Since the United States and the People's Republic of China (PRC) established diplomatic relations in 1979, United States policy toward the PRC was largely premised on a hope that deepening engagement would spur fundamental economic and political opening in the PRC and lead to its emergence as a constructive and responsible global stakeholder, with a more open society.

Note here the slippage between "policy," "strategy," and "approach." Which, *precisely*, is it? While some slippage may be desirable—allowing officials to evade the specific usage of strategy in Department of Defense-speak as the rational alignment of national security mean to ends—such slippage impedes scholarly analysis. First, historically it suggests a degree of coherence difficult to sustain over four decades. Can Nixon's approach to China and Obama's pivot really be lumped in as the same kind of object? Second, it suggests a degree of concreteness typically lacking in international affairs. Has Engagement really ended? What about top-level climate change meetings? Are these not examples of engagement?¹⁴

A second problematic tendency is to assess Engagement's record exclusively within the frame of U.S.-China relations.¹⁵ China is only one aspect of U.S. policy, and its history cannot be told solely with reference to major events in Sino-U.S. relations. Most starkly, the primary rationale behind the opening to Beijing was to further confrontation with the Soviets. While China is a consistently prominent concern, it is rarely top priority—others, from elections

to impeachments to pandemics, intervene. The Global War on Terror, for instance, re-organized U.S. foreign policy away from a nascent pivot to Asia, for the better part of 15 years.¹⁶

Together, these tendencies suggest the current debate mischaracterizes its object, lumping together different contexts and concerns, themselves shifting over time. For one a former long-time State Department official: “I do not recall any debate over “engagement” per se with China; for that matter, the word “engagement” rarely entered into the language of the 70s and 80s.”¹⁷ As this interviewee elaborated: “The term ‘engagement’ only began to be heard frequently during the [George H.W.] Bush administration, as President Bush, National Security Adviser Scowcroft and Secretary of State Baker sought to enunciate a new rationale for maintaining close ties with China—despite the Tiananmen Square atrocity, despite the halting of political ‘reform,’ despite the vanished Soviet threat.”¹⁸

The upshot is not that Engagement “did not exist,” but rather that since it has no singular referent, no amount of re-litigation will set the historical record straight. “Engagement” is not a single thing, but a polysemous artifact of the struggle among America’s China experts to shape U.S. policy. Of greater import than defining Engagement is mapping the varied ways participants in that struggle use the term as part of their political projects. It is to that task we now turn.

Methodical note

This paper forms part of a broader project on the American China watching community and its impact on the recent evolution of U.S. foreign and security policy toward the PRC. The main project data is a set of 135 original semi-structured interviews with a range of U.S.-based China experts, including policymakers, diplomats, think tankers, academics, researchers, and journalists. U.S. data is augmented with 32 interviews with experts located in Australia (16) and the United Kingdom (16)—connected yet distinct China-watching eco-systems that, taken together, highlight some of the specificities of the Washington policy milieu. In addition, the paper draws on an exhaustive survey of secondary academic writings, think tank reports, media articles, and government strategy documents and speeches.

Engagers, Anti-Engagers, Strategic Competitors, and More

What are the major social groupings among America's China watchers? What do those groups believe? Why? In what follows I describe four broad groups in the current debate: groups I label *Strategic Competitors*; *Engagers*; *New Cold Warriors*; and *Competitive Coexisters*.

Any such mapping exercise necessarily does violence to reality. These categories should be considered “ideal types”—necessarily simplified accentuations of reality, not to be confused with empirical reality itself, to be judged on their usefulness for analysis and comparison.¹⁹ Where some individuals might fit in more than one group, the aim is not to discern where they *really* belong, but to identify them as outliers, and hone of our understanding of why they are so.

In the following descriptions, I name names only when individuals' views are public. The aim is not to initiate the sort of “food fight” popular inside the Beltway. Again, the aim is not to identify “panda huggers” and “dragon slayers”—since those labels are far from helpful—nor to question people's motivations and investments. It is to recognize “who is where” in the debate, why, and what is policy perspectives are missed as individuals and groups frequently talk past less than to one another.

The Strategic Competitors

“Strategic Competitors” can be defined as experts seeking to develop a new, more robust and hard-headed, approach to U.S. relations with the PRC. Viewing Washington as locked with Beijing in a long-term competition across geopolitics, economics, and technology, these mostly mid-to-early career experts, not associated with the policy of Engagement, hope to contribute to policy formulation and implementation in the post-Trump era. At the core of the Strategic Competitors are those who theorized and then effected the shift away from Engagement, first from within the Trump administration, later continuing under Joe Biden. The group also includes those within in the broader China watching community supportive of the new frame. The group is broadly speaking bipartisan, despite the clear importance of the Trump presidency for the change in rhetoric and approach. What unites the group is less ideology than policy-focus—the urgency of conceptualizing and operationalizing a new approach to Sino-U.S. relations.

The Strategic Competitors' lodestar is Matthew Pottinger—Senior Asia Director on Trump's National Security Council and later Deputy National Security Director. A former U.S. marine and journalist, Pottinger was brought into the Trump administration by short-lived NSC Director Michael Flynn. Together with a team of deputies at the NSC who shared his sense of urgency, Pottinger managed not only to stick around in the notoriously tumultuous Trump White house, but develop a strategic throughput for a new American approach to relations with Beijing. The most important statements of the Strategic Competition approach can be found in the *National Security Strategy* of December 2017, the May 2020 *United States Strategic Approach to the People's Republic of China*, and the *U.S. Strategic Framework for the Indo-Pacific*, declassified in January 2021.²⁰

Although Pottinger and his team were at the heart of Strategic Competition, the *Strategic Competitors* group is wider. Their military-security view of the China challenge resonated with others inside and outside government. For example, organizations like the U.S.-China Economic and Security Review Commission (USCC), the Center for Strategic and Budgetary Assessments and Project 2049, and its Director Randall Schriver—are in a similar place, and have been for some time. So too, crucially, are a group of Democratic-affiliated experts and organizations—many with connections to the Center for a New American Security (CNAS)—including current NSC China Director Kurt Campbell, and other members of Biden's team, such as Ely Ratner and Rush Doshi.

Despite the turnover of administration, therefore, Strategic Competition remains the operating mode within government. As such, it has challenged America's China watchers to adapt to the new reality: either rethink their own views, defend the old approach, or advocate a perspective yet-more critical of China and the CCP. In this sense, the Strategic Competitors group includes—and has drawn inspiration from—long-standing experts who have changed their interpretations of the wisdom of Engagement, including Jerome Cohen, Michael Pillsbury, Orville Schell, David Shambaugh, and Winston Lord. Previously associated with America's embrace of China, in different ways they have all become China skeptics.

Like Engagement before it, Strategic Competition occupies the mainstream view within the Washington think tank space—the intellectual center

of gravity—as evidenced by its position at core think tanks such as the Center for Strategic and International Studies (CSIS)’s China Power Project, CNAS, and even Brookings and the Council on Foreign Relations (CFR). The group also includes mid- and early-career experts from these organizations and others—like Jude Blanchette—especially those younger military-security specialists, like Elsa Kania, Elbridge Colby, and Hal Brands. Several China-skeptic journalists also fall into this category, such as John Pomfret and Bill Bishop.

The boundaries of the Strategic Competitor position are nevertheless fuzzy; the aforementioned might well disagree with their inclusion. Here the comparative function of the ideal-type becomes evident—again, the identification of boundary cases not to classify them fully, but to highlight why they do not fit. Take, for example, a China expert such as Liz Economy—formerly of the Council on Foreign Relations, now at Stanford University. Is Economy a Strategic Competitor? Forthright scholarship focused particularly on Chinese leader Xi Jinping’s role in the PRC’s global ambitions would suggest a closer affinity to the Strategic Competition position than Engagement.²¹ Yet, Economy has not been as critical of longstanding policy as others, highlighting what ties the center of the Strategic Competitor group together.

Beyond the question of inclusion, then, the degree of “groupness” of the *Strategic Competitors* is also debatable. No suggestion of homogeneity is implied here. What is implied is a shared social location within the China field. The expression of that social location is the belief that Engagement did not work—that U.S. policy was predicated on economic and political opening that has not obtained, and a mistaken belief that America could “change China,” rendering Engagement in need of replacement. Some focus more on the rise to power of Xi Jinping, some on the fundamental nature of the Chinese Communist Party, some say another successor might have gone the same way. For all of them, however, the United States is locked in a long-term competition with China, not of its own choosing, but China’s. The United States, they believe, must recognize this and mobilize all its economic, military, and diplomatic resources for the challenge.

The social basis for the Strategic Competitors’ beliefs is thus primarily their position vis-à-vis policy. In short, Strategic Competition is a “get tough” with China position for those invested in making and theorizing U.S. policy, particularly in the military and security spheres. The view’s typical expression

are the myriad reports, papers, panels, and events on how better to compete with China, from tech,²² to security and diplomacy,²³ and including a strong emphasis on human rights.²⁴ This may sound self-evident, but is in fact anything but—foreign policy often remains non-militarized or un-securitized. The Strategic Competition view thus makes the most sense for those not invested in going to China or investing in China, their career and personal investments being mostly Washington DC security space—primarily, but not exclusively, at the “revolving door” intersection between the government and think tanks.²⁵

The Engagers

The Strategic Competitors exist in opposition to a group they replaced at the levers of power: the *Engagers*. Engagers can be defined as China experts who seek to defend the record of America’s Engagement with the PRC. Typically more senior, with long-standing personal and professional ties to China or U.S. China policy, the Engagers a longer time view, and remain optimistic about what cooperation with Beijing can achieve.

At the heart of the Engager group is a set of former policymakers and diplomats—notable among them Charles “Chas” Freeman, Susan Shirk, J. Stapleton Roy, and Jeffrey Bader—who worked to maintain a degree of cooperation between the United States and China, despite the shifting pendulum of Sino-U.S. relations and occasional crisis. Beyond them, the Engager group includes individual like Jan Berris and David “Mike” Lampton, experienced China watchers associated with the cultural exchange organization the *National Committee on U.S.-China Relations* (NCUSCSR). It also includes others coming to the same place on China, but from distinct professional viewpoints. One thinks here of think tankers like Carla Freeman at John Hopkins University’s School of Advanced International Service (SAIS) and Cheng Li at Brookings, or individuals like Charlene Barshevsky and Steve Orlins from the U.S.-China Business Council. Finally, a core constituency of the Engager group are academics, including MIT’s Taylor Fravel from, as well as security specialists such as like Lyle Goldstein and Michael Swaine.

For the Engagers, “Engagement” was not a failure. It was justified from the 1970s onwards, first as a means to counter the Soviet Union, and later to raise living standards both here and in China, while promoting international

peace and security, as—for them—it remains.²⁶ In the Engager's view, at no point was a policy aimed at arresting China's rise morally or politically defensible. What the Strategic Competitors get wrong, in their view, is to confuse outcomes in China—which Engagers agree have not been what Americans would hope—with the intentions of American diplomacy, given that such intentions are not promises. Precisely what, they ask, should American have done differently? WTO membership stands here as a signal event the United States might not have pushed so heavily. Engagers counter, however, by asking whether successive governments themselves have been sufficiently committed to such global institutions, and might have done more to hold Beijing's feet to the WTO fire.

For the Engagers, moreover, the terms of the debate appear are not only stacked against the policies many had a hand in effecting, they are intellectually incoherent. As one senior ex-diplomat told me, “the current rhetoric... about the ‘failure’ of ‘the engagement policy’ is a gross misreading of the intentions and substance of U.S. policy.”²⁷ For Staple Roy, as a political argument, the notion that Engagement failed “is the contention that Presidents Nixon, Ford, Carter, Reagan, Bush #41, Clinton and then Bush #43 and Obama *all* misconceived ‘the national interest’ and proceeded willy-nilly into something called an ‘engagement’ strategy toward China?”²⁸ Just as importantly, perhaps, Engagement was not really “a thing.” In their terms, what is now known as Engagement was simply the prudent conduct of U.S.-China relations. For Roy, “Since there was never an ‘engagement’ strategy with uniform contents and goals, it is equally absurd to maintain that ‘it’ was a ‘failure.’”²⁹

The Engagers laid out their views in an open letter to the *Washington Post* in July 2019,³⁰ arguing that Trump's militarized anti-China rhetoric, together with the trade war, risked creating the type of zero-sum security dilemma diplomacy the United States should be trying to avoid. Against the Strategic Competitors' argument that previous U.S. policies sought to “change China,” the Engagers charge that, in reality, it is the Strategic Competitors who are failing to accept China as it is. For the Engagers, while the Chinese government are engaging in policies and actions we find abhorrent, engagement remains the best way to keep America safe while advancing its interests.

Like the Strategic Competitors, what distinguishes the Engagement group within the broader China field is its relationship to policy—in this case, past

policy. In short, the Engagers believe what they believe because they have been involved professionally in engagement—especially diplomacy, and cultural, economic, and educational exchange.³¹ Many have spent their lives engaging China, rendering it difficult for them at a personal level to accept the claim that Engagement failed. Some, when pushed, might agree that competition is a workable framework as a policy *evolution*, not a genuine *revolution*, since—again—there was no long-standing Engagement (with a capital “E”) Strategic Competition replaces. As Stape Roy told this forum in 2021, “the U.S. policy of engagement has been discredited by knowledgeable foreign policy specialists who claim engagement was based on wholly unrealistic expectations that it would produce positive change in China. There is no question that engagement did facilitate Deng Xiaoping’s reform and openness policies that produced several decades of rapid economic development in China, resulted in the globalization of its economy, and imbedded hundreds of thousands of western educated young Chinese in governing and educational institutions throughout the country.”³²

The Engagers’ beliefs are also explained as much by what the Engagers are *not* as what they are. The Engagers are not, for example, professionally invested in human rights in China. This makes it possible for them to separate the CCP government as agents of human rights abuses from the CCP as a necessary interlocutor. While human rights-focused members of the China community might prefer to isolate Beijing internationally, the Engagers view some degree of engagement as inevitable. Finally, with some exceptions, the Engagers are not professionally invested with China’s near neighbors—Korea, Japan, and—of course—the disputed Taiwan. This pushes in the same direction—of the need to engage with China diplomatically and personally, not as an ever-present “problem,” but on its own terms and as a global player in its own right.

To summarize so far: the Strategic Competitors and the Engagers are two distinct social groups located within the China policy debate. The groups are not homogenous, nor are they closed or fully institutionalized. There are thus points of overlap with the broader China watching community, which features two further relatively distinct groups.

The Competitive Coexisters

The next group are the *Competitive Coexisters*. The Competitive Coexisters are mostly mid-to-early career China watchers grappling with how to promote cooperation within a competitive climate. Rejecting many of the assumptions of the Strategic Competitors, they focus on similar policy questions, particularly business and technology. Critical of the rhetorical and conceptual basis of Strategic Competition, yet recognizing that 2022 is not 2002, the Competitive Coexisters seek a broader understanding of the U.S. national interest, and display a marked skepticism not only toward politics in the PRC, but in America also.

While, like in the case of the Strategic Competitors, there is some overlap with the *Engagers*, the group is distinct, being mostly younger, and focused less on defending the old Engagement than with theorizing a new approach. In the think tank space, the group includes the Wilson Center's Robert Daly, Oriana Skylar Mastro at Stanford, New America's Samm Sacks, and Damien Ma from the Paulson Institute. The *Competitive Coexisters* also has a strong base in new media, such as Kaiser Kuo's "Sinica" podcast, Jeremy Goldkorn's *SupChina*, and roving China watcher Graham Webster.³³

The question of the group's borders exact constitution remains, once again, an open question. One illustrative case is that of Susan Thornton, former Acting Assistant Secretary of State for East Asian and Pacific Affairs. Is Thornton an Engager or a Competitive Coexister? Well known for adopting a more diplomacy or engagement-first position on U.S.-China relations than the Trump administration she served under, Thornton accepts the reality of, but challenges the rhetorical and conceptual basis of, Strategic Competition. In a recent *New York Times* op-ed, Thornton notes that "The Biden administration has said that the era of engagement with China is over...and is building coalitions to deter and contain China militarily and issues frequent public critiques of Chinese actions. So unless something changes and more compelling incentives appear, I do not expect China to alter its behavior." For Thornton, leverage with Beijing will only be developed if Biden "recognize[s] and give[s] due weight to the concerns of allied and get[s] true—not half-baked—agreement on the agenda with them first. This takes time, hard work and compromise."³⁴

Or, as another example, is Brookings's Ryan Hass a Competitive Coexister or a Strategic Competitor? Associated with Engagement due to government

service under Obama, Hass remains active in seeking to shape the prevailing policy narrative, in so doing he adopts the language of competition to look forward from the Trump administration's "experiment," rather than backwards toward Engagement.³⁵ For Hass, "The more Washington approaches its competition with China from a position of confidence in its own relative strengths, sets clear-eyed objectives, and executes a coherent strategy that enjoys support from allies and the American public, the better it will be able to craft policies that tangibly improve the security and prosperity of the American people."³⁶

A final example of the Competitive Coexisters' fuzzy boundaries comes from a group of allies—whether aware of it or not—with a new set of voices in the Washington landscape: the "restrainers." The Quincy Institute on Responsible Statecraft and the military-security think tank Defense Priorities provides organizational hubs, where Michael Swaine and historian Stephen Wertheim are advocating for a reduced defense spending burden and theorizing what it means for U.S.-China relations.³⁷ The Atlantic Council's Emma Ashford adopts a similar viewpoint, as do IR realists such as Harvard's Stephen Walt and—from the UK—Patrick Porter. Individual others, like career intelligence officer Paul Heer, share points of overlap with the Competitive Coexisters.

While demarcation lines can be debated, what conjoins the Competitive Coexisters' position is the view that the rejection of Engagement was a political or tactical move by the Strategic Competitors, rather than a rational policy response to changing conditions in China. Like the Engagers, Competitive Coexisters worry about threat escalation, the securitization of China in the American political mind, and the creation of *faits accomplis*, in which future leaders are locked into conflict even where they might hope to. For the Competitive Coexisters, like the Engagers, China is more than the Chinese Communist Party and its military-security apparatus. Competitive Coexisters deeply care for Chinese people too, having often strong connections to real Chinese people. As one told me, "I have friends there, friends I would give a kidney to."³⁸ Like the Engagers, the Competitive Coexisters do not deny China is going through a period of increased authoritarianism. But unlike the Strategic Competitors, the Competitive Coexisters do not see the change as having been inevitable, nor a return to openness impossible.

While they differ in their views of the necessity for the change in China policy developed by the Trump administration, in general the Competitive Coexisters see the “competition” frame as vague and unhelpful—smuggling in imagery of great power struggle ill-suited to the reality of a multipolar, globalized, world. Moreover, the imagery ignores important domestic challenges, reflecting a willingness of the Competitive Coexisters to cast a critical gaze at America when considering China. The generational difference between the Competitive Coexisters and the Engagers here becomes salient. Where many of the Engagers came of educational and professional age during the heady years of opening to a still exotic China—roughly the 1970s through the early 1990s—the Competitive Coexisters did the same in a very different domestic and international context. The Competitive Coexisters thus view current debates against a backdrop of post-9/11 cultural malaise, including a marked concern about the future of democracy and the socio-psychological effects of technological change.

For the Competitive Coexisters, “foreign policy begins at home.”³⁹ Against arguments that the United States should invest domestically to compete with China—from childcare to infrastructure to vital manufacturing materials and components—for many Competitive Coexisters, the United States should do those things *because they are good regardless*. Competitive Coexisters are also marked by concerns over possible implications of a new Cold War with China, particularly anti-Asian sentiment in the United States and possible violence.⁴⁰ Others marry concerns over prudent policymaking towards Beijing with a wish to promote female voices in the traditionally male-dominated national security space.⁴¹

The Competitive Coexisters hold their views for reasons the inverse of the Strategic Competitors. The Competitive Coexisters are still invested in Engagement, not competition. They do, practically, interact with the Chinese—from think tankers, to diplomats, to people. They are not, at present, positioned to make a specific policy intervention—although those that might in future administrations may be inclined towards some form of roll-back, which, in U.S. foreign policy parlance, will likely be cast as a “reset,” which—we know from Russia policy—are notoriously difficult to effect. For now, the Competitive Coexisters form a distinct, younger, group, within the mainstream debate, but are no longer—as were the Engagers—at the center of the China policy debate.

The New Cold Warriors, or Anti-Engagers

The final group are the *Anti-Engagers* or *New Cold Warriors*. The New Cold Warriors take a more strident line than the Strategic Competitors. Convinced that China not just a competitor, but rival or—for some—an enemy, the New Cold Warriors are on board with Strategic Competition as a frame for U.S.-China relations because it is explicitly couched as a rejection of Engagement, the long persistence of which many consider a dangerous failing on that part of America's foreign policy elite. For the New Cold Warriors, the Cold War is not for just a metaphor,⁴² but a very real analogy to what they see as a new period of global existential struggle for the hearts and minds of people around the world in which the United States and China are now embroiled, necessitating the expenditure of all necessary military and economic resources on the part of Washington.

The New Cold Warriors includes strong military-security “hawks” and some neoconservatives, one might think here of Robert Kagan and several prominent ex-military and former intelligence officers, such as Brigadier General Robert Spalding.⁴³ Former Secretary of State Mike Pompeo might be considered part of this group, despite having been central to Trump's approach to China and thus *de facto* a Strategic Competitor. The group includes those with a professional interest in Taiwan and the military security threat from China—here Ian Easton from Project 2049 comes to mind.⁴⁴

The new Cold Warriors is thus a broad group, spanning the partisan spectrum and the China watching community. It includes long-standing public critics of the CCP—such as Gordon G. Chang—and journalists critical of U.S. China policy, such as the *Washington Post's* Josh Rogin.⁴⁵ Advocates of a human rights-focused foreign policy, such as Peter Mattis of the Jamestown Foundation and AEI's Michael Mazza, are on similar ground, as are several younger Congressional staffers and politicians.⁴⁶ A final, important, anchor is Committee on the Present Danger-China, which collects a group of strong China critics with a civilizational view of the threat posed by Beijing—such as former Trump advisors Steve Bannon and Peter Navarro.⁴⁷ The CPD-China in turn connects organizationally current China critics with long-standing opponents of U.S. policy, self-labelled the “Blue Team”—a playful inversion of the military tactic of “Red Teaming.”⁴⁸

For the new Cold Warriors, the new approach brought in by Trump focuses U.S. attention on developing a robust China policy, while offering the

rhetorical space for calling what—for them—China is: a threat. In short, the new Cold Warriors believe much of what the Strategic Competitors believe, but cast in darker and more urgent terms. For them, China is a bad international actor, a serial human rights abuser, and a clear military security threat to American hegemony—particularly evident in the naval sphere. Before Strategic Competitor Rush Doshi’s work on China’s “long game” to challenge U.S. power, and Michael Pillsbury’s own *Hundred Year Marathon*, new Cold Warriors like Navarro had come to the conclusion that China has a real plan to emerge as a global great power by 2049, the 100-year anniversary of the CCP’s victory in the Chinese civil war.⁴⁹ Former naval intelligence officer James Fanell, for instance, warned with growing urgency of the PLAN’s growing strength, rendering the next 10 years a “decade of concern” in U.S.-China relations.⁵⁰

The new Cold Warriors share with the Strategic Competitors much of their assessments of what China’s rise and changes in Beijing’s recent behavior mean and require from America. But their support for U.S. policymakers is dependent on the maintenance of tough rhetoric—and policies—on China. Biden’s recent use of terms such as “responsible” or “managed competition” are alarming for those who, rhetorically, would prefer “containment” or “decoupling.” For the new Cold Warriors, their views can be harder because they are, for the most part, not in positions close to policymaking at the major executive branches. Instead, they are closer to Congress, public opinion, and some hawkish think tanks. They are rooted primarily in non-China-focused organizations—such as Project 2049, human rights groups, and defense organizations.

Holes, Gaps, and Silences: Policy Implications

The above mapping exercise of the social worlds of U.S.-based China expertise aids in the identification of both areas of agreement, and some of the holes, gaps, and silences in their respective interpretations of China. Each of the groups described above captures some of the “elephant” of China in U.S. foreign policy, but not all of it. Baked into their interpretations and policy recommendations are specific understandings of China—its relations with the CCP regime, the broader region, and the international community, for

example—and America—a liberal hegemon tasked with underwriting global order, or a normal great power managing international affairs in a newly-multilateral world. Identifying gaps is not intended to imply they are easily overcome. There are points of genuine disagreement. But it does help identify wedge issues from semantic ones. For the sake of space, I collapse the four groups into two, exploring first the merits and demerits of the Strategic Competitors’ position alongside that of the New Cold Warriors, and subsequently, the Engagers and Competitive Coexisters, focusing particularly on the policy discussion. I then explore three specific policy areas: human rights, including the CCP’s persecution of Uighurs in Xinjiang, evidenced by discussion of China’s hosting of the 2022 winter Olympics; the defense of Taiwan; and military-security affairs in the South China Sea.

What the Strategic Competitors/ New Cold Warriors Cannot See

Many interviewees for this project accepted that, in the end, the Strategic Competitors had done the United States a positive service by raising China’s salience in U.S. national security conversations. This was especially true of the broad group of *New Cold Warriors*, but also of many Competitive Coexisters. Many agree that the time had come by 2018 to “get serious” about China.

Yet, by adopting the rhetorical strategy of politicizing Engagement, in so doing exaggerating the coherence of U.S. policy toward China around its most naive and optimistic interpretation, the Strategic Competitors leave a hole at the heart of their position. Engagement with the PRC is not only inevitable, but morally and politically necessary. Put differently, where the Strategic Competitor position is strongest is in the urgency of the description of a China the United States can no longer reasonably expect to join the “rules-based international order” on America’s terms. Where the position is weakest is on the question of what, *precisely*, competing with China means, and what space is left within the approach for the sort of diplomatic, economic, and military interaction that must take place to address areas of common concern unless a complete “decoupling” it to be the aim of U.S. policy. Yet, as Engagers are keen to point out, even at the height of the Cold War, the United States maintained lines of communication and some, minimal, diplomatic engagement, with the Soviet Union. Given China’s deep enmeshment

in the international economy and global governance architecture—and, of course, its nuclear arsenal—the sort of decoupling some New Cold Warriors would prefer are not viable options.

Like Engagement before it, Strategic Competition will become going forward simply “U.S.-China relations,” and getting on with it will be the name of the (policy) game. However, the politicization of Engagement renders “getting on with it” more problematic, for three reasons.

The first problem is rhetorical: the engagement component of strategic-competition-as-U.S.-China-relations will have to be rhetorically justified, as evidenced by the Biden administration’s use of the phrase “responsible” or “competition,” which reflect initial adjustments faced with this challenge. The word “engagement” might be off the table for now, but it should not stay that way as meaningful synonyms are in short supply—“interaction” is vague, while “cooperation” is even worse from a China-skeptic’s perspective. It turns out, perhaps, that the “engagement” is usefully innocuous.

The second problem concerns the expert struggle itself. The politicization of the manufactured notion of capital-e Engagement, contains within it a rejection of the Engagers as a social group of experts, many of whom are older sinologists, steeped in Chinese language and culture. Yet, the prudent management of U.S.-China relations going forward, even in a competitive mode, will still require experts knowledgeable in China, many of whom might have a tendency toward a more Engager-type position. In short, the U.S. government still needs China expertise, without the suggestion such expertise is, by its very natures, politicized. As criticisms of “groupthink” and the advocates for “red teaming” grasp, consensus are not necessarily positive states of affairs. The military-security knowledge common among the Strategic Competitors is, to be sure, useful, but the U.S. government is not only the military, and China experts of various types will be important actors in years to come.

The third hole in the Strategic Competitors’ position is political. Robust rhetoric of competition and rivalry with Beijing has served since 2016 to justify Engagement’s replacement. It has also empowered strong China critics, notably in the media but also—crucially—in Congress, which has significant power in driving China-focused legislation, notably that aimed at China’s human rights abuses and America’s commitment to the defense of Taiwan. While Congress should, of course, have a role in foreign policy, as the longevity of the

1974 Jackson-Vanik amendment shows, once legislation or sanctions are put in place by Congress, there are notoriously difficult to remove. They institutionalize hostility and tie the hands of future administrations hoping to improve relations. The danger of the Strategic Competitors' position—both rhetorically and practically—is to lock in hostility from the United States' side of the relationship, regardless of what happens in China.

What Engagers and Competitive Coexisters Do Not See

A similar exercise illuminates the holes, gaps, and silences in the position occupied by the Engagers and the Competitive Coexisters. These lacunae revolve around changes in the People's Republic and the level of objectivity of the threat from China felt by the Strategic Competitors and New Cold Warriors. In short, China is now a rich and militarily powerful state with well-documented ambitions for regional and global influence. Beijing is seeking to exert its power in ways overt and covert. The work of Clive Hamilton and colleagues on the actions of the United Front in Australia, Canada, the United Kingdom, and the United States cannot be brushed to one side.⁵¹ Neither can the Chinese deployment of a style of “Wolf Warrior” diplomacy in its global interactions—a new forceful brand making compromise difficult to achieve.⁵² Engagement is an outmoded approach given this new reality.

But it is not only China that has changed in ways militating against the sort of old fashioned engagement of the 1990s and early 2000s. The United States has too, in ways acknowledged by the Competitive Coexisters but perhaps underplayed. Engagement is weakened internally too.

The United States is now a deeply polarized society in which any consensus on foreign threat or challenge is likely to elicit an outsized response. The new right is louder, brasher, less concerned with anything smacking of the nuanced and diplomatic—if China is bad, they would argue, it should be called out openly, without reservation. Many younger people to their left are more convinced of the virtues of democracy and that “a threat to freedom anywhere is a threat to freedom everywhere.” Moreover, they are less tolerant of policies aimed at fortifying America's multinational corporations, especially Wall Street—a vital constituency for Engagement.

Much as some Engagers might think, therefore, the Strategic Competitors are not naïve “dragon slayers.” While certainly focused on military-security

matters, Matthew Pottinger and his team are well respected China experts. The center of gravity of the China watching community has moved closer to their position on what China means for the United States, with greater prominence of defense generalists in the debate.

Most importantly, however, the Strategic Competitors successfully changed U.S. policy ways that are not possible to simply reverse. The Engagers are no longer in the drivers' seat, and neither are their younger kin, the Competitive Coexisters. After resentment of the fact has faded, engagers must act as a reasonable "opposition," which means framing both China and the United States differently than they currently do. This fact explains why many commentators have gotten on board the strategic competition train. But, as noted above, that train will inevitably hit bumps that may push it off the tracks. When the ride gets bumpy, the Competitive Coexisters need to be ready with a new way of talking about a different China, for a different America.

Wedge Issues: Human rights and Taiwan

Two prominent challenges illustrate the policy gaps that emerge between the main groupings in the U.S. China watching community. Human rights and the defense of Taiwan each represent wedge issues that highlight genuine disagreements.

On human rights, how far should the United States go to force a change in Beijing's policy in Xinjiang? China's hosting of the 2022 Winter Olympics highlights the dynamics of the debate. For New Cold Warriors like Randall Schriver, China's actions in Xinjiang render it unworthy of the honor of hosting the winter games. An "elegant solution," consequently, presented itself in the summer of 2021, when the games could have been removed from China, and folded into the delayed 2020 Tokyo summer Olympics.⁵³ While this initiative did not gain significant traction, it demonstrates the lack of concern New Cold Warriors have in angering Beijing, which they see as a political tactic used by to advance its geopolitical interests. For New Cold Warriors, the only acceptable outcome is for the games to come out of China, or the United States to reconsider its participation.

Given Congress' strong views and activity on the issue of human rights, no U.S. administration can genuinely avoid taking a strong stand on the topic in the making of China policy. The Biden administration's diplomatic boycott of

the games is thus an attempt to plot a middle ground position, reflecting the position shared by Engagers and Competitive Coexisters that human rights concerns be recognized, but not allowed to dominate U.S.-China relations. A boycott grasps the opportunity of protest, without punishing U.S. athletes, corporations, and damaging U.S.-China relations too far. As Engager Chas Freeman has noted, moreover, China was unlikely to have allowed high-level representation in any case, rendering a diplomatic boycott relatively costless.⁵⁴

Taiwan represents a second, and likely more crucial, wedge issue—crucial on account of its potential to lead to active hostilities between Washington and Beijing. Should the United States formally renounce its long-standing policy of “strategic ambiguity,” a central pillar of Sino-U.S. relations since the late 1970s? For Engagers especially, strategic ambiguity continues to serve U.S. national interest, helping to sustain a peaceful status quo, and underpinning a working relationship with Beijing and Taipei, and facilitating cross-strait relations.⁵⁵

For Strategic Competitors and New Cold Warriors, by contrast, Taiwan’s democratic development, together with Chinese moves toward unilaterally altering the status quo, have changed the nature of the American interest.⁵⁶ For them, the time is now ripe to replace ambiguity with strategic clarity—making it clear the means the United States would use in the event of Chinese attempts to change the status quo. In his *Strategy of Denial*, China watcher Elbridge Colby makes a forceful case for an Asia-focused U.S. grand strategy, with defending Taiwan at its heart.⁵⁷ The United States, Colby argues, does not seek conflict with the PRC, but must prepare for one if it is to secure its real goal of a “decent peace.” For Project 2049’s Jae Chang, Taiwan is a “modern day Fulda Gap”—a bulwark against the PRC’s domination of East and Southeast Asia.⁵⁸

Early in 2021, the Biden administration began to adopt the phrase “responsible competition” in relation to its China policy. Some China watchers and politicians voiced concern the President was backing off Strategic Competition, backsliding toward Engagement. Secretary of State’s Anthony Blinken’s comment that the United States will be “competitive when it should be, collaborative when it can be, and adversarial when it must be,” solidified the fear.⁵⁹ Yet bold statements, like NSC Asia Director Kurt Campbell’s pointed assertion that “Engagement is dead” proved that

responsible competition is less a new rhetorical departure than only one attempt among many we are likely to see over coming years of threading the aforementioned needle in U.S. China strategy.⁶⁰

While the challenge for U.S. policymaking is not merely rhetorical, and should not be confused as such—as just described, there are genuine wedge issues that divide Strategic Competitors and Competitive Coexisters, issues the Biden administration is tasked with addressing—the perspective adopting here suggests that together, Biden’s China team—Biden himself, National Security Advisor Jake Sullivan, Campbell, Laura Rosenberger, and others like Assistant Secretary of State for Indo-Pacific Security Affairs Ely Ratner—realize that the relationship has to be managed on an ongoing basis, that there is no conceivable without interaction. They also appear to realize that while a definite “strategy” might be a good basis for that management, the attempt to define one—as did Pottinger and company—comes with political pitfalls. It might be best therefore not to announce a specific shift, since any new label would need to distinguish itself from Strategic Competition, which most are on board with. Although unlikely to all be on the same page,⁶¹ they appear committed to treading the fine line between rhetoric overly confrontational and accommodationist. With “engagement” still off the table, images of responsibility, management, co-existence, and competition—presented with strong valence—are the overlap point on the Venn Diagram.

Conclusion and Implications for Policy

Perhaps more than he realized, China watcher Elbridge Colby puts his finger on the core issue facing America’s China watchers at the present time. What *is* a “decent peace” for the United States vis-à-vis the PRC?⁶² Is the peace we have with Beijing “decent?” If not, why not? In essence, the groups identified here disagree on the answer and where to look for one. While policy implications do not flow directly from the sort of sociological enterprise engaged in here, nurturing a community able to answer that question is a policy implication of the first order.

To that end, this paper recommends the main organizations of the China watching community and the U.S. government endeavor to foster a broad conversation across the groups surveyed here. Doing so requires renewed

commitment on the part of the executive and legislative branches to support critical language training, educational and cultural exchanges, and the sort of people-to-people ties nurtured to positive effect during the latter stages of the Cold War with the Soviet Union.⁶³ Public diplomacy and Track 1.5 and 2 dialogues also provide knowledge and training of U.S. China experts, and personal contacts, beyond the specific issues discussed.⁶⁴ At the same time, think tanks, Congressional committees, and the two main Congressional China commissions should keep the door open to the broadest possible range of voices from the U.S. China community. Together, such efforts should—to the greatest extent possible—hinder the emergence of polarization, politicization, and group-think, while arming the United States with a knowledgeable, diverse, and vibrant community of true China experts.

The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.

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2021-22 WILSON CHINA FELLOWSHIP

The Key Role of Multilateral Coordination in the U.S.-China Health Relationship

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Abstract

For decades, the WHO played a useful role in easing tensions during difficult times in the U.S.-China health relationship. That process failed during COVID-19, leaving the United States without an effective way to interface with China in a crisis. An international organization can suffer from agency slack or a lack of independence. But despite these potential pitfalls, it can provide useful services to its member states. Often overlooked are the ways an IO can help nations address bilateral concerns. It can coordinate, provide international recognition that encourages improvements, and it can ease sovereignty concerns. This paper examines the history of successful partnership and the problems that led to the failures of 2020. It makes recommendations for how to move forward.

Implications and Key Takeaways

- The United States should increase its support for the WHO, including an increase in basic budgetary support by itself and work with other developed nations to increase support, as well.
- The United States should support the strengthening of International Health Regulations, recognizing that greater scrutiny will also come to the United States.
- The United States should seek to develop for coronaviruses, and for other key viruses identified by the global public health community, an international surveillance regime similar to the influenza program the United States has supported since its inception. This should be for the full range of countries with a coronavirus risk.
- The United States should recognize that China is now a peer country producing public health and scientific excellence.
- The United States should fully staff its health activities in China, including CDC, NIH and FDA. It should also seek to resume cooperation agreements with Chinese scientific entities and focus on ensuring joint use of data.

- Much of the world still needs to be vaccinated. The United States should look at how to ensure that its efforts and those of the Chinese are complementary in getting maximum effective coverage, not competitive. This may well require additional research on using multiple vaccine types.

Introduction

The COVID-19 pandemic continues to have profound and negative effects around the world. Not only has it brought death and suffering to millions, but it has caused economic dislocation to hundreds of millions, reduced global interaction and brought significant political stress to many countries, arguably including the United States. International cooperation on COVID-19 has been weak, despite multiple promises by most leading countries to do more. COVAX, the global effort to provide vaccines to poor countries, has only delivered half its promised doses, and most recently has reported it can't do more without an immediate cash infusion.¹ And as the world continues to struggle mightily with new COVID variants, there seems to be little global effort to conduct the kind of surveillance for altogether new coronaviruses that there is for influenza, despite the fact that COVID was the third of these novel coronaviruses to emerge on the Asian landmass in the 21st century. As shown by the emergences of MERS in Saudi Arabia, and the global struggle to control COVID, these are not solely Chinese issues. However, it is impossible to foresee a situation where China is not critical to the global control of respiratory illness. It is simply too large, has too many people in close proximity to animals, and is too integral to global production capacity of vaccines, medicines and medical equipment, not to be one of the most essential players.

The United States has long been a leading advocate for efforts to control the spread of infectious disease with active involvement dating back to over a century, especially in the Western Hemisphere.² By World War II the United States was the largest global health donor, first contributing over 70 percent of the United Nations Relief and Rehabilitation Administration (UNRRA)'s budget and then committing to almost 40 percent of the World Health Organization (WHO)'s budget in the early years after the war.³ While there was some isolationist pushback in Congress to the original WHO treaty, the U.S. administration was central to the design of the organization. By the early 1950s addressing global health disparities through UN agencies was seen as a key element of the U.S. efforts to counter communism. Ironically, the most significant impact of Congressional concern was a special provision that allowed the United States to withdraw from the treaty with only one year's notice, a provision that was actually used during the Trump administration,

although with less than a year to go in that administration, withdrawal was never actually effected.⁴

From the beginnings of the WHO, the United States had more capacity than the international organization and U.S. funding was essential to its operation. Thus, the United States could have chosen a different route, focusing resources on a unilateral overseas strategy of bilateral aid. But instead, support for WHO and working through WHO on key programs was a critical element of U.S. international health policy, particularly on infectious diseases ranging from small pox to influenza. And yet, when it came to COVID, the first year of the pandemic was marked by growing U.S. skepticism toward the WHO and toward international health efforts in general and a substantial reduction in U.S. material support for the WHO. 2020-2021 was the first period in the organization's history where the United States was not its largest donor.⁵ The question then arises, what value did the United States gain by working through the WHO, an organization where the United States, while influential, could not dictate terms, rather than working independently and bilaterally? Conversely, was the failure to leverage the WHO during COVID a loss for the United States? And finally, looking forward, now that the United States has decided to reengage with the WHO, are there ways that that the United States can use multilateral participation as a way to advance its bilateral health relationship with China in ways that promote global health?

This essay will examine the role that multilateral engagement played in advancing U.S. health goals related to China, specifically related to infectious respiratory diseases. Because of China's large population of both humans and animals and the many opportunities they have to interact, Chinese health authorities' active involvement in collecting information on disease threats, whether it be the annual changes in the influenza virus or the emergence of new pathogens, has long been recognized.

The Relationship between the WHO and Member States

The WHO is a member-directed institution and yet often must confront individual members about health problems they might prefer not to divulge to a global audience. It is both a highly technical agency with its own staff, and it requires assistance from its member states to provide critical staffing and

infrastructure not just for emergencies but for its ongoing efforts. While the major focus of previous studies has been on whether the WHO has autonomy or is governed by the member states, with a focus on how the WHO carries out its role, the focus here is on the reverse, the role an IO can have not just in furthering its own goals (though they may coincide), but in facilitating relationships among member states. Specifically, I am looking at how interaction and support for the WHO has supported U.S. priorities, although this analysis is likely applicable to other members, especially those who actively support WHO programs, as well.

The WHO as a one vote per member organization has long been responsive to its developing country members' needs. While some developed countries, and particularly the United States are focused largely on infectious diseases that cross borders, developed country members have advocated efforts related to poverty, pharmaceutical access, and other issues with broad social and economic implications.⁶ The public health literature focuses on the tensions in WHO priorities in terms of the voting membership, which with 192 members is heavily weighted toward the developing world, and budgetary constraints. In particular, as the agency grew to rely on extra-budgetary or project funding from the 1980s onward, it had to become increasingly responsive to the specific demands of donors.⁷

By contrast the international relations literature has framed the conflicting pressures at WHO either as a principal-agent conflict, where the voting method leads to agency slack⁸ or from a constructivist viewpoint, where the same WHO professional staff are acting as "norm entrepreneurs."⁹ In both cases, the basic question is how much WHO itself is shaping international health policy and acting as an independent institution. As Walt documents, this framing does not address the fact that a great deal of global health assistance capacity now resides in some of the member countries. Moreover, the WHO actively works to develop the member country expertise it then depends on through its support for domestic public health infrastructure and the network of Collaborating Centers and Essential Regulatory Laboratories.

More broadly the literature also takes seriously the services that international organizations (IOs) can provide to their member countries, including the provision of a centralized locus for cooperation and/or coordination and through IO independence, the ability to be able to act unilaterally on behalf

of global interests (Abbott and Snidal 1998), thus suggesting that IO independence is not always agency slack. However, these discussions simplify the complex nature of interactions between a highly technical agency that is in fact heavily reliant on information and cooperation from all its member states and on the even greater technical resources of its more prominent members. Moreover, it tends to put the IO in the center of the analysis. This essay turns that around to look at a bilateral relationship that in many ways was prioritized by both countries above the success of the IO, and yet, using the IO was critical to bilateral success. Without a successful intermediary at key moments, the bilateral relationship suffered greatly, to the detriment of both countries and the world.

The Groundwork: Influenza Cooperation within the WHO Network

WHO founded the international influenza surveillance network in 1952, with the United States as a founding member.¹⁰ The United States and other major members were interested in ensuring globally effective surveillance and data analysis. When China began to be more active in international organizations in the 1970s, its surveillance was weak. Influenza surveillance is critically important, because even in the midst of a coronavirus pandemic, the international medical community continues to view seasonal influenza as a major health concern and pandemic influenza as an ever-present risk. Indeed, there have been new flu viruses of concern during the past two years.¹¹ The speed and severity of the 1918 flu pandemic and the fact that influenza viruses mutate much more rapidly than coronaviruses keep influenza high on epidemiologists' lists of concerns.¹² Many, but by no means all, influenzas of concern arise in China. Concern about developments in China has been heightened since the series of highly pathogenic H5N1 or bird flu outbreaks that occurred in Southern China and Hong Kong and then spread to Southeast Asia in 1996 – 2005 period.¹³

U.S. CDC began to explore the possibility for influenza surveillance cooperation with China in 1978 even before relations were normalized and the U.S.-China Science and Technology Umbrella Agreement were signed in 1979. Exchanges increased in the late 1980s and the first formal agreement was signed in 1989 between the U.S. CDC and the Chinese Institute

of Virology.¹⁴ Under the agreement the United States helped the Chinese set up sentinel surveillance, i.e. a network of healthcare providers to collect influenza samples, and upgrade laboratory capacity. Once basic lab work was completed in China all the samples were sent to be analyzed at the U.S. CDC in Atlanta, which was also designated a WHO Collaborating Center. Initially the Chinese sent the U.S. CDC hundreds of samples a year.¹⁵

The WHO influenza program was organized around National Influenza Centers and then much more sophisticated Collaborating Centers. The Chinese Institute of Virology (which in 2002 became part of the brand-new China Center for Disease Control and Prevention or China CDC) was already designated a WHO National Influenza Center and thus the logical partner for U.S. CDC. Essential Laboratories and Reference Laboratories were in a much more limited number of locations. The United States, United Kingdom, Japan, and Australia all hosted Collaborating Centers where flu samples were analyzed and recommendations made, for epidemic and pandemic preparedness and for the composition of the annual flu vaccine.¹⁶

WHO's influenza program is both one of its most effective and long-standing efforts and highly dependent on member country capacity. The program provides coordination, data compilation and knowledge sharing. Each country designates a National Influenza Center, but these obviously have different levels of capacity and expertise. WHO then designates key nodes as Collaborating Centers to conduct more sophisticated laboratory analysis and compile data. The influenza program also operated as the WHO's key pandemic detection program, since everyone involved pre-SARS, and even most post-SARS, expected the next respiratory pandemic to be an influenza virus.¹⁷ As both the United States and Japan became interested in supporting global influenza surveillance capacity, the WHO became the obvious venue for working out and deconflicting their assistance efforts. In 1998, the two countries agreed to fund their bilateral efforts through the WHO.¹⁸

WHO's role is more than facilitating aid coordination or compiling data. The China case, in particular, demonstrates how important an international organization is for providing an incentive structure for countries to upgrade their domestic infrastructure. U.S.-China cooperation to develop the Chinese influenza program progressed steadily through the 1990s with the United States assisting with laboratory capacity and helping the Chinese increase the number

of surveillance sites, although the overall scale was still rather modest. This was partly attributable to a bureaucracy that didn't promote its best young scientists quickly,¹⁹ and partly that all of China's public health infrastructure was quite small and had not yet been formed (until 2002) into a government public health agency as opposed to a research institute.²⁰ In 2004 the United States and China agreed to a major increase in ambition with a new bilateral agreement focused specifically on elevating the Chinese contribution to the WHO system. A major goal was for China CDC to become a WHO Collaborating Center, a result achieved in 2008. Sentinel surveillance also grew dramatically, from a handful of sites in the 1980s to 3565 in 2006 all the way to 28,685 in 2014. At the same time the number of labs able to run state-of-the-art PCR tests rose from approximately one in each of China's 31 provinces to almost 400.²¹ The WHO program created clear metrics for success that gave Chinese medical could advocate for internally. Indeed, a popular slogan in the years leading up to the 2004 agreement was that China should "get on the international track" (*yu guoji jie-gui*), a slogan that realized its apex use during China's admission into another key UN-affiliated organization, the World Trade Organization.²²

Both countries have benefited directly from the bilateral relationship, and from the WHO's role in coordinating, facilitating and providing imprimatur. The improvements in China led to a more complete set of samples and rapid analysis to inform the annual influenza vaccine. Chinese public health overall benefited from improvements in lab capacity and those 400+ PCR-equipped labs, which not only aid in addressing the ordinary burden of disease, but contributed to China's rapid effort to bring COVID-19 under control in 2020. The United States also gained directly from working with China. For decades the Chinese sent flu samples to the U.S. CDC in its role as a WHO Coordinating Center. WHO brought considerable extra prestige to the relationship and helped smooth any concerns over sovereignty and data sharing.

CRISIS Response: the WHO role during emergencies

Bird Flu

Influenza mutates constantly, and thus catching every one of these changes is essential for preparing for the annual influenza season and the appropriate

vaccine. In addition scientists are on the lookout for large changes, a major shift in type that means a much larger portion of the world's population is immunologically naïve and susceptible to the disease. This is what occurred in 1918 and then again in 1957, 1968 and 2009. The first of these was astonishingly deadly, killing an estimated 50-100 million people,²³ and both 1957 and 1968 were severe.²⁴ While the H1N1 pandemic of 2009 turned out to be milder than most with global deaths estimated at 189,000,²⁵ the concern remains that a more hazardous influenza might emerge. China is always at high risk because of the heavy concentration of people, poultry and pigs in close proximity, which the viruses move between.

A more fatal influenza was identified in Hong Kong in 1997, the H5N1 bird flu. This flu had jumped directly from birds to humans and was incredibly lethal, killing one-third of those infected. The concern was whether it would lead to sustained human-to-human transmission. Most of the cases seemed to come directly from contact with infected poultry. A massive cull of Hong Kong's poultry markets and new regulations on how to manage them seemed to control it.²⁶ However, Hong Kong is a populous city on a tiny landmass. It imports almost all of its food, mainly from China. The suspicion, later confirmed, was that the disease had originated in Southern China.²⁷ The WHO and the U.S. CDC wanted a greater understanding of the origins of the disease to try to prevent further outbreaks. This kind of outbreak, where sustained human-to-human transmission has not yet occurred, is controlled by widespread poultry culls of the type that Hong Kong conducted in 1997. I was living in the Southern Chinese city of Guangzhou at the time, and no culls were conducted, nor was the outbreak ever acknowledged to have affected the mainland side of the border. However, the general public stopped eating chicken in fear.²⁸

Despite almost two decades of cooperation, including some staff in Beijing, the U.S. CDC found it much easier to work within a WHO-requested "mission" than to try to investigate this outbreak on their own. Investigation, in contrast to capacity-building, will raise many more sovereignty concerns. To achieve its aims WHO treaded lightly. There was no public accusation of hidden cases, but rather a polite request to visit Southern China to see if they could learn more about the disease's origins. The Chinese government allowed a mission to travel to Southern China in 1998 with U.S. CDC representatives as part of the group.

But that visit was described to me as a “complete whitewash” with the markets selling live birds shut down, and the group’s request to see typical poultry production denied. Instead they were shown a video of a high-tech facility, not at all the average for late 1990s Guangdong.²⁹ Much of what we know about the nature of these southern food markets as the sources for H5N1 and then later for SARS was due to the quiet work of researchers in Hong Kong, who went regularly across the border in the wake of the original bird flu outbreak and collected samples from local markets. By 2006 Guan Yi and his colleagues had collected over 50,000 animal samples from six provinces.³⁰

Despite the challenges of trying to obtain clear information in China, the need was only more obvious, and thus U.S. CDC continued to work both directly and with WHO to obtain more information. By 2002 the H5N1 bird flu started to emerge in nearby SE Asian countries, but before bird flu could command full expert attention, a new and more infectious disease emerged.

SARS

In the fall and winter of 2002 rumors began to emerge of a new and scary disease in South China. This was before widespread internet use in China, and the rumors spread by text message on cell phones. Friends warned each other not to go to hospitals. This new disease was ultimately named SARS and the virus that caused it SARS-COV-1. But no one knew that at the time, and the national government in Beijing didn’t know anything. Local authorities in Guangdong did their best to keep the news from the Central Government, a pattern that repeated when SARS moved to other provinces, and then apparently at the early stages of the COVID-19 pandemic.

WHO received a note from an unofficial source informing it of the rumor about this disease on February 10, 2003, illustrating the importance of an international organization as a more neutral conduit than another government would be. The WHO formally requested information from the Chinese government, but was told it was “under control.” Quickly, however, cases began to emerge in Hong Kong and SE Asia, as well as in Toronto, and WHO decided to send a team to investigate. U.S. CDC’s influenza effort was led by Dr. Keiji Fukuda, who fortuitously was working on influenza issues in the region. Many at WHO and in the international medical community thought the mysterious disease was likely to be a novel influenza, and Dr. Fukuda was invited to

join the WHO team. Even with the WHO imprimatur getting access to the area with the outbreak took some time. The team arrived in China February 23 and did not visit Guangzhou until March 4.³¹ (WHO issued its first alert for SARS on March 13).

WHO was legally limited, since existing International Health Regulations (IHRs) had mandatory reporting requirements for only three diseases and did not have explicit rules for travel restrictions. These gaps were addressed after SARS with a significant revision to the IHRs in 2004.³² WHO Director General Gro Harlem Brundtland used the lack of rules to respond flexibly and threaten additional action.³³ Throughout March as additional countries reported cases and global concern grew, Brundtland and her representative in Beijing, Dr. Henk Bekedam, continued to urge greater transparency from the Chinese government and to offer assistance in combatting the disease.

U.S. CDC again became involved when a second WHO team was assembled with two CDC members of four total and began its visit to Beijing on March 23. The team was forced to wait until April 3 to get permission to visit Guangdong. The likely trigger for permission was WHO headquarters issuing its toughest travel warning yet on April 2. However, by the time the team arrived in Guangzhou the outbreak was indeed under control and their question was what was happening in Beijing.³⁴ It again took a number of days to get inside Beijing's hospitals. The team visited from April 10-15, but only heard about SARS cases at a military hospital on the final day of their visit. Beijing's outbreak had first been revealed by a retired military doctor and whistleblower, Dr. Jiang Yanyong.

Beijing ultimately announced its epidemic on April 20 and began to take vigorous steps to get the outbreak under control, including putting Vice Premier Wu Yi in charge of the Health Ministry, firing the Beijing Party Secretary and otherwise signaling its intention to hold the bureaucracy to account. At the same time Beijing began to welcome international assistance in the form of many more WHO missions, of which perhaps half the experts were U.S. CDC.

During the SARS period U.S. CDC and WHO worked closely together and with WHO in the official leadership role. DG Brundtland had the power to threaten the Chinese economy through her travel warnings, and these ensured that the Chinese paid attention to her concerns. Moreover,

travel warnings were issued for many countries, so the Chinese could not argue they were singled out. Despite the fact that the United States is a much stronger and wealthier institution, the United States deferred to the WHO to take action first and then followed with its own travel warnings. The Chinese government response was slower and more halting than WHO wished, due in part to central government reluctance, but in even greater part to the internal local and provincial cover-ups that made the Chinese central government unable to track their own epidemic for many months.

Once Chinese cooperation was assured, WHO needed the U.S. CDC as much as the reverse. Some 40 U.S. CDC staff were seconded to the WHO Beijing office to provide technical assistance after April 20. They entered China with UN documentation, rather than U.S. official passports. CDC Atlanta also assisted in sequencing the SARS genome.³⁵ For the Chinese in crisis, dealing with an international organization was both more urgent and more palatable than asking for bilateral assistance. This outbreak required social distancing and contact tracing, but it resolved relatively quickly. By July 2003 SARS had been eradicated worldwide.³⁶

Post-SARS: The Golden Period for International Cooperation

After SARS, health cooperation blossomed. The return of H5N1 in 2004 and 2005, (which still was not transmitting rapidly human-to-human, but was moving rapidly through poultry stock, was highly lethal and carried the potential that a small mutation might make it more infectious), kept international focus on China and infectious disease. The China CDC, only founded in December 2002, right before SARS, began to expand in earnest and was focused on rapid detection of outbreaks. They reported these H5N1 outbreaks immediately to WHO and shared information with both bilateral and multilateral partners.

The United States began to increase its long-term on-the-ground health presence in China as well as high-level attention. Both CDC Director Julie Gerberding and HHS Secretary Tommy Thompson visited Beijing in 2003. The new agreement on flu was signed in 2004, contemplating additional staffing and support. The two countries began to negotiate for broader cooperation in

emerging disease detection. In 2005, President George W Bush and President Hu Jintao met twice, first at the UN and then when Bush visited Beijing in November. They signed an agreement to cooperate on avian influenza, both bilaterally and with the relevant IOs, including WHO and the Food and Agricultural Organization (FAO).³⁷

China CDC was vigilant and prompt in reporting cases of H5N1. The major issue of concern for epidemiologists was that while the China CDC was identifying the human cases of avian influenza, the agricultural authorities weren't catching the bird outbreaks. It should have been much easier to find the birds, because thousands would get sick at once, but instead as a number of people noted to me at the time the humans were acting as the canaries. As a result, in reporting to Congress the United States still found China "uncooperative" in the sense that WHO was not receiving needed bird samples.³⁸

Much of U.S.-China bilateral cooperation did not intersect that closely with the WHO's main efforts. But as one top Bush era official described the attitude of that time: "The presumption was that the Chinese were good actors that they were playing by the international rules that they were meeting international standards, both for quality and for ethics."³⁹ The United States had a CDC secondee working on childhood vaccinations at WHO's Beijing office for decades. WHO continue to have its very broad mandate, which the U.S. supported and for some of these years assigned an expert in tobacco control to WHO, as well. But the major U.S. bilateral effort focused much more narrowly on infectious disease. This included robust HIV/AIDS programs that had gotten underway just before the SARS outbreak. CDC's Global AIDS Program originally located itself in the same building as WHO Beijing but found to their surprise that they had much less coordination and interaction than expected.⁴⁰ Nevertheless, for both HIV/AIDS and influenza there were clear WHO counterparts. The focus the United States put on emerging infections was different. WHO did not have such a specific program. Thus, while relations were amicable throughout the Bush and Obama years, the U.S. bilateral program operated mainly without relying on WHO's diplomatic resources.

A Weakening of Relations

The complex web of a relationship between the United States, China, and the WHO began to fray in the later years of the Obama administration. While there was a strong commitment to the importance of a China relationship through 2016, there was already less optimism than there had been in earlier years.⁴¹ There was a shift toward relying only on the bilateral relationship, and then disappointment with the results.

Bilateral cooperation during Ebola outbreak in West Africa had given the Obama administration hope that the bilateral relationship could be further developed to collaboratively address multilateral aims. WHO's response was widely criticized,⁴² while the United States sent extraordinary numbers of staff and equipment to assist, including some 4000 from the U.S. CDC alone,⁴³ and the Chinese also had teams in West Africa.⁴⁴ The two countries had limited interaction with WHO. In Sierra Leone, the two countries' teams worked together, and they subsequently agreed to cooperate in helping to establish an Africa Centers for Disease Control and Prevention.⁴⁵

From numerous interviews with officials from that time, the United States was already becoming concerned about Chinese cooperation in the Africa CDC project in the latter years of the Obama administration. One issue that came up in a number of anonymous interviews was the Chinese desire for samples. While the U.S. CDC had received many samples from China over the years and access to samples is often a key goal for U.S. CDC, there was considerable and growing suspicion of Chinese purposes in gaining samples. There came to be a view that the Chinese were trying to obtain DNA to "track individuals."⁴⁶ There doesn't appear to be evidence that the Chinese were using DNA to track anyone in Africa, but this issue became mixed with the actual cases of Chinese companies' sales of facial recognition and other types of surveillance equipment to African dictators.⁴⁷ At the same time there was also some concern about whether DNA collected in Africa might be used by Chinese biotech companies. These links were all vague, and certainly can't be documented using any public sources. However, they contributed to a growing sense of unease surrounding the relationship. But in the Obama administration, these concerns were balanced with concern for maintaining health ties with China.

In the early days of the Trump administration the health relationship appeared to be on track. Trump's short-lived first HHS Secretary, Tom Price,

visited China, and his second, Alex Azar, also discussed the possibility of a visit. But by 2018 the relationship was deteriorating with those in the field receiving little interest from Washington.⁴⁸ While U.S. health personnel in China continued to reach out to their WHO and bilateral counterparts, where there were actual WHO counterparts (which there weren't on the emerging infections portfolio),⁴⁹ these also diminished because others did not want to be affected by the increasingly negative overall relationship between China and the United States.⁵⁰ The overall science relationship got further bogged down by an eighteen month lapse in the renewal of the umbrella government-to-government cooperative agreement that only got renewed shortly before the COVID-19 outbreak.

CDC programs were also cut. Both the Global Disease Detection Program and the Field Epidemiology Training Programs were slashed.⁵¹ At the same time a number of key NIH agreements also lapsed.⁵²

Working in China also became more complex over this period. In April 2018, the Chinese State Council enacted regulations requiring international research go through government data centers before it could be used by foreign researchers.⁵³ In speaking to experts with decades of experience in multiple U.S. scientific agencies, they identified the changes in China as real, but believed that the best way to address them successfully was through government attention and action. Both NIH and NSF had successful collaborative programs, including on infectious disease that they were able to maintain. Government-to-government agreements have long been used to protect scientists from accusations of improper data handling. The CDC approach included both agreements and the physical presence of its scientists within the China CDC structure. With less support from Washington, reduced staffing and a lapsed umbrella agreement, much of this structure was declining, just as it was becoming more complex to work in China.

COVID-19-Starting from Behind

When a new virus emerged in central China that would rapidly lead to the worst pandemic in 102 years, the United States while not blind, but was severely limited when compared to its capacity a few years before. COVID-19, not yet identified, began circulating in Wuhan some time in November or

early December, and by late December the Wuhan government had put a notice on its website, which WHO's Beijing office spotted December 31. WHO requested information from the Chinese government in Beijing on January 1st and alerted the Global Outbreak Alert and Response Network (GOARN) on January 2.⁵⁴ By January 3, the Directors of the China CDC and U.S. CDC were speaking by phone,⁵⁵ and on January 6 U.S. CDC Director Robert Redfield sent an offer of assistance to the China CDC.⁵⁶

There followed a period where the Chinese government reported some limited number of cases to the WHO and then stopped. But the Chinese published the full COVID-19 genome on January 11⁵⁷ and by January 22, 2020, it began reporting numbers regularly to WHO and allowed a WHO team to visit Wuhan.⁵⁸ By late January, the Chinese government had set up an effective program to control the disease, essentially closing down the entire province of Hubei, where Wuhan is located, setting up separate fever hospitals, and sending in some 9000 epidemiologists to assist with tracking and tracing. They also rapidly imposed lockdowns in the rest of China, with the result that the vast majority of cases for the first two years were in these early months in Wuhan and surrounding Hubei province. Until the omicron variant entered China in 2022, some 70 percent of China's 100,000+ cases were in Hubei province.⁵⁹ As a result, while China looked at first like it was doing badly, it then did quite well for two years. While without doubt the Chinese missed a number of early cases, it is now generally accepted that globally health systems are identifying no more than one-fourth of those infected.⁶⁰

At the same time, the United States was having a difficult time incorporating information that was coming from China into its own response. The remaining U.S. personnel on the ground had little access to information with no regular contact with a China CDC that was both politically cautious and working round the clock.⁶¹ It is unclear whether Redfield and those who advised him within U.S. CDC underestimated Chinese capacity or made a clumsy attempt to get a virus sample. Their offer to help map the genome was not needed—the Chinese published it shortly thereafter—and because of Chinese participation the NIH Human Genome Project, Chinese institutions' capacity was well-known in the United States.

Similarly, the United States seemed to be skeptical of WHO expertise. The U.S. CDC chose not to use a WHO-developed test⁶² and then later did not

appear to use information gleaned by the U.S. expert on the second WHO mission to China in February 2020.⁶³ The United States had relied heavily on this type of expert during the early months of the SARS outbreak,⁶⁴ but in this case there was little evidence that any of the lessons learned, such as the importance of fever hospitals and isolating patients before they were symptomatic were transferred. While the U.S. CDC sent 4000 staff to West Africa during Ebola, and they knew from the WHO teams that China had sent 9000 contact tracers to Wuhan, no similar effort was organized to shore up support for New York and other hard-hit cities early in the pandemic. In fact, instead of using the insights available through participation in the WHO, the Trump administration first denied the problem, and then when it finally had to recognize it, chose to blame China,⁶⁵ blame WHO⁶⁶ and complain about the lack of unilateral access to China in January.

The United States also led the call for an investigation into the origins of SARS-COV-2. Determining viral origins is complex biological investigation, not a legal inquest, and it often takes years or even decades. SARS link to the civet cat was not determined until after the disease had been eradicated,⁶⁷ and HIV/AIDS origins were not narrowed to central Africa until decades into the epidemic.⁶⁸ A group of five of the world's top virologists published a paper in *Nature Medicine* in March 2020 that debunked the widespread rumor of a bioengineered SARS-COV-2 (where Chinese had blamed the U.S. Army and the United States had blamed a Chinese lab), suggested a lab leak was unlikely and that the most likely scenarios were a recent jump to humans from animals or an earlier jump with a subsequent mutation. Since then the debate has become even more heated, but the best estimate of virologists is that animal origins are most likely.⁶⁹ Moreover, looking at who the Chinese government chose to punish in Hubei and Wuhan—over 300 people,⁷⁰ and none from the Wuhan Institute of Virology—it does not appear that the Chinese government suspected the lab in any way. In fact, from the rapid response to the outbreak, including decontaminating the markets (a standard procedure for outbreaks in China) it appears that the local government believed there was an animal origin, but did not have a more precise sense than that. What is clear at this point is that efforts from the first WHO mission to look at origins stalled in the subsequent political controversy, and that the more time elapses, the

less likely that definitive evidence will be found. It may be, but as with HIV/AIDS, it may be approximate.

WHO, like any member-serving agency whose budget depends entirely on its members, has been perceived as highly solicitous of its largest members. What this tends to mean is that U.S. politicians tend to think the organization treated China too lightly, while the Chinese perceive the WHO as bowing to U.S. pressure.⁷¹ Numerous career interlocutors pointed out to me that while the WHO is solicitous of China, it is even more so of the United States, given its position as one of the founders and historically the largest donor. The United States was demanded this WHO investigation even after it announced its planned departure from the organization. Since President Biden recommitted the United States to the WHO, his administration has not been visibly supportive of the WHO effort to look into virus origins. In fact, the administration announced its 90-day intelligence review of the origins right after the WHO mission's return,⁷² contributing to the controversy that has derailed the WHO process. The intelligence review turned up no new information, with most members of the intelligence community having no opinion on the origins, and the few they did being split. When the intelligence community released more information in October of 2021, they acknowledged that it was highly unlikely that the origins would be determined.⁷³ But the review's release was accompanied by a highly critical press release from the White House, condemning Chinese lack of transparency and accusing the Chinese of "withholding information."⁷⁴ The problem with this framing is that while there has been poor communication between China and the United States, it does not appear that the Chinese are hiding information they have. There is no indication that they know the origins of the disease. The U.S. response, demanding an international inspection of the Wuhan lab, draws Chinese ire, since it is highly unlikely that the United States would invite such an inspection of one of its government research facilities. In fact, unlike in the 1990s when a number of China CDC personnel spent months at CDC Atlanta learning how to run a public health lab, U.S. facilities now are far more closed, and Chinese are required to get clearance months in advance and are limited in what they can access.

Thus, with COVID-19 the United States did not use the WHO as an effective partner. In multiple cases, the United States has found the WHO too

slow in its responses. The United States wanted greater pressure on China in the early days of COVID-19. WHO followed its usual approach of negotiating with the affected country—it has no power to simply barge in—and actually received a much more rapid response than was the case during SARS. However, COVID-19 turned out to be a much more rapidly progressing disease. Similarly, WHO did negotiate a mission to look into COVID origins, and that mission came out with a significant workplan. But the United States wanted an answer to COVID origins in 90 days, and chose to go it alone.

The United States had significant experience working with the WHO to address global health needs and to deal with the complexities of promoting global health bilaterally. Over the years, the WHO had helped in coordinating, in providing international recognition and prestige and in reducing sovereignty concerns. In pushing the WHO so hard on the COVID origins question, the United States has not advanced the science, and it has run directly into the sovereignty issues that WHO as a member organization tries to deal with diplomatically. There isn't a simple answer to how to work with China on global health or any other issue. But there are a set of issues, and health is one, where we can't achieve health and safety for ourselves, much less for others around the world, without cooperating. The evidence of the last several decades is that an international organization can be an effective partner, and without it the chances of success are even lower.

Conclusion

Working with multilateral organizations can be challenging. They need to be responsive to all their member states, but they convey real advantages. Especially in challenging times they have more access precisely because other countries are members, even if this means compromise. Neither a multilateral organization nor the United States is going to use threats of force for a health question, so the truth is the only tool any country or IO has is diplomacy. What is clear is that the WHO actually does gain important information from member countries. It is also often able to gain access for U.S. experts during health crises from H5N1 to COVID. It provides an incentive structure for other countries, including China, to improve their health efforts, and this has been remarkably effective in China, as demonstrated by its improved influenza surveillance.

While COVID has certainly been a challenge, the Chinese moved much more quickly than during SARS. Regrettably, the disease moved even more quickly. But that does not obviate the fact that both U.S. bilateral efforts and WHO engagement over the decade plus since SARS meant that the Chinese response was swifter and more effective than it had been 17 years earlier.

The United States and China now have a much more contentious overall relationship, and so the question is how best to use this experience for the current moment. We cannot assume that relations will operate as they did in the past, but given that the bilateral relationship is rocky, engaging through multilateral partners seems all the more urgent. The truth is that the United States was asked to join each WHO team. The failures to use this information effectively were domestic. Thus, to expand on the policy recommendations presented at the beginning of this paper:

- The United States should increase its support for the WHO, including an increase in basic budgetary support by itself and work with other developed nations to increase support, as well. WHO's major challenges with efficacy are due to under-funding. Working with peer nations with difficult relationships mean that having a respected and effective international organization is even more important.
- The United States should support the strengthening of International Health Regulations, recognizing that greater scrutiny will also come to the United States. To have better compliance by other nations will mean that U.S. failures, in particular the failure to better protect U.S. citizens from disease and death during the COVID pandemic, will be subjects addressed by the international community.
- The United States should seek to develop for coronaviruses, and for other key viruses identified by the global public health community, an international surveillance regime similar to the influenza program the United States has supported since its inception. Given that novel coronaviruses have emerged in as geographically disparate locations as Saudi Arabia and China, and that SARS-COV2 has now produced multiple variants, some type of global surveillance system similar to

influenza appears critical. The United States worked directly with China to enhance both its collection and lab capabilities within the WHO umbrella. A similar effort is needed for coronaviruses. Presenting this as global or regional will reduce the risk that such a proposal is viewed as simply criticism of China. Focusing purely on China makes no sense either technically or politicall

- The United States should recognize that China is now a peer country producing public health and scientific excellence. While there are many gaps in China's performance, there are also gaps in U.S. performance (as witnessed by our COVID response), and thus we should not expect that uniform excellence is the mark of a peer country. To this end it means we should actively seek to learn as much as we seek to teach, and encourage scientific cooperation that enhances our own capacities
- The United States should fully staff its health activities in China, including CDC, NIH and FDA. It should also seek to resume cooperation agreements with Chinese scientific entities and focus on ensuring joint use of data. The United States currently has unfilled positions at its mission in China, so increasing staff would not require new bilateral agreements. But new bilateral agreements will also be essential. In speaking with those who have worked on these in recent years, there is still interest in collaborative work in China. The need is for support from Washington.
- sMuch of the world still needs to be vaccinated. This is an effort where U.S.-China cooperation within a global umbrella could make substantial progress. There is a real need to work with the Chinese to ensure their large production capacity is used effectively. Areas of joint study could include heterologous vaccination regimens (a Chinese vaccine followed by an mRNA) as well as whether there are some possibilities for enhancing local vaccines' efficacy. Global vaccination should be framed as a global public good, not a competition, just as it has been in the eradication of smallpox and the ongoing effort to eradicate polio.

- China is now facing a new and challenging period in facing the virus, the United States should reach out with respect and concern. If the U.S. government can refrain from accusing China—for instance once again questioning data, when we ourselves have real data gaps—and instead address the fact that it is now facing real challenges, there may well be an opportunity to improve our work together. The Chinese are going to need to think in new ways about testing, vaccination and treatments, issues the United States has been facing for the last two years.

COVID-19 has brought challenges not seen in public health in a century. It unfortunately arose at a low point in U.S.-China relations. The overall relationship is likely to continue to be rocky. As the United States has recently seen in other conflicted situations, this makes the need for partnership even great. Over the years, WHO has been an effective partner for the United States. It will not do everything the United States wants, because it has to be responsive to its member countries, but it is effective and has always welcomed U.S. expertise. Through WHO teams and programs it has provided the United States with its best window into China when there is a health emergency. China is not the only country with disease risk, but because of the concentration of people and animals it will continue to be one major concern. We, thus, need to work both to improve our health relationship with the Chinese and to support the international organization whose mission it is to promote global health. COVID-19 is not the last pandemic we will face.

The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.

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Section III

The Party's Governance, History, and Xi Jinping

Since Xi Jinping assumed the triad of crucial positions—General Secretary of the CCP, Chairman of the Central Military Commission, and President of the PRC—atop the Chinese political hierarchy in 2013, many commentators and analysts have noted a reassertion of the Party's dominant role throughout Chinese society. There are few if any signs of a reversal in these trends as Xi gears up for a third term in leadership. Over the past decade, these efforts have manifested in efforts by the Chinese government to control historical memory, repaint the Party's past, alter policymaking practices, and assert greater control over many facets of life in China, most notably in Hong Kong.

These developments naturally raise many questions about China's future. Is Xi Jinping the primary driver of authoritarianism in the Chinese mainland and Hong Kong? How much can be explained by Xi's own background and personality? Have the Party's narratives and historical memory been altered in line with changes in the CCP? Is power and decision-making solely up to Xi and collective leadership cast aside, or do other actors play a role?

This chapter explores these issues and more, featuring essays from the following fellows:

Macabe Keliher, “Hong Kong’s Political Economy and the Crisis of Democracy”

Emily Matson, “From Regional to National: Northeastern Scholars and the National Discourse on the War of Resistance against Japan”

Kacie Miura, “The Domestic Sources of China’s Maritime Assertiveness Under Xi Jinping”

Joseph Torigian, “Xi Jinping and Ideology”

2021-22 WILSON CHINA FELLOWSHIP

Hong Kong's Political Economy and the Crisis of Democracy

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Abstract

Over the past two decades protests in Hong Kong have numbered in the tens of thousands to peak in 2019. Despite the incessant calls of Hong Kong citizens for a greater say in shaping everyday life and the national future, the Hong Kong government has responded violently and in July 2020 introduced a rigid National Security Law outlawing all forms of dissent, which it has used to prosecute political activists and critics. Scholars and observers have viewed these events as the failure to fulfill constitutional promises of democracy under an increasingly autocratic government. This report argues that existing analyses overlook the role of the political economy both in driving protests and mobilizing state interest in the crackdown; furthermore, they do situate Hong Kong and China within an international context of democratic backsliding and authoritarianism. Analyzing the nature and development of Hong Kong's political economy and its legal structure over the past three decades, the report shows how the concentration of capital in contemporary Hong Kong has alienated people from economic life and offered little hope of a future. The manipulation of political democracy and deterioration of civic life by Beijing has only exacerbated the situation.

Implications and Key Takeaways

- Engage China on its stated commitment to democracy in Hong Kong by pushing for greater pluralism and the implementation of economic democracy.
- Negotiate rights of development and production including access to finance, defending small business, and removing barriers of intellectual property.
- Institute global rights of labor and push for the implementation of social inheritance.
- Foreclose Chinese retorts to U.S. criticism of anti-democratic practices by pursuing democratic reforms and developments at home.
- When necessary isolate China internationally by pursuing a robust program of global democracy.

Introduction

In the first two decades of the twenty-first century, protests, demonstrations, and marches recurrently filled the Hong Kong streets. The casual observer might readily point to 2014 and 2019 as the key episodes of unrest, for these were the years that captured the world's attention. The former witnessed the occupation of three downtown districts for seventy-nine days and came to be known as the Umbrella Movement in reference to the ubiquitous protest tool of the umbrella, which was used to fend off the onslaught of police pepper spray. The latter protests of 2019 and early 2020 quickly became even more prominent due to their size, continuity, and scale of police violence, all of which dwarfed previous demonstrations in Hong Kong. On June 16, 2019, for example, estimates of two million people—over a quarter of the Hong Kong population—marched in protest of government policies; in subsequent months demonstrators smashed up the legislative building, occupied the airport, and engaged in pitched battles with the police on college campuses and city streets.¹

These movements did not appear out of nowhere. Tens of thousands of marches, demonstrations, and protests have taken place every year over the past twenty years. According to Hong Kong police statistics, there were 5,656 such protests in 2010 and well over 6,000 annually through 2015. That number jumped to 13,158 in 2016 and stayed well above 10,000 through 2019.² At somewhere on the order of an average over 30 demonstrations, marches, and protests happening every day, day after day, one must conclude that the Hong Kong people living in the early part of the century found something terribly wrong with their society and were constantly engaged in active opposition and a search for methods, practices, and ideas to do something about it.

The issues at stake ranged from school curriculum to personal freedoms and universal suffrage. Consider the controversies that sparked major protests in the first decades of this century. In 2003, over half a million people turned out to object to the introduction of a national security bill that would “prohibit any act of treason, secession, sedition, subversion” against China. People here saw the potential of the proposed law as limiting freedoms of expression and introducing vague demands of subservience to a distant sovereign. The bill was withdrawn and the Chief Executive (the equivalent of a president) resigned. In 2010, tens of thousands of demonstrators marched under the slogan

of democracy while calling for the release of Liu Xiaobo, a Chinese activist who Beijing sentenced to eleven years for “inciting subversion of state power.” In 2012, high school students led nearly 100,000 in protest of proposed education reform, which would impose a Chinese nationalist and moral curriculum that demonstrators assailed as “brainwashing education.” That summer they marched across the city and in August occupied the government headquarters building for over a week. In 2014, a movement was sparked by over rules for the selection of the Chief Executive; protestor demands were best encapsulated by the yellow banner they hung on Lion Rock overlooking the Kowloon Peninsula that read, “I want real universal suffrage.” Protests beginning in 2019 were set off by the introduction of further security legislation that would have allowed the extradition of criminal suspects to China. Given the threat of political prosecution Hong Kong citizens turned out in overwhelming numbers.

In short, the people of Hong Kong demanded a larger voice in social issues affecting their lives and a say the national future. Time and time again they took to the streets in collective action against social and political restrictions to call for democratic mechanisms and institutions to take the place of tightly controlled processes and illiberal practices.

All this came to an abrupt end on July 1, 2020. On that day, the Hong Kong government, under sway from Beijing and the Chinese Communist Party, issued the Hong Kong Special Administrative Region (HKSAR) National Security Law (NSL), which, among other things—indeed the most immediate for protestors—criminalizes anti-government speech or expressions that advocate Hong Kong independence. Under the new security law over a hundred activists, politicians, and journalists have been arrested and some are now serving sentences for crimes of “incitement against the government” for simply speaking against the law.³ More severely, one protester was sentenced to nine years in prison for “incitement to secession” for carrying a flag calling for the liberation of Hong Kong and “engaging in terrorist activities” for driving his motorcycle into a group of police officers during a protest.⁴ Meanwhile, the publisher of Hong Kong’s largest daily newspaper has been arrested for criticizing the NSL and encouraging foreign sanctions; in addition, the entire active political opposition was arrested and now being prosecuted on grounds that organizing a primary election was an act of subversion.⁵

The government has taken ever further measures to give itself broad anti-democratic powers. Special national security branches in the Justice Department and police force have been set up with the capacity to, among other things, conduct secret surveillance and warrantless searches, seize passports, and confiscate property. Overseeing these divisions and their practices is The Office for Safeguarding National Security, which operates in secrecy.⁶ Political advocates and activists have been overwhelmingly if not solely targeted, and in order to ensure that they are prosecuted accordingly, the legal system has come under increasing manipulation through the removal of judges deemed unfavorable the NSL rulings and the capacity to transfer cases out of Hong Kong to mainland China. Similarly, bail has been denied defendants without due qualification, and Beijing has threatened to intervene if procedures do not go according to its wishes.⁷

To explain this dual development—protest and Chinese authoritarianism—a small body of literature has emerged proffering an analysis focused on a combination of two key factors: the lack of political participation, and China's infiltration into Hong Kong politics and society. On the one hand, the rallying cry of demonstrators for universal suffrage provides an easy narrative of the decades of protest movements and can readily encompass both democratic aspirations and the failed promise of the Basic Law to provide universal suffrage. At the same time, increasingly authoritarian actions by the Chinese government provide a ready explanation of why those aspirations remain unmet: In short, Beijing fears that a democratic Hong Kong would quickly release itself from political control and become an independent Hong Kong. Beijing's political influence in Hong Kong is further manifest through an influx of mainland Chinese immigrants and capital that create an ethnic tension and highly polarized sociopolitical environment, as witnessed in the 2019 demonstrations.

Such studies provide invaluable insight into the current situation yet are beset by two shortcomings, one local and one global. The local problem is that these explanations touch on the immediate political context but do not probe the structure of Hong Kong society. The interface of the political structure with the political economy is the product of a social framework that implicates aspects such as democratic limitations and high housing prices, and it stretches decades into the past, not years. Many of the existing studies take

note of contradictions in the political economy, to be sure, such as the exacerbated inequality, but the economic analysis is often subordinated to the immediacy of either democracy or China. In doing so, political narratives and analysis leaves a false impression that universal suffrage or Hong Kong independence will solve all problems. Recognition of this first problem dissolves the easy solution, to be sure (e.g. more democracy or affordable housing), but promises greater insight into the structure of society and thereby points to a larger critique that forces us to ask what democracy really looks like and what kind of society we want to build.

The second shortcoming is one of global perspective: Hong Kong is not unique. For the past two decades the world has experienced both an increasing number of protests, of which those in Hong Kong are just a part, and mounting democratic backsliding. In 2019, for example, mass protests erupted in at least 114 countries around the world, and since 2009 the number of protests globally have increased on an average of 11.5 percent per year. The size and frequency of these recent expressions transcend those of other eras, even those of the 1960s and 70s. In the fall of 2019 in Santiago, Chile, for example, marchers numbered well over a million people, accounting for nearly a quarter of the city's residents, and in the United States over 16,000 protests in every state from 2017 to 2020 have drawn a total of nearly 11.5 million people for the largest protests in U.S. history. These national and global actions have brought down heads of government in Lebanon, Iraq, Bolivia, Algeria, Sudan, and Malta, while other regimes, such as Chile and Iran, deployed military and police violence.⁸

At the same time, reactionary right-wing authoritarianism is on the rise. The Economist Intelligence Unit's 2021 Democracy Report found that democracy worldwide is at an all-time low and under increasing censorship accompanied by an acute curtailing of civil liberties.⁹ Mounting local and global discontent has led to authoritarian tendencies, where public anger towards socioeconomic inequality and deprivation is manipulated to support dictator-like leaders around the globe who form international support networks to share strategies, offer instruction and tactics, and provide economic and technical assistance.¹⁰ The result is a proliferation of hybrid regimes that use democratic-like institutions to prop up authoritarian leaders: elections might be regularly held, as in Russia, but incumbents abuse state

resources and can deny opposition candidates media coverage or harass and jail them.¹¹ Further actions include suppression of civil society and independent media, accompanied by judicial manipulations, military politicization, and constitution revisions. Democracy is gradually whittled away until only a hollow shell remains.¹²

Hong Kong is part of these global trends of discontent and democratic backsliding. From mass protests to the use of elections to empower authoritarianism, as well as the arrest of opposition candidates, the issuing of “patriot” qualifications and oaths for political office, the arrest of independent publishers and seizure of independent media assets, subtle judicial interventions, and penetrations into civil society—these developments mirror what is happening elsewhere from Latin America to Eastern Europe. If this is the case, then localized explanations are insufficient not just in understanding Hong Kong but also international social developments. The position one takes and how to respond is contingent on this perspective.

What follows develops an analysis of contemporary Hong Kong along these lines. It reaches back into the recent past to chart the trajectory of the Hong Kong political economy that has brought society to this breaking point, and implicates both Hong Kong capitalists and Beijing in these developments. Doing so further helps situate Hong Kong with the global political economy of neoliberal trends and democratic backsliding. The report begins with an analysis of the drafting of the Basic Law in the 1980s and how this constitutional document helped structure the economy. Section two turns to the political and economic developments of the past three decades, which saw a rollback of government services and privatization of key sectors such as housing. This both corresponded with and facilitated a concentration of capital in the territory, whereby a handful of conglomerates took control of the economy as manufacturing fled to mainland China. The third section outlines Beijing's actions and interest in Hong Kong since the handover, noting the subsumption of civic life and manipulation of politics. The conclusion warns against making universal suffrage the solution to Hong Kong's dilemma and points out the errors of current U.S. policy. The final section outlines a comprehensive approach to the situation of Hong Kong and the rise of authoritarianism worldwide. It proposes policies for greater civil and economic democracy to empower individuals and diverse groups to partake in the co-creation of their worlds.

I. The Problem with the Basic Law

Hong Kong society is structured by the Basic Law. The Basic Law is akin to a constitution, but it is not a traditional constitution. It was drafted in the 1980s by Hong Kong capitalists at the invitation of Beijing to serve as the framework for the governance of Hong Kong under Chinese sovereignty after the 1997 handover.¹³ Rather than communicating general principles encapsulated in political institutions, however, it offers a series of precepts that seek to protect private capital from government control. These elements are articulated in the following claims: state protection of private property, state facilitation of free markets, balanced budgets, and administrative and judicial autonomy.¹⁴

Of foremost concern of the framers was the need to protect existing assets and ensure that law would guarantee private property. This is laid out as a “General Principle” in Article 6: “The Hong Kong Special Administrative Region shall protect the right of private ownership of property in accordance with law.” This is further enumerated in Article 105: “The Hong Kong Special Administrative Region shall, in accordance with law, protect the right of individuals and legal persons to the acquisition, use, disposal and inheritance of property and their right to compensation for lawful deprivation of their property.” Of significance here is not only the fact that property is secured but also that the state has been employed to ensure that it is secured. The law is mobilized under the authority and power of the state to protect private property.

For property to continue to have economic meaning it must be able to be exchanged. The Basic Law enshrines a state policy that encourages the unobstructed movement of capital. Article 115 states: “The Hong Kong Special Administrative Region shall pursue the policy of free trade and safeguard the free movement of goods, intangible assets and capital.” Complementing this is article after article working to mobilize the state and outline a legal regime that creates a market favorable to capital and the production of value. Consider the following:

The Government of the Hong Kong Special Administrative Region shall provide an appropriate economic and legal environment for the maintenance of the status of Hong Kong as an international financial center. (Article 109)

The Government of the Hong Kong Special Administrative Region shall provide an economic and legal environment for encouraging investments, technological progress and the development of new industries. (Article 118)

The Government of the Hong Kong Special Administrative Region shall formulate appropriate policies to promote and co-ordinate the development of various trades such as manufacturing, commerce, tourism, real estate, transport, public utilities, services, agriculture and fisheries, and pay regard to the protection of the environment. (Article 119)

Of concern in these articles is how the Basic Law mobilizes the state and constructs law to conjure up a market within a certain economic environment that is of benefit to certain groups with certain interests and who have an orthodox if not limited vision of markets in Hong Kong society.

The third key precept for the creators of the Hong Kong Basic Law was a balanced budget. The idea is that for markets to work efficiently in the distribution of resources the government needs remain out of the market directly and not engage in deficit spending. Hence Article 107: "The Hong Kong Special Administrative Region shall follow the principle of keeping the expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of its gross domestic product."

All this could only work if Hong Kong remained autonomous in its capacity to govern, legislate, and adjudicate. China should not be able to interfere. Article 2 thus clarifies, "The National People's Congress authorizes the Hong Kong Special Administrative Region to exercise a high degree of autonomy and enjoy executive, legislative and independent judicial power, including that of final adjudication, in accordance with the provisions of this Law." While Article 8 reassures, "The laws previously in force...shall be maintained." Chapter two of the Basic Law is devoted to further clarification of this "high degree of autonomy," articulating Hong Kong's control in all areas save foreign affairs (Article 13), defense (Article 14), and reinterpretation of the Basic law (Article 11). Thus, Hong Kong was "vested" with independent executive power (Article 16), legislative power (Article 17), judicial power (Article 19).

In fact, Article 22 specifically states, “No department of the Central People’s Government and no province, autonomous region, or municipality directly under the Central Government may interfere in the affairs which the Hong Kong Special Administrative Region administers on its own in accordance with this Law,” unless they “obtain the consent of the government of the Region and the approval of the Central People’s Government.”

These enshrined concerns of property, exchange, budgets, and law are precisely the problem with the Basic Law and its formulations. Framers tried to capture the general institutions behind what we now know to be contingent and somewhat arbitrary success of Hong Kong at that particular point in time, and to do so out of concern that China would interfere.¹⁵ The goal was not general prosperity for future generations, but rather ensuring that socialism did not come to these shores and seize capital. Thus, the constitution that emerged was not to lead society into the future but to freeze it in the past on the assumption that the world from here on out would be free trade for all to see so long as overenthusiastic states could be kept at bay. Unfortunately, the world changed and China changed and such thinking has only worked to retard social, political, and economic development.¹⁶

II. The Economic Program in Hong Kong

The Basic Law and the interests that structured its formation have guided governance in Hong Kong. Chief Executives have been drawn from the business community, advisory committees have been staffed by business leaders, and the legislative agenda has been set by business interests. Administrative action and civil service employment have worked to frame the principles of the Basic Law, namely capital and its accumulation, and the government has been run in a way that is consistent with Article 107 (i.e., austerity and tax cuts).

In the name of fiscal conservatism, the Hong Kong government has consistently pursued a policy of cutting government spending. This began almost immediately with the Enhanced Productivity Program in 1998 to privatize the public sector while cutting off administrative funds and staff to carry out the functions of government and the enforcement of regulations and law. Under the program, agencies operating expenses were slashed by 5 percent, yet at the same time they were expected to take on more responsibilities and

functions. When new positions or appointments were needed managers were instructed to turn to the private sector and hire contractors.¹⁷

Further cuts continued in social services across the board, including health care, child care, education, and social security. Whereas the colonial state had built a robust system of social welfare including public housing and health care (largely in response to housing riots in the 1960s), the HKSAR began chipping away at it in the name of privatization and competition.¹⁸ Tung's successor, Donald Tsang, a career civil servant who had early tenures as Treasurer and Financial Secretary in the Colonial government was eager to please the business community. He put it this way: "The government must never try to assist the poor using its own resources, for this is doomed to failure, just like pouring sand into the sea to reclaim land." By 2016, one in five people in Hong Kong were on verge of living below the poverty line. Determined to further reduce spending, however, a few years later the government raised the threshold for social security assistance—a last resort safety net to provide funding for those without sufficient income to meet their basic needs—condemning tens of thousands more to dire poverty.¹⁹

Public housing also came under attack. Whereas the colonial government was committed to providing good, affordable housing, HKSAR aimed to turn everything over to the private sector. In 1997, almost half of the Hong Kong population lived in public housing, but over the next five years new supply would be cut by 62 percent. The stated rationale was to reduce government subsidized competition in the housing market, which, according to the Chief Secretary, "competes unfairly with the private sector market."²⁰ This development actually led to a sharp drop in the supply in private housing between 1997-2012, all while average prices rose by 47 percent.²¹ At the same time, the government sold off prime real estate earmarked for public housing construction. In 2000, for example, there were over a thousand building sites slated for the development of three-quarter of a million homes over the next eight years. These were all liquidated and when a housing crises was recognized in 2011 the government found that there was no land on which to build.²²

The consequences of these policies have reverberated throughout society. From health care to libraries, budget cuts have undermined social institutions and the ability for Hong Kong citizens to fully partake in social and economic life.²³ Most egregious for government function has been cuts to

the civil service leading to widespread public safety incidents. Insufficient resources and personnel in the Marine Department, among others, led to a collision between passenger ferries in 2012 killing thirty-nine and injuring ninety-two. The lack of housing inspectors has led to a rise of faulty electrical wiring and fittings, leaky pipes causing frequent flooding, and overcrowding creating slum-like conditions, or what the Development Bureau called “urban time bombs waiting to strike and cause injuries and fatalities.” The Urban Renewal Authority estimates that over 600 buildings annually become decayed and in immediate need of renewal. Without attention some 30,000 buildings will be unfit for habitation by 2046.²⁴

Many commentators point the finger at Hong Kong’s leaders.²⁵ Critics readily draw a line from the decisions and actions of the Chiefs Executive since handover to implement austerity and serve business interests over public welfare to the decline of institutions, degradation of infrastructure, and ultimately death. The problem with this analysis is not so much that it discounts the prevalent political and legal structures but rather it simply ignores them. This analysis seems to say that all choices are personal—that one can choose to do good and make life better for people, or one can choose to serve capital. It moralizes politics without providing an account of how things got this way and why they operate as they do. The so-called mismanagement of Hong Kong is not just a failure of leadership but also a success of capital in capturing the political and legal institutions through the legislature and Basic Law. This capture has not only enabled capital to effectively reproduce itself through overtly pro-business, neoliberal ideology and practice in government, but also—and I do not exaggerate—orchestrate a complete takeover of all of economic life in Hong Kong.

One place to start in analyzing this slide is deindustrialization. In 1980, Hong Kong—and the East Asia region in general—was at the tail-end of a decades-long post-war manufacturing boom. When China’s economic reforms began to take hold in the 1980s and accelerate in the 1990s, however, manufacturing migrated north to Shenzhen and other areas in Guangdong that offered free land, ample investment capital, and a pass on environmental and labor regulations. In the mid-1980s, manufacturing accounted for more than a quarter of Hong Kong’s GDP. Today it is less than 1 percent. In 1981, over 41 percent of the population was employed in manufacturing. By 2011, that number had fallen to 4 percent and has continued to decline.²⁶

This demise of manufacturing has been offset by the growth of financial, business, and consumer services. Rather than producing goods, Hong Kong began to transform itself into a processor of raw materials and produced-goods going in and out of China on the one hand, and a financial center that funded the manufacturing boom taking place in the Pearl River Delta on the other. Hong Kong began servicing import and export trades and catered to travelers moving throughout the region, and did wholesale operations and warehousing of goods. In 1981, wholesale and retail, import and export trades, and restaurants and hotel sectors employed 19.2 percent of the workforce; by 2011 it had grown to over 30 percent. Similarly, financing, insurance, real estate, and business services went from under 5 percent of the workforce in 1981 to almost 20 percent by 2011.²⁷

The consequences of this shift have not been widespread social prosperity, however, but escalating inequality. Hong Kong domestic growth has been phenomenal, to be sure, with GDP gains of nearly 70 percent in real terms from 2000-2014—and that is in the midst of numerous economic and financial crises. Likewise, unemployment has continued to decline from over 8 percent in 2003 to just over 3 percent in 2015. However, the gains here have gone to an economic elite who extract rents. Hong Kong's Gini coefficient—the gold standard of inequality—was one of the highest in the world in 2020 at 0.539, up from 0.525 in 2001, where 0 represents perfect equality of income among citizens and 1 a situation where one citizen owns all the income. The United States, by contrast, recorded 0.485 in 2020, still its highest in fifty years.²⁸

The lack of social mobility has become particularly galling as it has taken place within a generation. In 1991, 84 percent of university graduates found a middle-class job, but by 2011 that number had dropped to 75 percent. Once upper and lower middle class jobs are differentiated—that is, managers, administrators, and professionals in the former and associate professionals in the latter—the decline was more extreme, from over 60 percent of graduates in 1991 obtaining work in upper middle class jobs to less than 40 percent in 2011. Meanwhile, a growing number of graduates had to settle for non-middle class jobs in clerical, service, and retail positions.

At the same time, the cost of living has increased. Property prices have shot up 126 percent since the handover, and a mortgage can consume 70 percent of individual's income. Indeed, at around \$2,500 per square foot, housing

in Hong Kong is consistently the most expensive in the world.²⁹ Consumer prices have also followed suit with astronomical increases. Petrol prices, for example, have surged 108 percent in the past seven years (2013-2020) to clock in at over \$8 a gallon in April 2020, or 131 percent higher than the international average.³⁰ Food prices also remain some of the highest in the world, with fresh food costing two and a half times more in Hong Kong than Britain.³¹

Jobs have become fewer, pay stagnating, housing lies out of reach, prices are rising, and debt is accumulated. A big part of the story of this concentration of economic power revolves around land and land developers. In the 1960s a handful of developers began to consolidate control of land and corner a market that was being restricted by the colonial government. As political instabilities rocked China in the late 1960s and 70s, and uncertainties surrounded both handover negotiations and the outcome of Chinese rule, British companies began to divest their portfolios. These assets were snatched up by local developers as they increased their holdings from 1.6 million square meters in 1979 to 11.5 million square meters in 1997. By 2009 the largest single developer, Henderson Land, held nearly 20 million square feet of developable floor area plus over 30 million square feet of agricultural land, increasing this amount to 44.5 million square feet by 2015.³²

Rather than developing this land, however, Henderson and its few other competitors bank it. They sit on land and wait for prices to rise then release home sales slowly so as to ensure that prices remain afloat. In addition to ensuring high rents, this strategy has the advantage of pushing out smaller developers who cannot afford to sit on land waiting for prices to rise, nor who have the connections and know-how to mobilize bankers, investors, and auctions markets. In recent years, the ranks of developers have shrunk, as only a few big, capital-rich companies from mainland China have been able to enter.

Developers own far more than land—they control most of the Hong Kong economy. Supermarkets, utilities, transportation, banking, broadcasting, and telecommunications all fall under their purview. In fact, they are conglomerates with oligopolies in these areas. They provide most services for consumers and collude to block competition, raise prices, and extract maximum rents. When French hypermarket Carrefour tried to penetrate the Hong Kong market and break the supermarket duopoly of Wellcome and ParknShop, the conglomerates who also own all the real estate, made sure that Carrefour could

not find enough premises to open stores. They also control and collude with wholesalers, who refused to supply the new entrant. With their position secured, the two chains increased prices by an average of nearly 4 percent during a two-year period when overall retail prices fell by over 5 percent. Commercial sectors from textbooks, motor vehicle instruction, building services, and even noodles have all been subject to cartel activity from these conglomerates, according to official reports.³³

This type of concentration frames the general economic trends of Hong Kong over the past three decades. As government services were rolled back and privatized, a few large conglomerates emerged to dominate the economy in the wake of deindustrialization. The concentration of capital has meant the ability of these few corporations to insulate themselves from competition and raise prices while limiting variety throughout the territory. At the same time, they have come to set the terms of economic life in Hong Kong: manufacturing jobs disappeared, replaced by low-end service sector work largely in some subsidiary of one of these corporations. In the end, a home and middle class life lies largely out of reach and the future that most youth stare at is not just dull but bleak.

III. Chinese Politics

Throughout these developments China has not been a neutral actor. Despite the outlines of autonomy in the Basic Law, Beijing has intervened strategically to shape local politics. Ensuring a chief executive favorable to the regime and its agenda has been key for Beijing, as has been the courting of law makers and creating electoral conditions to ensure that China remains in control of politics.

Beijing's meddling goes much deeper than politics, however; it seeps into the economy and penetrates into society to touch all aspects of life. Sociologist Ching Kwan Lee likens this percolation to a "recolonization," whereby the Chinese Communist regime has simply replaced Great Britain as the colonial master and set about imposing institutions, practices, and laws favorable to its political and economic classes.³⁴ In contrast to the overt stacking-of-the-deck in the election of the chief executive, however, a much subtler form of influence transpires in other realms, which at once captures and reconstitutes

existing institutions while imposing new ones and thereby further integrating Hong Kong with mainland China until the two are no longer separate as two distinct systems.

Take the matter of press freedom as an illustrative example of how this works. In the early 2002 Beijing began to co-opt owners of Hong Kong media outlets with lucrative mainland investment opportunities and formal political titles, such as positions on city, provincial, or national committees. By the mid-2000s, most media organizations in Hong Kong were owned by those with robust economic interests in mainland China and held seats on the People's Political Consultative Committee in Beijing. Simultaneously, mainland Chinese investors and businessman began taking over Hong Kong media companies. Chinese businessman Wang Jing became the largest shareholder in Asia Television in 2000, Ku Zhouheng bought up the daily paper *Sing Pao* in 2014, media tycoon Li Ruigang took over the majority of shares of the dominant broadcaster Television Broadcasting (TVB) in 2015, and Jack Ma, CEO of e-commerce giant Alibaba, bought up the largest English-language daily paper in Hong Kong, the *South China Morning Post* in 2015, among other high profile cases. Cumulatively, by 2017, 35 percent of Hong Kong's mass media had majority ties to mainland Chinese capital.³⁵

This Chinese takeover of Hong Kong media translates directly into censorship and self-censorship. Reporting on pro-democracy legislative activity and legislators actions has been muted, and coverage of protests has cast doubt on demonstrations if not hostility at times. Accounts abound of the mass media overtly blaming protesters for police violence, which has contributed to the plummeting of Hong Kong's ranking in the Reporters Without Borders freedom of press index, falling from 18th in 2002 to 73rd in 2019, now sitting below Mongolia, the Ivory Coast and Tunisia.³⁶

The real-estate industry has entered into what is often called an unholy alliance with Beijing. Around the time of the handover in 1997 Beijing began to court real-estate tycoons in order to shore up political support among the Hong Kong financial elite and to solicit capital and technology to help modernize the mainland economy. What they got in return was not only risk-free economic opportunity to access Chinese markets and fulfill Hong Kong government contracts but also political power. Members of the real-estate elite put on various committees, including the Election Committee, to determine

who would administer Hong Kong and be in charge of the purse strings, thereby making the Chief Executive respondent to this elite. The political empowerment of the real-estate elite further enabled the suppression of democratic calls for higher taxation and stronger labor unions or labor standards that threaten their economic interests.³⁷

This political and economic subsumption has been accompanied by an influx of Chinese travelers and immigrants challenging the pace of life. Chinese tourism in Hong Kong has increased exponentially since the introduction of the Individual Visitor Scheme in 2003, which allows mainland Chinese people to travel to Hong Kong individually as opposed to in tour groups. In 2002, there were 6.8 million mainland tourists accounting for 41 percent of all tourist arrivals. By 2018, there were 51 million accounting for over 80 percent of all tourism in Hong Kong.³⁸ Moreover, each day up to 150 mainland Chinese can receive a one-way entry permit to legally reside in Hong Kong, which has amounted to over half a million Chinese immigrants every decade since handover.³⁹ According to the 2016 census just over a third of the Hong Kong population was born in China, the majority of whom have been living there for less than seven years.⁴⁰

Beijing's interest in Hong Kong is both financial and political. Financially, Hong Kong has long served as a conduit for domestic and foreign capital to move in and out of China. Capital controls in China and limits on foreign investments have made a financial center like Hong Kong necessary to facilitate the flow of money. Moreover, the Hong Kong financial markets have enabled Chinese companies to set up operation shells to both raise capital and invest internationally. For example, 60 percent of China's outward FDI is in Hong Kong, which presumably then moves to investments elsewhere.⁴¹ In this way, Hong Kong has served as a financial center for China, facilitating capital flows and investment, and until recently, Hong Kong has been the entry point for sensitive technology that foreign companies are banned from selling to China and the port of export for Chinese products to evade tariffs on Chinese goods.

Politically, two key issues inform Beijing's actions in Hong Kong: territorial integrity and political factions. The former is more straightforward and can be summed up with the understanding that Beijing wants to ensure that Hong Kong remains part of China. To cede further political or territorial autonomy, not to mention outright sovereignty, would challenge Beijing's

political legitimacy in China and threaten its hold over other areas vying for greater autonomy, most notably, Xinjiang and Tibet. Similarly, claims over Taiwan could no longer be credibly made.

The issue of political factions within the CCP is more complicated and possibly of greater consequence. Due to the lack of transparency, information about the Party leadership and its interests are part guesswork and part speculative. The best independent analysis relating Party factions to developments in Hong Kong point to attempts by the Xi Jinping faction to wrestle control from the Jiang Zemin faction and to shore up command by imposing supra-authority that will enable Xi to dictate terms. The Jiang faction has been in control of Hong Kong both politically with members posted to positions in the territory, and also financially with members having links to corporations and investments. Since 1997, for example, three out of four heads of the central coordinating group for Hong Kong—the key group overseeing Beijing’s Hong Kong policy—have been appointed from the Jiang faction. Similarly, up until at least 2019 all liaison office directors for Hong Kong belonged to the Jiang faction, and the intelligence networks were under control of his appointees.⁴²

The Jiang influence in Hong Kong is a threat to Xi Jinping. The danger is not only that a faction hostile to Xi’s leadership and policies will control Hong Kong, but that Hong Kong will be used as a base to disrupt and sabotage Xi’s government. Over the past decade developments within Hong Kong point to internal provocation, violence against Falun Gong by front groups, including anti-Japanese demonstrations over the Senkaku Islands, and the use of Hong Kong ships to create international tension over contested territorial waters. While these acts are often attributed to Beijing or aggressive pro-Beijing groups, analysts see them working against Xi in attempt to create disturbance and force him to make a mistake internationally or domestically, leaving him open to criticism and thus weakening his hold. Even the escalation of the recent protests and the street-level violence can be seen as an attempt to push Xi into an unwelcome corner and sully his image and ability to act politically. In this view, Xi would have preferred a status quo in Hong Kong but the Jiang faction caused disruption.⁴³

According to some analysts, the overbearing response of the Beijing government—not just towards the protests but also to assert internal political control—is a product of this struggle. Xi has moved to put his people in place

while at the same time created extra-legal organizations in the form of a national security apparatus that gives him control. This national security apparatus includes the National Security Law and enables Xi to operate beyond judicial scrutiny with no constraints in action or budget.⁴⁴ In short, Xi's interest in flushing out a rival Party faction has led him to create a supra-authority organization in the form of a national security apparatus that is wielded to stifle dissent, both external and internal.

IV. Conclusions: The Future of Hong Kong and the Future of Democracy

Contemporary Hong Kong is a case of the universal in the particular. While Hong Kong is a striking example of neoliberal socio-economic practice, it is hardly unique.⁴⁵ Economically, the specific case here is a stark manifestation of the development of trends in the global political economy over the past forty years. In the 1970s and '80s, free market advocates and politicians began to advance ideas and implement policies that both empowered capital and mobilized government in service of capital. This led not only to the slow dismantling of social programs and protections, but also to the use of government powers to create an environment within which global capital could thrive. Through military, legal, and political means a certain set of ideas about markets, property rights, and individualism were implemented around the world. This blurring of the division between public and private finds governments overtly working on the behalf of corporations to extenuate an economic system that favors global capital over labor, private companies over society and social welfare, and economic concentration over economic democracy. It is a system that is perpetuated by the attenuation of politics and capital, whereby the rich purchase beneficial economic policies that further insulate their position and wealth. Through political influence they obtain lower taxes, larger deductions, fewer regulations, and corporate protections, among other things.⁴⁶

At the same time, Hong Kong political and social developments correspond to international trends of protest and increasing autocracy. Growing economic disparity and lack of political and economic opportunity has driven people worldwide to protest their situations and their governments. Meanwhile the protection of privilege and wealth has simultaneously led to

the rise of increasing autocratic responses and the consolidation of political power. From this perspective, even if Beijing's response is a consequence of internal politics, the form that it takes is guided by this international context.

The future of Hong Kong

The rallying cry of Hong Kong democrats and activists has been universal suffrage, or the ability for ordinary men and women to exercise greater control over their lives by casting a vote for a representative who will recognize and fight for their interests, needs, and aspirations. What becomes clear is that certain interests have leveraged power and position to recast politics in their name and articulate law in their benefit. These developments shaped the nature of economic power in order to favor concentration and gross accumulation. Over time this resulted in a small group of people who own the majority of wealth and pull the levers on political outcomes. It should thus be no surprise that this economic and political elite in collusion with Beijing resist structural change and challenge to the political order. Like any ruling class throughout history, their power and position is both confirmed and secured within the existing social, political, and economic arrangements. Their laws articulate those structures and try to encrust their relations in an increasingly hard shell with greater measures to suppress outcry and dissent.

With this structure in mind, democracy idealized, in real terms, might look like the following. Direct elections of the chief executive and free elections of the entire legislature would shift the political context by placing legitimacy and sovereignty into the hands of the voters. This would displace Beijing and perhaps even challenge the political location of sovereignty by making the holder of political office (especially the chief executive) directly answerable to the people and not the 1,500 person hand-picked, pro-China, business-stacked election committee. Furthermore, the business elite would find their megaphone reduced to but a shout, if not muted, as their influence over the government wanes and their position in the legislature diminished. Antimonopoly laws would be passed, breaking up the conglomerates' stranglehold on the economy. Meaningful competition laws would be enacted, enabling new entrants to easily enter the market and free consumers from the tyranny of cartel prices. Adequate public housing would get built giving citizens a suitable adobe and lowering the exorbitant prices of private homes.

Democracy would even lead to a forward looking constitution not subject to the follies of the economic orthodoxy.

There are two problems to this told fortune of democracy-cum-universal suffrage—one explicit and the other immanent. The first is widely recognized and well-rehearsed among most commentators: democracy is an unlikely prospect, precisely because of what it might actuate; too many entrenched political and economic interests are threatened by the possibility, and they have shown that they are more ready to fight to the death—or rather attack to kill—than to give up these interests. The new national security law has not only been used to arrest and charge protesters for exercising speech, but proactively employed to disqualify candidates from seeking legislative seats and, most radically, to arrest individuals on suspicion of “inciting secession.”⁴⁷

The second problem is perhaps more acute but rarely apprehended: The implementation of universal suffrage will not fulfill the hopes and aspirations of Hong Kong democrats but instead only further existing trends of late capitalism. This is to say the political institution of electoral voting as practiced in Western liberal democracies today is in crisis. Demagogues have risen to power by exploiting divisions in the name of the people and are increasingly enacting authoritarian measures to consolidate their power, from annulling democratic norms to stifling the press and free speech. They have done so on the back of electoral democracy and facilitated democratic backsliding. Here electoral democracy is increasingly used to justify and legitimize authoritarian governments, and methods of doing so are being further devised, developed, and shared among these governments in what some now call Autocracy Inc.⁴⁸

At the same time, entrenched political elites use the state to create conditions that favor certain economic interests. The distinction between the political and economic elite is collapsed, making it impossible to tell where the policies and practices of government end and the interests and benefits of its leaders—both elected and self-appointed—and their inner circle and financial enablers begin. This trend is most pronounced in more authoritarian countries, such as China and Russia, where the line between business and politics is so blurred that it barely exists in many instances, but flourishes in traditionally robust democracies, such as the United States, where money can buy votes, support favorable policies, and literally write legislation.

From this perspective, Hong Kong is only an extreme case of a general trend—an advanced manifestation of the future that awaits contemporary society. Universal suffrage alone, it seems, cannot save us. Thus the question: What is the future of democracy?

The future of democracy

The international alarm raised at these developments has been matched only by the incompetency of the American response: Harsh rhetoric, economic and individual sanctions, and democracy summits excluding perpetrators, all of which has been insufficient in reversing the global trend. The U.S. isolation of Venezuela and Nicaragua, for example, resulted not in changed behavior and the re-instillation of freedoms but rather support from China and Russia, who helped in developing further repressive techniques.⁴⁹ Likewise, the U.S.-hosted Democracy Summit in mid-December 2021 was met with joint condemnation from Russia and China, who mocked it as a farce and attacked the stated meaning of democracy articulated in the summit. “Democracy is not a prerogative of a certain country or a group of countries, but a universal right of all peoples,” wrote the Russian and Chinese ambassadors to the United States in a co-authored article appearing before the summit. They went on to make the case that democracy was flourishing in Russia and China and floundering in the United States.⁵⁰

The ineffectual promotion of democracy has played out in a similar script in Hong Kong. In the face of the violent response to the 2019 protests and the issuing of the National Security Law, U.S. Congress and government sought to punish Hong Kong. As protests heated up in 2019, Congress considered two bills, one requiring a review of Hong Kong’s autonomous trading privileges, which would further lead to sanctioning Hong Kong and PRC officials overseeing the violent crackdown, and the other bill barring the sale of munitions to the Hong Kong Police. In the summer of 2020, the U.S. State Department moved to end Hong Kong’s exemption from U.S. export controls, effectively closing China’s back door to equipment and technology deemed sensitive. Shortly after, the U.S. president issued an executive order on Hong Kong normalization eliminating special treatment for Hong Kong in areas of trade, taxes, and immigration and visas. All goods made in or originating from Hong Kong for export now must be labeled as made in China. In

August, Washington imposed financial and immigration sanctions on thirty-five Hong Kong and PRC officials involved in Hong Kong suppression.⁵¹ At the time, even more extreme measures were on the table, such as ending Hong Kong's access to U.S. dollars, which would have forced Hong Kong out of the international currency system.⁵²

Not only did these sanctions fail to achieve any measure of greater freedoms for the Hong Kong people but in fact led to the reverse: greater repressions and further attempts to redefine democracy by the PRC. In immediate response to the United States, China leveled its own travel restrictions on two U.S. Senators who had pushed sanctions and critiques.⁵³ Over the next year, Beijing continued to clamp down on both electoral democracy and freedoms of speech and press in Hong Kong. A political primary organized by an oppositional party was deemed illegal and organizers arrested, despite the fact that nearly 80 percent of registered voters cast ballots. Legislative elections were postponed, and when they were finally held all candidates had to be approved by Beijing. Establishment candidates won overwhelmingly and the election was declared a success despite an extremely low voter turnout of around 30 percent. Two independent media outlets were shut down and their editors arrested on grounds of sedition. A pro-democracy statue was removed from the campus of Hong Kong University. This list goes on as the Hong Kong government under Beijing has only become emboldened in the face of U.S. criticism.

Beijing's defiance recently culminated with a white paper on Hong Kong democracy. Released on December 20, 2021, the day after elections for the Legislative Council, it reads as a polemic for the promotion of Chinese rule in Hong Kong, which is credited with putting Hong Kong democracy on track. In this telling, democracy is embodied by the Chinese Communist Party, which helps facilitate the realizations of the Chinese people through democratic means. Britain had thwarted progress under colonial rule and agitators later subverted progress towards universal suffrage with their social disruptions. The NSL, it reads, is meant to save democracy. In the final analysis, the paper reads, "The people of China have always yearned for democracy, and the CPC has always stayed true to the mission of delivering their dream. Over the past century, the CPC has led the Chinese people on a long and arduous journey to establish a model of democracy with Chinese characteristics, and

it has enabled 1.4 billion Chinese, one fifth of world population, to run their own country with extensive and substantive democratic rights.”⁵⁴

China is here working to establish what it calls a “new model of democracy” based on not empowerment but rather “what works.”⁵⁵ If true democrats are going to forge a path forward to help co-create a world of greater opportunity and engagement, where ordinary men and women are able to lift themselves up in the realization of their aspirations and co-create their own futures, then something else and something more needs to be done.

V. The Policy Response

Given the legal and political violence that Beijing and the Hong Kong government are willing to wield to ensure control, very little if any domestic space is left for alternative voices or ideas and all avenues for increasing pluralism appear to have closed. Protests are banned and even gatherings are watched closely. Opposition symbols are removed, outspoken critics and scholars are attacked, and professors forced to resign.⁵⁶ Similarly, the political opposition has been jailed or silenced and even senior government officials veering from an official line are coming under fire.⁵⁷ American and international condemnation only invites fiery rebuke from the government and has the adverse effect, stigmatizing any progressive voice as “imperialist.” In short, there appears to be little hope for opposition or change.

In addressing the situation, American policy makers and supporters of Hong Kong must think about Hong Kong developments as part of the global trends outlined above. Although we are unable to respond directly to Hong Kong’s situation, we are able to begin rethinking democracy and how it is implemented and actuated worldwide. The broad, international response outlined below aims to shift the global structural framework away from reactionary movements and autocracy and towards democracy as a system of empowerment.

In this spirit, this final section proposes a number of policies that should be considered as a full package. They are meant to be taken up not in direct relation to Hong Kong or China, for some of the proposals may be impractical in this particular context, but rather as a comprehensive program to be pursued generally as an aspiration in service of the broader goal of self-

empowerment and individual and community control and self-governance. Many of these proposals already circulate and are footnoted accordingly—the following merely compiles these policy ideas into a cohesive program of two complementary aspects of democracy, political and economic, where the former address the problem of freedoms and liberties and the latter the ability to engage in the market.

Political democracy

In addressing the shortcomings of political or social democracy, policies that encourage pluralism, support local actors over international NGOs, and develop deliberative forums and citizen councils should be pushed.

1. Promote pluralism over elections. The goal of democracy is not to hold elections in and of themselves but rather to empower ordinary men and women. It is to give them the tools to shape their communities and societies. The purpose is not simply to have a vote but to give people a say in the national future and address the issues that affect their lives.

An election is but one means in moving towards a realization of this larger goal of giving people a voice, yet it has been pushed as the end in itself. Democracy indexes are constructed with elections in mind: the recent Democracy Summit emphasized the need for free and fair elections, and international action is often triggered over accusations of unfair elections.⁵⁸

While elections can be an important and useful tool for broader democratic goals, they are often prone to manipulation and fail to achieve the stated aims, as discussed above. Thus, rather than using electoral democracy as the standard, broader citizen participation should be emphasized, where a diversity of individuals and groups are encouraged to mobilize and express opinions and ideas with the objective of shaping policy and charting the national future.

2. Support local groups and organizations over international NGOs. Currently, democracy promotion worldwide is a technical project of international organizations that receive millions of dollars to carry out projects in target countries based not on local knowledge but theories of democratization with measurable outputs that can be quantified to satiate donors and foreign governments. At best, these projects have failed; at worst, they undermined

democratic efforts—Afghanistan is case in point. Rather than funding and pushing NGOs, policy should promote local communities and work to enable the greater engagement of local groups.⁵⁹ As democracy scholars Catherine Herrold and Aseem Prakash argue, “By facilitating discussion, debate, and collective problem solving by everyday citizens, the United States can effectively ensure that local people oversee their own democracies and cultivate democratic habits of civic participation in the process.”⁶⁰

3. Advance deliberative democracy and the establishment of citizens councils. One of the most successful democracy projects in recent years has been the random selection of citizens to make decisions about the national future. Similar to jury selection, citizens are invited to sit on a council and deliberate over an issue or issues and make a recommendation on how the government should proceed. In countries around the world, this form of deliberative democracy has been successfully employed to debate and provide policy on issues ranging from abortion to the environment. It should be institutionalized and spread, with more countries employing this form of participation in more ways on more issues.⁶¹ Key to its success, and instrumental if it is to be implemented in China and Hong Kong, is the random selection of members, not a handpicked selection, as in the 1,500 member body that decides the Hong Kong chief executive.

Economic Democracy

Democracy and the promotion of democracy is almost always conceived of in political and social terms. A broader understanding of democracy, however, looks beyond electoral democracy to all forms of practices that will empower people to rule themselves in all forms of life. As such, democracy cannot stop at politics but must be extended to the economy. Indeed, as this report has argued, Hong Kong’s contemporary situation was constructed not simply through political choices and constraints on deliberative powers but also through the monopolization of economic life and the stripping of opportunity and economic control as capital became concentrated and entrenched. For democracy to flourish, economic control must be loosened and individuals, groups, and communities empowered to engage the economy on their own terms.

The plan of economic democracy has three key parts: rights of development and production, global rights of labor, and social inheritance.

1. Rights of development and production. At the core of democratizing the economy is the need to universalize the most advanced forms of production. Often referred to as the knowledge economy or experimental economy, this new economy—comprising the most advanced forms of production—combines the maximization of technology with evolving skills and continuous learning. Rather than multiplying and transforming economic development the world over, however, these new means of production remain the purview of isolated centers, such as Silicon Valley, and under the increasing control of large global firms. In short, the new economy is restricted to vanguards of production and engages relatively few workers.⁶²

The task is to engineer a proliferation of this vanguard and ensure that all can engage in the new economy. This necessitates creating conditions where people are able to maximize their productive energies in self-confirming innovation and not be condemned to the mindless drudgery of repetitive tasks. Two key measures are needed that should be pushed for globally: ensuring equal access to resources and opportunities of the knowledge economy, and the promotion of alternative property-rights regimes.⁶³

Foremost is the need to guarantee broad access for all to the resources and opportunities both for and within the vanguard of the economy. This includes **access to finance**, so that individuals are not restrained by capital in attempting to move from idea to product, and that new ideas and innovation can become part of the constant process of the economy. Similarly, the **barriers of intellectual property** should be loosened so that all are able to make use of existing invention and continue to build upon and develop. Limited guarantees can be made so that innovators can profit from their ideas, but this advantage should not be allowed to turn into rents and come at the expense of continued development. Lastly, the **defense of small business** against big business should be taken up and done so with an emphasis on decentralization with economies of scale rather than accept economic concentration as the price of scale.

The second measure in the task of universalizing the knowledge economy is to innovate in the social relations of the economy. This should take place

within the legal arrangements of private property, forms of employment, and the state. In **private property**, the means by which people have access to capital and technology in the legal arrangements of the market economy can evolve and develop accordingly. The space for experimentation here needs to be opened beyond the simple formula of private property promoted by the Washington Consensus. Alternative regimes in contract and private property beyond the limited means of the corporation can help economic actors develop and innovate. Similarly, **self-employment and cooperation** should be promoted above wage labor—doing so involves innovations in law and contract. Rather than letting the economy run the individual, it is the individual who can begin to set the terms of employment and engagement with the economy on his or her own terms through production and innovation. Lastly, advanced relations between the state and market can facilitate partnerships and diffusion of technology and economic development, as seen in the postwar north Asian economies.

2. Global rights of labor. The second aspect in facilitating economic democracy involves addressing the immediacy of the plight of wage labor in the world today. As innovation and advanced forms of production remain confined to isolated pockets, rearguard production searches for ever cheaper labor costs, sparking a race to the bottom as global corporations move around the world driving down labor costs and hollowing out communities. This trend can be stalled by instituting basic rights of labor internationally through the freedom and encouragement of unionization, whereby all workers can freely organize for their interests, and enactment of a global minimum wage.⁶⁴

3. Social inheritance. The third measure of economic democracy is to ensure that all people have the freedom to engage the economy on their own terms and not be forced to become part of the economy on others' terms. Individuals must be assured of the basic necessities of health, sustenance, and shelter. A minimum standard of health-care access and housing can be assured, giving all the guarantee of sound body. In this spirit, one specific policy for Hong Kong is the use of land options for housing, which would give each resident an options right for housing that developers could bid for and use to open up residential development projects on new land.⁶⁵

Enactment and enforcement

This program of political and economic democracy can be enacted and enforced through existing channels and institutions. These measures can be insisted upon in international treaties and negotiations, and in condemnation of a country's anti-democratic actions and practices they can be held up and pointed to. Three key steps can be taken, forming what democracy scholars Ryan Berg and Christopher Sabatini call the "democrat's playbook" to counter the "autocrats playbook."⁶⁶ These steps include defining tipping points, reforming international institutions around democracy, and establishing a fund for democratic development.

1. Define tipping points. In the face of democratic backsliding and the rise of autocratic practices, clear boundaries of democratic demise must be set—all too often a country begins slipping slowly towards autocracy, yet not until protesters are gunned down in the streets does the international community take notice and act. Signs must be recognized at the outset, for democracy does not disappear overnight but slides slowly away.

Tipping points can be identified in practices such as the decline of judicial independence, electoral rigging, or curtails on independent media and shutting down civil society. When these lines are crossed, the international community needs to respond collectively with clear conditions. Sanctions can be proposed, but it is not enough to condemn and chastise—to simply wield a stick—it is necessary to offer a point of leverage and give countries a path forward for reversal and a roadmap for relief from imposed sanctions.

2. Reform and update international organizations, such as the World Bank and IMF. Rather than emphasizing economic growth and doing so even at the expense of democracy, these organizations ought to lead with democracy, making the measures of political and economic democracy outlined above conditions of lending and obtaining technical assistance. Those countries that do not live up to standards need not be excluded, rather the use of democratic measures should be laid down as markers for all to move towards. Encouragement and aspiration should be emphasized rather than the imposition of hard sanctions in the face of violation, and further assistance offered to ensure that the democratic ideals are being put into practice.

3. Establish a global democracy development fund. For Berg and Sabatini, “The idea would be to establish incentives for fledging democratic governments, or governments that have returned to democracy from autocratic paths, such as Ecuador, to stay the course by providing them with development assistance.”⁶⁷ In addition, such a fund could be used to provide financial and technical assistance in the implementation of the political and economic agendas of democracy building.

For these measures to work on an international scale, Americans must also take seriously the backsliding at home. The United States has experienced significant democratic backsliding, according to *The Economist* democracy report, and is now classified as a “flawed democracy,” downgraded from a “full democracy.” Likewise, the frequent retort of China in the face of criticism is to point to American failings, as if it were justification for autocratic tactics. The United States should not pretend that it is the model democracy towards which all should hold up and emulate; rather the United States must commit to a continued striving and willingness to put these measures of political and economic democracy into practice and hold ourselves accountable for doing so. The aim, after all, is to unlock the ordinary genius of every individual—man or women, of low birth or high, in China, America, or Sudan—so that each can partake in the co-creation of their world and live a greater life.

The views expressed are the author’s alone, and do not represent the views of the U.S. Government or the Wilson Center.

Notes

- 1 Estimates of the number of protesters can vary widely. For example, official police estimates put protest figures in the mid hundreds of thousands not millions. For an overview of events see Austin Ramzy and Mike Ives, "Hong Kong Protests, One Year Later," *The New York Times*, June 9, 2020, sec. World, <https://www.nytimes.com/2020/06/09/world/asia/hong-kong-protests-one-year-later.html>.
- 2 Hong Kong Police Force, "Public Order Event Statistics," https://www.police.gov.hk/ppp_en/09_statistics/poes.html
- 3 Kelly Ho, "Seven Hong Kong democrats jailed for up to 12 months over banned protest against security law," *Hong Kong Free Press*, October 18, 2021, <https://hongkongfp.com/2021/10/18/seven-hong-kong-democrats-jailed-for-up-to-12-months-over-banned-protest-against-security-law>.
- 4 Kari Soo Lindberg, Natalie Lung, and Pablo Robles, "How Hong Kong's National Security Law Is Changing Everything," *Bloomberg.Com*, October 5, 2021, <https://www.bloomberg.com/graphics/2021-hong-kong-national-security-law-arrests/>.
- 5 Associated Press, "How a Primary Got Hong Kong Activists in Trouble," *AP NEWS*, March 1, 2021, sec. Primary elections, <https://apnews.com/article/beijing-primary-elections-democracy-hong-kong-elections-ccda7eb61403f721ba8e56423203f72a>.
- 6 "Implementation Rules for Article 43 of the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region Gazetted," Government of the Hong Kong Special Administrative Region, Press Release, July 6, 2020, <https://www.info.gov.hk/gia/general/202007/06/P2020070600784.htm>.
- 7 See Michael C. Davis, "Testimony before the US-China Economic and Security Review Commission Hearing on 'US China Relations in 2021: Emerging Risks,'" September 8, 2021.
- 8 See Samuel J Brannen, Christian S Haig, and Katherine Schmidt, "The Age of Mass Protests: Understanding an Escalating Global Trend" (Washington, D.C: Center for Strategic and International Studies, March 2020), 1.
- 9 "Democracy Index 2020: In Sickness and in Health?" The Economist Intelligence Unit, 2021.
- 10 Stephen G. F. Hall and Thomas Ambrosio, "Authoritarian Learning: A Conceptual Overview," *East European Politics* 33, no. 2 (April 3, 2017): 143–61. As one scholar put it, "The thought of academic-style conferences to discuss best practices in electoral manipulation and lessons learned in stacking judicial systems might be amusing, but elected autocrats from Venezuela to Turkey to Hungary really have borrowed from one another, sometimes even sharing advisors and exporting ideas in repression and election-rigging." Ryan C. Berg and Christopher Sabatini, "Autocrats Have a Playbook—Now Democrats Need One Too," *Foreign Policy*, February 10, 2021. <https://foreignpolicy.com/2021/02/10/autocrats-have-a-playbook-now-democrats-need-one-too/>. Also see Anne Applebaum, "The Bad Guys Are Winning," *The Atlantic*, November 15, 2021. <https://www.theatlantic.com/magazine/archive/2021/12/the-autocrats-are-winning/620526/>
- 11 Steven Levitsky and Lucan Way, "The Rise of Competitive Authoritarianism," *Journal of Democracy* 13:2 (2002): 51–65.
- 12 See Berg and Christopher Sabatini, "Autocrats Have a Playbook—Now Democrats Need

- One Too,” *Foreign Policy*, February 10, 2021. <https://foreignpolicy.com/2021/02/10/autocrats-have-a-playbook-now-democrats-need-one-too/>
- 13 This collusion between Hong Kong capitalists and Beijing served the interests of each. The former wished to protect their assets from the threat of state seizure, while the latter aimed to ensure the economic prosperity of the territory as it served as a conduit for China to the outside world. Tai-lok Lui, et al. “Introduction: The Long Transition,” in *Routledge Handbook of Contemporary Hong Kong*, ed. Tai-Lok Lui, Stephen W. K. Chiu, and Ray Yep (London: Routledge, 2019), 1-32. Also see Yash Ghai, “The Past and the Future of Hong Kong’s Constitution,” *The China Quarterly* 128 (December 1991): 794–813; Danny Gittings, *Introduction to the Hong Kong Basic Law* (Hong Kong: Hong Kong University Press, 2017).
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 - 16 One such consequence is the failure of the Hong Kong government to develop an industrial policy in the face of the changing nature of manufacturing in the Pearl River Delta. See Godfrey Yeung, “End of a Chapter?” in *Handbook*, 397-413.
 - 17 See Leo F Goodstadt, *A City Mismanaged: Hong Kong’s Struggle for Survival* (Hong Kong: Hong Kong University Press, 2018).
 - 18 Contrary to the myth of the lack of state engagement in the economy, as discussed below, the colonial government set up a welfare system that enabled companies to keep down wages and benefit costs. See Manuel Castells, Lee Goh, and R. Yin-Wang Kwok, *The Shek Kip Mei Syndrome: Economic Development and Public Housing in Hong Kong and Singapore* (Pion, 1990).
 - 19 See Jeffie Lam, “Poverty in Hong Kong Hits Record High with 1 in 5 Considered Poor,” *South China Morning Post*, November 17, 2017, sec. News, <https://www.scmp.com/news/hong-kong/community/article/2120366/poverty-hong-kong-hits-7-year-high-one-five-people>; Alex Jingwei He, “Hong Kong’s Plight for a Better Welfare System,” *Policy Forum*, February 27, 2019, <https://www.policyforum.net/hong-kongs-plight-for-a-better-welfare-system/>.
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 - 21 Goodstadt, *A City Mismanaged*, 96. For a more thorough discussion of public housing in the colonial period see Adrienne La Grange, “Privatising Public Housing in Hong Kong: Its Impact on Equity,” *Housing Studies* 13, no. 4 (July 1998): 507–25.
 - 22 Goodstadt, *A City Mismanaged*, 110.
 - 23 For some examples of these effects see Ka Wai Fan, “The Role of University Libraries in Supporting Research in Hong Kong: Facing a New Challenge,” *Campus-Wide Information Systems* 22:1 (January 1, 2005): 43–50; “Docs Fear Uni Funding Cuts Will Imperil Health Care,” *The Standard*, December 2, 2019, sec. Local, <http://www.thestandard.com.hk/breaking-news/section/3/137864/Docs-fear-uni-funding-cuts-will-imperil-health-care>.

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- 25 For example see Goodsteadt, *A City Mismanaged*.
- 26 Figures from "Hong Kong Industry," *Nations Encyclopedia*, <https://www.nationsencyclopedia.com/economics/Asia-and-the-Pacific/Hong-Kong-INDUSTRY.html>; "Hong Kong: Share of Industry," *The Global Economy*, https://www.theglobaleconomy.com/Hong-Kong/Share_of_industry/; Chung Yan Ip "Youth and the Changing Opportunity Structure," in *Handbook*, 291.
- 27 Figures in Chung Yan Ip "Youth and the Changing Opportunity Structure," in *Handbook*, 291. For a good study of Hong Kong's deindustrialization and its employment consequences see Stephen W. K. Chiu and Tai-lok Lui, "Testing the Global City-Social Polarisation Thesis: Hong Kong since the 1990s," *Urban Studies* 41:10 (September 1, 2004): 1863–1888.
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2021-22 WILSON CHINA FELLOWSHIP

From Regional to National: Northeastern Scholars and the National Discourse on the War of Resistance against Japan

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Abstract

In January of 2017, the People's Republic of China (PRC)'s Ministry of Education made an unprecedented announcement to alter the timeline of the War of Resistance against Japan (China's experience of World War II) from eight to fourteen years. This was the culmination of a decades-long "date debate," spearheaded since the 1980s by scholars from Northeastern China who vehemently argued that the war timeline should start with the invasion of their homeland on September 18, 1931 (as opposed to the previously accepted start date of July 7, 1937). Thus, Chinese historians from a region that is often seen as "far-flung" due to its geographic location and "backward" due to its reputation as China's rust belt provided the impetus to a significant policy shift in the upper echelons of the Beijing government. Changing the starting date of the war was not only advantageous in promoting the Chinese Communist Party (CCP)'s resistance effort domestically, but also in further emphasizing China's role on the global stage in World War II, despite the fact that an eight-year war timeline is more historically accurate. We must simultaneously recognize the CCP's attempts to rewrite the history of the war while also taking seriously China's role in World War II, albeit under the Nationalists and not the Communists.

Implications and Key Takeaways

- U.S. policymakers must not consider the PRC to be an authoritarian monolith—there are a variety of regional interests that can have strong bearings on the formation of top-level policies, such as the Northeast's role in the "date debate" that led to the 2017 Ministry of Education announcement to change the war timeline. Thus, U.S. policymakers should focus on building relationships with those in positions of regional authority in China in addition to the central Beijing leadership.
- U.S. policymakers must take seriously the relevance of the legacy of Mao Zedong and Marxism-Leninism-Mao Zedong Thought to Party historiography, particularly under Xi Jinping. Building on Mao's legacy is an important part of CCP legitimacy today and how the Party portrays itself to domestic and international audiences.

- U.S. policymakers must recognize the CCP's attempts to rewrite history for nationalistic purposes and work with historians to promote the objective study of Chinese history. This should include convening international symposiums and actively countering the Chinese government's recent coercion against certain academic journals.
- U.S. policymakers should see China's emphasis on its role in World War II, in which it claims it fought the fascists for far longer than any other belligerent, as part of intentionally building an international image of a moral, responsible actor. This has direct geopolitical implications, as China seeks to reframe its aggressive actions in the South China Sea and elsewhere.

Introduction

“The War of Resistance against Japan developed along a torturous road. This war started in 1931.”

– Mao Zedong, 1937

“The Mukden Incident became the starting point of the Chinese people’s War of Resistance against Japan and revealed the prologue of the global Anti-Fascist War.”

– Xi Jinping, 2015

On January 3, 2017, the People’s Republic of China (PRC)’s Ministry of Education made an unprecedented announcement regarding the War of Resistance against Japan (抗日战争), which is China’s experience of World War II. Starting with middle school textbooks printed in spring 2017, the starting date for the War of Resistance would be changed from July 7, 1937, or the Marco Polo Bridge Incident (卢沟桥事变), to September 18, 1931, or the Mukden Incident (九一八事变), an extension of the war’s timeline from eight to fourteen years.¹ However, before 2017, the 14-year timeline was anything but a foregone conclusion. On the contrary, there had been a fierce “date debate” since the 1980s regarding the proper timeline for the Resistance against Japan. This “date debate” was largely spearheaded by scholars from Northeastern China (东北), who vehemently argued that the war timeline should be expanded starting with the invasion of their homeland. By 2017, however, this “date debate” had largely shut down due to the CCP’s decision to officially weigh in.

The War of Resistance against Japan has served an increasingly important role in Chinese political consciousness in the last few decades and has become ever more intertwined with the Chinese Communist Party (CCP)’s legitimizing narrative. Under Xi Jinping, the PRC continues to highlight the War of Resistance against Japan for reasons connected to both domestic and international political legitimacy. Highlighting fourteen instead of eight years of resistance not only emphasizes that the CCP (as opposed to the Nationalists) was the cornerstone (中流砥柱) of the war, but also seeks to convince the international community of China’s leading role in World War II, which is commonly known in China as the Anti-Fascist War (反法西斯战争).

This paper first summarizes the Marco Polo Bridge Incident and the Mukden Incident, as the history of these events is essential to better comprehend the “date debate” that followed decades later. It then charts the historiography of the “date debate” in the Chinese scholarly world, analyzes the credibility of both dates, and finally looks at the implications of this “date debate” and why it is important for us to understand.

I. The Marco Polo Bridge Incident and the Mukden Incident

The Marco Polo Bridge Incident of July 7, 1937 is still regarded in the Republic of China (ROC) on Taiwan as the official start of the war,² and in the PRC as the start of “national all-out war” (全国性战争) between China and Japan.³ The events of the Marco Polo Bridge Incident were not particularly unusual in and of themselves; rather, their significance lies in the powder keg of latent aggression they ignited.⁴ What exactly happened that fateful day in Wanping, a small fortress town to the southwest of Beijing, is still a mystery. The chain of events began, however, after Japanese troops from the Eighth Company under Colonel Mutaguchi Renya marched to their designated training grounds near Marco Polo Bridge on July 7.⁵ Allegedly, the Eighth Company had heard gunshots from within Wanping and subsequently requested permission to enter the town to search for a missing private. The following morning, after having been refused, the Eighth Company and reinforcements began their military assault on the town, which they captured within a matter of hours. Such local skirmishes were not uncommon, and the local Chinese and Japanese troops had reached a compromise by July 11.⁶ However, the national governments in Nanjing and Tokyo had become involved and the fires of war had been stoked, hence the subsequent significance of July 7, 1937 as the start of “national all-out war.”

Juxtaposed with the Marco Polo Bridge Incident is the Mukden Incident, which is now viewed in the PRC as both the starting date of the “partial war” (局部抗战) and the official starting date of the War of Resistance against Japan.⁷ The Mukden Incident (or the Manchurian Incident) was set off in Shenyang (Mukden) by the Japanese Kwantung Army due to a variety of factors, including concern over the potential effect of growing Chinese nationalism in the region

on Japanese commercial and political interests. On the evening of September 18, 1931, junior officers Ishiwara Kanji and Itagaki Seishirō and the garrison under their command in Shenyang exploded a bomb on the railway tracks outside of the city.⁸ Claiming that the bomb was intentionally set off by Chinese nationalists to derail a Japanese train, the Kwantung Army utilized this incident as a pretext to invade Manchuria.⁹ Largely due to Chiang Kai-shek's policy of non-resistance, the Kwantung Army was able to establish control over the majority of Manchuria in a matter of months without much bloodshed. In March of 1932, it established the puppet-state of Manchukuo with Henry Puyi, the last emperor of the Qing Dynasty, as the head.

II. The "Date Debate"

As prominent China scholar Rana Mitter has noted, "the writing of history and the practice of politics have always been closely intertwined in China."¹⁰ Thus, the "date debate" over the proper starting date of the War of Resistance against Japan should not be viewed as separate from developments in CCP politics, but rather closely linked.

Before the 1980s, the War of Resistance against Japan's start date remained largely uncontested, and both the Chinese scholarly community and popular opinion habitually used the phrase "eight-year war" starting with the Marco Polo Bridge Incident of 1937. However, starting in the 1980s, a number of scholars, many of whom hailed from the Northeast, began to push for a "fourteen-year war" starting with the Mukden Incident of 1931. After this line of thought gained traction, what was once implicitly accepted as fact became open to debate. Starting in the 1990s, scholars advocating for the "eight-year war" started to notably and directly engage with the "fourteen-year war" scholars. Interestingly, the CCP allowed this "date debate" to continue unabated for several decades until the official Ministry of Education pronouncement in 2017.

The 1980s

The widely cited initiation of the "date debate" is a 1983 statement by Liaoning University professor Zhang Deliang, who argued at the Northeastern Military

Fourteen-Year History of Resistance to Japan Academic Seminar (东北军十四年抗战史国际学术研讨会) that the War of Resistance started on September 18, 1931. Zhang contended that the first shot of resistance fired by the Chinese was by the northern base of the 7th Brigade of the Northeastern Army.¹¹

A year later, Yan'an University professor He Ying argued that "taking the Marco Polo Bridge Incident to be the starting point of the War of Resistance against Japan is inappropriate, does not accord with reality, and is unscientific."¹² First, this was because the Mukden Incident changed the principal contradiction (主要矛盾) in Chinese society according to Marxist dialectics from domestic class struggle to one between the Chinese people and Japanese imperialism. He also utilized Mao Zedong's legacy, quoting a 1937 speech in which Mao referred to the Mukden Incident as the start of the "War of Resistance against Japan era" (抗日时期). Lastly, He argued that after the Mukden Incident, the CCP and Nationalist patriots really began to struggle against Japan.¹³

Another Northeastern scholar, Jian Ming, also utilized Mao's legacy to justify a fourteen-year war. Jian quoted a phrase from a 1937 speech of Mao that would continue to be quoted time and time again by scholars arguing for a fourteen-year war: "The War of Resistance against Japan developed along a torturous road. This war started in 1931."¹⁴ He quoted the Tanaka Memorial to show that the Mukden Incident represented the first step in Japan's master plan: "If we [the Japanese] want to conquer China, we must first conquer Manchuria and Mongolia; if we want to conquer the world, we must first conquer China."¹⁵ Although the authenticity of the Tanaka Memorial is not accepted by most international scholars today, it is still widely utilized in China as evidence of the scope of Japanese military ambitions in the 1930s.¹⁶ Jian further discussed the extensive resistance of the Chinese people after 1931 and argued that before 1937, it was the CCP, not the Nationalists (or Guomindang, GMD) that was the true leader of the war effort and the true representative of the Chinese people.¹⁷ However, Jian did acknowledge that there were some GMD patriots who joined in the resistance, which dovetailed with the shift in CCP scholarship on the War of Resistance to acknowledge the GMD role in the war. Lastly, Jian argued that the Mukden Incident should not only be the start of the War of Resistance, but that it should also be considered the opening salvo of the global Anti-Fascist War.¹⁸

The 1990s

As mentioned above, Chinese historians began to debate each other in earnest concerning the proper starting date of the War of Resistance in the 1990s. Certain scholars, particularly from China's Northeast, continued to clamor for the Mukden Incident as the proper starting date. Other scholars, in contrast, proposed a wide slate of differing interpretations of when the appropriate starting dates should be for the War of Resistance against Japan, the Anti-Fascist War, and World War II.

Scholars clamoring for the Mukden Incident starting date utilized similar arguments to the authors from the 1980s. In 1990, Northeastern scholar Guang Deming argued that the principal contradiction in Chinese society changed in 1931 rather than in 1937, although he distinguished between the "partial war of resistance" and the "all-out war of resistance."¹⁹ In 1999, Northeastern scholar Wang Xiuying argued that 1931 was the proper starting date for both the War of Resistance against Japan and World War II. Similar to Jian Ming, Wang viewed the Mukden Incident as the first step in Japan's master plan to conquer China.²⁰ In addition, Wang juxtaposed the CCP's resistance of the Japanese from the start with the GMD's policy of non-resistance under Chiang Kai-shek. Interestingly, to back up her arguments, Wang not only quoted Mao and Zhou Enlai, but also relied on the scholarship of several prominent Japanese historians who argued for a 15-year war starting in 1931.²¹

Besides the Mukden Incident and the Marco Polo Bridge Incident, Chinese historians mentioned several other proposed starting dates for the War of Resistance against Japan, including the December 9th Movement, which was a student demonstration in 1935 under the leadership of the CCP calling for resistance to Japan; the Xi'an Incident of 1936, which led to the Second United Front between the CCP and the GMD to jointly resist Japan; and the August 13th Incident, which marked the beginning of the Battle of Shanghai in 1937. Nanjing historian Song Li even argued for the starting date of August 14, 1937, when the GMD produced its "Statement of Resisting Japan in Self-Defense" (自卫抗战声明书).²²

Besides Wang Xiuying's argument that the War of Resistance and World War II should start with the Mukden Incident, Chinese historians in the 1990s had a variety of other opinions on when World War II and the Anti-

Fascist War should start. Shaanxi historian Lei Xinshi argued that the start of World War II should be the Marco Polo Bridge Incident in 1937, rather than Germany's invasion of Poland. Lei argued against using the Mukden Incident of 1931 as a starting point of World War II because, he argued, Japan was not yet allied with the Axis Powers in 1931, and the Chinese people were not able to fully resist Japan until 1937.²³ Hubei scholar Pan Xiangsheng argued that World War II and the Anti-Fascist War should not be conflated—World War II should start with Germany's invasion of Poland, but the global Anti-Fascist War should start with the Marco Polo Bridge Incident.²⁴ Wang Guilin, in contrast, believed that Germany's invasion of Poland was still the appropriate starting date for World War II.²⁵

2000 to 2017

By the 2000s, many historians, both from the Northeast and other parts of China, were clamoring for the start of the War of Resistance against Japan to be the Mukden Incident of 1931. Although there were still proponents of the Marco Polo Bridge Incident of 1937 as the starting date, these proponents started to fall into the minority. After 2015, a speech made by Xi Jinping to celebrate the 70th anniversary of the end of World War II really solidified the 14-year war position, and after this the “date debate” largely went silent. This does not mean that there were no more scholarly articles; rather, the articles all tended to agree with each other, unlike the contentious debate of the 1980s through 2000s, due to Xi and the CCP's endorsement of the September 18, 1931 start date. Xi noted that “the Mukden Incident became the starting point of the Chinese people's War of Resistance against Japan and revealed the prologue of the global Anti-Fascist War.”²⁶ This would become the official position of the CCP just two years later, in 2017.

In the early 2000s, however, the “date debate” was still going strong, although more scholars, notably from Northeastern China, were vociferously calling for 1931 as a starting date. Interestingly, Heilongjiang scholar Zhao Junqing argued that the starting date of the War of Resistance should not be September 18, 1931, but rather November 4, 1931 with GMD general Ma Zhanshan's Battle of Jiangqiao, when Zhao claimed that the Chinese people really started resisting Japan. Zhao's rationale for a 1931 starting date followed

those set out by previous scholars: the principal contradiction in Chinese society changed; the CCP resisted Japan while the Nanjing government pursued a policy of nonresistance; this was in line with Mao Zedong thought; and that the sacrifices of the Northeasterners must be recognized.²⁷

In 2005, several more scholars argued for the Mukden Incident to be the starting date. Shenyang Normal University's Wang Guizhong argued that starting the War of Resistance from the Marco Polo Bridge Incident would serve to negate the sacrifices of the Northeasterners in resisting Japan.²⁸ Similarly, Yue Siping argued that taking September 18, 1931 as the starting date for the War of Resistance was most scientific, but that the start of World War II should be the Marco Polo Bridge Incident.²⁹ In contrast, in 2006, famous Jiangxi historian Liu Tinghua (who had written earlier articles on the topic as well) argued that the start of both the War of Resistance *and* World War II should be the Mukden Incident because the principal contradiction in Chinese society changed. Additionally, Liu contended that scholars should not equate the start of the war with when the GMD was resisting, as the CCP had resisted the Japanese since 1931.³⁰

On the other side of the debate, historians pushed for 1937 to be the proper starting date. Zhang Zhenkun stated in 2006 that after the Marco Polo Bridge Incident, the war started and went way beyond any other invasion experienced in modern Chinese history in both its scale and death. He suggested that the idea of the 14-year war was unduly influenced by Japanese scholarship, and utilized a slippery-slope argument—if the war can be 14 instead of 8 years, what would stop it from becoming a 51-year war, starting with First Sino-Japanese War in 1894? Zhang argued that there was no unified resistance between 1931 and 1937—it was very sporadic. Furthermore, before the Marco Polo Bridge Incident, there was still the possibility of compromise between the Nanjing and Tokyo governments. Lastly, Zhang thoroughly debunked the idea that Japan's plan to colonize China began in 1931—for that, he contended, one would have to go back to the 21 Demands of 1915.³¹ Similarly, in 2010, Zeng Jingzhong vehemently argued against the proponents of the 1931 starting date—Zeng also stated that there was little real resistance to Japan after the Mukden Incident.³²

Another potential starting point proposed by scholar Huang Aijun was in 1928, when warlord Zhang Xueliang declared allegiance to the Nanjing

government and raised the GMD flag in Northeastern China. This, according to Huang, signaled Zhang's resistance against Japanese influence in the Northeast. In contrast, Huang also believed that there was little resistance to Japan after 1931. He distinguished between the War of Resistance against Japan, which should start in 1928, from the historical period of the War of Resistance (抗日时期), which he argued should begin with the Xi'an Incident of 1936.³³

As the 2000s turned into the 2010s, scholarship defending the Marco Polo Bridge Incident as the starting date of the war began to wane. In 2010, a history professor at Changchun's Northeastern Normal University, Cheng Shuwei, argued once more that the principal contradiction in Chinese society changed on September 18, 1931 to that between China and Japan. To deny that the Mukden Incident was the start of the war would be to deny the sacrifices of the Northeasterners before 1937. As part of this, Cheng distinguished between the "partial War of Resistance," which took place between 1931 and 1937, and the "all-out War of Resistance," but argued that the War of Resistance against Japan should include this "partial War of Resistance."³⁴ In 2015, Li Hailin and Liu Yong'an utilized the language of Xi Jinping to state that "the total victory in the War of Resistance against Japan is the beginning of the rejuvenation of the Chinese people" (抗日战争胜利是中华民族复兴的历史起点). Li and Liu presented similar arguments, that after 1931 the CCP resisted Japan and called for an end to the civil war, unlike the GMD. The CCP was the true mainstay in the War of Resistance against Japan. Furthermore, Li and Liu emphasized how the beginning of the War of Resistance against Japan was also the beginning of the global Anti-Fascist War.³⁵

III. Implications of the "Date Debate"

There are several implications of the "date debate" that are important to consider. First, it is notable that so many scholars advocating for the Mukden Incident as a starting date for the war have been from Northeastern China. Second, many scholars heavily relied on Marxism-Leninism-Mao Zedong Thought to make their claims. Third, the increasing emphasis of China's role in World War II indicates that China cares about projecting an image

of a responsible, moral actor in the international community. Fourth, it is clear that due to reasons related to both domestic and international politics, the CCP is actively engaging in rewriting the history of the War of Resistance against Japan.

The Influence of the Northeast

Manchuria, or Northeastern China, has a rich, multifaceted history in which multiple nationalities vied for land, resources, and identity. Once the homeland of the Manchus, Manchuria was cordoned off from the rest of China under the rule of the ethnically Manchu Qing dynasty, and immigration of Han Chinese was forbidden. As the Qing Dynasty's power weakened in the late 19th century, however, many Chinese flouted this prohibition and immigrated to the Northeast. By the late 19th century, Russia and Japan both had strong vested interests in the region, and the Russo-Japanese War of 1904-1905 was largely fought on Manchurian soil. Japan's investment in the region, particularly through the South Manchurian Railroad (SMR, or Mantetsu), grew in the first few decades of the 20th century, culminating in the Mukden Incident and the establishment of the puppet state of Manchukuo.

After the surrender of Japan in 1945, much of the Chinese Civil War was fought in Manchuria for several reasons: the CCP had its bases in Northern China; the majority of Japanese troops with their equipment were in Northeastern China waiting to surrender; and the Japanese had built up the infrastructure of the region considerably. After the formation of the PRC in 1949, the Soviet Union further invested in the region, sending thousands of technical experts to the region to help develop it. Thus, Manchuria became a bastion of heavy industrial development in the Mao era, and was economically ahead of much of the rest of the country.

However, Manchuria had several major setbacks in the Cultural Revolution and beyond. During the Cultural Revolution, many "sent-down youth" ended up in the "Great Barren North" and were inculcated with an attitude of conquering nature. This led to a depletion of many of Manchuria's rich natural resources, most notably massive deforestation. After Deng Xiaoping's "Reform and Opening Up" policy and China's gradual transition to a market economy, Manchuria with its mass of behemoth State Owned Enterprises (SOEs) was

slow to adapt. Today, many SOEs in the Northeast have been either shut down or have greatly reduced capacities, and Manchuria is widely considered akin to the American “rust belt”—a region that was once economically prosperous but is now struggling to keep pace. It is a region that, in the words of many Chinese, can be considered both “遥远,” or far-flung, and “落后,” or falling behind.³⁶

And yet, as the “date debate” and its resolution show, Northeastern scholars had a major influence on pushing for the fourteen-year war timeline from the 1980s through the 2010s. Scholars such as Zhang Deliang, Jian Ming, Wang Xiuying, Zhao Junqing, Wang Guizhong, and Cheng Shuwei vigorously pushed the starting date of September 18, 1931 to include the sacrifices of their regional compatriots. Indeed, it is the case that political pressure from the Northeast was one of the deciding factors in changing the timeline in 2017.³⁷

The key role played by Northeastern scholars in the 2017 Ministry of Education announcement suggests that far from being a top-down, authoritarian monolith, the PRC is deeply impacted by regional interests when it makes policy decisions, even by regions such as the Northeast that popular opinion might not consider to be as influential. This adds a layer of complexity to existing scholarship on China’s historical memory, which too often focuses on a top-down historical narrative that is dictated by sociopolitical vicissitudes from Beijing.³⁸ It also contributes to global scholarship on how national narratives are constructed. For example, through studying the hybrid relations between local and national in the *Heimat* (homeland) ideal that took root of the German unification of 1871, Alon Confino shows that more localized narratives can indeed influence the establishment and evolution of a national narrative.³⁹ The case of Northeastern scholars in China shows that this is the case in the non-Western world as well. Accordingly, U.S. policymakers should seek to build relationships with those in positions of regional authority in the PRC in addition to Beijing policymakers, as the former may exert considerable influence on national policymaking.

Marxism-Leninism-Mao Zedong Thought

By the end of the Cultural Revolution, the narrative of Marxist class struggle was largely discredited, leading to a “profound feeling of ideological

malaise.⁴⁰ Particularly after the Tiananmen Square Massacre and the collapse of the Soviet Union, the CCP needed a new legitimizing narrative, which it largely found through the vehicle of nationalism. In particular, the Century of Humiliation, which culminated with the War of Resistance against Japan, became a core component of patriotic education. What is noteworthy, then, is that even after the supposed debunking of Marxism-Leninism-Mao Zedong Thought, these same theoretical underpinnings were frequently utilized by Chinese historians during the “date debate” from the 1980s through 2010s. Both Marxist dialectics and the writings of Mao Zedong appeared often in these scholarly articles.

Scholars described the principal contradictions in society according to Marxist dialectics in depth. The idea of the “principal contradiction” is an important theoretical contribution of Mao Zedong Thought to Marxist dialectics that formed a central component of the scholarly “date debate.”⁴¹ For example, as mentioned previously, He Ying went into great detail concerning the principal contradictions in Chinese society before and after September 18, 1931. Before the Mukden Incident, according to He, the principal contradictions in Chinese society had been those of imperialism, feudalism, and bureaucratic capitalism. With the Mukden Incident, however, the contradictions of domestic class struggle within China decreased, as China was faced with the threat of national extinction. The principal contradiction in society, then, shifted to one between the Chinese people and Japanese imperialism.⁴² Many scholars opined that Mao’s writings also justified a 14-year war; as previously noted, Jian Ming utilized a famous quote of Mao’s from 1937. Similar arguments were also made by Jian Ming, Liu Tinghua, Guang Deming, Zhao Junqing, and Cheng Shuwei.

The utilization of Marxist dialectics and the writings of Mao to justify the change to a fourteen-year war (although scholars arguing for an eight-year war also utilized Mao) is noteworthy because it shows that in the scholarly community, the legacy of Marxism-Leninism-Mao Zedong Thought continued to be crucial to the legitimacy of the CCP. This was the case even before Xi Jinping, who is arguably the most powerful leader since Mao⁴³ and who has promoted the study of Marxism more than his predecessors, notably Hu Jintao and Jiang Zemin. Furthermore, the direct utilization of Mao’s writings by scholars to “prove” the correct start date of the War of Resistance against

Japan serves as a notable exception to the view of international Mao scholars such as Timothy Cheek that “Mao is often not used at all in intellectual debate and discussion of public issues.”⁴⁴ U.S. policymakers should not underestimate the influence of Mao Zedong Thought as a crucial component in how the CCP legitimizes itself to both domestic and international audiences.

China’s International Image

China was an Allied Power in World War II, along with the United States, Great Britain, and the Soviet Union. Yet in the West, China’s wartime contributions have too often been overlooked, largely due to Cold War politics that saw mainland China quickly shift from ally to foe.⁴⁵ This is despite the fact that a number of well-known Western military veterans have relayed their stories to the public of deployment to China.⁴⁶ The PRC and its historians are well aware of this lack of knowledge in the West about China’s wartime role, and are seeking to remedy it for the purposes of both domestic and international politics.

As far back as 1987, Liu Tinghua stated in no uncertain terms that “the Chinese people used armed struggle to oppose the Japanese fascist’s military invasion [of the Northeast] and fired the first shot of the global Anti-Fascist War!”⁴⁷ Other Chinese historians and politicians, most recently Xi Jinping, have made similar arguments. In a speech to commemorate the 70th anniversary of the end of World War II in 2015, Xi noted that China’s victory in the war “has reestablished China’s status as a major country in the world. The Chinese people have won the respect of the peace-loving people of the world, and the Chinese nation has won a lofty national reputation.”⁴⁸ Xi’s emphasis on China’s role in the war on the international stage shows how China is increasingly utilizing its new collective memory of the War of Resistance to “create a morally weighted narrative about China’s role in the global order.”⁴⁹ The PRC’s message to the international community, then, is that based on historical precedent, as China increases its presence on the world stage, it should not be feared but rather embraced as a responsible and conscientious actor.

China’s present push to project its World War II image onto current geopolitics can be understood in tandem with continued efforts to expand its global influence. Whether it be through the Belt and Road Initiative (BRI)

or China's increasing involvement in Africa and Latin America, China has an invested interest in portraying its rise as peaceful rather than threatening. This is largely to assuage the international community's fears that China seeks ultimate hegemony in the global great power competition. In expanding the war timeline from 8 to 14 years and arguing that this represents not only the start of the War of Resistance against Japan, but also of World War II and the global Anti-Fascist War, China is suggesting that it is an inherently moral actor, seeking to uphold the international system, based on historical precedent. U.S. policymakers should be wary of China's attempts to present itself as a historical moral actor on the international level in order to reframe its aggressive actions in areas such as the South China Sea.

Rewriting History

Of course, changing China's international image also involves a conscientious rewriting of history, in which it was the CCP, rather than the GMD, that contributed the lion's share of the war effort. In shifting the war timeline, it is apparent that the CCP is engaged in an intentional rewriting of history for nationalistic purposes. An objective look at historical facts will tell us that the proper starting date for the War of Resistance against Japan should be the Marco Polo Bridge Incident of July 7, 1937 rather than the Mukden Incident of September 18, 1931. However, a 14-year war is better for the CCP's legitimizing narrative than an 8-year war, as the GMD did indeed follow a policy of non-resistance to Japan before the Xi'an Incident of 1936, and the CCP did indeed resist Japan sporadically after 1931.

Historically, there are multiple reasons for why an 8-year war is more credible than a 14-year war, many of which have been aptly communicated by Chinese scholars before 2017. If one is to view history through the lens of Marxist dialectics, as the CCP does, the principal contradiction in Chinese society between the Marco Polo Bridge Incident and the Mukden Incident was indeed domestic class struggle.⁵⁰ The Chinese Civil War was in full swing until the Xi'an Incident. Moreover, the Nanjing government was the internationally recognized government of China at that point in time, rather than the Communists, and thus the crux of Chinese government policy did not rest on resisting Japan prior to the Marco Polo Bridge Incident.⁵¹ Furthermore,

after the Mukden Incident, Chinese resistance in the Northeast was quite passive; out of the 4 months and 18 days it took the Japanese to conquer the Northeast, less than 18 of those days consisted of active Chinese military resistance.⁵² Lastly, partial resistance against Japan after the Mukden Incident was interrupted and only developed gradually.⁵³

The above rationale for the 8-year war is much more historically objective than that of a 14-year war, which largely appeals to emotion and nationalistic sentiments. Proponents of the 14-year war largely argued that an 8-year war would favor the GMD policy of nonresistance and trivialize the resistance of the Northeasterners and others before 1937. On the contrary, proponents of the 8-year war have relied more closely on historical objectivity, arguing that war should be between two countries—which was not the case between China and Japan until after the Marco Polo Bridge Incident. Simply put, before 1937, most Chinese as well as Japanese people did not consider themselves at war.⁵⁴

Thus, it is clear that the CCP is engaged in the process of purposefully rewriting history to serve the purposes of nationalism and patriotic education. That the CCP would do this is no surprise—it has engaged in the rewriting of historical fact since the founding of the PRC in 1949, and prior to representing mainland China on the international stage as well. In the West, the most commonly known instances of this are the careful treatment of the Mao era, particularly the Great Leap Forward and the Cultural Revolution, and the erasure of the Tiananmen Square Massacre from public memory. However, the decisive shift of the timeline of the War of Resistance against Japan, which is impacting international as well as domestic scholarship, should not be underestimated, as it has serious implications for not only the other Allied powers in World War II, but also other countries that are currently diplomatically and economically engaged with China. U.S. policymakers should thus emphasize the promotion of the objective study of Chinese history, both domestically and internationally. This could include convening international research symposiums to encourage global scholars to critically engage with Chinese history. In addition, U.S. policymakers must resolutely oppose the continued attempts of the Chinese state to coerce prominent academic journals into silence on issues related to modern Chinese history.

Conclusion

In what can be considered the Party's official response to the "date debate," written by Cao Ziyang in 2017 for *Research on Party History and Literature* (党史与文献研究), Cao notes that the CCP supported the 14-year timeline as "an answer to long-standing appeals by domestic scholars and the common people."⁵⁵ After the pronouncement from the Ministry of Education, the "date debate" was effectively over—the Party had finally weighed in. It would be easy to dismiss this Party pronouncement as a simple rewriting of history from the top-down. Yet history and politics are rarely so black-and-white. Such is the case with the "date debate"—many historians, largely from Northeastern China, worked to shift public and Party opinion. Additionally, it is important to note that although the Communist Party was not the mainstay of the War of Resistance, as it so often claims, China under the Nanjing government did sacrifice much in fighting Japan. Because of Chinese efforts, the Soviet Union was able to avoid a two-front war, and the United States was able to engage in its "Europe First" strategy to defeat the Nazis before focusing on the Pacific Theater. If we are to engage effectively with China in the twenty-first century, we would do well to remember both its contributions as an Allied power, while simultaneously being on the lookout for attempts by the CCP to distort historical veracity for the purposes of political gain.

As we contemplate the rise of China today, we must carefully consider how the Chinese leadership represents its own history, both to domestic and international audiences. How the CCP constructs its historical narrative is crucial for policymakers to understand because it has direct implications for geopolitics. For instance, the emphasis on 14 years of resistance against Japan means that China seeks to portray itself as a moral, peaceful actor as it expands its geopolitical power. For domestic and foreign policy, this means that China seeks to reframe its aggressive actions today in places such as Xinjiang and the South China Sea by altering its own historical record. It also has direct implications for the academic world as we can expect continued efforts by the Chinese government to coerce international academic journals—and governments—into silence or selective interpretations of Chinese history. In the near future, I predict that this will encompass not only tragedies such as the Cultural Revolution or the Tiananmen Square Massacre, but also the War of Resistance against Japan. Thus, U.S. policymakers should do everything in

their power to continue to promote historical objectivity in the study of modern China and encourage academic freedom globally so as to avoid scholastic pandering to a CCP-dominant version of Chinese history.

The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.

Notes

- 1 The ending date of the war remained the same, with the Japanese emperor's unconditional surrender to the Allied forces on August 15, 1945. The PRC State Council had begun to discuss this shift in October 2016 and gave the Department of Education two months to compile a public pronouncement. "Jiaoyubu Fa Han: Zhongxiaoxue Jiaocai Banian Kangzhan Gaiwei Shisinin Kangzhan" [Letter from the Ministry of Education: Elementary and Middle School Education Materials War of Resistance against Japan Changed from Eight Years to Fourteen Years], Xinhua Net, 11 January 2017, retrieved from xinhuanet.com/2017-01/11/c_1120284611.htm on 7 April 2020.
- 2 Liu Yingfeng, "Kangzhan Shengli 70 Zhounian Heping Xishu Lishi" [Marking the 70th Anniversary of Victory Against Japan], *Taiwan Guanghua Zazhi*, July 2015, retrieved from <https://www.taiwan-panorama.com/en/Articles/Details?Guid=6e1a7132-a55b-43e3-955f-65051dfca4da&CatId=2> on 8 April 2020.
- 3 Cao Ziyang, "'Banian Kangzhan' yu 'Shisinin Kangzhan' Gainian Yunyong Zhi Sikao" [Reflections on the Conceptual Usage of the "Eight-year War of Resistance" and the "Fourteen-year War of Resistance"], *Dangshi yu Wenxian Yanjiu* [Research on Party History and Documents] 5 and 6 (2017), 47.
- 4 Hans van de Ven, *China at War: Triumph and Tragedy in the Emergence of the New China* (Massachusetts: Harvard University Press, 2018), 65-69.
- 5 According to the Boxer Protocol of 1901, foreign countries had the right to station troops outside of their diplomatic missions in Beijing. Japan, which by the 1930s had a sizeable military presence across northern China, was one of the few countries that continued to take advantage of these stipulations after the Nationalist capital was established in the southern city of Nanjing in 1927. Ibid.
- 6 The version of the events of July 7, 1937 in Chinese scholarship is more conspiratorial, claiming that the "disappearance" of the Japanese private was merely an excuse to instigate aggression, and that the Marco Polo Bridge Incident was "a long premeditated act of war." He Li, *Zhongguo Renmin Kangri Zhanzheng Shi* [History of the Chinese People's War of Resistance against Japan] (Shanghai: Shanghai Renmin Chubanshe, 2015), 64.
- 7 Cao, 47.
- 8 The railway was part of the South Manchurian Railway (SMR), a behemoth Japanese-owned company that controlled a plethora of Japanese resources in the region. The Kwantung Army

- and the SMR were both created by the Japanese state in the aftermath of the Russo-Japanese War (1904-05) in the Guandong Leased Territory on the Liaodong Peninsula. The Kwantung Army's influence grew beyond just the defense of SMR assets to defend Japanese interests of Manchuria from both the growing threats of Chinese nationalism and, after 1917, of the Soviet Union. Mariko Asano Tamanoi, ed., *Crossed Histories: Manchuria in the Age of Empire* (Honolulu: University of Hawai'i Press, 2005), 6-7.
- 9 The Japanese civilian government had no knowledge of the ruse and was caught off guard by the Kwantung Army's rapid invasion of southern Manchuria. Partially for this reason, the government cabinet under liberal prime minister Wakatsuki Reijiro quickly fell. Subsequent government cabinets all felt obliged to defend the occupation of Manchuria in the face of international criticism. Rana Mitter, *The Manchurian Myth: Nationalism, Resistance, and Collaboration in Modern China* (Berkeley: University of California Press, 2000), 4-5.
 - 10 Rana Mitter, *China's Good War: How World War II Is Shaping a New Nationalism* (Cambridge, MA: Harvard University Press, 2020), 62.
 - 11 Zhang Haiyan, "Bo 'Qi Qi' Shibian Kangri Zhanzheng Qidian Lun – Cong Riben Shiliao Jieliu Kangri Zhanzheng Qidian" [Refuting the Marco Polo Bridge Incident War of Resistance against Japan Starting Point Narrative – Exposing the Starting Point of the War of Resistance against Japan from Japanese Historical Artifacts], *Liaoning Guangbo Dianshi Daxue Xuebao* [Journal of Liaoning TV and Radio University] 134 (2015), 109-110.
 - 12 He Ying, "Kangri Zhanzheng Jiuqing Ying Cong Heshi Suan Qi" [From When Should the War of Resistance against Japan Start?], *Journal of Yan'an University* 2 (1984), 22.
 - 13 Ibid, 22.
 - 14 Jian Ming, "Qiqi Shibian Qian Jubu Kangzhan de Lishi Diwei he Zuoyong" [The Historical Position and Utilization of the Partial War of Resistance before the Marco Polo Bridge Incident], *Changbai Journal* 4 (1985), 16.
 - 15 Ibid, 16.
 - 16 This is the case on both sides of the Taiwan Straits. John J. Stephan, "The Tanaka Memorial (1927): Authentic or Spurious?", *Modern Asian Studies* 7:4 (1973), 734.
 - 17 Jian Ming, 16.
 - 18 *Ibid.*, 20.
 - 19 Guang Deming, "Kangri Zhanzheng Qidian Yanjiu Shuping" [Commentary on the Research on the Start of the War of Resistance against Japan], *Shehui Kexue Baokan* [Social Science Journal] 70 (1990).
 - 20 Wang Xiuying, "Lun Shisi Nian Kangzhan" [Discussion on the 14 Years of the War of Resistance], *Shenyang Jiaoyu Xueyuan Bao* [Journal of Shenyang College of Education] 1:4 (1999), 20.
 - 21 Ibid, 21.
 - 22 Song Li, "Kangzhan Qidian Yanjiu Shuping" [Commentary on the Research on the Start of the War of Resistance], *Shehui Kexue Dongtai* [Social Science Developments] (1997), 17-18.
 - 23 Lei Xinshi, "Di Er Ci Shijie Zhanzheng Qiyu Heshi?" [When Did World War II Begin?], *Shaanxi Shi Daxue Bao* [Journal of Shaanxi Normal University] 24.4 (1995), 31-34.
 - 24 Pan Xiangsheng, "Ying Qubie Shijie Fan Faxisi Zhanzheng he Di Er Ci Shijie Dazhan de bu Tong Qidian" [The Differing Starting Dates of the Global Anti-Fascist War and World War

- II Should be Differentiated], *The Journal of Studies of China's Resistance War against Japan*, 2 (1993), 211-217.
- 25 Wang Guilin, "Zhong Guo Kangri Zhanzheng yu Di Er Ci Shijie Dazhan de Qidian" [The Starting Points of the War of Resistance against Japan and World War II], *Beijing Dang Shi Yanjiu* [Beijing Party History Research] 3 (1993), 42.
- 26 "Xi Jinping Kangzhan Shiguan de "Ba Da Yao Yi"" [Eight Key Points on Xi Jinping's Historical View of the War of Resistance], Xinhua Wang, retrieved from http://www.xinhuanet.com/politics/2015-08/14/c_128127946.htm on 13 August 2020.
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- 28 Wang Guizhong, "Jiu Yi Ba Shibian Shi Zhongguo Kangri Zhanzheng Qidian Yanjiu Zongshu" [A Survey of the Notion that the September 18th Incident Is the Starting Point of the Chinese War of Resistance against Japan], *Dang Xue Yanjiu* [Research on Party Studies] 29.131, 117.
- 29 Yue Siping, "Guanyu Kangri Zhanzheng Yanjiu zhong de Si ge Wenti" [Regarding Four Issues in the Research of the War of Resistance against Japan], *Dang de Wenxian* [Literature of the Chinese Communist Party] 6 (2005), 45-47.
- 30 Liu Tinghua, "Lun Jiu Yi Ba Shi Zhongguo Kangri Zhanzheng de Qidian" [Statement that September 18th Is the Starting Date of China's War of Resistance against Japan], *The Journal of Studies of China's Resistance War Against Japan* 1 (2006), 192-199.
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- 38 See, for example, Wang Zheng's *Never Forget National Humiliation* and Kirk Denton's *Exhibiting the Past: Historical Memory and the Politics of Museums in Postsocialist China*.
- 39 Alon Confino, *The Nation as a Local Metaphor: Wurttemberg, Imperial Germany, and National Memory, 1871-1918* (Chapel Hill, 1997).

- 40 Mitter, *China's Good War*, 57-58.
- 41 See Mao Tse-tung, "On Contradiction," August 1937, *Selected Works of Mao Tse-tung*, retrieved from https://www.marxists.org/reference/archive/mao/selected-works/volume-1/mswv1_17.htm on 7 April 2020.
- 42 He Ying, 22.
- 43 Elizabeth C. Economy, *The Third Revolution: Xi Jinping and the New Chinese State* (Oxford: Oxford University Press, 2018), 11.
- 44 Timothy Cheek, "Mao, Revolution, and Memory" in Timothy Cheek, ed., *A Critical Introduction to Mao* (Cambridge: Cambridge University Press, 2010), 21.
- 45 For more on this, see Rana Mitter, *Forgotten Ally: China's World War II 1937-1945* (New York: First Mariner Books, 2013), 13.
- 46 One of the best-known examples is Claire Chennault and the "Flying Tigers." See Daniel Ford, *Flying Tigers: Claire Chennault and the American Volunteer Group* (Washington: Smithsonian Institution Press, 1991).
- 47 Liu Tinghua, "Zhongguo Kangri Zhanzheng Shi Yanjiu de Jige Wenti" [Several Research Questions on the History of the Chinese War of Resistance against Japan], *Shixue Yuekan* [History Monthly] 3 (1987), 56.
- 48 "Xi Jinping: Zai Jinian Zhongguo Renmin Kangri Zhanzheng ji Shijie Fan Faxisi Zhanzheng Shengli 75 Zhou Nian Zuotanhui shang de Jianghua" [Xi Jinping: Speech at the Symposium Commemorating the 75th Anniversary of the Victory of the Chinese People's War of Resistance against Japan and World War II], Xinhua Wang, retrieved from http://www.xinhuanet.com/politics/2020-09/03/c_1126449917.htm on 8 October 2020.
- 49 Mitter, *China's Good War*, 4.
- 50 Cao Ziyang, 50.
- 51 Ibid, 51.
- 52 Ibid, 51.
- 53 Ibid, 51.
- 54 Mitter, *China's Good War*, 92.
- 55 Cao, 52.

2021-22 WILSON CHINA FELLOWSHIP

The Domestic Sources of China's Maritime Assertiveness Under Xi Jinping

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Abstract

Under Xi Jinping, China has undertaken major organizational reforms that have led to a more coordinated maritime policy, better enabling the military, coast guard, and maritime militia to synchronize their actions on the water. However, as this report demonstrates, problems with policy fragmentation have yet to be completely resolved. One implication is that, during a crisis scenario, the difficulty of reigning in these maritime actors could undermine efforts by China's leaders to de-escalate tensions. This report also suggests that, while these organizational reforms seem to have helped the Chinese Communist Party to tighten its control over maritime policy, Xi's efforts to consolidate his personal authority have also played a major role in shaping the incentive structure under which China's foreign policy and maritime actors operate. In particular, his ideological indoctrination and anti-corruption drives have bolstered bureaucratic and professional incentives to behave assertively in the maritime realm.

Implications and Key Takeaways

- To limit the risk of crisis escalation in the maritime domain, U.S. military and political leaders should preserve off-ramps and avoid inflammatory actions and rhetoric that risk boxing China's leaders into maintaining an aggressive response.
- The United States should distinguish between PLA and gray-zone actors and should utilize economic and diplomatic tools to impose costs on the specific actors responsible for aggressive behavior.
- U.S. leaders should resist the temptation to use ostensibly less provocative white hull vessels to confront the CCG, which operates in the vicinity of the PLA navy.
- The U.S. military should work with the PLA to establish a faster and more reliable crisis communication system that takes into account the various internal political factors that could make senior Chinese officers reluctant to pick up the phone during a crisis.

- Senior military officers on both sides should ensure the continuation of high-level dialogues, and interlocutors should emphasize the role of coast guard and militia vessels in discussions about operational safety and risk reduction.

Introduction

While China's maritime assertiveness precedes the rise of Xi Jinping,¹ China has taken an even more proactive stance in defending its offshore sovereignty claims. Since becoming general secretary of the Chinese Communist Party (CCP) in 2012, Xi has repeatedly emphasized the need to "resolutely safeguard our sovereignty."² His "China Dream" and nationalist agenda have stoked popular passions and the belief that an increasingly more powerful China ought to take a firm and resolute stance in its territorial disputes. Moreover, the COVID-19 pandemic appears to have heightened the leadership's desire to showcase their willingness to push back against foreign challenges.³

Since Xi Jinping came to power, the CCP has sought to centralize its foreign policy, with Xi unabashedly appointing himself "chairman of everything."⁴ Yet despite his efforts to dominate the decision-making process, the many sub-national actors involved in shaping Chinese foreign policy outcomes continue to act with discretion. With respect to the maritime domain, Xi has overseen major organizational reforms to tighten the Party's control over key maritime security actors.

These changes have yielded a more coordinated maritime policy and have coincided with the increased convergence of China's maritime actors around more assertive behavior. However, Xi has yet to fully overcome the challenge of policy fragmentation. Individual actors still prioritize narrow bureaucratic and professional interests, and the domestic political climate unique to the Xi era contributes to their increased assertiveness. The intensely nationalistic political environment that he has cultivated provides certain maritime actors with an opportunity to push their own hardline agendas, while his efforts to consolidate power have created professional incentives for others to burnish their patriotic credentials.

This policy report provides an overview and assessment of the CCP's efforts under Xi to strengthen its grip on maritime policy. The first section focuses on key organizational reforms. Section two provides an in-depth look at recent attempts to streamline and bolster two key maritime security actors: the coast guard and the maritime militia. Section three looks at the behavior of these actors during a 2014 standoff between China and Vietnam in the South China Sea. The fourth section discusses how Xi's consolidation of power has shaped the bureaucratic and professional incentives of China's foreign policy

and maritime actors. The concluding section discusses the implications and provides policy recommendations for the United States.

I. Organizational Reforms

As China's global reach has expanded, so too has the number of domestic actors with foreign policy interests.⁵ This has made it possible for a diverse set of actors—such as those representing the Party, state, and military, as well as various sectoral and regional interests—to influence foreign policy decisions and outcomes.⁶ The top leadership has relied on these disparate actors to interpret and implement broad foreign policy directives. As a result of the decentralization and pluralization of China's foreign policy-making process, subnational actors have exercised considerable discretionary power and have sought to advance their narrower self-interests. However, the discretionary power of foreign policy actors has led to bureaucratic stove-piping and discord, frequently impeding China's ability to send clear signals to foreign audiences. These problems were particularly pronounced during Hu Jintao's tenure (2002-12), when the CCP became defined by growing fragmentation and factionalism.⁷

To combat the infighting and lack of bureaucratic coordination under his predecessor, Xi Jinping has sought to recentralize foreign policy under the leadership of the Party. In doing so, Xi has also strengthened his personal authority. Under his watch, the CCP has expanded the use of “top-level design,” or the use of general blueprints into which more detailed sub-plans are incorporated.⁸ While initially applied to economic policymaking,⁹ the concept has also been extended to diplomacy and foreign policy.¹⁰ These efforts to recentralize foreign policy are reflected in the creation of the National Security Commission (NSC) in January 2014, as well as the upgrading of the Leading Small Group (LSG) on Foreign Affairs to the Central Commission on Foreign Affairs (CCFA) in March 2018. The designation of the CCFA, a Party institution, as the decision-making center for foreign policy is consistent with the 19th CCP Central Committee's declaration that “the Party is in charge of the overall situation in foreign affairs.”¹¹

With respect to the maritime domain, an organizational overhaul was well overdue. The lack of cohesion among China's maritime actors was widely regarded as a liability that could prevent China from achieving its objective of

becoming a “maritime great power.” In 2012, the CCP, in a move to coordinate China’s various maritime actors, established the Central LSG for Protecting Maritime Rights and Interests, which was led by Xi Jinping. Its members included high-ranking officials from the Ministry of Foreign Affairs, Ministry of Public Security, Ministry of Agriculture, State Oceanic Administration, and the PLA Navy.¹² However, due to increased tensions in both the East and South China Seas, the CCFA, created in 2018, absorbed the responsibilities of this LSG. As described in the Central Committee’s plan announcing the change, the decision to abolish the LSG was made to “better coordinate the resources and manpower of diplomatic and maritime departments.”¹³

II. Maritime Actors

The broad reforms that were made to China’s foreign and maritime policy apparatus have had major implications for China’s various maritime security actors. While there are numerous state- and non-state actors involved in China’s maritime domain, this section focuses on how the Xi administration’s centralization efforts have affected the China Coast Guard (CCG) and maritime militia. These two actors are of particular importance given the key role they play on the frontlines of China’s maritime disputes.¹⁴ As this section demonstrates, the CCP’s efforts to improve the efficacy and synchronization of the CCG and maritime militia have thus far been modestly successful.

The China Coast Guard (CCG)

The China Coast Guard was established in mid-2013 as part of a major bureaucratic overhaul to consolidate China’s previously separate and rival maritime law enforcement forces.¹⁵ This move involved the unification under the CCG of four of China’s “five dragons,” or the various agencies previously responsible for maritime law enforcement.¹⁶ The lack of coordination among these “dragons,” which had overlapping responsibilities, was seen as an impediment to consistent and effective maritime law enforcement.¹⁷ Captain Zhang Junshe, a researcher at the PLA’s Naval Military Academic Research Institute, described the reorganization as the creation of an “iron fist” that would replace the ineffective operations previously overseen by these balkanized forces.¹⁸

The 2013 organizational overhaul, however, failed to synergize China's maritime law enforcement forces, largely because oversight of the CCG was shared by two competing agencies: the State Oceanic Administration (SOA) and the Ministry of Public Security (MPS).¹⁹ While the SOA was officially put in charge of the CCG, state media reported that the MPS had the authority to give "operational guidance."²⁰ Adding to the confusion about the chain of command, Meng Hongwei, a vice-minister of the MPS, was put in charge of the CCG. In terms of Party ranking, Meng outranked the head of the SOA, Liu Cigui, fueling an intense power struggle between the two leaders and impeding cooperation between the SOA and MPS.²¹ Moreover, while SOA oversight suggested that the CCG was a civilian agency, the involvement of the MPS muddled this designation. For example, the MPS tended to staff the CCG with personnel from the People's Armed Police (PAP), a paramilitary organization that was at the time under the command of the MPS.²²

In 2018, in yet another effort to improve the efficacy of China's maritime law enforcement forces, the CCG was placed squarely under the command of the People's Armed Police (PAP). This move came after the PAP was put under the leadership of the Central Military Commission (CMC) earlier that year.²³ Personnel changes, such as the appointment of PLA Navy Rear Admiral Wang Zhongcai as commander of the CCG, further solidified the military's (and Xi's) authority over the coast guard.²⁴ This change in leadership came as two generals who served on the CMC were purged and after Meng Hongwei was relieved of his duties. In late 2018, Meng went missing and was later charged with corruption and other crimes.²⁵ As one senior researcher noted, given that the "Party commands the gun," ultimately transferring the oversight of the coast guard to the CMC also served the purpose of tightening the CCP's control over China's maritime law enforcement forces.²⁶

The decision to put the CCG under military rather than civilian control is significant because it paves the way for its potential participation in combat operations with the PLA Navy (PLAN) during wartime. Moreover, this action was seen as conducive to inter-service coordination. Previously, as a senior Chinese maritime security researcher observed, due to unclear responsibilities and overlapping tasks, the PLAN often "assumed some tasks that should have been undertaken by the Coast Guard."²⁷

Ensuring that the CCG (and not the PLAN) remains on the frontlines of rights protection in contested waters is important to China's wager that its use of white hull ships will minimize the risk of crisis escalation with foreign vessels. However, as Ryan Martinson has observed, despite these organizational changes, interoperability between the CCG and PLAN remains weak and intelligence sharing between the two appears to be situational.²⁸ The CCG has yet to be integrated into a PLA theater command, further hindering collaboration between these two actors, especially on-shore. As Martinson notes, the 2020 edition of the *Science of Military Strategy*, an authoritative textbook published by the PLA's National Defense University, urged the CCG to "strengthen and refine the system and mechanisms for joint early warning, joint command, and joint operations with the navy" – suggesting that the problem had yet to be rectified.²⁹ Similarly, as Jin Yongmin, the director of the Shanghai Academy of Social Sciences' Ocean Strategy Center, noted, "We have a structure and framework, but differentiation of duties is still not clearly defined."³⁰

In January 2021, in an effort to further synergize China's maritime law enforcement forces, the National People's Congress standing committee passed a new Coast Guard Law. The new law serves the purpose of standardizing the CCG's operations. As Luo Shuxian notes, even after the establishment of the CCG in 2013, its legal foundation continued to be based on the legal codes that had separately guided the four "dragons" that comprised the new maritime law enforcement entity. As a result, considerable confusion remained about when and how the CCG was authorized to use force.³¹

While intended to rectify this problem, the Coast Guard Law's provocative provisions have been a source of regional concern. The law gives the CCG legal authority to take "all necessary means," including firing on foreign vessels when foreign actors violate China's national sovereignty and sovereign rights.³² Although China is not alone in permitting its coast guard to use force against foreign vessels, a fact that Chinese state media was quick to point out, observers have warned of its potential to escalate incidents at sea. Furthermore, although the new law provides a common legal basis for China's maritime law enforcement actors, the ambiguous language of the law still gives these actors considerable discretion when determining when and how to use force.³³ For example, the law says that CCG personnel can use hand-held firearms when trying to stop "unlawful activities," but does not specify what

activities count as “unlawful;” it also permits the use of ship- and air-borne weapons when “handling serious violent incidents” at sea, but does not clarify what constitutes a “serious violent incident.”³⁴ Moreover, the law’s provisions apply to China’s “jurisdictional waters,” which are not defined and thus, with respect to the South China Sea, could be interpreted as referring to the entire body of water within the “nine-dash line.”³⁵

Maritime Militia

While China’s maritime militias have operated in contested waters for decades, the frequency and scope of their activities have grown under Xi Jinping. These militias are comprised of civilian personnel, many of whom are fishermen, who also serve as an auxiliary force of the PLA.³⁶ They are key participants in China’s effort to establish and maintain control over peacetime activities in disputed waters, especially the South China Sea. To do so, they engage in three types of operations: 1) maintaining China’s presence in disputed waters; 2) escorting Chinese oil and gas survey vessels and drilling rigs in disputed waters; 3) and assisting in maritime law enforcement by expelling foreign fishing and survey ships from waters that China claims.³⁷ Over the last decade, the militias have operated alongside military and law enforcement vessels in several high-profile standoffs with other regional claimants, including the 2012 Scarborough Shoal standoff with the Philippines and the 2014 oil rig standoff with Vietnam.

In 2013, Xi Jinping visited Hainan province’s Tanmen township, signaling his intent to give the maritime militia a larger role in maritime rights protection. The township is home to the Tanmen Maritime Militia Company, which was intimately involved in the 2012 Scarborough Shoal standoff, which ended with China effectively gaining control of the area. Tanmen militia vessels were trapped by Philippine forces in the disputed lagoon after being apprehended for illegally poaching giant clams.³⁸ During his trip to Tanmen, Xi commended the militia for their role in protecting China’s sovereignty claims.³⁹ He also urged them to “learn how to use modern equipment and improve their working capabilities,” and said that they should not only focus on fishing, but should also “collect information and support the construction of islands and reefs.”⁴⁰ Xi’s visit was followed by a drive to expand and professionalize the maritime militia.⁴¹

As Luo Shuxian and Jonathan G. Panter put it, Xi's trip "unleashed a nationwide push to build the militia into a genuine third arm of China's 'PLA-law enforcement-militia joint defense' maritime sovereignty defense strategy."⁴²

Oversight of the maritime militia was simplified as part of major organizational reforms to the PLA that began in early 2016. Under the Central Military Commission (CMC), defense mobilization was elevated to the National Defense Mobilization Department (NDMD).⁴³ The NDMD was one of 15 functional departments that were created to improve the CMC's ability to serve as a "connecting link" in the military leadership and command system. The NDMD was put in charge of overseeing provincial-level military districts and the PLA's mobilization work, which involves leveraging quasi-civilian actors like the maritime militia to defend China's sovereignty claims. While these reforms have streamlined the military's control over the maritime militia, the militia is still subject to the "dual-responsibility system" in which local civilian leaders are involved in overseeing militia work. Thus, while the NDMD formulates policies for how the provinces should support national defense efforts, civilian leaders at the provincial level and below are then tasked with implementing these policies through the funding and building of militia forces, which are then trained and commanded by local PLA commands.⁴⁴

Although the organizational structure described above appears to tie the maritime militia closely to the military's senior leadership, local military and civilian leaders have retained considerable autonomy in organizing militias. For example, Guangxi province's "Maritime Militia Construction Plan for 2020" was formulated by members of the provincial-level National Defense Mobilization Committee, which is jointly overseen by the Guangxi provincial military district and the provincial civilian government.⁴⁵ As Andrew Erickson and Conor Kennedy note, "militias are not built in a cookie cutter fashion, directed from national-level leadership; rather, they are organized with two things in mind: the local populace and their industrial or institutional capacity; and what requirements they are intended to satisfy."⁴⁶

The maritime militia is a key way by which local civilian authorities may influence outcomes in the maritime domain. Leaders of coastal provinces have a vested economic interest in the South China Sea's fishery and hydrocarbon resources, and thus lobby the center for more financial support for the maritime militias that operate in their jurisdictions.⁴⁷ Local governments also see

the center's financial support as an opportunity to assist the local fishing industry by using the funds to upgrade the militia's fishing trawlers.⁴⁸ For local officials and the maritime militia, the current nationalistic political climate only fuels these incentives to support a tougher maritime policy and engage in assertive behavior.

Greater efforts under Xi Jinping have been made to increase funding for the maritime militia, such as through subsidies for fuel and the construction or outfitting of vessels, as well as for the training and compensation of personnel.⁴⁹ Local governments supplement central government funding, with some municipal governments even providing one-time bonuses to militia members for operating in "specially designated waters" in the South China Sea.⁵⁰ These bonuses incentivize militia personnel to participate in maritime rights protection activities. However, local resources are often not enough to make up for the shortfall in funds provided by the center.⁵¹ The inadequate compensation reportedly drives many militia personnel to pursue commercial fishing at the expense of militia duties.⁵² But at the same time, nationalistic calls to uphold Chinese sovereignty work to mitigate the temptation to deprioritize militia work.

III. HYSY-981 Standoff

The CCG and maritime militia, together with the PLA, have participated in several high-profile incidents involving foreign vessels in contested waters. The 2014 HYSY-981 standoff, sparked by the operation of a Chinese oil rig in waters also claimed by Vietnam, took place amidst the CCP's drive to centralize and coordinate its maritime security actors. While more recent incidents would offer a better assessment of these efforts, publicly available information is limited. Nevertheless, the HYSY-981 standoff is informative because of the heavy involvement of the CCG following the consolidation of maritime law enforcement forces, as well as the maritime militia during a period of rapid expansion. This section therefore focuses on the 2014 standoff, which is the most recent incident about which there is substantial information. As this section shows, despite the party's efforts to tighten its grip over the various actors involved in China's maritime security, these actors still appear to have pursued their own bureaucratic and professional interests.

The HYSY-981 standoff involved China's defense of the Haiyang Shiyou-981 (HYSY-981) oil rig in a confrontation with Vietnam in waters near the disputed Paracel Islands in the South China Sea. The standoff was the most severe Sino-Vietnamese crisis since 1988, when armed forces from the two sides clashed over control of Johnson Reef. In early May 2014, the HYSY-981 oil rig, China's first deep-water semisubmersible drilling platform, was moved into waters that Vietnam considers its exclusive economic zone (EEZ).

While the expedition was directed by the state-owned China National Petroleum Corporation (CNPC), the decision to move the oil rig into Vietnam's EEZ was approved at the highest level. However, the proposal to do so was relayed to the top by then State Councilor Yang Jiechi, who at the time headed the office that serviced the Central Leading Small Group for Protecting Maritime Rights and Interests.⁵³ As Linda Jakobson notes, whereas Yang's predecessor had refrained from passing on similar proposals, which were championed by Hainan provincial officials, Yang "made the decision because safeguarding China's rights has been elevated in the transformed political climate under Xi, and Yang wanted to show his nationalist credentials."⁵⁴

Hanoi responded by dispatching vessels to intercept the oil rig, prompting China to send in both national and provincial coast guard vessels, fishing boats, and navy ships. Violent clashes ensued, with each side claiming that their ships had been rammed by vessels belonging to the other. The most serious of these clashes involved the sinking of a Vietnamese fishing boat.⁵⁵ At the height of the standoff, as many as 130 Chinese vessels were reportedly spotted at the site.⁵⁶

The presence of PLAN vessels suggests that the maritime law enforcement and militia ships involved in protecting the HYSY-981 were operating under unified military command, reflecting a coordinated effort by the PLA, CCG, and maritime militia.⁵⁷ As Jakobson notes, the reasonably efficient inter-services response was due to the PLAN's leading role in orchestrating the response,⁵⁸ which was facilitated by the consolidation of China's disparate maritime law enforcement forces under the CCG. The majority of vessels that participated in the defense of HYSY-981 were militia ships, also reflecting a high level of coordination between the PLA and its reserve forces. However, as Luo Shuxian and Jonathan Panter note, militia members' dissatisfaction with

the compensation they are given for participating in maritime rights protection activities—reportedly 500 RMB per day—“created substantial difficulty for China in mobilizing the militia” during the standoff.⁵⁹ Yet those that participated did so despite being poorly compensated, suggesting that they were acting according to other, likely nationalistic, incentives.

Although China's actions at sea during the standoff with Vietnam were relatively coordinated, its broader response during the bilateral crisis was far less seamless. Yang Jiechi, despite having relayed the proposal to move the HYSY-981 into Vietnam's EEZ, was sent to Vietnam in June to co-host a bilateral meeting with his Vietnamese counterpart. His visit to Vietnam reflected the leadership's desire to de-escalate tensions and end the crisis, as well as its concern and possible dissatisfaction with how the standoff was unfolding. The Ministry of Foreign Affairs (MFA), which the State Council oversees, also appears to have been kept in the dark about the aggressive actions undertaken by Chinese vessels during the course of the standoff.⁶⁰ When asked at a press conference about the sinking of the Vietnamese vessel, MFA spokesperson Hua Chunying replied that she was “not aware of the situation.”⁶¹

China's effort to reduce tensions with Vietnam was further bolstered by the early departure of the HYSY-981. The oil rig left the area on July 15, despite previously announcing that it would operate there until mid-August. Although the MFA publicly insisted that the oil rig left the area early because it had finished its work ahead of schedule and “had nothing to do with any external factors,”⁶² its early departure allowed Vietnam to claim that it had successfully expelled the rig.⁶³ Fortunately for China's leaders, an incoming typhoon provided an opportunity to “save face” while removing the oil rig. But the decision also appears to have been a deliberate effort to mend relations with Vietnam, as it coincided with China's release of 13 Vietnamese fishermen that it had previously detained.⁶⁴ Just prior to withdrawal of the oil rig, on July 11, the U.S. Senate passed a resolution that condemned China's coercive and destabilizing actions and urged it to remove the oil rig.⁶⁵ And on July 14, President Obama told Xi in a phone conversation that he wanted the “constructive management of differences.”⁶⁶ While China's leaders were eager to repair relations with Vietnam in the wake of growing U.S. and regional pushback, it was important to China's leaders to avoid any perception of caving to external pressure.

However, even after China signaled its intention to de-escalate tensions, the PLA continued to provoke Vietnam. On August 23, the PLAN South Sea Fleet organized a large-scale joint exercise in the Beibu Gulf involving Navy, Air Force, maritime law enforcement, and maritime militia vessels. The joint exercise, which focused on protecting a drilling platform from foreign armed fishing boats,⁶⁷ risked undermining Xi Jinping's August 28 meeting with Le Hong Anh, a special envoy of the general secretary of Vietnam's Communist Party. Xi's desire to repair ties with Vietnam was made clear in the meeting with Anh, in which Xi called for joint efforts "to put the bilateral relationship back on the right track of development."⁶⁸

Since the HYSY-981 incident, Xi has worked to further consolidate his authority, including over China's maritime security actors. Thus, the PLA, as well as the CCG and maritime militia, might now be more vigilant about exercising restraint when top leaders signal their intent to de-escalate crises at sea. But so far, the extent to which China's maritime security actors are willing and able to coordinate their actions with other foreign policy actors, such as the MFA, is uncertain. More recent clashes – including a 2019 standoff with Vietnamese vessels near Vanguard Bay in the Spratlys, as well as a 2020 standoff with Malaysian vessels near Borneo – have, luckily, not escalated to the same degree as the HYSY-981 incident. Nevertheless, the nationalistic political environment that Xi has continued to foster only makes it more difficult for the CCP leadership to discipline and rein in those foreign policy actors who are proactive in safeguarding China's sovereignty claims.

IV. Explaining Maritime Assertiveness: Professional Incentives to Act Tough

The HYSY-981 standoff has been described as an "inflection point" in China's assertiveness in the South China Sea.⁶⁹ Unlike earlier crises in which China's assertive behavior was largely reactive, the HYSY-981 incident was a crisis of China's own making, having started with a calculated decision to move the oil rig into contested waters. In the initial stage of this standoff, actors with a stake in China's maritime policy converged around more assertive behavior. Moreover, the organizational changes adopted under Xi Jinping appear to have led to improved coordination among the PLA, CCG, and maritime militia,

allowing China to practice using coercion more effectively on the water. At the same time, however, the standoff also revealed continued coordination problems between these actors and the MFA, as well as the difficulty of ensuring that, during a crisis, these actors can be reined in even after top leaders signal that diplomacy should take precedence.

Why have China's foreign policy actors, including those with a stake in maritime policy, converged around more assertive behavior? China's assertiveness in the South China Sea, particularly in the period since China adopted many of the organizational changes described in this report, is often attributed to Xi's ambitious strategic objectives.⁷⁰ However, while assertive behavior is certainly consistent with Xi's emphasis on defending China's sovereignty, he has not delineated the precise steps that China's foreign policy actors must take. Rather, they are still expected to use discretion in determining how to carry out his agenda. In other words, Xi has outlined the broader strategic context, but the decentralized nature of the incentive structure under which subnational actors operate influences the specific actions they take.

Even as Xi Jinping has amassed greater personal power, China's foreign policy actors have continued to use their discretionary authority to pursue their bureaucratic and professional interests. In the Xi era, however, these interests have tended to align with a more assertive foreign policy posture. In the maritime domain, the heightened nationalism fueled by Xi provides political cover for the PLA, CCG, and maritime militia to push their own interest in proactively advancing China's sovereignty claims.⁷¹ For each of these actors, a tougher stance would in turn help to justify their requests for greater financial and political support to bolster their capabilities.

Additionally, the steps that Xi has taken to increase his personal power have created professional incentives for others to shore up their patriotic credentials. In today's political environment, foreign policy actors, particularly those who may not have had hawkish preferences to begin with, now have incentives to demonstrate their loyalty and ideological conformity by safeguarding China's interests from foreign challenges. The CCP's implementation of an ideological indoctrination campaign, which has been a key part of Xi's effort to impose ideological conformity and discipline on the bureaucracy,⁷² has only intensified these incentives. As part of this campaign, CCP cadres must participate regularly in "Xi Jinping Thought" seminars, and some have also

been required to participate in self-criticism sessions, a throwback to the Mao era.⁷³ According to Minxin Pei, “virtue”—or loyalty to the Party—is now prioritized ahead of merit and technocratic skills.⁷⁴

Fear of becoming implicated in Xi’s anti-corruption campaign, which has simultaneously involved the removal of political rivals and potential challengers, has heightened the stakes for cadres at all levels of power to avoid making political mistakes. Under these circumstances, officials are likely to believe that it is safer to err on the side of being too patriotic rather than not patriotic enough. Furthermore, the increased scrutiny under which officials are operating makes it tempting for them to seek political cover by appealing to nationalism. This dynamic was evident during the HYSY-981 standoff. CNPC, which directed the expedition into Vietnam’s EEZ, did so amidst corruption probes into the company’s senior leadership. Targeted CNPC officials included the sister-in-law of Zhou Yongkang, China’s former oil czar and security chief, who in 2014 became and the most senior official to have been taken down on charges of corruption.⁷⁵ As Bill Hayton notes, “CNPC’s management might have regarded a mission to fly the flag in disputed territory as a way of currying favor with the Politburo and saving their skins.”⁷⁶

V. Conclusion and Policy Recommendations

This report demonstrates that there have been improvements in maritime policy coordination under Xi Jinping, but also reveals that problems with policy fragmentation have yet to be completely resolved. In particular, organizational reforms adopted by the Xi administration have improved the ability of the PLA, CCG, and maritime militia to synchronize their actions on the water. However, whether they are willing and able to coordinate their actions with other important foreign policy actors, like the Ministry of Foreign Affairs, is questionable. Even more problematically, there is reason to be skeptical about whether, during a crisis scenario, these maritime security actors would refrain from undermining efforts by China’s leaders to de-escalate tensions.

Fragmentation in China’s foreign policy is not unique to the maritime domain. For example, when China has attempted to coerce important foreign economic partners, the central government has often relied on local government officials to target foreign businesses for inspections, withhold licenses,

and carry out other types of informal sanctions.⁷⁷ However, local leaders who depend on these foreign economic partners as a source of local economic growth go to considerable lengths to protect these commercial relationships, complicating the center's punitive efforts. Additionally, local leaders in peripheral provinces have also proven capable of shaping China's bilateral relations with its neighbors by pursuing narrow interests that often diverge from national interests.⁷⁸ In a similar vein, subnational actors, through their pursuit of narrow commercial interests, have also contributed to the Belt and Road Initiative's haphazard expansion.⁷⁹ Yet while foreign policy is often executed in a decentralized fashion, because China's maritime policy has immediate implications for its "core interests," it is a domain where we would be most likely to see China behave as a unitary actor. This report shows, however, that this is not the case, even despite recent organizational reforms that have helped the CCP to tighten its control over maritime policy.

This report also argues that Xi's efforts to consolidate his personal authority have played an important role in shaping the behavior of China's foreign policy and maritime actors. Specifically, his ideological indoctrination and anti-corruption drives, combined with heightened nationalism, have bolstered bureaucratic and professional incentives to behave assertively in the maritime realm. While Xi and other top leaders have championed a more proactive approach to defending China's maritime claims, they also wish to preserve room for maneuver and want to avoid further provoking a counterbalancing coalition. However, the leadership's ability to walk this fine line is compromised by the belief held by China's maritime actors that they will be rewarded for aggressively defending China's sovereignty claims.

China's maritime assertiveness, especially the intimidation of foreign vessels by the coast guard and maritime militia, are detrimental to the United States' interest in maintaining peace and stability in the East and South China Seas. Because China's more proactive attempts to safeguard its offshore sovereignty claims have coincided with bold moves by Xi Jinping to strengthen his grip over the party, government, military, and society, the confrontational behavior of China's various maritime actors tends to be viewed as part of a well-orchestrated and ambitious grand strategy to displace American leadership in the Indo-Pacific. The findings of this policy report, however, suggest that it is premature to treat China as a unified actor, including in the maritime domain.

For the United States, the tendency to attribute each aggressive move by Chinese maritime security actors to revisionist strategic intentions helps to justify the adoption of an unqualifiedly zero-sum approach to countering Chinese assertiveness in the maritime realm. In the political climate that has come to define the Xi era, a zero-sum strategy by the United States is even more likely to prompt China's many foreign policy and maritime actors to double down in demonstrating their patriotic credentials. To minimize the risk of the U.S.'s China strategy becoming a self-fulfilling prophecy, Washington needs to be more precise in its assessment of China's strategic intentions. This requires abandoning the incorrect assumption that Xi Jinping's China is a monolithic actor and recognizing the domestic political incentives that motivate China's foreign policy actors.

A careful consideration of the roles and incentives of China's various foreign policy and maritime actors yields the following recommendations for U.S. policymakers:

- While countering acts of Chinese aggression is important, to limit the risk of crisis escalation in the East and South China Seas, U.S. military and political leaders should remain cognizant of the importance of preserving off-ramps. China's leaders, as well as its foreign policy and maritime actors, are under immense pressure to demonstrate to internal and external audiences their willingness to stand up to foreign challenges. As such, during a maritime confrontation or standoff, U.S. leaders should avoid inflammatory actions and rhetoric that risk boxing China into an escalatory stance.
- The United States should adopt a calibrated response to acts of Chinese aggression, distinguishing between PLA and gray-zone (i.e., CCG and militia) actors. The United States should utilize economic and diplomatic tools to impose costs on the specific actors responsible for these aggressive acts. For example, the United States could adopt sanctions that target the commercial interests of maritime militia units involved in harassing foreign vessels.
- The United States should limit the activities of the U.S. Coast Guard in the Indo-Pacific. U.S. leaders should not assume, as their Chinese

counterparts do, that relying on coast guard vessels to assert national interests in disputed waters will diminish the risk of crisis escalation. U.S. leaders must avoid the temptation to use ostensibly less provocative white hull vessels to confront the CCG, which operates with the knowledge that the PLA navy is not far away. This is even more so the case in light of the organizational changes that have brought the China Coast Guard more firmly under the PLA's leadership.

- The United States military should work with the PLA to establish a faster and more reliable crisis communication system. To ensure that communication mechanisms function effectively, efforts to improve these systems must take into consideration the various internal political factors that could make senior Chinese officers reluctant to pick up the phone during a crisis.
- Senior military officers on both sides should also ensure the continuation of high-level dialogues like the Military Maritime Consultative Agreement working group. Given the organizational reforms that have streamlined the PLA's command over the CCG and maritime militia, interlocutors should emphasize the role of coast guard and militia vessels in discussions about operational safety and risk reduction.

The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.

Notes

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- 7 Jean-Pierre Cabestan, “China’s Foreign and Security Policy Institutions and Decision-Making under Xi Jinping,” *The British Journal of Politics and International Relations*, 2021, 23:2, 321.
- 8 The adoption of this concept “is intended to ensure unified implementation of central government-level policy so the core leadership’s policy programs can guide priorities throughout the system.” Nis Grunberg and Katja Drinhausen, “The Party Leads on Everything: China’s Changing Governance in Xi Jinping’s New Era,” *Report: China Monitor*, Merics, September 24, 2019, <https://merics.org/en/report/party-leads-everything>.
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2021-22 WILSON CHINA FELLOWSHIP

Xi Jinping and Ideology

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Abstract

Is Xi Jinping an ideological person? Not taking ideology seriously in China would be a mistake, but sweeping statements about ideology's decisive influence can obscure more than they illuminate. Treating the content of ideology as a variable that explains everything fails to appropriately account for politics and contingency. Linking ideology to specific actions faces serious methodological challenges, and outside observers have often gotten the role of ideology wrong in Leninist states. The life of Xi Jinping's own father Xi Zhongxun suggests the difficulty of placing Chinese leaders clearly on an ideological spectrum. In his own remarks on ideology, Xi Jinping has displayed two consistent "shticks" that might seem contradictory to outside observers: a distaste for radicalism and dogmatism and a preoccupation with conviction, values, and dedication.

Implications and Key Takeaways

- Ideology is a term with many meanings, and policymakers should be explicit about what they are talking about when they use the term. New evidence shows the extent to which outside analysts have incorrectly understood the role of ideology in Chinese elite politics.
- With regards to ideology, President Xi Jinping has consistently displayed two "shticks" that might seem contradictory to outside observers: a distaste for radicalism and dogmatism and a preoccupation with conviction, values, and dedication.
- Despite the return of some Mao-era rhetoric, Xi views struggle not in a "class" sense but rather as "forging" experiences that increase party members' devotion to the cause through hardship and challenge.
- Two factors may indicate a shift in Xi's approach to ideology: 1). Xi believes that the United States opposes Beijing for both ideological and power political reasons; that American efforts to undermine the CCP will only increase; and that Washington uses ideological infiltration to achieve that goal; and 2). As Xi's time as top leader continues and the

propaganda apparatus increasingly emphasizes his stature, the prospect of “leftist” adventures may become increasingly tempting.

Introduction:

Is Xi Jinping an “ideological” leader? Western and Chinese observers often portray Xi as someone whose actions are more guided by Stalinist, Maoist, and communist ideas than his immediate predecessors. Sourcing Xi’s behavior in ideology, according to this view, is essential for understanding him. Analysts who believe China and the United States have entered a new Cold War similarly stress the ideological nature of Beijing’s agenda.¹

Not taking ideology seriously in China would be a mistake. Yet sweeping statements about ideology’s decisive influence can obscure more than they illuminate. As a social science concept, the term “ideology” has been used to express an extraordinary number of meanings.² When debates remain on the level of whether a person or regime is “ideological” or “nonideological,” discussants necessarily talk past one another—addressing specific meanings of ideology separately is a more fruitful endeavor. Furthermore, treating ideology as a keystone variable that explains everything fails to appropriately place ideology in the context of politics and contingency. Such a perspective can both underrate the full repertoire of the Leninist toolkit and tactical flexibility, and, at least occasionally, also underestimate opportunities for compromise or cooperation. Moreover, political scientists have identified extensive methodological difficulties facing anyone who wants to directly link the content of an idea with a policy outcome. Especially in Leninist regimes such as China, a “black box” of authoritarian politics, outside observers have consistently misunderstood the nature of ideology or overargued its significance.

Because of the myriad meanings of ideology and the opacity of elite politics in Beijing, this paper does not attempt a dichotomous “yes” or “no” answer to the question of whether Xi Jinping is an ideological person. It does not address the role of ideology as a form of social control and legitimation or whether regular Chinese citizens have cohesive ideological views, two topics which other scholars have already researched in great depth.³ Instead, it provides useful evidence on two manageable topics of interest to provide some traction for how we should think specifically about elite politics, ideology, the Chinese Communist Party (CCP), and Xi Jinping.

First, I use the life of Xi Zhongxun, the father of Xi Jinping, to show the surprising ways that ideology did, and did not, shape behavior in specific instances. Xi Zhongxun is an especially useful figure for this purpose, as he is

widely seen as the quintessential humane, practical, “reformist”-style CCP cadre. Despite that reputation, Xi Zhongxun often acted in ways that question the usefulness of the idea of cohesive ideological “factions” within the party. Xi Zhongxun’s career also reveals the surprising extent to which even a party of individuals who share a Bolshevik “operational code” can differ amongst themselves.

Second, I draw upon a wide variety of previously unused materials to describe an interesting tension that has persisted in Xi Jinping’s expressed views of ideology since he was a very young man. Xi has repeatedly and consistently mocked people who bring a dogmatic, extremist approach to policy and has advised caution about taking steps beyond what the situation allows. Yet, at the same time, Xi for decades has demonstrated a preoccupation with values and motivation: a loss of confidence in the CCP’s mission, in Xi’s mind, would mean the loss of the party’s “political spirit” and the “spiritual pillar for CCP members to withstand any test.”⁴

The Myriad Meanings of Ideology

The most common, “person-in-the-street” definition of ideology is an “oversimplifying view of the world—that to speak or judge ‘ideologically’ is to do so schematically, stereotypically, and perhaps with the faintest hint of fanaticism.” The use of ideology in this pejorative sense has a long pedigree. The sociologist Émile Durkheim wrote that ideology consisted of “the use of notions to govern the collation of facts rather than deriving notions from them.”⁵ Napoleon applied the term “ideologists” to those people who resisted him, by which he meant they were “doctrinaires” and not “the political men of action.”⁶ Talcott Parsons believed the “essential criteria of an ideology” were deviations from objectivity.⁷ Edward Shils characterized ideology as a belief that “must override every other consideration” and which justified a totalistic, aggressive expansion of power and reshaping of human society.⁸ Karl Marx, in *The German Ideology*, used the term “ideology” to criticize those with a “false” worldview (in that case, his target was the Hegelians who thought that it is ideas, not social factors, that shape human history). Yet Marx also famously meant it in the sense of a set of ideas that legitimated an unjust (capitalist) system.⁹

Ideology as something inherently aggressive and dangerous or as a tool used to justify an inequitable system is how it is most typically used with regard to China today. Yet it should be noted that this view does not have a patent on the claim that the CCP is dangerous—denying any role for ideology in Beijing implies the leadership is a cynical and power-hungry group unfazed by any norms of behavior. John Mearsheimer, for example, whose faith in the absolute explanatory power of realism mirrors those scholars who claim ideology explains everything, asserts that China is aggressive and sources such behavior in the nature of the international system, going so far as to write that “it would be a mistake to portray China as an ideological menace today.”¹⁰ Richard Pipes, a notorious hawk during the Cold War, decisively sourced Moscow’s expansionism not in ideology but in “its social base and its politics.”¹¹

Not all scholars impart ideology with negative connotations. Clifford Geertz complained about how “the term ‘ideology’ has itself become thoroughly ideologized. . . . Even in works that, in the name of science, profess to be using a neutral sense of the term, the effect of its employment tends nonetheless to be distinctly polemical.” Geertz pointed to how people would use “ideological” as an insult but never allow the term to be applied to themselves. In Geertz’s mind, such an approach was not useful: instead, ideology was necessary for any group to function—whether it was “accurate” or not was a separate question.¹² Based on the insight that the world is ambiguous, many political scientists and economists have stated that ideas are necessary to explain behavior.¹³

The pejorative and more value-neutral schools of ideology together provide a dizzying number of possible meanings. In his own review of the literature, John Gerring provided perhaps the most extensive definitional framework of ideology. He noted that, with regard to function, scholars have debated whether ideology is a tool used to explain, repress, integrate, motivate, or legitimate. They have also debated whether ideologies are essentially interest based or noninterest based. Gerring even listed *sixteen* typologies previously utilized to determine where a particular cognitive/affective structure fits on the “more or less” ideological spectrum: is it the coherence of their worldview, as Philip Converse famously argued? Is it the simplicity of their ideas? Is it the extent to which they distort how the world really works? Is it about the seriousness of their conviction, or the opposite: their lack of sincerity (meaning they are

motivated by “mere ideology”)? Is it about dogmatism? Gerring concluded that “it is not reasonable to try to construct a single, all-purpose definition of ideology, usable for all times, places and purposes. Doing so would deprive the concept of its utility precisely because its utility is (usually) context-specific... The task of definition we must leave to the writer, situated in a particular problem, region, time-period, and methodology.”¹⁴

Linking Ideology to Action

Ideology is a seductive idea for China watchers because a purely “ideological” leader is easily understood—all one has to do is read about the ideas to which the leader subscribes. Former Secretary of State John Foster Dulles, for example, believed that Stalin’s *Problems of Leninism* was “the present-day Communist bible...[that] gives us the same preview Hitler gave in *Mein Kampf*.” Dulles would even open the book “with surprising accuracy” to prove any point.¹⁵

At the beginning of the Cold War, Nathan Leites of the RAND Corporation tried to determine a Bolshevik “operational code.” He concluded that the leaders in Moscow were more motivated by a fear of latent homosexuality than any objective threats. According to Leites, “The Bolshevik insistence on, in effect, killing enemies and being killed by them is...an effort to ward off fear-laden and guilty wishes to embrace men and be embraced by them.” These psychological motivations underpinned an ideology of fanatical expansion and rejection of compromise. Leites did not find this code primarily by reading Bolshevik texts (after all, it was their subconscious doing the work) but by examining the alleged emotional motivations faced by the Russian intelligentsia from which the Bolsheviks descended. As Ron Robin explains, “Instead of seeking overt expressions of political faith, Leites preferred the analysis of ‘clues,’ chance gestures of speech that might uncover the real—mostly unconscious, psychopathological—motivation of the Bolshevik character.” Leites’s writings had a major impact on US negotiators at Panmunjom and the first generation of RAND nuclear strategists.¹⁶

Leites also strongly influenced Alexander L. George, one of the most important methodologists in the history of political science. In 1967, George tried to salvage Leites’s core insights while rejecting his “reference to psychoanalytic hypotheses.” Although George believed the concept of operational

code was useful, he never suggested that it was a panacea for understanding Soviet behavior. Instead, he described the operational code as a “prism that influences the actor’s perception of the flow of political events and his definition or estimate of particular situations.” Analysts still needed to consider the code in the context of “specific situations and assessment of institutional and other pressures on the political leader’s decisions.” George raised further questions about what the code might be able to explain when he noted that the code itself was inherently ambiguous:

It has been of considerable value on occasion to Western leaders to understand that their Soviet counterparts structure the problem of action with a set of beliefs and maxims that seem to contradict, or, rather, oppose one another. There is, as a result, what might be called a “tension of opposites” in their cognitive structuring of the problem of action. We saw this already in the beliefs held with respect to the first of the instrumental issues: attempt to optimize gains, but don’t engage in “adventures.” And we see it again here with the reference to the second instrumental issue: “push to the limit” and “pursue” a retreating opponent, but “know when to stop.”¹⁷

Years later, George went further and presented two specific methods for determining the explanatory power of an operational code. As George himself admitted, both were far from perfect. The “congruence” procedure looked for consistency “between the content of given beliefs and the content of the decision.” In other words, if a leader apparently held certain beliefs and their actions made sense according to such beliefs, then an “operational code” explanation for behavior had some validity. Yet the problem with such a method is obvious: correlation may imply causation but it far from proves it. George, therefore, also suggested “process-tracing” as a more persuasive method, which traced “in some detail the steps in the process by means of which given operational code beliefs influence the assessment of incoming information, help to shape the individual’s definition of the situation, and influence his identification and evaluation of options.”¹⁸ Yet process-tracing came with its own problems.¹⁹ Researchers still faced the extraordinary evidentiary challenges to fully explaining a decision (especially in authoritarian regimes) and unresolved

methodological questions about how to actually “test” the explanatory power of the ideational element. As Yuen Foong Khong pointed out, even process tracing “seldom establishes a direct one-to-one relationship between a given belief and the specific option chosen.”²⁰

Further complicating this endeavor is the challenge of separating ideological motivations from a useful excuse. Kenneth Shepsle did not see ideas as a motivating force but rather as a tool for legitimizing more power-political interests: “My own view on the force of ideas is to see them as one of the hooks on which politicians hang their objectives and by which they further their interests.” To illustrate this concept, Shepsle discussed how President Andrew Jackson justified vetoing the Maysville Road bill in 1830 by referring to the constitution and the national debt. Yet the road happened to be in the state of a top competitor: to defeat the bill, Jackson had in fact simply shopped around for ideas to justify his behavior.²¹

Addressing the challenges inherent to “measuring” the causal effect of an idea, Albert Yee warned that “ideation is generally only one of many probable and partial causes of policies.” Leaders still had to take “geopolitical factors” and “domestic considerations” into account. Given that reality, Yee argued that thinking about an “idea” as one of a set of alternative hypotheses for an outcome was inappropriate—the world was too complicated for such differentiation. Instead, Yee proposed thinking about ideas as “capacities, powers, or mechanisms.” Yee was essentially arguing that it made more sense conceptualizing the different ways that ideas might work than seeking a direct “cause-effect” relationship between the content of an idea and an action.²²

In a chapter on the role of ideas in foreign policy, Judith Goldstein and Robert Keohane engaged in exactly this kind of intellectual legwork by rejecting both rationalist approaches that denied any role for ideas and reflectivists that “have been slow to articulate or test hypotheses.” Goldstein and Keohane stated that ideas and interests could not be divorced from one another. Instead, they identified three mechanisms for how ideas actually mattered: “Our argument is that ideas influence policy when the principled or causal beliefs they embody provide road maps that increase actors’ clarity about goals or ends-means relationships, when they affect outcomes of strategic situations in which there is no unique equilibrium, and when they become embedded in political institutions.”²³

Peter Hall's work on the effect of Keynesianism on economic policy also illustrated how ideas mattered but not in the sense that the *content* of ideas had *homogenous* effects. Hall argued that "all too often ideas are treated as a purely exogenous variable in accounts of policy making, imported into such accounts to explain one outcome or another, without much attention to why those specific ideas mattered." He provided three reasons for why ideas needed to be investigated in a broader social and political context. First, ideas are only persuasive to policymakers to the extent that they related "to the economic and political problems of the day." Second, any set of ideas is "ambiguous and far from immediately comprehensible," so "interpretation is a necessary prerequisite to understanding." And third, how a leader is exposed to ideas is itself necessarily a political process.²⁴

Ann Swidler, who looked at ideas on the level of culture, similarly moved away from using ideas as "causes." Her foil was Max Weber, who metaphorically argued: "Not ideas, but material and ideal interests, directly govern men's conduct. Yet very frequently the 'world images' that have been created by 'ideas' have, like switchmen, determined the tracks along which action has been pushed by the dynamic of interest." In other words, Weber believed that, although interests act to motivate people, ultimate goals and "the means for getting there" were based on ideas. Yet Swidler rejected this view, arguing that "what people want...is of little help in explaining their action." Instead, she proposed culture as a "toolkit" or "repertoire" for "constructing 'strategies of action,' rather than as a switchman directing an engine propelled by interests." This "toolkit" perspective suggested that the most a scholar could achieve by looking at a culture was identifying a possible available range of actions.²⁵

These attempts to save ideas as a useful social science concept clearly have one strong element in common: such methods can show how ideas "shape," "constrain," "orient," and "guide," but they do not unambiguously draw a line of cause and effect between an idea and a concrete policy outcome.²⁶ Therefore, when this literature on the role of ideas in political science is considered as a whole, the message is that, while ideas are a useful concept, they have to be understood in a broader political and social context. The content of ideas is not determinative for an outcome.

The Study of Ideology in Leninist Regimes

Carl Friedrich and Zbigniew Brzezinski famously wrote that the first characteristic of a totalitarian regime was an “elaborate ideology” bent on societal transformation and world domination.²⁷ Not everyone was convinced, however. Theda Skocpol, who focused on power relations more than intentions, believed that “it cannot be argued...that the cognitive content of ideologies in any sense provides a predictive key to either the outcome of the Revolutions or the activities of the revolutionaries who built the state organizations that consolidated the revolutions.”²⁸ Meanwhile, the “revisionist” school of Soviet history rejected the “totalitarian” model and focused on writing social history.²⁹ This generation, according to Ronald Suny, did not think that “deductions from Marx’s *Capital* or Lenin’s *What Is to Be Done?*” could explain much more than the “aspirations of leaders.” These social historians rejected the “recipe book” view of ideology who “made a simple deduction from text to intention and action.”³⁰

Since the end of the Cold War, Soviet studies saw a “return of ideology.” Martin Malia’s book, published in 1994, sought to “reassert the primary of ideology and politics over social and economic forces.”³¹ Malia thought ideology was the cornerstone that could elucidate all of Soviet history. However, most of these scholars rejected the absolutist position shared by the totalitarian school and Malia. They noted that declassified materials from Moscow showed that Soviet leaders did indeed “talk Bolshevik” behind closed doors. Yet while these scholars were sensitive to the numerous ways that ideology functioned, they did not presume that the content of ideology could unproblematically interpret behavior. Jochen Hellbeck, one of the leaders of this trend, argued, “Rather than a given, fixed, and monologic textual corpus, in the sense of ‘Communist party ideology,’ ideology may be better understood as a ferment working in individuals and producing a great deal of variation as it interacts with the subjective life of a particular person.”³² Reviewing this literature, Steven Smith wrote that “ideology does not provide a master key that unlocks the complexities of Soviet development. The fact that meaning is constitutive of human action, that people act upon the world in terms of their beliefs about the world, does not entail that the intentions of human actors provide a privileged source of explanation of their actions.” After all, reality “had a nasty habit of sneaking up on the Bolsheviks from behind and

throwing into confusion their best-laid plans.”³³ Michael David-Fox, similarly to Gerring, proposed that the most fruitful way forward would be to separate the multiple potential meanings of ideology in Soviet history and address them separately: “Much is to be gained by asking how it was understood and defined by different actors throughout the course of Soviet history.”³⁴ These scholars commonly believed that separating ideology from other explanations was inappropriate. For example, Suny wrote, “It seems to me that it is not very useful to position ideology at one pole and realism, *Realpolitik*, pragmatism, or objectivity at the other, juxtaposed opposite one another like passion and reason, religion and science, state socialism and market capitalism.”³⁵

Nigel Gould-Davies’s article on the role of ideology in Soviet foreign policy powerfully reveals why treating ideology and *Realpolitik* as competing forms of explanation is so problematic. Gould-Davies notes that realists discount the role of ideology by arguing that, if ideologues really existed, they “must have a master plan,” “must be inflexible,” “must be unremittingly aggressive,” and “cannot cooperate with adversaries.” Realists then point to evidence suggesting Moscow’s leaders were not such inveterate ideologues. But does that really mean ideology did not matter? As Gould-Davies writes, “There is no necessary connection between the radicalism of ultimate objectives and the choice of means to achieve them.” In other words, even if the Soviets could hope for a world in which everyone was communist, that “ideology” would still not explain much of their behavior on any given day. Gould-Davies notes something George saw too—part of the Bolshevik code was distaste for leftist, radical, self-destructive behavior: “Compromise, retreat, flexibility, avoidance of war, protection of the Soviet state—none of these was alien to Lenin.”³⁶

Such characteristics were not alien to Stalin either. In his magisterial new book on the beginning of the Cold War in Europe, Norman Naimark writes that, sooner or later, Stalin wanted a communist Europe, and he saw enemies of a class nature everywhere. Yet the Soviet leader had no clear plan to get there, did not support revolutions, and tried to avoid antagonizing Washington and London. In that sense, according to Naimark, “Stalin was by all accounts the ultimate realist.” For Stalin, “excessive ideological enthusiasm, frequently known derogatorily in party circles as ‘sectarianism,’ was for naïfs.”³⁷

Meanwhile, with regards to China, new evidence has increasingly revealed the extent to which outside observers have misjudged the role of ideology in

elite politics. As Frederick Teiwes, the leading figure in this new historiography, has written, most scholarly works on elite politics, “have been either dramatically wrong, or a very mixed bag, or in critical respects speculation that cannot be verified on existing evidence.”³⁸ Two findings stand out in particular with regard to ideology: the competing tendencies within Mao himself and his relationship with others in the elite.

“Maoism” is often synonymous with radicalism. Yet, as Teiwes writes, with regard to Mao, “Two broad tendencies can be identified: the ‘revolutionary romantic’ and the pragmatic...with pragmatism dominating for the majority of his career.” Before 1949, Mao stood out for his “rightist (as in practical and cautious)” mindset toward both ideology and policy—an approach that ultimately led to victory over the Kuomintang. The notorious “Rescue the Fallen” campaign in Yan’an, during which thousands were placed under suspicion, was an exception that proved the rule—Mao apologized and promised the party would not make such mistakes again (an oath he largely held until the Cultural Revolution). Mao even allowed former enemies to remain within the top leadership. After 1956, Mao of course became increasingly radical and erratic, but the pragmatic and extremist sides of his nature still at least occasionally competed with one another.³⁹

The Mao era is also often described as a history of two competing ideological lines—a contest between Mao the revolutionary modernizer and Liu Shaoqi the managerial modernizer.⁴⁰ That characterization has not survived the new evidence that has subsequently become available. Certainly, Liu at least occasionally made “rightist” comments, which chagrined Mao.⁴¹ Yet Liu’s most outstanding characteristic was his habit of veering wildly from “left” to “right,” and, when he was on the left, he was *extremely* left. As scholars such as Song Yongyi and Xiao Donglian point out, Liu Shaoqi’s leadership of the Socialist Education Movement that preceded the Cultural Revolution was extraordinarily brutal. Liu’s extremism often went even further than Mao’s, and Mao sometimes even inferred his own “core thinking” from Liu’s comments. Liu clearly “considered it as a Cultural Revolution style political campaign.”⁴² As Qian Xiangli put it, “Liu was not an opponent [反对派] of Mao Zedong.”⁴³

In my own research on Soviet and Chinese politics after Stalin and Mao, I argue that scholars have consistently overestimated the extent of real ideo-

logical fault lines in domestic elite politics after those two leaders as well. The political successions in the Soviet Union and China after Stalin and Mao are often explained as triumphs of inner-party democracy, leading to a victory of “reformers” over “conservatives” or “radicals.” Yet newly available evidence suggests that the post-cult-of-personality power struggles were instead shaped by the politics of personal prestige, historical antagonisms, backhanded political maneuvering, and violence. For example, Molotov was no neo-Stalinist—that was a useful label Khrushchev used to push out the old guard. Mao’s successor Hua Guofeng, famously associated with the “two whatevers” (an allegedly dogmatic, Maoist ideology), was actually a powerful supporter of reform and opening. Certainly, neither Molotov nor Hua led their own ideological factions.⁴⁴

Xi Zhongxun and Ideology

Communist political language identifies a “spectrum” across the left and right to characterize problematic tendencies. “Leftism” generally refers to overly aggressive and impractical policy implementation; it is also associated with persecution and purges that punish people who have committed no crime. “Rightism,” on the other hand, means a lack of the political willpower necessary to push the party’s agenda forward when opportunities present themselves or insufficient attention to ideological proprieties; “rightists” are also often accused of inappropriate friendliness toward individuals with questionable loyalties to party rule. Official histories of the Communist Party of the Soviet Union and the Chinese Communist Party tend to define their past as a series of “line struggles” in which rightists or leftists are defeated.

The common narrative about Xi Jinping’s father Zhongxun is that he was the definitive anti-“leftist”—a practical, flexible, and non-ideological figure. Xi Zhongxun himself once remarked: “With regard to me at least, my whole life I never persecuted anyone, my whole life I never made a leftist mistake.”⁴⁵ Even after Xi Jinping started demonstrating tendencies widely viewed as leftist, Wu Jiaxiang, who previously worked in both the CCP Secretariat and General Office, argued that Xi would never betray his father’s legacy as a reformer: “He is his father’s son; he was born into the family of the most pro-reform faction; according to the inheritance of CCP and Chinese history, he

cannot betray the faction that includes his father...He is the egg laid by his father, the egg of reform...[Xi Zhongxun] was not a typical reformer; he was the greatest reformer; if you use color to categorize, and the reformists were blue, then he was deep blue.⁴⁶

There is certainly some truth to that characterization of Xi Zhongxun. Xi played a key role in the launching of the Special Economic Zones—the most powerful symbol of China’s reform and opening up. After the Mao era, Xi believed in the possibility of more institutionalization within the party and protection for different opinions. He often revealed a “softer” side with regard to Beijing’s policies toward ethnic minorities.⁴⁷ Xi joined the CCP as a teenager with only a vague understanding of what the party represented and received little formal education; he was encouraged by Mao to read more. Yet absolutizing Xi as a “reformer” or anti-ideologue does not do justice to the intricacies and tensions of his character. That is not because he was a “worse” person than people think, but because he was a member of a particular political organization—the Chinese Communist Party. The broader context in which Xi lived helps us see both the power and limitations of ideology as an explanation in specific ways.

First, despite common political science theories of authoritarian regimes that emphasize the weakness of the top leader and a ubiquitous desire within the elite to replace them, most of the time Leninist regimes are extraordinarily disciplined organizations.⁴⁸ The top leader does not cater for support—the deputies seek to please the top leaders. Power flows down, not up. Mobilizing a “faction” with any ideological cohesion is taboo. In such a situation, although deputies have some leeway, they usually care more about discipline and party stability than pushing for their own policies.

Therefore, despite his reputation as an ideological “reformer,” party discipline more often than not restrained whatever policy inclinations Xi might have held. In fact, Mao Zedong himself pithily identified Xi’s attentiveness to organizational discipline as a core attribute. The Chairman even wrote on a white cloth the words “The Party’s interests come first” and gave it as a gift to Xi, which became one of his most treasured possessions. In each case where Xi allegedly acted heroically in the midst of one of the party’s historic campaigns that went “too far,” we have little to no evidence that he spoke out against them when they began; his areas of responsibility did not escape significant

levels of violence, persecution, and wrongful verdicts; and he did not criticize those policies brazenly until he had a clear sense of which way the wind was blowing. He did not always push for particularly aggressive policies, he worked hard to address mistakes once they were identified, and he certainly understood how campaigns could easily lose control. But the idea that he completely escaped the party's "leftist" mistakes is misleading.

Second, one potential definition of ideology is whether someone's political views are cohesive—in other words, is there a pattern of viewpoints across issue areas that make sense in conjunction with each other? History has shown that the position a CCP member holds on one issue is often a poor prediction for how they might react in other situations. Several reasons may explain why this is the case. First, whatever their ideological inclinations, members of the CCP still need to address the concrete challenges of any particular goal. Second, cadres can learn from experiences and shift their views over time. Third, CCP leaders often pursue multiple goals simultaneously, and such objectives may conflict with one another. Fourth, when someone holds political views that seem incohesive from a rational perspective, emotions sometimes help reveal why they are present in one individual.

Over the course of his decades-long career running giant regional bailiwicks or serving as right-hand man to Zhou Enlai on the State Council or Hu Yaobang on the secretariat, Xi had to manage an extraordinary set of different challenges. He often displayed a wide variety of approaches that together do not fit well on a "rightist-leftist" spectrum. Although he supported the Special Economic Zones in Guangdong, he opposed the household responsibility system, which gave more rights to peasants and was an even more important step in China's economic restructuring. During the 1980s, he prioritized co-optation and economic development to settle challenges in Xinjiang. Yet, with regard to Catholics, whom he considered were generally loyal to the Vatican, he displayed much tougher behavior.

Xi also learned from his experiences. After violence in Muslim regions erupted when he was running the Northwest Bureau in the early years of the People's Republic of China (PRC), he concluded that CCP policies were largely to blame, and he carried those lessons with him for decades. After sixteen years in the political wilderness, Xi was sent to run Guangdong Province on the border with Hong Kong. When local leaders explained to him that

peasants had good reasons to flee to the capitalist British colony, Xi was furious and accused them of lacking faith in communist ideals. Yet he gradually came to understand that the problem was indeed economic and that the PRC needed to provide more concrete benefits to convince peasants to stay.

Occasionally, different inclinations competed with one another. For example, he believed that quasi-dissident grassroots intellectuals in Guangdong during the early reform era could be managed with “talking.” Yet, at the same time, during conversations he held with those individuals, he showed a profound phobia of chaos. The Cultural Revolution, in Xi’s mind, had demonstrated the tragedy of political instability, and their actions threatened the improving situation after Mao’s death. Ultimately, the fear of chaos triumphed, and, when push came to shove, Xi was willing to use force if “talking” did not work.

Emotional elements also threatened strong ideological “cohesion.” Xi unambiguously thought that the Cultural Revolution was an absolute disaster, and, in the 1980s, he often spoke about the need to overcome Mao-style strongman rule. Yet, at the same time, Xi was deeply devoted to the Chairman’s memory. As an old man, Xi continued to sing songs about Mao and was deeply upset when people criticized the late Chinese leader. Part of Xi’s attitude was likely political—he understood that rejecting Mao would be destabilizing for the party. But the emotional connection is undeniable. He thought that Mao had saved his life in 1935 during a purge led by other communists, and Mao led the CCP to victory after decades of struggle in which Xi personally, as well as his friends and family, suffered terribly.

Moreover, even when any given position on the policy spectrum might be “rightist,” such an approach must be considered relatively. Ultimately, Xi believed that only the CCP could save China. Co-optation and “talking” were simply other forms of control. Even after the Tiananmen Square crackdown and the collapse of communist regimes in Eastern Europe, Xi repeatedly and publicly restated his faith in the ultimate victory of communism.

Xi Zhongxun’s life raises questions about the explanatory power of ideology for another reason as well—over the course of his life, the party zig-zagged multiple times across a whole host of different areas in ways that raise doubts about a single “Bolshevik code.” During much of the 1950s, the party took a gradualist approach and provided limited avenues for participation by non-CCP figures through the so-called united front. When Mao increasingly saw

class struggle as the solution to China's problems, those policies were rejected, and Xi was seen as one of those individuals whose behavior allowed those non-CCP forces to "wag their tail" too much. In the 1980s, when Xi worked on the secretariat in Beijing, he often referred to that earlier time as a golden era. He rebuilt relations with the ethnic minority "prominent personages" that he saw as powerful go-betweens for the party. Non-CCP parties were again provided more voice in how the country was managed. These policies were controversial throughout the 1980s; by the end of the decade, most of them were condemned as failures and the party returned to more hardline tactics.

Xi Jinping and Ideology

For several important reasons, accurately guessing what Xi Jinping really thinks is a difficult enterprise. First, during his rise to power, Xi was exceptionally guarded even for a member of a political organization that prizes discipline.⁴⁹ Second, as an ambitious individual with connections in Beijing, he would have been able to identify what kind of talk was most useful for his career progression. Third, since coming to power, Xi Jinping likely often phrases ideas in a way that suits some political purpose and may not precisely reflect his own individual views. Fourth, as discussed earlier, westerners have historically gotten Chinese elite politics wrong, and, especially over the last few years given COVID-19 and the political situation in China, it is even harder to gain insight into Zhongnanhai.

Yet we should not assume every word that comes out of Xi Jinping's mouth is a lie. Although decisive answers are impossible to achieve for now, we can still ask certain questions to gain leverage. First, does it make sense for Xi Jinping to actually believe certain things he says? Second, has Xi displayed certain ideas consistently over time, and, within the limited political space rising leaders do have, did he emphasize certain themes more than others? And third, to what extent do his actions since coming to power "congrue" with those themes? For reasons discussed above, these are imperfect methods, but they allow for initial hypotheses.

A review of Xi Jinping's speeches and articles both before and after coming to power reveal two persistent "shticks." First, Xi has constantly emphasized the need to avoid extremes. For decades, he has condemned the dogmatism

and chaos of the Cultural Revolution, but also, often in strikingly pragmatic terms, he has identified both the benefits and challenges brought by marketization of the Chinese economy. Second, Xi has always displayed a belief in the importance of ideals and motivation. Xi's experiences as a sent-down youth in the poor Shaanxi countryside during the Cultural Revolution and his time working in a conservative Hebei county in the early reform era suggest it would not be surprising if he sincerely held both such positions.

After the surge of idealism early in the Cultural Revolution, many of those young people later became disillusioned, especially after they were exiled to the countryside as "sent-down youths." In 2003, Xi said that "when the ideals of the Cultural Revolution could not be realized, it proved an illusion." The next year, Xi reflected on how he and other sent-down youth criticized villagers for not sufficiently punishing a former rich peasant: "It was dogmatic; it was a result of not having seen the real world." A hagiographic set of interviews about Xi claim that he "gradually began to doubt the long-term incessant severe class struggle." Sociologists have noticed similar reactions in many other sent-down youth.⁵⁰

When Xi Jinping began work at the county level in Hebei in March 1982, he was moving to a province notorious for its leftism, factionalism, and conservatism—all legacies of the Cultural Revolution. More Chinese citizens were complaining to Beijing about local problems there than in any province. In January 1982, CCP cadres in Feixiang County used drinking bouts, vote soliciting, anonymous big character posters, and even threats to engineer a campaign that defeated the proreform county secretary and pick a more conservative, factional figure. Feixiang was not the only dangerous place to work—before starting in Zhengding, Xi Jinping had said he was also willing to work in Pingshan County, but he was told not to go there because factions were throwing explosives (literally) at each other.⁵¹

In an April 1983 speech in Zhengding, Xi blamed the "ten years of disaster," meaning the Cultural Revolution, for poor "party member conduct" (党风). He also warned that the "capitalist corrupt thought and feudal thought" would more easily enter China as it opened up and stimulated the economy.⁵² In March 1985, he complained that "some comrades are not proactive about reform, are not sensitive; they lack a sense of responsibility for reform." These individuals, according to Xi, often said, "I would prefer not to reform rather

than risk making a mistake.” Yet Xi also noted that, in some cases, reform suffered from “an overeager desire for quick success” and poor follow-through.⁵³

In January 1985, *China Youth* published a flattering report on Xi. Jiang Feng, the article’s author, described Xi’s “rustic style” and praised his ability to manage older cadres with lower levels of education. The most interesting content, however, was the quotes Jiang included attributed to Jia Dashan, a local author. In Jia’s words, “here, you don’t hear everyone shouting reform, but reform is everywhere.” Jia described Xi Jinping as a man without sharp elbows whose main focus was practicality and results, not reform for reform’s sake: “He is a reformer who does not wear western-style clothes, and he forges ahead without acting aggressively. While persuading people to accept the historical necessity of reform, he can still leisurely have a drink of alcohol. This is a reformer who makes progress with a smile on his face.” The article also quoted Xi making remarks emphasizing stability in the context of change: “Reform is the wish of the Chinese people; it is the ‘great trend’ of Chinese society, so individuals don’t need to do anything deliberately shocking...In the process of reform, it is necessary to study national characteristics, grasp the thinking of the masses, avoid any destructive shocks; otherwise, blind reform is just a romantic lyrical poem; in the worst case, it could even damage the endeavor.”⁵⁴

While in Hebei, Xi was also attentive to broader debates among young people about the meaning of life, as the end of the Cultural Revolution and beginning of the reform era led to profound doubts about societal values. Those discussions were sparked in 1980 by the letter “Why Is Life’s Road Getting Narrower and Narrower?” published in *China Youth*. The letter reflected the ennui many young Chinese felt in the 1980s: “I am twenty-three this year. I should say that I am just beginning life, but already all of life’s mystery and charm are gone for me. I feel as if I have reached the end.” In 1984, Xi supported publication of an article in *Hebei Youth* that depicted his devotion to the party and nation as the source of meaning in his life, and Xi explicitly said that the article was his response to the 1980 *China Youth* letter. While that letter had described how the disillusion caused by the trauma of the Cultural Revolution led people to focus on their personal interests to make up for lost time, Xi Jinping was portraying himself as someone “forged” and rededicated to the people by the experience. Xi told his interviewer that only if people like him devoted his life to the party’s

mission and not personal interests could another Cultural Revolution be avoided: “that is one of the reasons I have chosen this life.”⁵⁵

According to that same article, Xi Jinping repeatedly told a story that mocked old dogmatists who visited Guangdong (where his father used to work) and saw peasants wearing suits and ties and “even blue jeans and bright-colored blouses.” They also heard “music they did not understand” in coffee shops and saw neon lights everywhere. These old red comrades “were dazzled, felt dizzy; they could not help but grab their heads and sob: ‘we worked so hard for socialism for so many years; who could have expected that capitalism would be restored so quickly.’” Xi’s story allegedly always led his listeners and himself to guffaws of laughter.⁵⁶

As party boss of Ningde in Fujian Province, Xi returned to these themes. In March 1990, he criticized recent graduates from high school or college: “While they may have gained considerable knowledge from books, they are still inexperienced and untested. . . . To look down on historical experience is to look down on the people.” The belief that someone can get to the “truth” in one try, Xi argued, “leads to dogmatic errors.” At the same time, Xi went into great detail about the personal moral characteristics necessary for good CCP members. He apparently recognized the possible tension in this dual focus on practicality and belief. He said:

I believe that moral courage is a quality every leader must have. Without it, leaders have no backbone. When talking about moral courage, we should be aware not to become dogmatic. A discipline of Confucius had the tassel of his helmet sliced off by his enemy while on the battlefield in the midst of a desperate fight. Believing this was an affront to his moral courage, the man lay down his arms to pick up the tassel. In that moment, he put more value on affixing the tassel, which symbolized his position as an official, than on fending off a fatal attack from the enemy. This is an example of dogmatism.⁵⁷

Xi also demonstrated an interest in non-Marxist Chinese thinkers. In both 1993 and 2001, he wrote an introduction to books on Yan Fu, the Fujianese Qing dynasty thinker who emphasized science and patriotism as the key to China’s salvation in the face of encroachments by imperialism. Yan’s message

was about reform while maintaining China's national characteristics, not class struggle.⁵⁸

Throughout the 1990s, Xi repeatedly spoke to ongoing discussions about the nature of socialism. His writings are remarkable for their emphasis on practical solutions to concrete problems. In 1997, in a review of Marx's preface to *A Contribution to the Critique of Political Economy*, he stated that debates about whether something was "capitalist" or "socialist" or whether labor was a commodity were the result of confusion. However, Xi was forthcoming about the problems that reform had introduced. While the "primary mission" of socialism was to "develop the productive forces," it was also necessary to "establish and perfect" the socialist market economy. Socialism was the goal and the market was the method, and China's objective was to integrate a market economy with the socialist state-owned system. Although the market was not inherently antithetical to the socialism system, Xi noted that "after all, the market economy developed and became mature in the environment of capitalist society; therefore, it must include some factors that are not commensurate with socialism." In particular, the market economy's focus on profits and its exclusionary character conflicted with the "selfless sacrifice and collective spirit" of the public economy. Xi called for a middle ground that rejected claims the market was a "capitalist thing" incompatible with socialism while also avoiding the "simple development of the market economy" without acknowledging its drawbacks.⁵⁹

In 1998, Xi wrote an article for an internal-circulation-only edition of the party's top theoretical publication *Qiusbi*. Xi's article noted that "many debates" persisted, especially about "the fundamental matter of what is the socialist market economy." Some people believed that there was no connection between the market economy and socialist system, while others thought that the two could be easily combined. According to Xi, Deng Xiaoping had "fundamentally" solved this question when he said that "the planned economy is not socialism, capitalism also has planning; the market economy is not capitalism, socialism also has the market." Xi was emphatic that in the early stage of socialism, "or even the entire socialist phase," it would be impossible to depart from an "advanced commodity economy." At the same time, however, Xi argued that this did not mean that there were no contradictions between socialism and a market economy. In order to avoid "weak points,"

the government still had a role to play. For example, the pursuit of “interests” could affect “the ideological, organizational, and style construction of the ruling party,” and the market sometimes led to suboptimal economic outcomes. Crucially, Xi said that such problems were not about “the socialist system” or “the market economy system”—instead, these challenges needed concrete, not ideological solutions.⁶⁰

The next year, Xi wrote a hagiographic article about Deng for *Qiushi* (this time for its regular run) on the twentieth anniversary of the famous 1978 Third Plenum. Xi savaged those individuals who turn Marxism into “dogma” or “only pay attention to reciting individual conclusions or make lopsided arguments.” For Xi, theory was “grey, while the tree of life was always green.” Those people who could apply “theoretical understanding” to “concrete issues” were the ones who would hold the “guiding initiative” in the theory world. Deng’s brilliance, according to Xi, was that in his works there was “no empty or abstract theory or jargon.”⁶¹

In 2000, Xi claimed that the key characteristic of the CCP was that it pursued the interests of “the people,” not any special interest groups. Marketization increased the speed of development but, “like everything else, has two sides”—the negative aspects threatened the ability of the party to represent everyone. The market created uneven economic development among regions and some individuals were only seeing a slow improvement in living conditions. Moreover, marketization “could seduce people to place too much emphasis on personal interests,” thus damaging the “collective interest,” and it divorced some cadres from their status as representatives of the people. Xi’s solution, however, was curiously “nonideological.” Xi emphasized the importance of “seeking truth from facts,” “proceeding from the concrete situation,” and “escaping closed and conservative ways of thinking.” Yet he warned that since reform was “essentially” a “process of reorganizing interests,” some of the masses would need “sacrifice.” Therefore, “if reform policies are too numerous or steps are too big, it might go beyond what the masses can bear.”⁶²

That same year, Xi published an article in *People’s Daily* that again positioned himself as the consummate pragmatist. He stated emphatically that the government should no longer “manage everything” like in the past and criticized those individuals who still had an attitude that “the government commands everything.” On the other hand, “service” should be “limitless”—

government officials should still be actively involved in helping people. Xi wrote, “Managing the relationship between ‘limited’ management and ‘limitless’ service means issues that should be managed must be managed and issues that should not be managed must not be managed; spare no efforts to resolve difficulties for the masses; and seek benefit for all the people.”⁶³ Just two months later, *People’s Daily* published an interview that highlighted Xi’s other side: his attention to political work. Any government that only paid attention to economic work and ignored ideological political work, Xi said, is a “government without a long-term perspective, they do not deserve the title of government.” Xi credited Fujian’s development to the government never forgetting the importance of ideological political work.⁶⁴ But that was not a call to radical politics: another *People’s Daily* article four months later quoted Xi saying, “The gratefulness of the masses shames us; if not for the ten years of chaos [the Cultural Revolution], the issue of the Fuzhou boat people [连家船民] would have been resolved much earlier. We, members of the CCP, absolutely must not owe the masses a debt!”⁶⁵

Xi’s dissertation, written for a Doctor of Law degree in Marxist Theory and Education in Ideology and Politics at Tsinghua University in 2001, was a rather forthright and practical investigation into economic problems in China’s countryside. Xi’s answer to these challenges was more marketization, arguing that the market “should be relied on to solve the problems in the structural adjustment of agricultural industry and the increase of the farmers’ income.” Xi warned that government macroeconomic control was needed to overcome deficiencies in the market, but the big picture was that China’s rural areas needed reform and marketization. In Xi’s words, the market was simply a method for improving the organization of resources and was not itself more “capitalist” or “socialist.”⁶⁶

Conclusion

Setting aside the question of whether Xi Jinping is actually rolling back “Deng”-style reforms (a term I have argued elsewhere is problematic⁶⁷) with a new “leftist” approach, we at least have reason to believe that, in his own mind, he is walking both a sort of middle path and new path. The history resolution passed in November 2021 states explicitly, “We must neither retrace

our steps to the rigidity and isolation of the past, nor take a wrong turn by changing our nature and abandoning our system.” The document concluded that “Marxist theory is not a dogma but a guide to action” and that China’s victories were not the result of “a mechanical application of the templates designed by authors of the Marxist classics.” At the same time, the resolution warned of “money worship, hedonism, ultraindividualism, and historical nihilism; online discourse has been rife with disorder; and certain leading officials have demonstrated ambiguity in their political stance and a lack of fighting spirit.”⁶⁸ Xi combined his 2022 New Year Address with soaring language about the CCP’s historic mission but also warned, “To realize the great rejuvenation of the Chinese nation will be no easy task like a walk in the park; it will not happen overnight, or through sheer fanfare. We must always keep a long-term perspective, remain mindful of potential risks, maintain strategic focus and determination, and ‘attain to the broad and great while addressing the delicate and minute.’”⁶⁹

How exactly those tensions will play out remains to be seen. Propaganda themes increasingly place emphasis on an old focus of Mao at his most radical: the importance of “struggle.” In 2014, Wang Weiguang, the President of the Academy of Social Sciences, wrote an article titled, “It Is Not Unreasonable to Maintain the People’s Democratic Dictatorship,” in which he criticized those people who “believe democracy is better than dictatorship.” Wang wrote, “The ruling class needs a force that appears to be above society to rule the ruled class and ease conflict, so that is why the state was born...When social development reaches a certain stage and classes and class antagonisms appear, the state was born in order to benefit the ruling class such that, during class conflict, it does not die along with the class that is ruled...The state is the product and manifestation of irreconcilable class contradictions.”⁷⁰ Shortly after, Han Gang, a professor of modern Chinese history at East China Normal University, published an apparent rebuttal in which he stated the most fundamental policy adopted in reaction to the disasters of the post-1957 Mao era was rejecting “class struggle.” Between that year and 1976, for twenty years Chinese society stagnated, Han argued, and China’s triumphs subsequently were primarily a rejection of that extremist philosophy.⁷¹

Since that time, the idea of struggle has continued and grown more prominent, but in interesting and somewhat new ways. One form is civilizational:

Jiang Shigong, a prominent CCP theorist, has claimed Xi's emphasis on returning to communist principles is about communism as "a kind of ideal faith or a spiritual belief. For this reason, communism will never again be like it was under Mao Zedong—something that was meant to take on a real social form in the here and now—but is instead the Party's highest ideal and faith." Therefore, Jiang sees China's "struggle" with the West as more civilizational than ideological.⁷²

Xi himself also regularly talks about struggle, but not in the "class" or "civilization" sense—more as a "forging" experience that increases party members' devotion to the cause through hardship and challenge. In September 2021, at a speech to the Central Party School, Xi warned that only "firm ideals" would equip party members with the ability to withstand "tests." Where did such devotion come from? Xi's answer was that "the formation of firm ideals and beliefs is neither achieved overnight nor once and for all, but must be constantly tempered and tested in concrete struggle." Yet even here Xi placed practicality and flexibility on a high pedestal, arguing that it was imperative to "always proceed from reality" and that "seeking truth from facts" was an issue of whether someone's "party nature" was strong.⁷³

Looking to the future, "ideology" will likely manifest in Xi Jinping's behavior in ways similar to his predecessors. He will carry ideological priors more strongly in some issue areas than others. When goals conflict with one another, he will shift among them flexibly. The party will continue massive efforts in ideological indoctrination, but the messaging will be more about the party's greatness than concrete "leftist" policies. The "real world" will force course corrections. China will pursue indigenous innovation and improve its military forces while still hoping to benefit from globalization and avoid war. In certain areas, especially with regard to ethnic minorities and dissidents, we have little reason to expect a change in hardline, extremist policies. Yet in other areas, his behavior will show a "pragmatic and adaptive side."⁷⁴ As Jude Blanchette put it, "All in all, if you were a thoroughgoing neo-Maoist in Xi Jinping's China, there would be a great deal to be dissatisfied with."⁷⁵

Two factors, however, may shift this balance of competing tendencies. First, Xi believes that the United States opposes Beijing for both ideological and power political reasons; that American efforts to undermine the CCP will only increase as China rises; and that Washington uses ideological infiltration

to achieve that goal. Second, as Xi's time as top leader continues and the propaganda apparatus increasingly emphasizes his stature, the prospect of "leftist" adventures may become increasingly tempting. The answer to how those competing forces will ultimately resolve, however, will not be found easily in the old Marxist-Leninist canon.

The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.

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Section IV

China and Its Relations with Developing Countries and the Global South

As the soon-to-be largest economy in the world, China has embarked on a wide-ranging outreach to the Global South. Presenting itself as a fellow developing country, Beijing's Belt and Road Initiative (BRI) promises to transform the global economy and China's ties to the developing world. The BRI purports to "promote the connectivity of Asian, European, and African continents and their adjacent seas...The connectivity projects of the Initiative will help align and coordinate the development strategies of [participating] countries."¹ With hundreds of billions of dollars in promised investments, the enterprise has been welcomed by a variety of countries in the Global South badly in need of infrastructure and foreign direct investment.

However, the BRI often comes with strings attached and critics argue that Beijing draws more benefit from its projects than partner countries do. Indeed, the conversation around "debt diplomacy," unsustainable mega-projects, environmental damage, and a penchant for under delivering on its promises plagues the BRI's reputation. This raises several questions. Is China's narrative that it is a developing country a genuine source for positive diplomatic ties, or merely a cover for Beijing's interests? Does China intend to address concerns about the environmental and social costs of its investments? Is the BRI predominantly economic in nature or has it provided cover for the expansion of Chinese interests in the Global South?

This chapter explores these issues and more, featuring essays from the following fellows:

Meir Alkon, "China's Outward Investments and Global Sustainability"

Kristen Hopewell, "The Impact of China's Trade Policies on Global

Development: Agriculture and Fisheries Subsidies”

Austin Strange, “Influence Nodes: China’s High-Profile Global Development Projects”

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Notes

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2021-22 WILSON CHINA FELLOWSHIP

China's Outward Investments and Global Sustainability

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Abstract

China's outward investments are likely to have a substantial impact on global sustainability. Through capital, technology, and standards, China's investments, including through the Belt and Road Initiative (BRI), have the potential to act as catalysts for sustainable, climate-conscious development—or to accelerate resource depletion, pollution, biodiversity loss, and carbon-intensive resource depletion. This policy paper draws from several pieces of research analyzing the political economy of China's outward investments and consequent environmental impacts. Findings from these analyses cast doubt on the narrative that domestic overcapacity is the major driver of outward Chinese investment in coal-fired power; show that political favoritism in recipient countries exacerbates the environmental impacts, including deforestation, of China's investments; and point to early evidence of a growing anti-China bias in energy infrastructure development among recipient country citizens. Together, these findings highlight the need for more nuance in policymaker models of BRI investments and their environmental impacts, with particular attention to the interaction between recipient country politics and China's unique, state-capitalist political economy. These findings suggest that U.S. government agencies can best support sustainable, climate-conscious development by working to enhance institutional standards, bureaucratic capacity, and stakeholder engagement in recipient countries, so that they are able to channel investment financing toward needed development while reducing elite capture and mitigating environmental and climate impacts.

Implications and Key Takeaways

- Policymakers need to move beyond extreme typologies of the BRI and Beijing's control.
- Greater attention needs to be paid to the interaction between host country politics and how China's state capitalism channels capital.
- A public opinion backlash against China's overseas investments and against coal-fired power suggest increasing awareness of environmental issues and increasing skepticism around Chinese investment.

- We may be at a global inflection point for greening energy infrastructure generally and China's capital specifically, but potential pitfalls remain.
- U.S. government agencies—especially USAID, the EPA, the Department of Energy, and the State Department—should work creatively with host country governments to enhance standards and build capacity for maximizing the sustainability of BRI investments.

Introduction

In September 2021, Beijing made waves with its announcement at the UN General Assembly that it would halt the building of new coal-fired power projects overseas.² What this actually means is still relatively unclear. Some postulate that this public commitment by China's top leader signals a critical shift in the Chinese government's policies toward climate change and sustainable development. Others argue that the devil is in the details of implementation—what projects would be included and when this policy would take effect—and that it also sidesteps China's domestic reliance on coal.

Debates around China's impacts on global sustainability often focus on the unique nature of China's business-government relations, which are often referred to as "State Capitalism."³ China's state capitalism entails a complex system of party-state control over the economy; this also leads many policymakers and observers to assume that China's state capitalist system gives Beijing complete control of overseas activities and investments, including under China's Belt and Road Initiative (BRI). For the global environment, such a view suggests that greening China's overseas impact is simply a matter of cajoling Xi Jinping, China's top leader, into adopting environmentally friendly policies. An alternative viewpoint highlights the plurality of actors and interests in China's political economy, noting that environmental policy and foreign policy do not fit into neat narratives of state control,⁴ even as China's system remains far more state-driven than the U.S. and other Western economies.

The implications of this debate for policy responses to the BRI are significant, and this paper outlines several pieces of related research that moves beyond traditional generalizations and dichotomies to unpack specific actors and mechanisms, in both destination and host countries, that determine whether and how China's overseas economic footprint impacts the environment.

I proceed by first outlining the crucial stakes at play: why China's central role in global trade, investment, and technology flows, as well as its large domestic market, hold the key to curbing carbon and taking a sustainable development path. I next outline the domestic drivers of China's overseas investments, including the common argument that overcapacity pushes Chinese companies to invest abroad. I show that there is an absence of evidence in support of such a contention. But destination country politics may also condition the BRI's environmental impacts. I present evidence of

how political favoritism in the allocation of projects exacerbates deforestation around Chinese investment sites. Finally, I consider the larger context of public opinion in destination countries, examining the specific case of energy infrastructure. I present preliminary evidence showing a major public backlash against coal-fired power and against China as a project developer; though part of a larger anti-foreign bias in project development, the generally more negative attitudes towards China seem to suggest some of the lasting public opinion consequences of a poor reputation for environmental stewardship.

Global Sustainable Development: China's Role

China's significance in global environmental issues is hard to overstate. It is not only the world's largest carbon emitter, but also a carbon multiplier because of its active involvement in the financing and construction of overseas investment and infrastructure projects. These projects often have major environmental impacts on recipient countries, and in the case of energy infrastructure also lock in future emission trajectories in many developing countries. Foreign investment commonly serves an engine of growth but also an avenue for environmental and social dislocation. As a source of capital and technological know-how, and given China's extensive financial resources and companies' experience in capital-intensive construction at scale, China's overseas investments will have an outsize role on the trajectory of sustainable development in countries across the world.

In this context, the Belt and Road Initiative (BRI) has received much attention not just for its potential geopolitical impacts but also its environmental consequences. Initially proposed in 2013, the BRI seeks to establish both a land-based "Silk Road Economic Belt" and a "Maritime Silk Road," prioritizing economic development and international partnership⁵ while promoting energy cooperation.⁶ Although Chinese overseas economic activities are not limited to the BRI, the ambitious initiative has provided further political impetus for the acceleration of China's investments abroad. In fact, it has largely become synonymous with "Chinese overseas investment", even subsuming many projects conceived and implemented before the BRI came into effect. China's overseas investments had already been rapidly increasing since its "going out policy" announced in 2000, which encouraged Chinese companies

to invest and operate abroad. Here, I largely use both terms interchangeably, including drawing on evidence from investment projects that sometimes precede the formal announcement of the BRI.

A growing body of research has cataloged when and whether China's overseas finance has serious environmental impacts.⁷ Decisions made around siting and planning new infrastructure will have long-term impacts on development trajectories and environmental conservation at a global scale. China's overseas financing of energy infrastructure will significantly influence the future power generation sources for countries throughout the world. Chinese-financed power plants will affect local environmental quality and water sustainability, and will have major impacts on the global emissions trajectory. Chinese-financed projects more generally have the potential to influence biodiversity, air, and water in large areas adjoining projects; highlighting the potential impacts of the BRI on global sustainability, broadly construed.

Overcapacity, Overblown?

One sector of investment which has received particular investment is energy generation infrastructure. China has often been criticized for continuing to develop coal-fired power plants overseas. Due to their long life span, coal-fired power plants have significant impacts on both climate change,⁸ and local environmental conditions, especially air and water.⁹

Against this backdrop, scholars and policymakers have actively debated the drivers of China's overseas energy investments. One group actively sees Chinese firms as motivated by domestic overcapacity and market constraints, opting to build dirty, technologically less advanced fossil fuel (especially coal-fired) power plants as a way to maintain revenue and employment.¹⁰ Another group views the Chinese firms as part of the larger global energy financing landscape, with demand from recipient countries for new power plants driving the construction and financing of new plants, and the most successful and technologically-advanced Chinese firms driving the investment.¹¹

From a policymaking perspective, understanding when and why Chinese firms invest overseas can help destination countries understand and respond to prospective investments, while also providing valuable information for other bilateral and multilateral development lenders about the nature and drivers of China's energy financing.

Despite these high stakes, existing attempts to unpack the drivers of China's overseas investments have generally looked at a small number of cases, have relied on public statements by the Chinese government on the overall goals of the project, and have paid too little attention to firm-level variation in overseas financing activities. While case-study approaches shed valuable light on the processes of firms' investments and their impacts, they also point in different directions. Chinese government statements, though potentially informative, should be taken with a healthy grain of salt, and at best may not reflect the commercial reality. Firm-level approaches, although able to surmount these obstacles, have been stymied by limited data, measurement issues, and a lack of clear inferential strategy.

China's State Capitalism and Environmental Reforms

The nature of China's domestic political economy has shaped—and constrained—efforts at energy reform. This is despite increasing public awareness and demand for environmental protection. While an authoritarian regime, the Chinese Communist Party remains sensitive to public opinion as an important source of regime legitimacy and internal stability. The fact that public satisfaction with the central government is affected by environmental issues—such as air pollution—has made addressing environmental concerns even more imperative for Beijing.¹²

At the same time, the necessity for maintaining economic growth—another very important source of performance legitimacy for the CCP—often comes into tension with environmental goals. During a January 2022 visit to Shanxi, China's largest coal-producing province, President Xi Jinping made a speech saying that the 'dual carbon' goals of peaking emissions by 2030 and achieving carbon neutrality by 2060 "is not what others ask us to do, but [something] we do on our own initiative"; that this process could not wait nor could it be "rushed"; and that China was "rich in coal, poor in oil and low in gas."¹³ Concerns over political stability, economic development, and satisfying the vested coal interests of state-owned enterprises have continued to constrain China's domestic and global environmental policies.

Institutional inflexibility at dealing with sometimes competing priorities often leads to seesawing governance cycles as well as interjurisdictional tensions

between local and central governments.¹⁴ This has often led to seemingly paradoxical policies. For instance, China's massive expansion of renewables capacity seems contradictory to its continued domestic reliance on coal-fired power as well as its support (until very recently) for building coal-fired energy infrastructure overseas. But renewables manufacturing and generation has also helped spur local economic growth, frequently to the extent that curtailment (the excess generation and hence loss of renewable energy) is a serious problem; where policies often fall short is facilitating a full-on energy transition such as encouraging grid reform and delivery of non-coal-based electricity generation.

Overcapacity and Challenges of Power Sector Reform

The power sector is no exception. Despite problems of overcapacity, stalled reform of China's power sector presents a particular dilemma for the CCP. On one hand, power generation constitutes a sector in which reform is particularly difficult. It was never particularly marketized, and direct and indirect subsidies for coal production have only increased since the crisis. Coal generation is also geographically concentrated, making it difficult to reform, and coal reserves and coal generation are particularly important in some of the historically less developed areas that are the regional targets of central development priorities. The energy sector is also dominated by SOEs, making it difficult to enforce environmental regulations.¹⁵ Because of their corporate structure, SOEs have been key contributors to overcapacity: "Since SOEs typically do not pay dividends (except to the state and much of those are returned to the SOEs), they use the dividends to expand capacity and keep employment levels up."¹⁶ At the same time, the stalled implementation and progress in reform of many key markets has also reduced the potential disciplining roles of price signals.¹⁷

Since the 2008 financial crisis, the empowerment of statist coalitions and the regime's overriding concerns of mitigating political risks have sheltered SOEs from structural reforms. Projected economic reforms in China are taking place without the kinds of layoffs that characterized earlier waves of SOE reforms in the 1990s.¹⁸ Protecting the interests of SOE employees is seen as a major task.¹⁹ As Zhang Yi, the head of China's state-controlled SASAC (State-owned Assets Supervision and Administration Commission), said in 2015,

“In the process of deepening reforms of state-owned enterprises, the leadership of the party can only be strengthened, not weakened.”²⁰ In order to ensure the continued employment protection and the maintenance of stability, the CCP has shown little inclination for further market-oriented reforms.

Thus, for both domestic imperatives of survival and for international reasons, the CCP has sought to reform China's energy sector. However, the crisis-response legacy of statist policy-making has helped to limit the scope for market-based reforms. Since local governments acting in China's decentralized system tend to vary in their response to environmental and energy policy goals, depending on their initial endowments and development strategies,²¹ many local governments' interests and incentives are poorly aligned with the larger goals of energy sector reform. Furthermore, centralized command-and-control in the form of environmental authoritarianism is not a panacea.²² Indeed, such attempts at reform and central control inevitably tend to face institutional limitations in China's decentralized system.²³

Overcapacity as a Driver of BRI Investments?

Against this backdrop, overseas energy investments through the Belt and Road Initiative have been explained by some as the CCP's response to 1.) address overcapacity issues; and 2.) manage conflicting imperatives of statist intervention and structural reform. According to this logic, a key driver of the BRI has been the need to relieve overcapacity across sectors. Overcapacity has been particularly acute in the power sector. At the same time, China has actively increased its market share in the construction of overseas coal-fired power plants. Estimates suggest that roughly 11-21 percent of total overseas coal finance, or USD35-72 billion, is from China.²⁴ Most of the overseas financing is in the form of engineering, procurement, and construction contracts, the know-how for which firms arguably find easier to transfer overseas than to make the switch to the domestic renewable energy industry.

By encouraging, or selectively supporting, investment overseas, the regime can use these state-subsidized investments to support less competitive industries domestically, as well as compensate SOEs and regions that have been left behind by the trajectory of reforms. While the BRI has largely evolved as an all-encompassing strategy subsuming many investment projects, it has sent

important political signals through lending decisions by state banks, which control much of the credit allocation.²⁵ The BRI also provides Beijing with additional opportunities to use laws and targeted regulations to constrain and shape SOE involvement in BRI-sanctioned overseas investments, especially through the widespread mobilization in recent years of key ministries like the NDRC, MOF, and Ministry of Commerce to shape BRI activity.²⁶

While a common argument in academic and policy circles, the role of overcapacity and reform pressures in driving BRI investments has not been systematically tested. Below, I construct a new dataset to test this claim, but find a lack of evidence that this is the dominant reason behind China's allocation of overseas investments. I disaggregate the Chinese state to focus empirically on the role of firms within this state capitalist system. Firms, particularly powerful state-owned enterprises (SOEs), often have the political clout to influence government decisions, and are also the crucial actors in executing overseas investments. Analysis of firm-level investment drivers can add more nuance in explaining *when* and *why* Chinese firms sometimes invest in fossil fuel projects but invest in renewable energy at other times, as well as observed variation in generation technology levels.

Overcapacity Assessment: Data and Analysis

In order to create the dataset used in the analysis, I merged and extended several existing data sources on coal-fired generating capacity within and outside of China, data on other power generation installations globally, as well as measures of multidimensional risk for coal plants within China. The first step in dataset construction was to create the first firm-level inventory of coal-fired power plant assets for all Chinese firms. This allowed me to build a measure of the extent to which each firm in a given year faces risks from structural changes in China's domestic political economy. I drew on data from the Global Coal Plant Tracker, published by the NGO Global Energy Monitor.²⁷ Because of data availability and because China's overseas investments have only begun to pick up in earnest in recent years, I focused on the years 2000–2018.

I first disentangled joint ownership by partnership shares, and used these partnership shares to weight unit-level generating capacity. I then calculated each firm's total generating capacity (included weighted capacity) for a given

year, and for each province specifically. To calculate the annual capacity, I used data on the commissioning year (and in some cases, retirement years) as well as plant locations within a specific province. I then calculated the province-level share of generating capacity for each firm-province combination in each year.

Next, I constructed a measure of (over/under)-capacity specific to the power sector. I used aggregated data on electricity consumption and production at the provincial level, together with data on electricity imports and exports from every province, to assess the extent of excess generation in each province. The net (over/under)-generation is calculated for each province-year. For a large country like China, this imbalance is largely driven by a.) existing grid constraints, b.) changes in regional demand due to differing rates of economic growth; c.) variability due to the introduction and expansion of renewables generation capacity; and d.) varying levels of over-investment in generating capacity at the provincial level. While firms can anticipate and respond to many of these issues, because of the massive investments required to build generating infrastructure as well as the long time horizons of returns, these investments are classic sunk costs, and can face insufficient demand under conditions of overcapacity. Factors affecting overcapacity and supply demand imbalance include the location and intensity of new, energy-intensive economic activity, the capacity, technology and policies of China's grid,²⁸ and the distribution of renewable energy sources, such as hydropower, wind, and solar. Most of these factors are determined by factors largely exogenous to the location and capacity of existing generating capacity and are outside of even large generating companies' control.

Because of the different locations of firms' generating assets, each Chinese firm faces different levels of financial pressures on their domestic assets. I use this variation as my major source of inferential leverage. Since the underlying variations in overcapacity are not random or quasi-randomly assigned, I do not claim that the analysis can make causal claims about domestic markets and firm investments. However, it does provide novel, suggestive evidence of the correlations between domestic conditions and overseas investments, and helps to answer questions about which kinds of Chinese firms invest overseas.

I then took the sum of the product of the province-year shares of generating assets for each firm and the province-year under/over-capacity measures. This has the advantage of automatically incorporating firms' size into the measure.

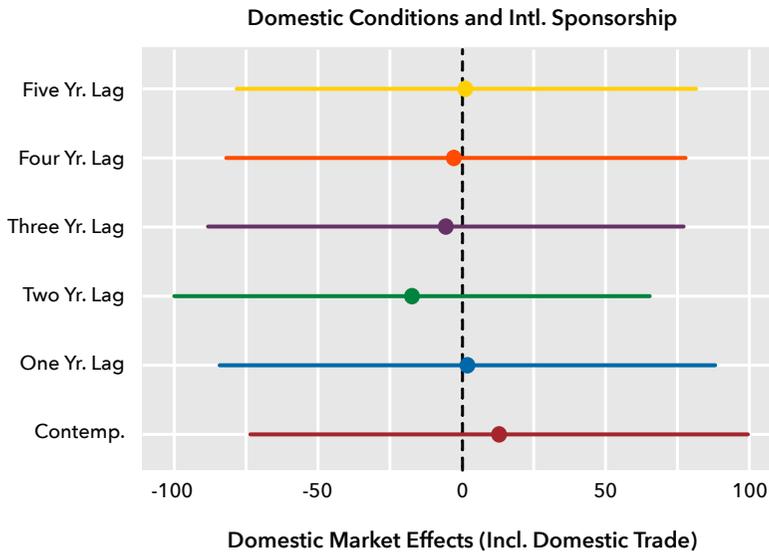
Since we would expect that larger firms have more overseas investments (or are more likely to invest overseas), this makes the measure a direct comparison of relative over/undercapacity.

Next, I matched these measures at the firm-level with data from the Global Coal Plant Tracker on coal-fired power plants outside of China. I then matched across firm names, connecting all over-seas projects sponsored (or partially sponsored) by Chinese firms to the respective firms' domestic measures of yearly excess/under demand.

To analyze the impact of domestic market constraints, I modeled the total firm-level megawatts sponsored overseas by year as a function of its domestic market constraints on a panel of firm-year investments. To calculate domestic market constraints, I scaled the generating capacity of each Chinese parent by provincial-level annual electricity generation balances. If Chinese firms facing market constraints or bearing the greater brunt of reform pressures at home were more likely to invest overseas, then we would expect that provinces with more positive balances (greater production relative to demand— and in some specifications, inclusive of trade) would be more likely to sponsor overseas plants. Conversely, if the most successful and well-placed firms were most likely to invest, we would expect to see effects in the opposite direction.

Because it would likely take several years for domestic reform pressures or market constraints to translate into overseas coal construction, I tested different temporal relationships between the explanatory variable (province-year domestic imbalance) and my outcome measure of total megawatts sponsored internationally. These ranged from contemporaneous to a five-year mapping. In calculating domestic market constraints, I also evaluated the effects both inclusive and exclusive of extra-provincial electricity trade. The unit of analysis is the universe of firm-year combinations for all Chinese firms with generating capacity in a given year (from 2000 to 2018). The models include fixed effects for parent firms and year. Coefficient plots below summarize the results from these models. The top panel of Figure 1 uses measures of domestic conditions including trade, while the bottom panel uses measures without trade. Each panel summarizes six models, ranging from zero to five-year lags. Across measurement strategies and lag lengths, point estimates are small and coefficients are imprecisely estimated. While this consistent failure to reject the null hypothesis cannot itself be dispo-

FIGURE 1: Effects of domestic electricity market constraints on international sponsorship of coal-fired power are substantively small and statistically indistinguishable from zero. Unit of observation is the firm-year and all models include firm and year fixed effects. Panel covers the period from 2000–2018.



tive of some relationship between domestic conditions and overseas investments, it suggests that simple theoretical models of overcapacity-induced overseas investment are likely to be insufficiently nuanced.

The analysis above presents a first cut at a firm-level approach to understanding the political economy of Chinese outward investment and its potential environmental impacts. A range of existing case study research, largely critical of Chinese investments, have rightly pointed to the potential environmental risks of China's financing of coal-fired power generation overseas. This paper's findings suggest the importance of broadening the scope of inquiry and policy prescriptions beyond a focus on China's overcapacity. In the next section, I discuss such an approach, focusing on the inter-

action between the politically-motivated allocation of overseas investment and environmental consequences.

Elite Politics and Destination Country Environmental Impacts

If overcapacity isn't pushing Chinese firms out, than what other variables matter? Increasingly, research is focusing on the complex interactions between China's overseas investments and domestic politics in recipient countries.²⁹ Turning to the role of elite politics in mediating environmental impacts, I collaborated with Dr. Hongbo Yang, of the Chinese Academy of Sciences, to analyze the deforestation impacts of China's overseas investments—particularly how dynamics of political favoritism might be exacerbating deforestation.

We operationalized both political connections and a measure of the environmental impacts of BRI investments, focusing on deforestation. This makes two major contributions. First, while it is often argued that Chinese investments are accelerating deforestation, the extent of the environmental impacts of China's overseas investments at a global scale have not yet been measured. We are the first to provide a global spatial assessment of forest loss as a result of China's overseas investments. Second, the paper provided the first empirical estimates of whether and when political favoritism in BRI project siting affects deforestation around BRI-funded projects.

Forest cover, which has impacts on both biodiversity and carbon emissions,³⁰ has long been considered an important measure of environmental impact.³¹ This highlights the importance of understanding the impact of China's overseas investments on forest loss. Only Benyishay et al (2016)³² have adopted a spatial approach to analyzing the deforestation impact of Chinese investments. Their analysis focused on identifying impacts in critical areas in Cambodia and Tanzania. Their findings show that the effects on deforestation are highly heterogeneous, depending on national political and local conservation context, highlighting the importance of understanding how variables that vary at regional and project-level—for example, the extent of political favoritism—may condition deforestation and other environmental impacts of the BRI.

The Environmental Costs of Political Favoritism

For capital-scarce developing countries, the BRI represents a much-needed source of finance. At the same time, the BRI is widely understood to serve political goals for both China and destination country leaders, which in turn affects project siting and the regulatory and oversight environment. A common refrain among observers states that BRI projects use political connections and corrupt business practices to sidestep efforts at regulation and conservation.³³ Accordingly, such politically-motivated projects, benefiting from the support of destination-country politicians, might be more likely to cause environmental harm.

Leaders in office often reap more immediate political gain and popular support from generating economic growth, boosting employment, and building infrastructure, as compared to pursuing environmentally sustainable choices. Amid opportunities to secure rents from China's (often corrupt) investments,³⁴ as well as efforts to secure development and investment in order to increase reelection and garner political capital, national leaders often work to influence the timing, location, scope, and other dimensions of China's overseas investments.³⁵

The siting of investment projects (and their environmental implications) generally involve complex political interactions between communities in affected areas; politicians at the local, regional, and national levels; regulatory bodies and bureaucracies; firms; as well as domestic and sometimes international non-governmental organizations. National-level politics play a major role in shaping the environmental impacts of investment projects. A large body of literature has documented the potential for regulatory capture when powerful corporations and multinationals invest in developing countries.³⁶ This casts a shadow over political decisions on where to site projects and the degree of environmental compliance required from these corporations. The environmental externalities of such foreign direct investment, such as water and air pollution, are often concentrated in marginalized and poor constituencies, which have little political voice or financial clout to sway politicians' decision-making.

In the specific context of the BRI, host country leaders play important roles in the life-cycle of prospective projects.³⁷ In the bargaining and back-and-forth entailed in BRI project siting and planning, national leaders can

propose project locations and type, as well as influence proposed projects' final locations and project implementation details. These threefold layers of influence highlight the distinct and crucial levers political leaders play in project planning and siting.

Furthermore, the location and distribution of investment projects tend to be influenced by political motivations. Research has shown that across different regimes, national leaders' home regions tend to benefit disproportionately from investment and transfers.³⁸ In the specific context of China's aid, African leaders' homeland regions are more likely to receive financing inflows than other regions within the same country, controlling for a range of variables.³⁹ Leaders are more likely to direct economic benefits to their home regions in order to reward supporters and maintain popularity, or simply build projects for prestige reasons. National leaders often have established patronage networks or ethnocultural ties to their home regions, while politicians and firms from these regions are likely to have more established access routes to lobby the national leader and her inner circle. The effects of leaders' home regions is not deterministic—in many countries and for many leaders, the home-region bias may not exist in many cases, but on average existing research provides support for the contention that home regions are more likely to benefit when leaders from those areas are in office.

There is thus strong evidence that political favoritism plays an important role in the geographical allocation and siting of projects, and that investments in leaders' home regions tend to be driven more by political reasons. This then suggests that such politically-motivated investments may have even greater environmental costs relative to other investments in the same country.

There are two theoretical pathways through which political favoritism may exacerbate the environmental outcomes of BRI projects. These two pathways can be defined as subversions of *de jure* and *de facto* environmental protections, respectively. In the *de jure* case, the formalized, legal structures that are established to protect the environment—for example, regulations, law enforcement, or ministerial oversight—are circumvented by nationally-powerful politicians who prioritize the completion of projects for economic, prestige, or patronage-based reasons. In such cases, we would expect uneven implementation of *de jure* regulations within countries and over time, depending on whether regions are politically favored by politicians. In the second, *de facto*

case, local opposition from citizens, civil society, and in some cases, local politicians, constitutes the primary barriers to adverse environmental impacts. In such cases, de facto environmental protection from these stakeholders is more critical than regulatory and legal context, for example due to weak or underdeveloped rule of law. In this context, a powerful national leader uses her power to push past these sources of subnational opposition in order to have a project completed. Reflecting diverse local and regional stakeholders, this may be because the economic benefits and environmental costs accrue differentially. The de jure and the de facto cases are ideal types and neither mechanism excludes the other. It is entirely possible that powerful politicians can use their power to circumvent both legal/regulatory constraints and to steamroll local opposition.

Might projects that are politically favored and sited in favored regions actually be associated with *fewer* adverse environmental impacts? If national political leaders or their local allies are environmentally minded, focused on conservation, or draw economic benefits from environmental protection, then projects in favored regions might benefit from greater focus on environmental protection in project implementation. While such situations are probably relatively rare, our approach allows us to assess whether BRI projects in politically-favored regions are more or less likely to cause adverse environmental impacts.

Data Sources: Chinese Investments, Forest Loss, and Political Favoritism

We measured the environmental impacts of China's overseas investments using AidData's Geocoded Global Chinese Official Finance Dataset.⁴⁰ The dataset contains geocoded data on China's global overseas finance from 2000-2014, including 3,485 projects with total commitments in excess of \$273 billion USD. A key advantage of the geocoded dataset is the existence of verified coordinate data for a large subset of projects (we discuss geographical precision in project location in our methodology section below.)

This data also included a wide spectrum of projects, spanning investments in linear infrastructure to loans to national governments. Because

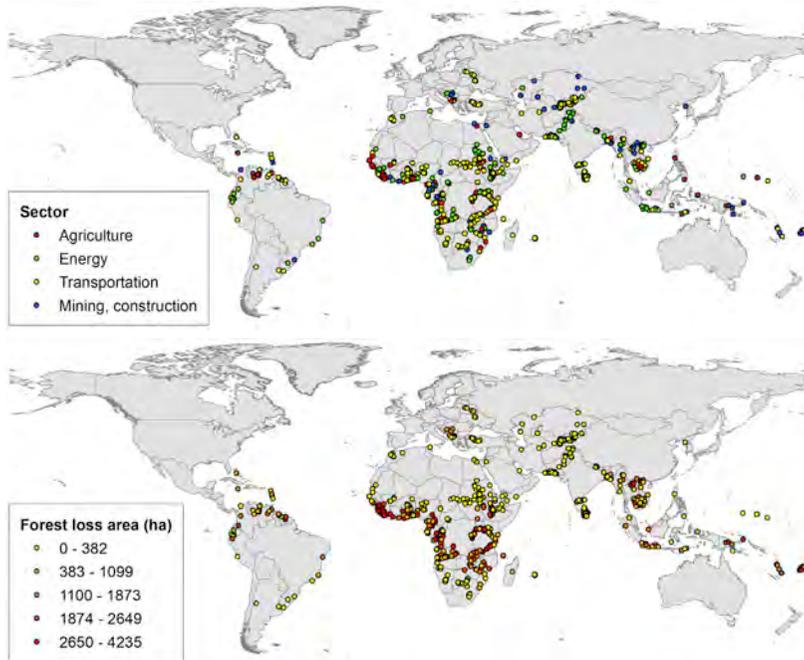
we are interested in the environmental impact of these investments, we restricted the focus of our analysis to those investment types that can be precisely allocated spatially. For instance, a loan to a national government ministry that is fungible and could be plausibly dispersed anywhere globally would not be included in our analysis, nor would capital allocated to training programs or other non-physical infrastructure programs.

In our analyses, we only include projects which have been coded with high geospatial precision (codes 1 or 2), since we are focused on providing spatially explicit analyses of impacts on forest cover. Following the approach of Yang et al.,⁴¹ we restrict our analyses to four types of investments: 1.) transport and storage; 2.) energy generation and supply; 3.) agriculture, forestry, and fishing; and 4.) industry, mining, and construction. After these restrictions for geographic precision and sectoral relevance, we were left with 764 unique project locations. Figure 2 shows the location, sectoral composition, and total forest loss associated with each of these types of projects. The top map shows each project location and is separately colored for each of the four sectors. The bottom map shows the total forest loss (in ha) within a 15km buffer around each project location, with darker colors shading more severe forest losses.

We used forest loss to measure the environmental impacts of BRI projects. Analyzing the impact on forest cover confers theoretical and empirical advantages. From a theoretical perspective, while environmental impacts may take many forms, forest cover represents a particularly important measure of the tradeoffs between physical infrastructure and investments that can facilitate growth, on one hand, and the conservation of natural resources, on the other. Furthermore, forest loss represents a concern to the broadest array of physical, capital-intensive projects China may be involved in, while other important measures, such as air pollution, might only be plausibly associated with certain types of projects, such as power plants or manufacturing facilities.

Empirically, forest cover allows for much more precise spatial and temporal measurement than most other environmental measures. It does not rely on national administrative data, which might be adversely impacted by political considerations,⁴² and which is particularly challenging to use for large, multinational studies. Additionally, advances in remote sensing over the past decade allow for satellite measurement of forest loss at high resolution across the entire globe, providing consistent and accurate measures of

FIGURE 2: Project locations. Top map shows project locations colored by each of the four broad sectors included in our analyses. Bottom map shows total project-location losses (in ha) within a 15km buffer around project location, with darker colors shading larger losses.



the forest cover change in the areas surrounding all of the Chinese overseas projects in our data.

We specifically adapted measures of forest cover change following the approach of Hansen (2013).⁴³ The updated version of the Global Forest Change Data⁴⁴ provides baseline forest cover measures (year 2000) and annual measures of forest cover/loss. Figure 3 helps to visualize these patterns of forest loss over time. Each row shows before (left column) and after (right column) for one project location from our data.

Our third main data source allows us to measure political favoritism, using national leaders' home regions as a proxy. To do so, we used the geo-located nature of our China administrative data to code whether Chinese-

FIGURE 3: Aerial images of forest cover before and after project implementation. Each row shows before (left column) and after (right column) images areas for three distinct projects from our data.



financed projects fall within the home regions of current political leaders. To measure the location of leaders' homelands, we draw on a new global database, the Political Leaders' Affiliation Database (PLAD),⁴⁵ of national political leaders' home regions for 177 countries spanning the period 1989–2018 (Dreher et al. 2020). We use this data to code all subnational regions during our study period as either affiliated or unaffiliated. Only projects initiated in the leader's home region during the period in which that leader is in office are considered affiliated (politically favored) projects, and all others are considered unaffiliated (not politically favored). Using this straightforward approach and geomatched data on forest cover change, we analyzed the effect of Chinese investments, comparing projects in affiliated and unaffiliated regions to measure the effects of political favoritism.

Analyzing Political Favoritism and Deforestation Impacts

Because sites that receive Chinese-financed projects (any type of overseas investment) are very likely to be systematically different from other locations, we only compared sites that have already been the destination for Chinese projects with those that will be the destination for Chinese projects. This allows us to first provide the initial assessment of the effects of Chinese projects on forest cover—regardless of whether these projects are politically motivated.

The main goal of this first empirical assessment was to provide a baseline estimate of deforestation around all Chinese projects, so that we could estimate the differential deforestation between politically connected and unconnected projects against an appropriate baseline. We make no claims about the relative size or significance of deforestation around Chinese projects generally, such as whether these sites would have been developed regardless of Chinese projects or whether other project developers would build projects leading to comparable rates of deforestation.

In our first approach, the treated population consists of an area around a flexible buffer in the years after a Chinese project has begun construction, and the control population consists of all areas around the same-sized flexible buffer in the years before the commencement of construction. Project locations with zero forest cover in the year 2000 are removed, since it is not possible for meaningful forest loss to occur in such situations. We adopted a

variable buffer, reporting de-forestation effects at sizes of 3, 6, 9, 12, and 15 km. In the second, primary stage of the analysis, we adopted a multi-period difference-in-differences approach to measuring the causal effects of political favoritism on deforestation.⁴⁶

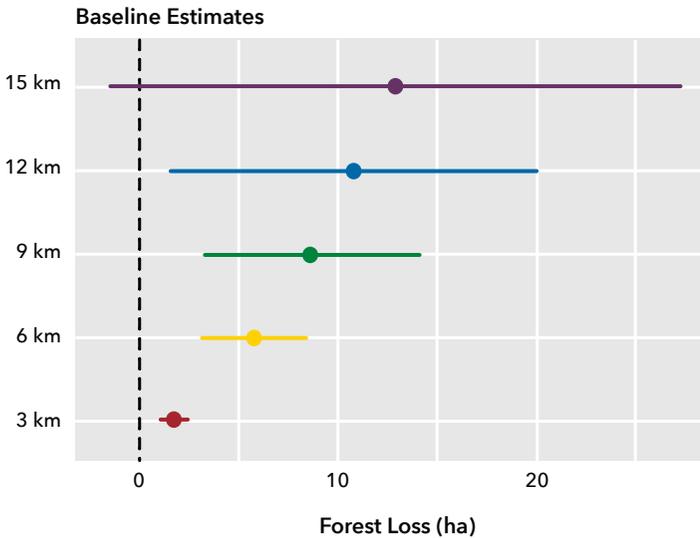
We first describe the effect of Chinese projects on deforestation to establish baseline rates for all projects, regardless of whether these projects are subject to political favoritism. The goal of this descriptive exercise is not to claim that Chinese-financed projects cause more deforestation than other overseas investors (our data do not allow us to make such claims) nor to make any normative statements about the developmental and ecological tradeoffs involved in these projects, and whether they are net positive or negative. Our data do not allow us to quantify these tradeoffs, and our goal is simply to quantify deforestation losses associated with Chinese development projects, providing a baseline for all future analyses focused on uncovering how different factors, such as political favoritism, that may exacerbate overseas investments' impacts on the environment.

Models summarized in Figure 4 provide estimates of the deforestation losses around Chinese development projects, estimated against the losses surrounding the same projects in the years immediately preceding construction. These models provide estimates across all available years before and after project construction. Taking the middle-sized buffer as an example, 9km buffer zones around Chinese projects see, on average, increases in the rate of forest loss of 8.6 hectares a year, which is approximately 16 percent larger than the yearly forest-loss rate in the 9km buffer around these projects in the years before the construction of Chinese projects.

Next, in the primary analysis, we examined the deforestation effects of political favoritism. Our difference-in-difference approach allowed us to compare Chinese projects that are politically connected to those that are not, focusing on the difference in the before and after deforestation rates between politically connected projects and unconnected projects.

As seen in Figure 5 with the exception of the smallest buffer zone of 3km, political favoritism substantially accelerates the deforestation rates of Chinese development projects when compared to unfavored Chinese projects. For example, for the 9KM buffer, politically favored Chinese projects see increases in deforestation of over 15.5 hectares each year, an acceleration of deforestation 181 percent greater than the baseline rate of post-project deforestation.

FIGURE 4: Estimates of the effect of Chinese development projects on deforestation losses. Models show point estimates and 95 percent confidence intervals for different geographic buffers around BRI projects. All models include year and project location fixed effects.



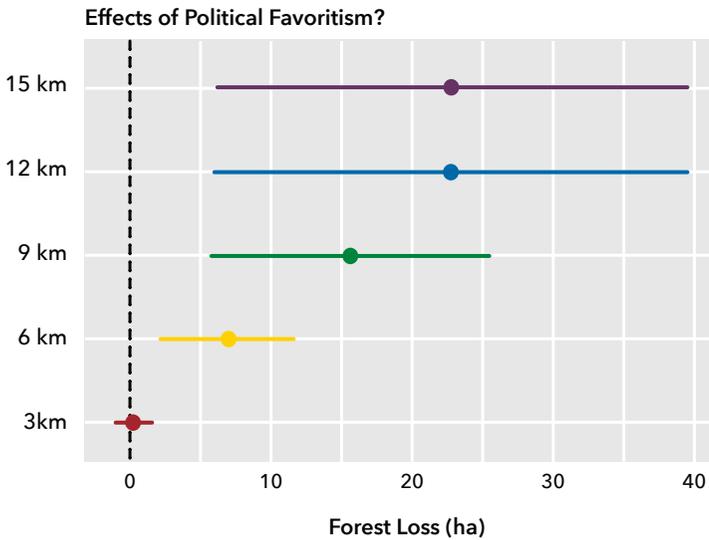
These effects are similarly large for 6, 12, and 15 KM buffer zones.

Political Favoritism and Deforestation: Temporal Dynamics

How long does it take for the gap in deforestation rates to appear between politically motivated projects and those that are not? To investigate the temporal dynamics of deforestation, we re-estimated the difference-in-differences specification summarized in Figure 5 above, but for each spatial buffer, we estimated the effects of political favoritism on deforestation from 1–10 years after project completion.

Figure 6 summarizes the results for each spatial buffer. While different for each buffer, the models show that deforestation impacts become larger (and

FIGURE 5: Difference-in-difference estimates of the effect of political favoritism on deforestation losses. Models show point estimates and 95 percent confidence intervals for different geographic buffers around BRI projects. All models include year and project location fixed effects.

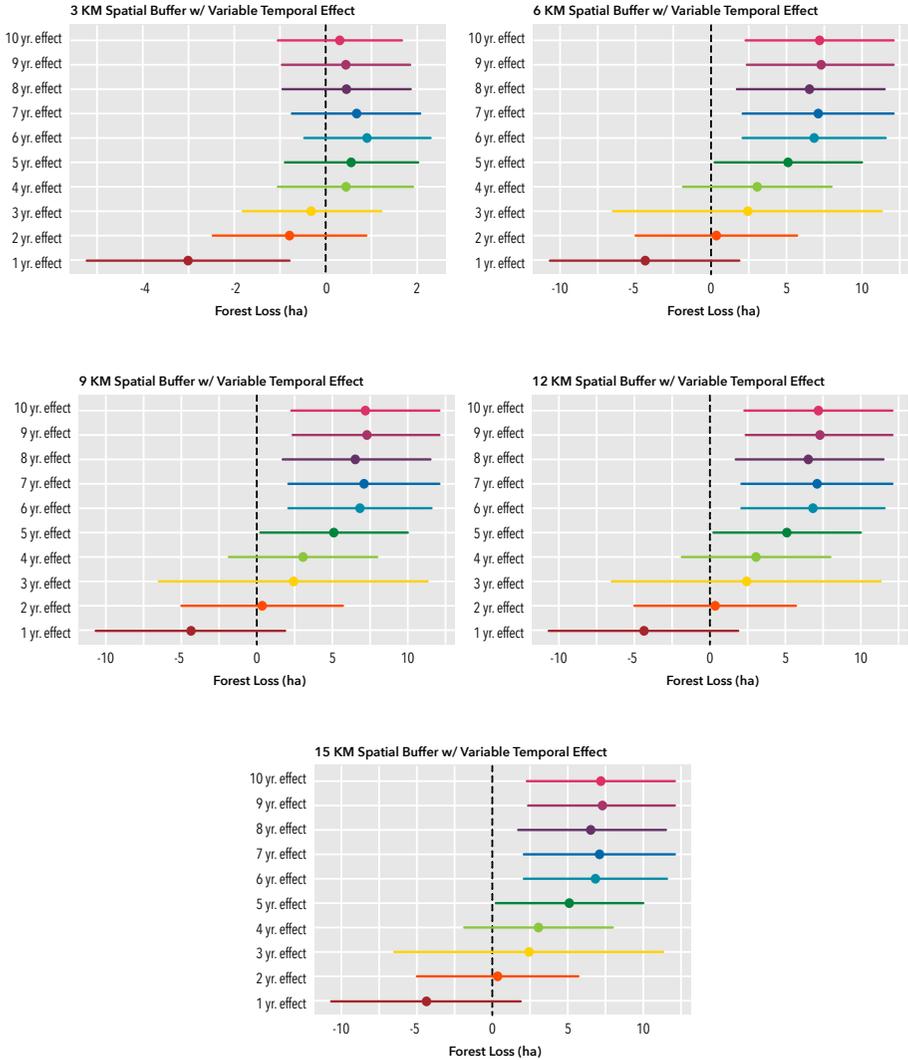


more precisely estimated) several years after projects begin. This accords with the fact that for most projects, construction will not be completed for several years following. These effects stabilize approximately 5 years after project effective dates for most buffer sizes.

While this approach sheds light on when deforestation exacerbated by political favoritism is most likely to occur during a project's lifespan, it does not distinguish between the direct effects of project construction and the indirect impacts of the project. As such, it is important to understand the treatment effect of political favoritism as a bundled effect. Distinguishing political favoritism's direct and indirect environmental effects calls for more project-specific case studies.

Our findings show that political favoritism in project allocation—which is both a demand and supply side factor—substantially accelerates deforestation.

FIGURE 6: Difference-in-difference analyses of the effect of project favoritism with variable temporal lags. From top right, estimates at 3, 6, 9, 12, and 15 km spatial buffers of post-project effect of favoritism in years 1-10 post-project.



This suggests the importance of continued efforts to foster transparency and regulatory oversight in BRI projects. From the perspective of future research, our findings point to the complementary potential of case study approaches and multi-site, spatially-explicit analyses. Continuing to probe and analyze the dynamics of the relationship between host country domestic politics and China's overseas finance will be crucial to better understanding and managing the BRI's global environmental impacts.

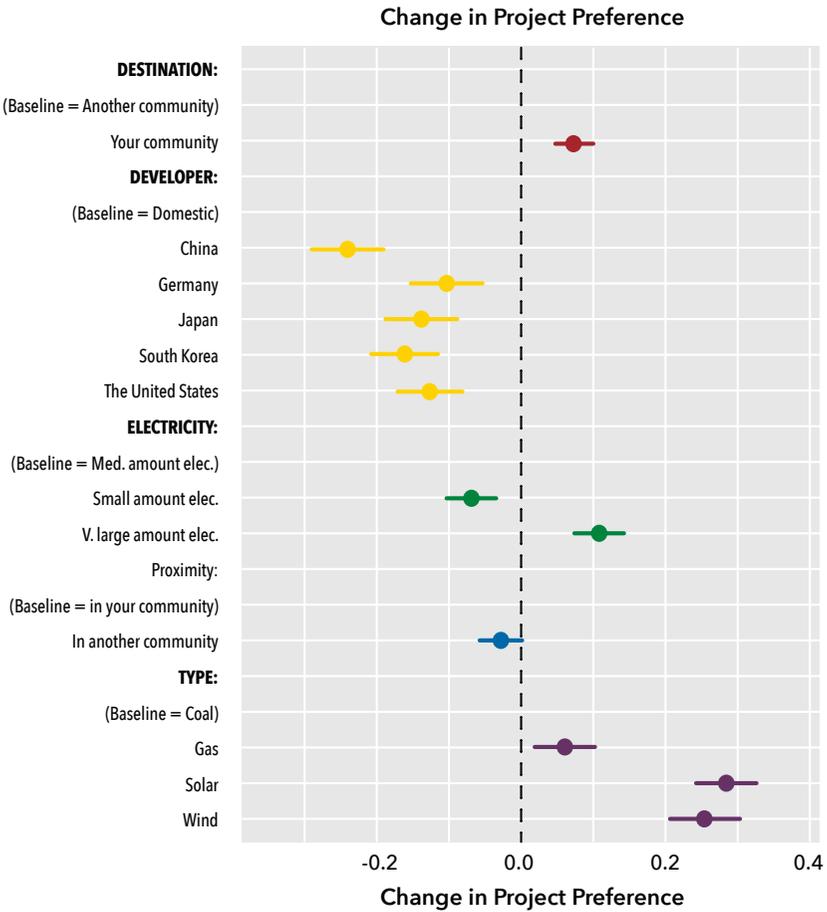
A Turning Tide?

Finally, I describe some preliminary findings on the public opinion dimension of overseas energy investments. In an ongoing project, together with Dr. Jennifer Hadden of the University of Maryland, we are using multi-country survey experiments to evaluate how the public thinks about energy infrastructure in the developing world—including how they think about China and China's role in building and financing this energy infrastructure. This work is part of a promising push to understand the public opinion foundations of China's reception around the world.⁴⁷

While this multi-country survey is still in the field, two findings of particular importance stand out from our pilot data, which are summarized in Figure 7. First, it is evident that across countries involved in the study—India, Turkey, and South Africa—there is a widespread preference for energy infrastructure projects powered by renewable fuels (solar and wind) and, to some extent, by fossil gas, together with a strong aversion to coal-fired power. This is consistent with increasing awareness of climate changes across the developing world, dissatisfaction with air pollution, and a generally increasing consciousness of environmental issues.

Second, respondents are much less likely to prefer energy infrastructure projects built by Chinese developers. This holds across project types and is a more important predictor of project preferences than a number of other variables including the amount of electricity and the number of jobs generated. This suggests that China increasingly faces public opinion headwinds. These headwinds could be problematic if they keep China from developing much needed infrastructure projects, but may also provide needed pressure to help increase accountability and high environmental standards in projects,

FIGURE 7: Project attributes effects on respondents' preferences. Plots show AMCEs from forced-choice conjoints of energy infrastructure projects.



maximizing their economic impact and turning them into a force for good, sustainable development.

Discussion and Policy Implications

The research findings presented here suggest a few important directions for analysis of and policy responses to the BRI. Black-and-white characterizations of the BRI are harmful because they force host country governments into a false dichotomy: protect the environment and the climate, or develop and grow. Such a dichotomy is inconsistent with the reality and the imperatives of sustainable development, and serves neither of the (inseparable) goals. The different empirical findings discussed above also point to some specific policy implications.

First, reasons of overcapacity do not seem to be the dominant driver of China's overseas investments in coal-fired power. This echoes research highlighting how Beijing is not a unitary actor in foreign policy.⁴⁸ For those engaged in environmental advocacy, a focus on blaming Beijing for pushing the construction of coal-fired power overseas may not be productive. There are more varied reasons why coal-fired projects get built, and broad claims about overcapacity miss the mark. Instead, a more nuanced policy advocacy and mobilization effort—from the U.S. government and the international environmental community writ large—should focus on understanding the specific country contexts of individual projects, including the companies and actors involved. Pinpointing the potentially varied local drivers of coal-fired projects built by Chinese companies in recipient countries would better inform strategies to decrease local support for environmentally-harmful projects and improve the provision of realistic, sustainable, and carbon-conscious alternatives.

Second, what are the policy implications of deforestation being linked more to political patronage? First, it is clear that activists, CSOs, and other environmental advocacy actors must broaden their critique from China's BRI to recipient countries. The allocation and siting of infrastructure projects may be driven more often by the parochial interests of political elites in these recipient countries who are seeking to extract rents or benefit their cronies, rather than Beijing's explicit preferences. At the same time, such critiques must recognize

the reality of development imperatives and the need for recipient country governments to build and deliver high-quality infrastructure. Such political and developmental imperatives means that these organizations' critiques and advocacy must be couched not in language universally opposed to the BRI, but instead in language that recognizes the importance—and even the political necessity—of BRI projects, while also building on findings about political favoritism to push for increases in transparency, regulation, and enforcement to ensure that *de jure* regulation is strengthened and that the *de facto* realities of policy implementation hew to these standards. This can help to reduce problems of elite capture and political patronage that exacerbate environmentally-destructive activities. By investing in standards and capacity, the U.S. government and the international community can encourage environmentally-sustainable policymaking in BRI countries without forgoing the positive developmental effects of these infrastructure projects.

Third, our findings on the public opinion backlash to Chinese energy infrastructure projects, while preliminary, point to potentially serious implications for Beijing. Negative perceptions of the BRI are likely to hamstring Beijing's ability to use such initiative for geopolitical influence. In fact, many countries have become more concerned over the environmental impacts of Chinese-financed projects, and the corresponding political fallout for leaders who support such projects. This is likely reflective of the wider implications of negative public opinion for China. It also suggests that much of the angst pervading Washington about the success of the BRI in wooing destination countries may in fact be overblown.⁴⁹ Additionally, U.S. policymakers and environmental activists could work more closely with local civil society organizations and local governments in recipient countries to amplify grassroots-level sentiments and ensure that these voices are heard as part of the project planning and implementation processes in recipient countries.

Broadly, U.S. government agencies such as USAID, the State Department, the EPA, the Department of Energy, and other relevant bureaucracies should redouble efforts to build cooperative links to BRI recipient countries. These links should focus on building host country institutional infrastructure and bureaucratic capacity and to promote stakeholder engagement in BRI projects. Creative efforts by the United States to capitalize on internal strengths—technical capacity and regulatory policy—can help inform how local communities

as well as subnational and national governments work with Chinese firms—by rejecting unsustainable projects, pushing for more consideration of sustainability and climate change during project planning, and ensuring that environmental rules and procedures as well as strengthened enforcement are front-and-center in policies on the Belt and Road Initiative.

The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.

Notes

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2021-22 WILSON CHINA FELLOWSHIP

The Impact of China's Trade Policies on Global Development: Agriculture and Fisheries Subsidies

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Abstract

China's trade practices have come under heightened scrutiny in the context of the ongoing U.S.-China trade war. Amid an intense focus on trade relations between the United States and China, however, the wider global effects of China's trade policies have been largely ignored. Attention has overwhelmingly focused on China's subsidies and other policies to promote the expansion of its advanced manufacturing and high-tech industries, which pose a competitive threat to the United States and other advanced economies. Yet China is also making use of trade policies in other sectors—such as agriculture and fisheries—that are of significant concern to developing countries. Over the last decade, China has emerged as the world's largest subsidizer of both agriculture and fisheries. Since many developing countries depend heavily on these sectors for exports, incomes, and food security, China's policies have profound global implications. In this paper, I show that China's trade policies, particularly in the areas of agriculture and fisheries, are proving increasingly harmful for other developing countries. Moreover, China has been blocking efforts to establish new and stronger rules restricting the use of such subsidies at the World Trade Organization (WTO).

Implications and Key Takeaways

- U.S. policymakers should work to broaden the debate about China's subsidies to include greater focus on the interests and concerns of developing countries. China is now the world's largest subsidizer of both agriculture and fisheries, and the harmful impacts of its subsidies are felt most keenly by other developing countries.
- China's efforts to claim special and differential treatment (SDT) in WTO negotiations are increasingly problematic due to the effects of its trade policies on the rest of the developing world. While China frequently claims to be acting as a champion of the developing world in WTO negotiations, its insistence on a blanket right to SDT for all developing countries is actually hindering efforts to promote global development. China must take greater responsibility for the effects of its trade policies on the rest of the Global South, including being willing to accept

disciplines in areas where its trade policies have negative spillover effects for other developing countries.

- Developing countries need support from more powerful states in their efforts to secure new and stronger WTO rules to reign in harmful agricultural and fisheries subsidies. The U.S. government can play an important role in this by working with developing countries to increase the pressure on China to reform its subsidies, as well as by showing willingness to reform its own trade-distorting subsidies in areas such as agriculture.
- The United States must take a strong stand against the weaponization of trade and the use of economic coercion. It should condemn China's trade aggression and show solidarity with countries that have been victimized by such actions. It should commit to not use such measures itself and work—whether via the WTO or other channels—to develop new mechanisms and disciplines to counter economic coercion and prevent the abuse of power by powerful states in the trading system.

Introduction: China's Other Subsidies

While China's trade policies have come under scrutiny in the context of the ongoing U.S.-China trade war, the wider effects of China's trade policies have been largely overlooked. To date, the debate about China's trading practices has been driven primarily by the United States and other advanced-industrialized states, such as the EU and Japan. These countries have complained about China's use of state subsidies and other unfair trading practices to give its firms and industries a competitive advantage in global markets and tilt the playing field in their favor. Attention has overwhelmingly focused on the policies that China is using to promote the expansion of its manufacturing and high-tech industries, including heavy subsidies, forced technology transfer, and intellectual property violations. In these sectors, China's policies pose a serious competitive threat to the United States and other advanced economies.

What has been widely neglected, however, is the fact that China is also making use of highly trade-distorting policies in sectors that are of significant concern to developing countries. Although China is primarily seen as a manufacturing powerhouse, it has also emerged as a major power in global agriculture markets and the world's dominant fishing power. Over the last decade, China has become the world's largest subsidizer of both agriculture and fisheries. Since many developing countries depend heavily on these sectors for exports, incomes, and food security, China's policies have profound implications for the developing world.

China has sought to portray itself as a champion of global development, pursuing a "win-win" form of economic globalization that benefits all countries. Yet, in fact, China's trade policies are exacerbating hardship in some of the world's poorest countries. Moreover, Beijing has repeatedly undermined efforts to construct new global trade rules at the World Trade Organization (WTO) on agriculture and fisheries that are of crucial importance to much of the developing world.

The Battle over Special and Differential Treatment for China at the WTO

The issue of how China should be treated under global trade rules has become a central source of conflict in the multilateral trading system. A core

principle of the World Trade Organization (WTO) is that developing countries should be granted “special and differential treatment” (SDT)—that is, provided with various exemptions and exceptions from WTO rules and allowed greater scope to use tariffs, subsidies and other trade measures to promote their economic development. SDT is seen as an important means for the WTO to address the needs of developing countries and aid in fostering global development.

There is no established criteria for determining what constitutes a “developing country” at the WTO. Instead, states are allowed to self-designate as developing countries in order to access SDT. China insists that, as a developing country, it should have access to SDT and be entitled to the same exemptions and exceptions as other developing countries. Yet the issue of extending SDT to China has become increasingly controversial as its economic weight has grown. The United States and other advanced-industrialized states strongly object to providing special treatment to a major economic competitor. Instead, they argue that China must take on greater responsibility commensurate with its role as the world's largest trader and second largest economy—meaning that it undertake greater commitments to open its market and accept disciplines on its use of subsidies.

While to date the fight over SDT for China has been primarily driven by the United States and other advanced economies, as analysis of its agricultural and fisheries subsidies shows, allowing China to access SDT is increasingly problematic due to the harmful effects of its trade policies on other developing countries. Although China remains a developing country—with per capita incomes less than one-fifth those of the United States, for example¹—the size of its economy is now of such a magnitude that its trade policies have profound global implications.

Beijing claims to be acting on behalf of the developing world in seeking to defend the right to SDT. China insists that SDT is a “fundamental” and “unconditional right” of all developing countries that must be “fully preserved... for all members,” identifying this as a “redline” on which it is unwilling to budge.² However, since China is now the largest provider of agricultural and fisheries subsidies, exempting it from trade disciplines via SDT threatens to jeopardize efforts to achieve crucial global development and environmental objectives. By refusing to accept disciplines on its subsidies in areas such as

agriculture and fisheries, China is blocking reforms of the trading system that are crucial to the interests of other developing countries.

China's Farm Subsidy Boom

Agricultural subsidies are widely seen as a symbol of the injustice in the global trading system.³ Subsidies provided by richer countries give their farmers an unfair advantage in global markets, while also artificially depressing global prices. The result is a double whammy that undermines the livelihoods of millions of poor farmers in the developing world, who face heavily subsidized competition along with lower prices for the commodities they produce.⁴ There is widespread consensus that reducing global agricultural subsidies would increase incomes and reduce poverty in developing countries.⁵

Historically, the vast majority of subsidies were provided by developed countries like the United States, EU, and Japan, while developing countries generally lacked the resources to subsidize their farmers.⁶ However, as China has grown richer, its agricultural support has risen dramatically, such that it is now the world's biggest subsidizer.⁷ The Chinese government provides over \$200 billion in subsidies and other forms of trade-distorting support to its farmers annually, considerably more than the EU (\$100 billion), United States (\$33 billion), or any other country.⁸

The effects of China's trade policies are compounded by the fact that it is now a major agro-power: China is the world's largest agricultural producer and consumer, and fourth largest exporter.⁹ Although the goods it subsidizes are primarily sold in the domestic market rather than exported, due to the scale of its subsidies and because China is such a large import market, its policies have significant implications for global markets and trade. China's subsidies increase its domestic agricultural production, which displaces imports from its market and lowers global prices, causing farm incomes in other countries to fall.¹⁰

Beijing claims that its farm subsidies are intended to foster rural development and reduce inequality. Despite China's manufacturing boom and the rapid growth of its cities, nearly 40 percent of the country's population remains rural and a quarter of its workforce is employed in agriculture.¹¹ China's urban-rural income gap is among the largest in the world, with average urban incomes three times higher than those in rural areas.¹² The Communist Party

fears that these high levels of inequality could be politically destabilizing and threaten its grip on power.

If Beijing wants to support its rural population and boosting incomes, there are alternative policy tools that could be used to achieve those goals without the harmful spillover effects that its current policies have for other developing countries.¹³ These include providing direct income payments to farmers that are delinked from production, as well as investing in rural health care, education, and social security.

But one of the primary objectives of China's subsidies is to boost its domestic agricultural production.¹⁴ The government has established targets for achieving self-sufficiency in "strategic commodities," including food staples.¹⁵ Its goal is to reduce reliance on imports, which it views as a potential source of vulnerability. Trade distortion is therefore not an accidental effect of China's subsidies but in fact their central purpose.

This runs counter to the trend in most countries. In most advanced-industrialized states, agricultural subsidies have fallen steadily over the past two decades, and these countries have also reformed their farm support programs to make them significantly less trade distorting, reducing the harmful spillover effects for farmers elsewhere.¹⁶ China's subsidies, however, are specifically designed to encourage its farmers to increase production—including government purchases of crops at subsidized prices, direct payments based on production, and input subsidies—and are therefore highly trade distorting.¹⁷

While Beijing claims that its subsidies are meant to benefit peasant farmers, most of the country's agricultural production is now under the control of "dragon head" enterprises—large, domestic agribusiness companies.¹⁸ Given the design of China's subsidies, which are linked to production volumes, the benefits flow primarily to China's booming agribusiness industry rather than struggling peasant farmers.

At the WTO, Chinese officials routinely argue that its subsidies are "morally different" from those of the United States or EU because it is a developing country.¹⁹ In reality, however, it does not matter where the subsidies originate—whether China or a developed country—the impact on global markets or poor farmers in the developing world is the same. Both the Chinese market and its subsidies have reached such a large scale that its policies have a significant impact on the rest of the world.

Agriculture is a key economic sector for many developing countries—their biggest employer and a major source of exports. Reducing global agricultural subsidies is accordingly a pressing concern for much of the developing world and seen as a critical means to improve welfare and livelihoods. There is no question that subsidies provided by the United States, EU, and other developed countries remain part of the problem. Indeed, U.S. agricultural subsidies increased significantly under the Trump administration.²⁰ However, the source of the agricultural subsidy problem—and thus its solution—no longer rests solely with rich countries like the United States and EU. Any effort to reign in global agricultural subsidies needs to include China, as the world’s largest subsidizer.

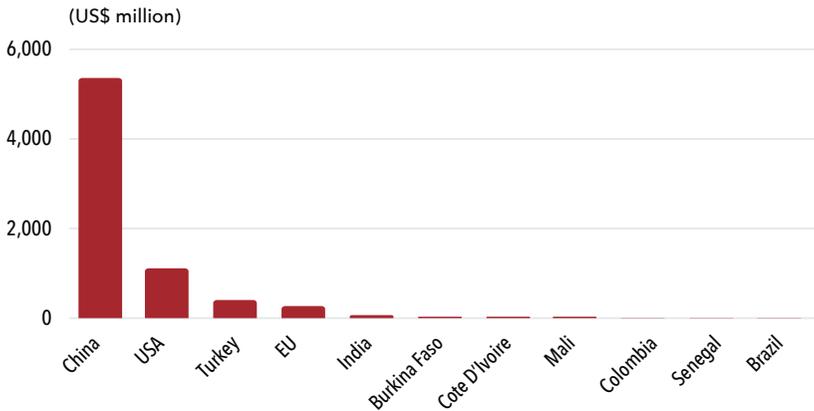
Since the Doha Round breakdown in 2011, WTO members have been seeking to negotiate a standalone agreement to reduce global agricultural subsidies. Notably, the traditional big subsidizers, including the United States, all indicated their willingness to significantly reduce their subsidies.²¹ Yet the negotiations have reached an impasse over China’s subsidies. Insisting on its right to SDT as a developing country, China argues that it should be exempt from any new subsidy rules or requirements to cut its subsidies. The Chinese government has refused to accept *any* new disciplines on its agricultural subsidies at the WTO. Beijing is seeking to maximize its policy flexibility, not only to maintain its current subsidies but even to increase them in future. The resulting failure to conclude a WTO agreement to reign in global agricultural subsidies is a major blow for developing countries.

The New Goliath in the Fight over Cotton Subsidies

Cotton provides a striking illustration of how China’s trade policies are affecting some of the world’s poorest farmers. A diverse range of actors—from development NGOs like Oxfam and Action Aid to the World Bank—have highlighted the harmful effects of cotton subsidies for millions of poor farmers in the developing world and called for stricter global WTO rules to eliminate such subsidies.²²

The global campaign to reduce cotton subsidies has frequently been characterized as a David-and-Goliath-like struggle, with some of the world’s poorest countries seeking to bring greater justice to the trading system. The United States—historically the world’s biggest cotton subsidizer—was once seen as

FIGURE 1: Annual Cotton Subsidies



Source: Data from ICAC 2016.

Note: Subsidies provided by some countries are too small to be visible.

the chief culprit.²³ But in recent years, China has surpassed the United States as the world's largest cotton subsidizer (Figure 1). Over the past decade, China provided \$41 billion in cotton subsidies—nearly six times more than the \$7 billion provided by the United States. China alone now accounts for nearly three-quarters of all global cotton subsidies.²⁴

Cotton is of crucial importance to the Cotton-4 (C-4) group of West African cotton producers (Mali, Chad, Benin, and Burkina Faso), as well as many other developing and least-developed countries in Africa and throughout the world.²⁵ These countries depend heavily on cotton exports for employment, government revenue and foreign exchange. Cotton is one of the most important export crops in sub-Saharan Africa, with some 15 million people directly dependent on it for their livelihoods.²⁶ Burkina Faso, for instance, which has an average income of just \$790 per year, relies on cotton for 59 percent of its export revenues.²⁷

While African cotton producers are among the world's most competitive, the subsidies provided by other countries leave them struggling to compete in

global markets.²⁸ If global cotton subsidies were eliminated to create a level playing field, there would be a significant shift in cotton production to African countries, whose farmers would benefit from higher prices and incomes.

Today the world cotton market revolves around China, as the site of over half the world's textile production.²⁹ Given its extraordinary market power, this means that cotton farmers around the world are at the mercy of Chinese government policy.

China is a relatively inefficient cotton producer—like the United States, its production costs are roughly four times those of some African countries.³⁰ Yet subsidies and other trade-distorting policies have made China one of the world's biggest cotton producers. China's subsidies artificially increase its own cotton production, displacing imports and driving down global prices, thereby reducing the incomes of farmers elsewhere around the world.

Besides subsidies, China also uses tariffs as high as 40 percent to restrict cotton imports.³¹ Given the size of its market, if Beijing were to allow cotton from least-developed countries (LDCs) to enter its market duty free, it would provide a significant boost to African cotton producers. However, while the Chinese government has offered some Duty-Free Quota-Free (DFQF) market access to LDCs, it excluded many of their most important exports, including cotton.³² When asked by LDCs at the WTO to expand its DFQF access to cover cotton, the Chinese government refused.

China's heavy subsidies and import barriers cause significant hardship to poorer and weaker countries. While China remains a developing country, it is vastly richer than the C-4 countries, for example, with a per capita GDP of over \$10,000 compared to an average of just \$900 among the C-4.³³

As with its other agricultural subsidies, Beijing claims that its cotton subsidies are intended to support peasant farmers and boost rural incomes. In reality, however, China's cotton subsidies are driven by political and strategic motives, and specifically directed at encouraging cotton production in the northwestern region of Xinjiang. More than 85 percent of China's cotton production is located in Xinjiang, dominated by large, government-owned or operated cotton farms.³⁴ Most cotton there is grown by the Xinjiang Production and Construction Corps (XPCC), a paramilitary agro-industrial conglomerate established to pacify and "Sinicize" the region, which is home to China's Muslim Uighur minority.

Appropriating land and water from the local Uighur population, the XPCC employs and resettles Han Chinese workers brought in from other parts of the country.³⁵ The XPCC controls vast tracts of land and has played a central role in Beijing's strategy for asserting its dominance over the territory and the Uighur population, over 1 million of whom have been imprisoned in mass internment camps. The XPCC has been sanctioned by the U.S. Treasury Department for severe human rights violations and abuses, including using forced prison labor to work in the cotton fields and throughout the cotton and apparel supply chains in Xinjiang.

Farms operating under the umbrella of the XPCC account for about a third of all cotton grown in China.³⁶ Targeted towards Xinjiang and entities like the XPCC, China's cotton subsidies are part of the government's efforts to exert internal control over the region, which also has strategic significance as an important hub of China's Belt and Road Initiative, creating trade and infrastructure links to Central Asia, the Middle East and Europe.

The C-4 and other African countries have advocated for an agreement at the WTO to eliminate harmful cotton subsidies. But Beijing has refused to accept disciplines on its subsidies, identifying this as a "red line" on which it is unwilling to budge. Remarkably, the Chinese government continues to insist that all blame for the cotton problem lies solely with the United States, and that as a developing country it is on the same side as the African countries and LDCs in fighting against the United States and other developed countries.

American subsidies certainly remain part of the problem. Yet since U.S. subsidies are now dwarfed by those of China, it is no longer enough simply to go after U.S. subsidies. China has become the primary source of the cotton problem, but it has thwarted efforts to secure a WTO cotton agreement by resisting any restrictions on its subsidies. Its unwillingness to participate in global subsidy reform efforts makes a meaningful agreement on cotton impossible. Like the broader negotiations on agricultural subsidies, the cotton negotiations have also become paralyzed.

The Dragon in the World's Oceans

China's subsidies for its fishing industry are proving similarly harmful to other developing countries. Subsidies have fueled a global fisheries crisis by

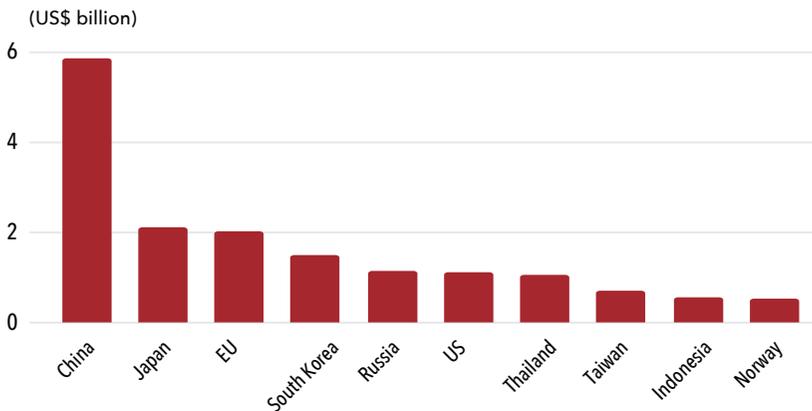
contributing to overcapacity and overfishing (“too many vessels chasing too few fish”) leading to the decimation of global fish stocks.³⁷ According to the UN Food and Agriculture Organization, 90 percent of global fish stocks are already fully exploited and nearly a third are being fished at a biologically unsustainable level.³⁸

Not all subsidies are environmentally harmful. In fact, some are environmentally-beneficial, such as subsidies that support conservation, fisheries management, R&D, and investments in fisheries resources. The problem, however, lies with subsidies that reduce the cost of fishing and related activities, such as subsidies for vessel construction and fuel. Known as “capacity-enhancing” subsidies, these subsidies contribute to the build-up of excess capacity in the world’s fishing industry, create incentives to overfish and lead to the overexploitation of fish stocks.

Capacity-enhancing subsidies allow fishing fleets to broaden and intensify their operations, including building and operating larger boats that can travel greater distances and remain at sea for longer periods, in order to fish in the high seas or in the exclusive economic zones (EEZs) of other states.³⁹ Estimates suggest that more than half of current fishing activity in the high seas would not exist without such subsidies.⁴⁰ Subsidy-driven overcapacity has also resulted in high rates of illegal fishing by foreign fleets, which affects developing countries most heavily due to a lack of enforcement capacity.⁴¹

Overfishing severely damages fragile marine ecosystems and undermines the sustainability of global fisheries. Moreover, many coastal and island developing countries depend heavily on fisheries for food security, employment and livelihoods, making them especially vulnerable to plummeting fish harvests.⁴² Subsidies enable countries with large industrial fishing fleets to exploit resources far beyond their own waters at the expense of local fishing communities, and for many communities, the effects of competition from heavily subsidized foreign fishing fleets have been devastating.⁴³

Developed countries like the EU and Japan were once considered the worst offenders.⁴⁴ But China now dominates the global fishing industry. Driven by heavy subsidies, China has developed the world’s largest industrial fishing fleet, making it the largest fisheries producer and exporter.⁴⁵ And like agriculture and cotton, China is now the world’s largest subsidizer of fisheries by far (Figure 2). China alone accounts for more than 20 percent of all harmful

FIGURE 2: Largest providers of harmful fisheries subsidies

Source: Data from Sumaila et al. 2019.

fisheries subsidies globally. It spends more than \$6 billion annually on such subsidies, nearly three times more than the next largest subsidizer, the EU.⁴⁶

The growth of China's fishing industry was initially driven primarily by fishing in its own territorial waters, with the government providing substantial support to fishing communities and companies to expand and intensify their activities.⁴⁷ But subsidies led to excess capacity and overfishing, with the result that by the late 1990s, most of China's own fish stocks were heavily depleted. In response, Chinese policy shifted towards efforts to conserve and restore its fishery resources in its own domestic waters, including strictly restricting fishing. But eager to maintain employment in fishing and processing, the Chinese government shifted to providing heavy subsidies—for fuel, shipbuilding and processing—to enable its fleet to expand into international waters.⁴⁸

China's heavily-subsidized fleet now accounts for an astounding 42 percent of global fishing activity—outstripping the next 10 biggest countries combined.⁴⁹ China has nearly 17,000 vessels engaged in distant water fishing—to put this in perspective, the United States, which is the world's third largest fishing country, has only 225 of such vessels.⁵⁰

Most of China's distant water fishing activity would be unprofitable without subsidies.⁵¹

Fuel subsidies enable China's fleet to cheaply travel vast distances and, with refueling at sea, remain at sea for long periods of time—some boats for as much as two years. Propelled by subsidies, China's fleet has expanded far beyond its own territorial waters, operating intensively off the coasts of West Africa, Central and South America, and the Pacific Islands.⁵²

The same dynamics of overcapacity present in other Chinese sectors, such as steel and construction, are evident in the fishing industry. Subsidies have led to massive overcapacity in China's fishing sector, and China is now effectively seeking to "export" its overcapacity by providing subsidies to support intensive fishing operations far from its own shores. In the fisheries sector, however, China's response to overcapacity has put immense pressure on fragile marine ecosystems, threatening the sustainability of global fisheries resources upon which large parts of the world's population depend.

The impact has been devastating for many coastal and island developing countries, where small-scale fishers are being squeezed out of their livelihoods. China's industrial fishing fleet now dominates in the waters off West Africa, for instance.⁵³ While the region has some of the world's richest fishing grounds, its fish stocks are rapidly being depleted by industrial trawlers. Locals fishing from hand-hewn canoes are competing against Chinese "mega-trawlers" with mile-long nets that sweep up everything from seabed to surface. Declining fish stocks have caused the incomes of local fishers to plummet and reduced domestic food supply—in countries with already high rates of hunger and food insecurity. Chinese overfishing has been similarly documented in the world's other major fishing regions, along with evidence of considerable illegal fishing.⁵⁴

China's fisheries subsidies serve both economic and geopolitical objectives. Beijing has identified this as a strategic industry and made the continued expansion of its distant water fishery a key national policy goal.⁵⁵ Regionally, the Chinese government is using its subsidized fleet to bolster its maritime claims in the East and South China Seas, with subsidies enabling China's "fishing militia" to purchase bigger boats and travel further into disputed territory, such as the Spratly, Paracel, and Senkaku/Diaoyu Islands.⁵⁶ China's fishing militia has, for example, driven thousands of Filipino fishers away from the rich fishing grounds surrounding the Spratly Islands.

Globally, China's subsidies are intended to support its goal of becoming a "Great Ocean Power," by encouraging the aggressive outward expansion of its industrial fishing fleet across the world's oceans. This has included providing hefty subsidies to further expand its distant water fishing operations, including for building, modernizing and upgrading vessels to further increase the overall capacity of its fleet; constructing overseas fishing "bases," which provide port, processing and logistics facilities for its fishing fleet; and increasing exploration and exploitation of previously untapped fisheries resources, such as in ecologically-fragile Antarctica.⁵⁷

While others, including the EU, Japan, South Korea, Taiwan and Russia, undoubtedly share responsibility for the current global fisheries crisis as a result of their subsidies and overfishing, China is now by far the biggest source of the problem due to the sheer size and scope of its global fishing operations. Meanwhile, it is developing and less-developed countries that are most vulnerable to the collapse of global fish stocks.

In recent years, developing countries have led efforts to secure a WTO agreement to curb harmful fisheries subsidies. The 2015 UN Sustainable Development Goals (SDGs) identified such an agreement as an urgent international priority. The goal is to achieve a "triple win"—an outcome that is positive for trade, development and the environment. However, while the UN SDGs set a deadline to conclude the negotiations by the end of 2020, that deadline passed without agreement. WTO negotiators are now seeking to reach a global fisheries agreement by the next WTO Ministerial Meeting in June 2022. As one of the sole active areas of multilateral negotiations at the WTO, achieving a successful agreement is seen as essential to demonstrating the institution's continued relevance.

Yet here too, as in the agriculture and cotton negotiations, China has repeatedly sought to undermine and evade restrictions on its ability to subsidize its fishing industry, insisting on its right to SDT as a developing country. The broadly accepted rationale for SDT is to ensure that poor countries can provide support to vulnerable populations dependent on small-scale, subsistence-based fisheries, which have minimal environmental impact compared to industrial fishing fleets. Although China remains a developing country, given the size and reach of its fishing fleet, allowing it to exempt its subsidies via SDT would severely undermine the efficacy of any new rules intended

to discipline harmful fish subsidies and conserve global fish stocks. A meaningful and ambitious fisheries agreement is simply not possible without the participation of the world's largest subsidizer—China.

Fear of Retaliation Inhibits Criticism

China's agriculture and fisheries subsidies are contributing to the immiseration of farmers and fishers in poorer countries. Yet many of these countries are highly reluctant to challenge China or call out its trading practices. China is now the largest export market for many developing countries, as well as a major source of foreign aid and investment. Given their growing dependence on China, there is widespread fear that antagonizing Beijing by criticizing its trading practices could provoke retaliation.

These apprehensions are well founded. As its economic weight has grown, the Chinese government has increasingly used trade as an instrument of economic coercion against other states. Beijing recently blocked imports from Australia, for example, in retaliation for its calls for an independent inquiry into the origins of the Covid-19 outbreak as well as Canberra's complaints about Chinese Communist Party interference in Australia's domestic politics. As Australia's largest trading partner, accounting for nearly 40 percent of the country's exports, Beijing's import curbs—covering a lengthy list of agricultural and mining products—were intended to inflict maximum economic pain across Australia's key export industries.

Likewise, China recently blocked imports from Canada—and arbitrarily imprisoned two Canadians—in retaliation for its participation in the extradition of a Huawei executive facing fraud charges in the United States. Targeting Canada's major agricultural exports, including pork, beef, soybeans and canola, the restrictions cost the country an estimated \$4 billion in lost exports.⁵⁸

If even middle powers like Canada and Australia—which are close allies of the United States and among the world's largest economies—are being targeted with punitive economic measures for running afoul of Beijing, it is no surprise that smaller and more vulnerable countries are afraid to speak out against China's trade policies. And these are far from isolated incidents. To date, Beijing has used the threat and imposition of trade restrictions to punish

over a dozen countries for various perceived affronts, including Japan, South Korea, New Zealand, Norway, Sweden, the Philippines, Taiwan, Mongolia, and the United Kingdom. Such measures are in blatant violation of the rules and principles of the WTO, but those rules are proving increasingly inadequate to address China's trading practices.

While developing country officials and trade negotiators are frank in expressing their concerns about China's trade policies behind closed doors, they are highly reluctant to voice these concerns publicly. As one WTO developing country negotiator summarized: "There's only one country here that criticizes China and that's the United States. The smaller you get, the more polite you are to China."⁵⁹ The United States is vocal in its complaints about China's trade policies and their effects on American workers, firms and industries. But that freedom to criticize China's practices is rapidly becoming a privilege reserved solely for powerful states like the United States. Those who lack its economic and political might are increasingly forced to suffer in silence.

Developing countries have little fear of confronting other major powers like the United States or EU—liberal democracies where public debate and scrutiny of government policy are the norm. Indeed, developing countries have a long history of being highly vocal in calling out the hypocrisy of those states' unfair trade policies. Yet those same developing countries are hesitant to be seen as criticizing China, an authoritarian regime that is increasingly trying to suppress debate about its policies both domestically and internationally. Consequently, at the WTO, developing countries have typically voiced concerns about China's subsidies and other trade policies only obliquely. For example, states will decry the effects of agriculture and fisheries subsidies without specifying who exactly is providing those subsidies, or insist that "big subsidizers" need to reduce their subsidies, without naming China directly.

As a result, a frank and inclusive debate about the effects of China's trade policies has been missing—even at the WTO, an institution whose explicit purpose is to provide a forum to scrutinize and monitor the trade policies of states. As long as weaker countries fear reprisals from the Chinese government, an open debate about its trade policies is impossible.

Conclusion: How to Make Trade a True Win-Win

Amid the U.S. assault on the rules-based multilateral trading system that began under President Trump, the Chinese government has sought to portray itself as an emerging new defender of globalization and free trade. At the same time, Beijing has sought to portray itself as a beneficent leader of efforts to combat global poverty and foster development, dispensing large volumes of investment through the Belt and Road Initiative and other channels, while claiming to represent the interests of the developing world in international institutions like the WTO. These claims are deeply undermined, however, by the harmful effects that China's trade policies are having on other developing countries.

With debate about China's trade policies dominated by the world's richest and most powerful economies, the voices of developing country have been largely absent. Yet that does not mean China's policies are not affecting such countries. On the contrary, in agriculture and fisheries, the harmful effects of China's trade policies are felt most acutely by other developing countries. Given its enormous market power, as well as the massive volume of subsidies that it is providing, China's trade policies have major consequences for global development.

To be clear, this is not to let the United States and other developed countries off the hook. But the damaging effects of agricultural and fisheries subsidies for global development can no longer be addressed solely by tackling the policies of rich countries like the United States, EU, and Japan. As the world's largest subsidizer, efforts to reform global subsidies need to include China.

The Chinese government frequently claims to be acting in solidarity with developing countries to challenge the injustices of the global trading system. In actual fact, however, it is Beijing's trade policies that are increasingly becoming the biggest threat to other developing countries. In areas like agriculture and fisheries, China's insistence on its right to SDT is hindering global development efforts, as well as efforts to protect the environment. Rather than simply trying to hide behind its developing country identity, China must show greater accountability for the effects of its policies on poorer and weaker developing countries. What these countries need is not just abstract expressions of developing world solidarity but concrete and meaningful policy change.

Without tackling China's subsidies and other harmful trading practices, any effort to improve the plight of poor farmers and fishers around the world

is doomed to failure. Given their difficulties in confronting China directly, developing countries need support from more powerful states in their efforts to secure new and stronger WTO rules to reign in harmful agricultural and fisheries subsidies.

The United States can play an important role in this, by working with developing countries to increase the pressure on China to reform its subsidies. These are areas where the interests of the United States and the developing world align. As the world's largest agricultural exporter, the United States has a keen interest in reducing China's subsidies. Likewise, as a relatively small user of harmful fisheries subsidies, placing its fleet at a competitive disadvantage vis-à-vis bigger subsidizers, the United States also has a commercial interest in reducing such subsidies.

The United States is currently working with the EU and Japan in the Trilateral Initiative seeking to reform WTO rules to better address China's industrial subsidies. However, it is missing a valuable opportunity to form a broader alliance with a wider array of countries, and to work across North-South lines to challenge China's subsidies and other harmful trading practices. Of course, to do so, the United States must also be willing to address its own trade-distorting subsidies in areas such as agriculture; but this had been a long-term goal of U.S. agriculture reform until the shock caused by the imposition of tit-for-tat tariffs in the U.S.-China trade war.

The failure of the U.S.-China "Phase 1" agreement to produce any meaningful reform of China's subsidies or other trade policies—and with no subsequent agreement on the horizon—has shown that such policies cannot be effectively addressed by the United States acting alone or in bilateral negotiations with China. With China expected to overtake the United States as the world's largest economy within the next decade or so, the United States' relative economic power is declining.⁶⁰ If the United States wants to convince China to reform its subsidies or other trade practices, it needs allies now more than ever. The best way to address China's subsidies and other trade practices is through multilateral channels where the United States can ally with other states to increase its leverage.

This would require recommitting to the rules-based multilateral trading system. For many years, the United States has been missing in action at the WTO. Under the Trump Administration, the United States abdicated its

traditional leadership role at the WTO, abandoning trade multilateralism in favor of aggressive unilateralism and launching an assault on the institution's dispute settlement mechanism. While these actions did immense damage to the United States' international standing and reputation, the resulting leadership gap at the WTO has made progress in any area of negotiations virtually impossible. Allying with developing countries to push for meaningful and ambitious agreements on agriculture, cotton and fisheries would be a powerful symbol of renewed American leadership in the trading system and show that the era of "America First" is over. It would demonstrate that the United States is seeking not only to advance its own narrow trade interests, but to make the system fairer and more responsive to the needs of all countries.

Finally, the United States must take a strong stand against the weaponization of trade and the use of economic coercion. It should condemn China's trade aggression and show solidarity with countries that have been victimized by such actions. It should commit to not use such measures itself and work—whether via the WTO or other channels—to develop new mechanisms and disciplines to counter economic coercion and prevent the abuse of power by powerful states in the trading system.

The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.

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2021-22 WILSON CHINA FELLOWSHIP

Influence Nodes: China's High-Profile Global Development Projects

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Abstract

Governments around the world, including that of the United States, have grown increasingly anxious about the nature and impacts of Chinese-financed global development projects. One source of concern is China's pursuit of influence via foreign aid and less concessional, debt-based financing in other countries. But given the scale and complexity of China's overseas development portfolio, expectations that development dollars translate linearly into political influence are unrealistic. This essay argues for instead focusing on the major nodes of China's overseas development program most relevant for questions of influence: High-profile development projects. These projects possess outsized visibility and political salience in host countries. These features enable high-profile projects to serve as unique sources of political capital for host country leaders. China's government can generate influence from this capital, but also faces risks to its international influence created by these projects that are often difficult to manage. Based on original data collection, this essay discusses how high-profile projects can increase or decrease China's elite and popular influence. It provides a nodal rather than linear lens for considering how overseas development projects affect China's net influence. This approach complicates calculations of influence, but suggests that if anything, China has likely yielded lower net influence than often assumed by policymakers and analysts.

Implications and Key Takeaways

- Policymakers and analysts should avoid the temptation to settle for straightforward assumptions about how China gains or loses influence in developing countries. China's global development projects serve Beijing's pursuit of influence, but both "projects" and "influence" require greater conceptual precision to understand links between them. Accounting for such links suggests that calculations of China's influence based on overall financing volumes may be inflated due to neglect of important influence channels.
- Governments concerned with China's use of development finance for influence should also avoid trying to match China's financing dollar-for-dollar or project-for-project. Mobilizing and coordinating public and

private capital are serious constraints to competing with China at scale. Moreover, China's government and host country governments often have closely aligned incentives for pursuing high-profile projects. Neither direct competition nor rhetorical criticism are likely to deter China's longstanding approach to providing these projects.

- Initial indications that the United States and its partners plan to provide alternatives to Chinese financing that focus on potential strengths in physical and digital infrastructure are encouraging. Absent the ability to do this at scale, these governments should also invest more in helping host country governments make prudent choices in pursuing and negotiating development projects financed by China and other donors and lenders.
- The United States and its partners can also provide greater support to civil society organizations (CSOs) abroad to help them monitor and shape negotiations over Chinese development projects. This is particularly important in countries where national leaders directly request, negotiate, and plan these projects, often without adequate public disclosure. Greater CSO engagement can increase the likelihood that feasible, desirable projects will be selected and completed with higher baseline levels of buy-in from local societies. This outcome would be beneficial for all actors involved, including China's policy banks and state-owned enterprises that finance and implement projects. This support need not be conflictual: it can also be supported by China's government and international non-governmental organizations (INGOs).
- The United States and other members of the international community should persistently leave the door open for greater coordination with China's government, despite longstanding and current challenges related to information sharing and transparency in international development. They should encourage and reward future improvements in official information disclosure regarding China's overseas development activities.

Introduction

When one thinks of the Belt and Road Initiative (BRI), visions of massive, grandiose infrastructure projects immediately come to mind. This is true almost no matter where one looks along the BRI, a signature strategy of Chinese President Xi Jinping introduced in late 2013 that promotes infrastructure and other forms of connectivity with several dozen countries across and beyond an overland “belt” through Eurasia and maritime “road” through the Indo-Pacific. Consider Kenya, Papua New Guinea, and Sri Lanka, three major host countries for Chinese-financed development projects. According to *AidData’s Global Chinese Development Finance Dataset* (Version 2.0), between 2000 and 2017 China’s government committed over \$10 billion (2017 US\$) to Kenya.² This financing was diverse: it supported 155 aid- and debt-financed projects across the education (28 projects), emergency and disaster relief (19), energy (17), and health (15) sectors. But for most observers at home and abroad, China’s presence in Kenya is symbolized by one or a few well-known projects, such the Standard Gauge Rail (SGR), a megaproject championed by President Uhuru Kenyatta.³

In Papua New Guinea, similarly, China has committed \$6.1 billion worth of projects over the same period, including 33 and 18 projects in the health and education sectors. But domestic and international audiences are most familiar with structures such as the \$25.6 million convention center built in Port Moresby used to host an Asia-Pacific Economic Cooperation (APEC) meeting in 2018. Finally, government committed \$12 billion for 150 aid- and debt-financed projects in Sri Lanka during the same period. But one notorious project typically serves as an oversized reference point for China’s controversial role there: Hambantota Port, a distressed infrastructure project pursued by former Prime Minister Mahinda Rajapaksa that has helped inspire the popular but flawed “Debt Trap Diplomacy” narrative.⁴

As these examples show, a pattern has emerged during the first decade of the BRI. Within most host countries, one or few projects often dominate local, national, and even global narratives about China’s development finance. Most consumers of these narratives never actually interact directly with the projects in question. In contrast, most projects that China and other donors provide overseas are local and lack the scale, visibility, and political salience to serve as major topics of conversation. Existing approaches to studying foreign

aid, including China's development finance, do not capture this basic variation that distinguishes high-profile projects. But when considering how donors and creditors amass or lose influence abroad, it makes sense to spotlight high-profile projects that punch above their weight in dollars and serve as potentially outsized nodes for influence seeking.

The role of high-profile development projects within Beijing's broader pursuit of global influence is an important policy question. Amidst deepening U.S.-China tensions, China's re-emergence as a prominent donor and transformation into the world's largest bilateral creditor have set off alarm bells in the U.S. policy community. There is no shortage of opinions about the motives and effects of Chinese government financing. Beijing's provision of development "hardware" such as transportation infrastructure is often criticized for its lack of economic, environmental, and social safeguards, yet praised for its scale and speed. Beyond China, donor and lender competition for influence appears to be intensifying across the board. One recent study shows that nearly half of the world's sovereign states have now established foreign aid programs, even though many of these governments are themselves major aid recipients. This suggests that states increasingly value the strategic benefits of providing development finance.⁵

Of particular concern to the United States is whether and how China's government can translate infrastructure projects financed abroad into political influence. In considering this question, analysts often implicitly assume a neat, linear relationship between development dollars and influence. But as recent, open-source data collection efforts clearly show, China's government provides a diverse set of aid- and debt-financed projects across agriculture, energy, health, public and social infrastructure, telecommunications, transportation, and many other sectors. Some of these projects are mostly irrelevant for generating political influence. Others are essential for understanding China's influence bottom line in developing countries. Earlier analyses have inferred China's influence based on overall financing volumes. But it is likely more productive to identify the development activities within China's portfolio that are most relevant for its accrual or loss of international influence.

In thinking more carefully about development projects, analysts would also benefit from more conceptual precision regarding how projects connect to different influence processes. Earlier research has often neglected basic clarifications

of what “influence” means. For example, are Chinese-financed development projects primarily intended to buy policy concessions from politicians in other countries? Are they instead meant to sway foreign public opinion in China’s favor? Or are they designed achieve both elite- and popular-level influence objectives? Different development projects almost certainly vary in their importance for the pursuit of different kinds of influence goals.

To help clarify these dynamics, this essay discusses a well-known but poorly conceptualized class of Chinese overseas development activities: high-profile development projects. As the above examples of Kenya, Papua New Guinea, and Sri Lanka suggest, this broad class of projects includes many of the most notorious projects along the BRI. It includes both large-scale transportation infrastructure and other economic “megaprojects,” as well as “prestige projects” like sports stadiums and conference centers.⁶ While each individual development project has distinct features and exists in a unique context, most high-profile projects share two basic traits that differentiate them from other development activities: high visibility and political salience within developing countries.

This essay then considers how China’s most visible development projects impact its pursuit of influence in other countries. First and foremost, high-profile projects can afford China elite-level policy influence by serving as unique forms of political capital for host country leaders at home. They can also improve China’s image at scale among foreign publics when projects successfully engage national symbols and narratives in host countries. However, these projects can produce major blowback when they create negative externalities. These include material costs such as environmental damage and corruption, but also involve damaging narratives generated and promulgated by local, national, or international actors. China’s government is often limited in its ability to manage the public profiles of its most well-known development projects. Instead, a plurality of actors such as host governments, media outlets, publics, and civil society actors collectively modulate the effects of these projects on China’s image among elites and the general public. In short, high-profile projects can serve as political capital for host country politicians and this enables China’s government to generate “routine” policy influence. But the same projects can also create “incidental” influence when negative externalities threaten China’s interests abroad.

The underlying research supporting this essay systematically examines thousands of Chinese-financed development projects between 1949 and 2020 in order to shed light on how high-profile projects have affected China's net influence in developing countries.⁷ Understanding how China and other states use high-profile projects to pursue influence can help practitioners and citizens in developing countries, as well as observers in the United States and elsewhere, more effectively understand China's aims and craft their own approaches accordingly. As recent BRI backlash around the world suggests, and as this essay argues below, increases in overseas development finance do not automatically generate commensurate increases in donor and lender governments' net influence in other countries.

The remainder of this essay proceeds as follows. The next section surveys mounting concerns over China's use of development finance for influence seeking. I then briefly discuss the state of knowledge on the links between development projects and influence outcomes. The essay then conceptualizes high-profile development projects and discusses some of the ways in which they can impact China's net influence abroad. The conclusion discusses some policy-relevant takeaways from the research.

Concerns over China's Development-Influence Nexus

The rise of "new" and "emerging" donors and creditors has revitalized narratives of competition for influence in developing countries.⁸ In particular, China's growing clout as a donor and lender has alarmed the United States and its partners. Beijing is now the world's largest bilateral lender and has evolved into the "lender of first resort" for dozens of developing countries.⁹ Concerns surrounding China's rise as a donor and (especially) creditor have accelerated since the launch of the BRI. Anxieties stem from the sheer volume of China's financing, the prospect of host countries falling into Beijing's orbit, the "weaponization" of the BRI to pursue Chinese strategic interests,¹⁰ the opaqueness of Chinese policy bank-issued loans and the potential for massive sums of "hidden debt,"¹¹ and a complex set of risks including debt sustainability, environmental degradation, and socio-economic disruption that might threaten the welfare and stability of borrower economies and societies.¹²

The ability to respond to these concerns depends on an accurate diagnosis of them. Over the past decade, U.S. leaders have repeatedly and publicly criticized China's development finance, linking it to a variety of strategic influence outcomes. Implicit in these critiques is an assumption of Beijing's ability to provide large financial amounts in exchange for proportionate economic and political influence. For example, in 2015 President Barack Obama asserted that China has "been able to funnel an awful lot of money into Africa" in exchange for natural resources and political favors.¹³ In 2018, Vice President Mike Pence contended that "China uses so-called 'debt diplomacy' to expand its influence," and that for China's development finance to developing countries, "the benefits invariably flow overwhelmingly to Beijing."¹⁴ A 2020 publication by the Department of State noted that "China generally delivers higher levels of development assistance to countries voting with it in the UN General Assembly."¹⁵

Recent bilateral and multilateral policy responses suggest that the United States is gearing up to compete with China for influence in the Global South. In 2018, Congress passed the Better Utilization of Investment Leading to Development (BUILD) Act, which led to a new development finance agency designed to finance infrastructure and compete with China.¹⁶ The same year, the United States Agency for International Development (USAID) announced a "Clear Choice Framework" that contrasted American and Chinese "models" for global development.¹⁷ In September 2019, Congress voted unanimously to create a special fund for "Countering Chinese Influence" in global development.

More recent initiatives emphasize coordination with like-minded partners. Since November 2019, the Department of State and counterpart agencies in Australia and Japan have promoted the "Blue Dot Network," an initiative designed to monitor and certify quality infrastructure projects—including BRI projects funded and built by Chinese policy banks and state-owned enterprises. Throughout early 2021, several new multilateral initiatives, such as the "Clean Green Initiative," have been referenced as BRI alternatives that can wean developing countries off Chinese infrastructure lending.¹⁸ Most notably, the Biden Administration announced the "Build Back Better World" (B3W) initiative in concert with other G7 members in June 2021. The White House describes B3W as a catalytic initiative wherein

the U.S. and like-minded governments will provide public investments to stimulate private sector financing at scale. B3W is envisioned as a “values-driven, high-standard, and transparent infrastructure partnership led by major democracies to help narrow the \$40+ trillion infrastructure need in the developing world.”¹⁹

Underneath these criticisms and initiatives, there is limited supporting evidence on how Beijing's overseas development projects actually promote China's international influence. Analysts instead appear to take for granted Beijing's ability to provide large dollar amounts in exchange for comparable political influence. While there is potentially merit in some of the above assertions, narratives of Chinese influence are mostly built on cherry-picked anecdotes and intuitions rather than carefully collected evidence.²⁰ Policymakers would be better positioned to craft effective responses if equipped with a more sophisticated toolkit for understanding which types of Chinese development behaviors generate more or less influence for China, which projects challenge U.S. interests, and which might be conducive to greater coordination or even cooperation. The next sections thus turn to linking Chinese-financed development projects with influence generation processes.

Development Projects and Influence

Researchers have long studied whether and how China's growing economic power translates into influence. Existing research suggests that trade, investment, aid, and other forms of economic engagement are important conduits for Chinese influence seeking.²¹ Other research has examined different conceptual pathways through which China can seek influence in developing regions as well as the role of host societies and governments in conditioning such influence.²² One article shows that China provides more foreign aid to governments that vote with Beijing in the United Nations General Assembly (UNGA).²³ Other research finds that while Chinese-financed projects do not increase local popular support for China in the Global South, they may do so at the national-level.²⁴ In general, however, few studies have rigorously considered the net influence consequences of China's development finance.²⁵

To connect China's development projects more clearly with Beijing's overseas influence, this essay decomposes both of these concepts. First, political

scientists and economists have shown that development projects with high degrees of visibility are more likely to be known by elites and members of the general public in developing countries, and are thus more relevant for host country politics than other localized or less visible projects.²⁶ Despite China's reputation for financing grandiose, flagship infrastructure projects along the BRI, existing research has not systematically considered the role of these high-profile development activities in shaping Chinese influence abroad. Most studies to date are instead based on one or a few cases.

Second, the notion of "influence" can also be conceptualized and measured more precisely. A massive literature in political economy shows how states use economic tools such as investment, trade, and aid to pursue political influence in developing countries.²⁷ And a large literature on the political economy of aid demonstrates that donor governments indeed supply foreign aid to pursue influence. This research suggests that donors invest in at least two types of influence-seeking. First, they pursue "elite influence," or state-level outcomes such as host government policy concessions that support the donor's national interests.²⁸ Aid is also used in pursuit of "popular influence" that enables donors to accumulate "soft power" and win "hearts and minds" among foreign audiences.²⁹

These two influence types are qualitatively different, but their distinction is often neglected in analyses of Chinese development finance. Analysts instead often treat influence as a uniform commodity that states linearly accumulate as their material capabilities grow. Researchers rarely specify the actual conduits through which influence is won or lost; they tend to sideline the reactions of agents in developing countries in focusing on the aims and behavior of China; and they are excessively focused on high-level, state-to-state influence processes rather than popular influence. But recent research shows that popular attitudes in developing countries also impact powerful states' net influence abroad,³⁰ and that governments thus care deeply about "winning hearts and minds" in developing countries.³¹

As such, this essay distinguishes development projects based on their visibility and salience. It also separates elite and popular influence processes and considers how Chinese projects may impact either of these influence outcomes. Finally, following recent research, it also treats influence as a net concept, meaning it can be gained or lost depending on the aggregate reactions and behaviors of target audiences.³²

In short, understanding links between China's development projects and influence requires breaking down both concepts. The next section argues that high-profile development projects are most illustrative for understanding these links and for gauging how China's development finance advances or damages its pursuit of influence abroad.

High-profile Development Projects and China's International Influence

High-profile development projects refer to a broad class of development activities including transportation infrastructure and other “megaprojects,” as well as “prestige projects” like sports stadiums, conference centers, and high-tech development activities provided by a donor government to developing countries. These projects often vary substantially in their basic features and underlying motives. However, they share two important features. First, compared to other projects, they possess a high degree of visibility, both in terms of physical and digital presence. Second, and relatedly, they are politically salient within host societies, and host country leaders strategically brand these projects as components of national political narratives. High visibility and salience often render high-profile development projects as the most visible symbols of Beijing's presence in developing countries. Beyond their physical impacts, these projects may disproportionately shape attitudes toward China's government, even among citizens that never actually interact directly with them. These projects' uniquely high levels of visibility and political salience enables them to punch above their weight in shaping China's popular influence—for better or worse.

In my research, I first tested these assumptions about the visibility and salience of high-profile projects from the perspective of observers in host countries. In a series of surveys conducted in 2021, I asked respondents from Kenya and Papua New Guinea to assess the visibility of different projects that China might finance there. I also asked members of the Chinese public to make similar assessments to gauge how citizens in a donor country viewed these overseas projects. Figure 1 summarizes the main results of these surveys. In general, respondents who were provided with descriptions of “prestige” and other high-profile projects such as stadiums, government buildings, theatres, and

bridges, perceived such projects as significantly more visible than other development projects, such as water quality initiatives and agricultural programs. Respondents also viewed high-profile projects as being more closely linked to the pursuit of national pride and regional or international status. Respondents in the donor country, China, viewed high-profile projects as stronger signals of political support and as more likely to generate expectations that the host country should reciprocate by doing something for China. In addition to survey evidence, in forthcoming research I develop and utilize original, project-level data to track the evolution of China's provision of high-profile development projects between 1949–020.³³

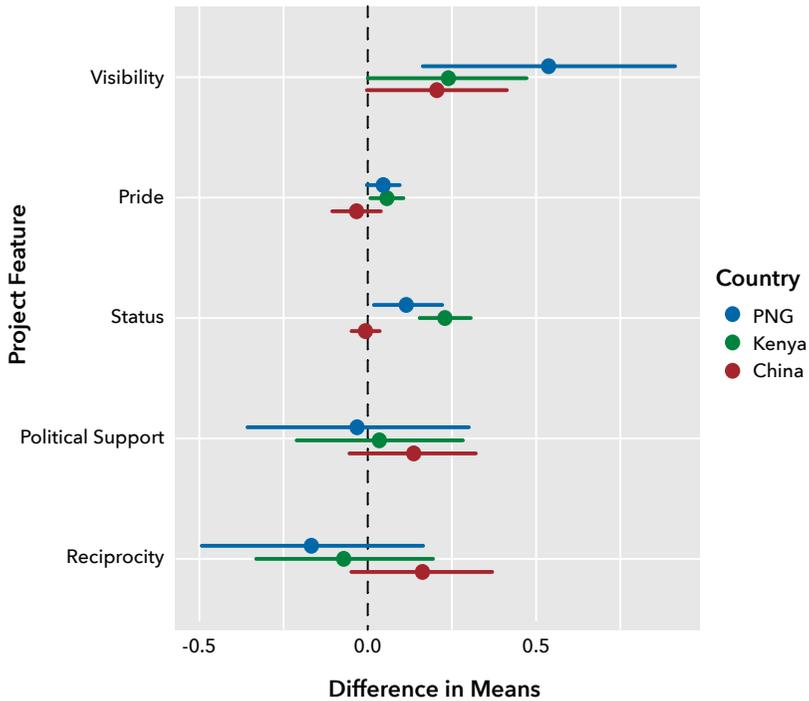
In the remainder of this policy essay, I discuss two of the ways in which these projects can impact China's net influence in developing countries: "routine," elite policy influence and unintended, "incidental" influence that operates via both elite and popular channels.

Routine Influence

The combination of high visibility and political salience makes high-profile development projects important, otherwise unavailable sources of political capital for host country politicians. Knowing this, China's government can provide these projects in exchange for direct political influence, such as policy concessions by recipient governments. I term this "routine influence" because it is conceptually closest to the longstanding notion that states provide aid projects in exchange for policy concessions or other high-level political outcomes.

The use of high-profile projects for routine influence is a well-established phenomenon. For example, in March 2009 Costa Rica's government held a groundbreaking ceremony for a new, 35,000-seat national stadium. It cost over \$100 million and was completed in March 2011 after China's government financed and built the project. For Costa Rica's government, the arena was an important source of political capital. It enabled them to deliver a national-level landmark that would be highly visible to domestic and international audiences. Costa Rican president Óscar Arias requested for China's government to provide the stadium while in Beijing for a state visit during October 2007. After the project was initiated, Costa Rica's government utilized key moments to brand the stadium as a central achievement of both

FIGURE 1: Public Perceptions of High-profile Development Projects in Selected Countries



Source: Austin Strange. 2021. “Who Pursues Prestige Projects, and Why? Evidence from Chinese Development Finance.” Working paper.

the country and the government. According to available sources, branding worked: the stadium generated positive reactions among the public with relatively minimal opposition.³⁴

In granting the request, China’s government recognized a familiar opportunity for routine influence. The national stadium was the “crown jewel” of a larger package given to Costa Rica in exchange for abandoning diplomatic relations with Taiwan. Beijing had agreed to provide the financing a few months

after Costa Rica severed diplomatic ties with Taipei in June 2007. The stadium is emblematic of China's longstanding approach of using high-profile development projects to establish or bolster political allegiances.³⁵ Though China has financed more expensive projects in Costa Rica more recently, for both governments, the stadium's political importance has punched above its weight.

High-profile projects have long been part of China's development finance toolkit. My analysis of several hundred prestige projects financed by China since the 1950s shows that the use of high-profile projects to seek routine influence extends beyond isolating Taiwan, and is not conditional on a host country's political institutions. More often, these projects are used to cultivate and strengthen ties with foreign political leaders. Politicians friendly toward China's government have long looked to China for securing conference centers, sports facilities, or other large venues, often in order to hold major regional international events. Consider the case of Cambodia. In the mid-1960s, China's government provided a National Sports Complex in Phnom Penh, including a 50,000-seat stadium, before the 2nd Games of the New Emerging Forces (GANEF0). The project was requested by Cambodian monarch Norodom Sihanouk, who enjoyed positive relations with China's leaders. Over six decades later, China provided Cambodia with another stadium. Morodok Techo National Stadium, a US\$169-million high-profile Chinese development project, was completed in December 2021 after four years of construction. Prime Minister Hun Sen, a close partner of China's government, requested the project in 2014 in anticipation of hosting the National Stadium 2023 Southeast Asian Games. This is one of several high-profile projects that has helped China's government maintain influence over a wide range of Cambodian foreign policies.

Incidental Influence

Beyond routine influence, high-profile development projects can activate other less straightforward but consequential influence pathways. One such pathway is what I term "incidental" influence," or changes in China's overall influence level due to unintended changes in states' policies or in foreign public opinion towards China. These changes result from "influence externalities" caused by Chinese state, quasi-state, or non-state actors abroad, or by non-Chinese actors in countries that host Chinese projects.³⁶ Intuitively,

though visibility and salience make high-profile projects politically valuable for host country leaders, these features also create unintentional influence consequences beyond the control of China's government.

Research in political science demonstrates how certain forms of influence are unintended, and scholars have applied these concepts to Chinese foreign policy.³⁷ One well-known source of incidental influence occurs when China's government delegates responsibilities to quasi- or non-state agents that behave based on their own interests.³⁸ For example, thousands of Chinese state-owned and private companies act as contractors and stakeholders for many of China's overseas high-profile development projects. These actors often possess different interests than those of the Chinese state.³⁹ When these actors behave in ways that stray from China's officially stated interests, and when their actions create local reactions in other countries, such processes can impact China's overall influence through various channels. In addition, influence externalities can arise from elite or popular foreign audiences through a myriad of processes. They can occur when host country actors misattribute or misrepresent the behavior or identities of quasi- or non-state Chinese actors such as firms, employees, or students to China's government, and when misattribution causes changes in other states behavior vis-à-vis China. For example, Peruvians often view both private and state-owned Chinese mining companies operating in their country as being tied to China's government regardless of a company's actual identity.⁴⁰

High-profile development projects are important sites for incidental influence generation, and serve as a reminder that influence is a net concept; it can be gained or lost. Many recent examples along the BRI suggest that influence externalities can often be negative. Host country public reactions to Chinese development activities can produce bottom-up pressures that jeopardize project completion or China's broader strategic interests in a given country or region. Alternatively, opposition politicians in host countries can seize on distressed projects as unique sources of political capital, but not in ways that help China's influence bottom line. Indeed, across the BRI, Chinese-financed projects have occasionally been suspended, mothballed, or cancelled in the face of pressure on host country governments applied by local residents, civil society organizations, and local and national politicians.

On the one hand, high-profile development projects can generate strong, bottom-up reactions at scale. Kenya's Lamu Coal Power Plant, now suspended,

offers illustration. The Chinese-financed plant was proposed by several high-ranking Kenyan cabinet officials as a strategic national project.⁴¹ However, local CSOs actively campaigned against the project out of concern for the environment for several years. They successfully thwarted the project's advancement in 2019.⁴² In Zambia, both workers and CSOs have also found success in shaping their country's foreign relations with China from the bottom-up, by carefully framing their objections related to high-visibility Chinese projects as national grievances.⁴³ In Malaysia, negative public sentiment also detracted from China's interests when Malaysia's Prime Minister, Mahathir Mohamad, canceled over \$20 billion in projects previously signed by his predecessor, Najib Razak. This occurred after the financing became embroiled in highly public corruption scandals and amid mounting debt to China. Here again, a few high-profile projects—rather than China's overall development footprint in Malaysia—tended to dominate both public and elite discussions on engagement with the BRI. Such projects include the East Coast Rail Link that connects less developed Malaysian states with the relatively prosperous Selangor, as well as Bandar Malaysia, a mixed development housing project in Kuala Lumpur.⁴⁴ In short, bottom-up reactions to high-profile projects can generate unexpected influence consequences for China's government.

In addition to bottom-up pressures, the unique political capital created by high-profile projects can be a double-edged sword for host country politicians, with potential consequences for Chinese influence. Leaders may initially seize upon and craft high-profile project narratives, but elites can also later capitalize on negative public sentiment towards existing Chinese development activities. In some cases, this can jeopardize China's influence, particularly if it enables other governments to achieve bargaining advantages that diminish China's position. In Indonesia, debates over high-profile Chinese-financed projects, including the Jakarta–Bandung High Speed Rail, have permeated popular and elite political discourse. Indonesian politicians have successfully wielded general anti-China sentiment in recent years—stemming part from social media coverage of labor issues related to Chinese-involved projects such as the Indonesia Morowali Industrial Park—to increase their bargaining power vis-à-vis China in negotiations for future projects.⁴⁵ In other contexts, however, such dynamics appear weaker and less threatening to Beijing's influence. In Kazakhstan and several other Central Asian countries, sentiment toward

Chinese-financed development projects has soured in recent years, but this does not appear to have significantly hurt China's influence bottom line there. This may be partly explained by the fact that China has successfully co-opted local and national politicians in these countries.⁴⁶

The ability for both high- and low-level political actors in host countries to brand narratives around high-profile projects is a challenge for China. Once these narratives gain a foothold, they are difficult, if not impossible, for Beijing to control or contain. In some cases unintended influence consequences of China's high-profile projects are contained locally or regionally within other countries. Other times, these consequences are amplified and can spill into other policy issues or even into China's negotiations with other countries. Narratives surrounding high-profile projects can emerge and proliferate, and in doing so, amplify the influence consequences of China's high-profile projects. To the extent that project narratives are crafted, distributed, and repackaged by official and unofficial actors within and beyond host countries, China's government has limited ability to control these narratives. High-profile projects are particularly vulnerable to these processes given their distinct features. In recent years, individual project anecdotes have provided the primary content for the creation of broader claims about Chinese development finance. The aforementioned case of Hambantota Port and its role in the rise of the "debt-trap diplomacy" meme is perhaps the best-known example.⁴⁷ Narratives extrapolated from high-profile projects amplify project visibility and salience even further and can affect China's popular or even policy influence via any of the aforementioned channels.

Conclusion

For the first two decades of China's re-emergence as a prominent global development actor, policymakers and analysts have lacked precision when assessing how China's development projects connect to its pursuit of international influence. In lieu of clear links between development projects and influence, analyses have relied on implicit assumptions that China's growing portfolio of development grants and loans will lead to corresponding increases in its international influence over countries that host its projects. Neither current policy debates nor scholarly research on development finance has paid

sufficient attention to projects' visibility and political salience when it comes to their potential influence. Nor have analysts considered the different ways in which China's most visible and politically valuable projects affect China's influence on the ground in other countries. This is perhaps one reason why even in "most likely" cases for observing China's influence, such as the China-Pakistan Economic Corridor (CPEC)—one of the most important conduits of the BRI—China's ability to convert growing economic and military capability into influence has been limited.⁴⁸

Focusing on high-profile development projects as key conductors of Chinese net influence suggests that reality is far more complex. High-visibility, high-salience projects offer outsized potential for gaining influence by reaching larger audiences in developing countries. But they also generate significant risks of negative influence that can intensify if projects are met with bottom-up or top-down backlash in host countries. Individual high-profile projects differ considerably in their motivations and basic features. For example, many of China's largest infrastructure projects are financed with debt and are designed to earn a return on investment.⁴⁹ In contrast, high-profile projects financed with grants, interest-free loans, or other concessional foreign aid may be designed to purchase political concessions, but China allows host country politicians select and place projects within their territory, and to craft and control narratives related to these projects.⁵⁰ But their visibility and salience makes these projects oversized nodes for China's net influence. Once these projects are conceived, China's government often struggles to control project narratives abroad.

As the United States and other observers craft responses to China's growing role in international development, they should think about China's experience with high-profile projects. They should also envision influence generation as a non-linear, nodal process. This contrasts with a longstanding focus on routine influence via trade, investment, aid, diplomacy, and other economic activities targeted at governments' policies.⁵¹ Research on "economic statecraft" similarly tends to limit the focus of Chinese influence in developing countries to state-level behavior.⁵² While routine, state-level modes of influence are certainly important, they are only part of the puzzle. Conceptualizing and measuring high-profile projects can help further sharpen our understanding of China's development-influence nexus.

Social scientists have made important progress in recent years tracking China's global development projects, and the open-source data resulting from these efforts supports more nuanced analysis of China's development-influence nexus. Research organizations like AidData, Johns Hopkins SAIS China Africa Research Initiative, and Boston University's Global Development Policy Center have carefully compiled data on thousands of Chinese-financed projects. More recent initiatives such as the People's Map of Global China conduct deep dives into individual high-profile projects that benefit from fieldwork and careful qualitative analysis. Policy analysts now have rich and diverse informational resources to understand the nature and details of many of China's most high-profile development projects.

The empirical record, on balance, makes it clear that China's high-profile projects are its most important influence nodes in international development.⁵³ In contrast, many of the development dollars China provides likely have little relevance for questions of influence seeking. This basic reality challenges assumptions that influence accrues linearly with development projects and prescribes a more targeted approach to responding to China's global development finance. Future research should continue to make use of these rich data repositories to sharpen our conceptual and empirical understanding of the influence-related and other consequences of China's most impactful development initiatives.

Recent policy initiatives by the United States and its partners are somewhat encouraging in this regard, as they suggest that the United States is not capable of or interested in trying to match the BRI project-for-project. Though still in its infancy, the B3W is primarily focused on development "software" such as projects related to climate, health, digital infrastructure, and gender equality. This suggests the Biden Administration understands that "The United States cannot and should not respond to BRI symmetrically, attempting to match China dollar for dollar or project for project."⁵⁴ Unlike the BRI, B3W is not wholly or even primarily state-financed, and instead will rely on large-scale mobilization of private sector investment. This approach raises questions about the initiative's ability to scale given recent globalization backlash and populist movements in several G7 countries. It is also unclear how B3W will achieve success in mobilizing private investment, particularly in least developed countries (LDCs), to a greater degree than existing global initiatives fo-

cused on catalyzing private investments, such as the World Bank's "Billions to trillions" vision issued in 2015 for closing the Sustainable Development Goals (SDGs) financing gap.

To the extent that the B3W or similar initiatives do ramp up investment in major, high-profile development activities, China's experience may be educational. On the one hand, compared to Western donors and lenders, China's approach to development finance contains worrisome elements that might jeopardize Beijing's influence by exacerbating local or national grievances as discussed above. For example, China's government typically does not subject its aid- or loan-financed overseas development projects to rigorous pre-project economic, social, or environmental assessments in the way that other major financiers such as the World Bank do.⁵⁵ Moreover, development projects are often negotiated directly with high-level politicians in host countries, making it more likely that local or national political interests could bias the project selection and allocation processes.⁵⁶

On the other hand, overwhelmingly negative rhetoric toward the BRI makes it seem like Chinese-financed infrastructure projects are inherently problematic simply because they are Chinese. But of course, all "megaprojects" and other infrastructure projects are notoriously difficult to implement. They are likely to run into delays, costs increases, and corruption opportunities given their sheer scale and complexity.⁵⁷ If other countries step in to counter China and help fill infrastructure gaps in developing regions, the infrastructure projects they finance will not be immune to potential negative externalities inherent in infrastructure projects. Nor will they be immune to influence externalities that arise from highly visible, highly salient projects that generate a complex set of influence processes on the ground. U.S. policymakers should thus avoid any illusion that non-Chinese infrastructure projects will somehow not face challenges during implementation. Moreover, despite heavy criticism of the BRI's aims and impacts, if B3W attempts to provide infrastructure alternatives to the BRI at scale, the United States and its partners may implicitly provide validation for China's initiative. Indeed, China's government has already started claiming as much.⁵⁸

Besides direct competition, the United States and other concerned governments can provide support to local civil society organizations to actively participate in monitoring and shaping Chinese-financed high-profile projects.

This need not be a confrontational exercise from the perspective of the United States or China. It can increase the likelihood that high-quality projects can be selected and completed with higher levels of buy-in from local societies. This outcome would be beneficial for all actors involved, and this can also be supported by China's government, Chinese NGOs, and INGOs engaging with the BRI.

The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.

Notes

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2021-22 WILSON CHINA FELLOWSHIP

Learning Diplomacy: China's South-South Dance Exchanges of the 1950s and 1960s and Their Relevance Today

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Abstract

China-U.S. relations have reached their lowest point in decades, prompting serious questions about what changes U.S. policymakers should make to restore this critical relationship and begin to move forward in a more positive and productive direction. When seeking new approaches, China's foreign relations with other nations in the Global South offers an important point of reference. During the 1950s and 1960s, when U.S.-China relations were also at a low point, China cultivated relationships with other nations using an approach that can be called "learning diplomacy." As applied in the field of dance, this involved exchanges in which dancers from more developed countries learned from dancers from less developed ones, countering the conventional direction of cultural knowledge flow in colonial relationships at the time. Although observers in the U.S. recognized the power of China's cultural diplomacy efforts, few identified the specific strategy of reversing learning hierarchies as a component of China's foreign relations approach. Today, China continues to employ relational methods based on mutual respect and people-to-people exchange as a key component of its foreign relations activities in the Global South. This strategy aligns with new conceptions of cultural diplomacy that move beyond notions of culture as a means to represent national interests and instead regard it as a space for dialogue and mutual understanding between nations. This approach should be considered in U.S. cultural diplomacy efforts with China in the coming years.

Implications and Key Takeaways

- U.S. policymakers should take immediate steps to revive the Fulbright and Peace Corps Programs to China, two highly successful people-to-people exchange programs that operated for decades with excellent results but were suspended during the Trump administration. U.S. policymakers should recognize that reinstating the Fulbright Program, in particular, is essential for maintaining China expertise in the U.S. today.
- U.S. policymakers should continue to support initiatives such as the Foreign Language and Area Studies Program, the Critical Language Scholarship Program, and Federal Title VI grants that support teaching

and research on the cultures, societies, and languages of foreign countries, especially China, in U.S. universities.

- U.S. policymakers should promote the honest teaching of U.S. and world history in K-12 education so that Americans gain accurate understandings of issues such as U.S. race relations and foreign engagement, which will better prepare Americans to engage in international dialogue on equal footing with educated individuals in foreign countries.
- U.S. policymakers should collaborate with Chinese partners, industry, and international organizations to prioritize the return to pre-pandemic ease of travel between the United States and China, recognizing that open borders and increased movement of people between the two countries is necessary to the long-term improvement of U.S.-China relations.

Introduction

In 2019, the U.S.-China relationship reached what leading U.S. Chinese security studies expert Michael Swaine called “its most daunting challenge in the forty years since the two countries established diplomatic ties.”¹ Although the situation seemed to have already hit rock bottom at the time, things have since only gotten worse. The eruption of the global COVID-19 pandemic, passage of the Hong Kong national security law, new limits on international travel and people-to-people exchange, a rise in anti-Asian violence in the United States, and further escalation of negative rhetoric by U.S. and Chinese politicians and media have all led to an even further decline over the past three years.

As the U.S.-China relationship has alarmingly deteriorated, China has meanwhile been actively strengthening its cooperation and exchange with countries in the Global South. Although this effort has a long history, as discussed further below, its latest formulation has gained particular momentum since the launch of China’s Belt and Road Initiative (BRI) in 2013. According to the most recent dataset published by AidData, a large-scale research project based at William & Mary that tracks international aid finance, “during the first five years of BRI implementation, China solidified its position as the world’s largest creditor to the developing world,” including major investments in Asia, Africa, Latin America and the Caribbean, Eastern and Central Europe, the Middle East, and Oceania.² While the core focus of BRI is on infrastructure connectivity, the initiative is intended to “work with partner countries to build five ‘connectivities’ or ‘links’: 1). physical connectivity via infrastructure-building; 2). policy coordination; 3). unimpeded trade; 4). financial integration; and 5). people-to-people exchanges.”³ Thus, through BRI, China is pursuing a holistic effort on a massive scale to strengthen its ties with regions across the world, with a special focus on Global South countries.

This conjunction of plummeting U.S.-China relations combined with a concerted effort on China’s part to solidify relations in the Global South is something we have seen before, albeit at a time when China’s position in the world political and economic order differed significantly from what it is today. In the early 1950s, the United States sought to isolate the newly founded People’s Republic of China (PRC) and limit its economic and military development through intensive international relations pressures and trade embargoes as the two countries went to war on the Korean peninsula. Meanwhile,

China launched a strategic project of building relationships in the developing world that was designed to mediate Sino-U.S. relations and, ultimately, diminish U.S. power on the global stage. This strategy was successful insofar as it allowed the PRC to expand its formal and informal ties with numerous countries outside the socialist bloc, including many that also had diplomatic relations and alliances with the United States. One measurement of the success of China's efforts during this period was the historic vote to admit the PRC to the United Nations in 1971. As previous scholars have demonstrated, this vote relied heavily on China's support from newly independent countries in the Global South, especially in Africa.⁴

According to historian Chen Jian, China's strategic approach to counter U.S. power by fostering relations with countries in the Global South was articulated explicitly by Chinese Communist Party (CCP) leader Mao Zedong as early as 1946. At this time, Chen argues, it was an early formulation of what later became known as the "intermediate zone" thesis:

In an interview in 1946 with Anna Louis Strong, a leftist American journalist, Mao introduced the 'intermediate zone' thesis. He noted that a global confrontation had been emerging between the United States and the Soviet Union. He argued that between the two big powers existed a vast 'intermediate zone' in Asia, Africa, and Europe, and that the U.S. imperialists could not directly attack the Soviet Union until they had managed to control the intermediate zone, including China. As a result, concluded Mao, although the postwar world situation seemed to be characterized by the sharp confrontation between the Soviet Union and the United States, the principal contradiction in the world was represented by the struggles between peoples in the intermediate zone (including China) and the reactionary American ruling class. These struggles, emphasized Mao, would determine not only the direction of the global confrontation between the two superpowers but also the fate of the entire world.⁵

Mao's "intermediate zone" thesis laid a foundation for what historian Sandra Gillespie, citing international relations scholar Michael B. Yahuda, called "China's three main foreign policy strategies: the 'Peaceful Coexistence'

strategy of the 1950s, the ‘Revolution’ approach of the 1960s, and the ‘Grand Alliance’ tactics of the 1970s.”⁶ In Gillespie’s view, these ideas continued to have relevance in the early twenty-first century: “While all three strategies failed to survive in totality, each, in part, continues to influence current policies as China continues to define itself and its place in the world.”⁷

Given the parallels in international relations trends and China’s renewed effort to engage with the Global South through BRI today, this article posits that U.S. policymakers and analysts can learn from looking more closely at China’s cultural diplomacy efforts during the 1950s and 1960s. Specifically, this article posits that an approach to cultural diplomacy the PRC formulated and enacted during this period—what is termed in this article “learning diplomacy,” or a policy of building relationships through learning from others—offers lessons for U.S. handling of current China-U.S. relations.

At the heart of “learning diplomacy” is the idea that strong foreign relations requires mutual respect. That is, if one nation wants to develop a strong relationship with another nation, the way to go about cultivating this relationship is to express respect for the other nation by seeking to learn from it. Historically, imperialistic and colonial relationships have been characterized by the forceful imposition of the colonizer’s ideas, culture, and ways of life onto the colonized. For leaders in the PRC at the time, obvious examples of this process were the historical relationships between Western European, U.S., and Japanese imperial and colonial rulers and their subjects in Asia, Africa, and Latin America. Thus, during the 1950s and 1960s China’s strategy of “learning diplomacy” deliberately sought to challenge and overturn this imperial and colonial hierarchy as a strategy to build relations with countries in the Global South that had been victims of this history.

By positioning itself as an eager learner of other nation’s culture during the 1950s and 1960s, as well as a nation that had something to teach countries more powerful than itself, the PRC advanced an anti-imperialist, anti-colonial vision of international relations, one that was grounded in notions of radical equality and humility and directly challenged the chauvinism and arrogance of great power hegemony. At the same time, this approach positioned China as a member of the formerly colonized world whose behavior presented a striking contrast to that of imperialist and colonial powers in the Global North. By subjecting oneself to the tutelage of others, the PRC demonstrated

in this context, one could gain friends and promote more equal relationships, while also gaining influence and power.

Learning Diplomacy: China's International Dance Exchanges in the 1950s and 1960s

A representative space in which we can see China's articulation of "learning diplomacy" during the 1950s is in the field of dance. Dance has played an important role in contemporary China's domestic and international cultural politics since the first half of the twentieth century. During the New Yangge movement of the Yan'an era, artists and intellectuals in the Chinese Communist Party studied rural Han folk dance forms from north China and adapted them into a tool of political education and recruitment for the Communist cause. In the Chinese Civil War of the late 1940s, dancers on both the Nationalist and Communist sides further incorporated dances of ethnic minority groups—then known as "frontier dance"—into their performance repertoires as a way to build support by promoting the ethnopolitics of national unity. During both the Second Sino-Japanese War and the Chinese Civil War, dancers toured abroad performing for Chinese diaspora communities and general audiences in North America, Europe, and Southeast Asia. In this way, they used dance as a means to cultivate nationalism and solicit financial support from overseas Chinese, while also promoting new images of modern China to foreign communities.⁸

During the 1950s and 1960s, like many other countries around the world, China sought to develop national dance forms and to promote its national image by touring its own cultural dances internationally. Dance delegations from China performed Chinese folk, ethnic minority, and classical dance works at all of the meetings of the World Festivals of Youth and Students held from 1949 to 1962, where they won numerous awards and gained great acclaim abroad. Members of China's newly established professional dance companies specializing in Chinese national dance forms—the Central Song and Dance Ensemble, the Central Nationalities Song and Dance Ensemble, the Central Experimental Opera Theater, and others—also toured widely internationally during this period. Between 1949 and 1967, China sent 166 officially sanctioned performing arts delegations abroad, which visited over

sixty countries and greatly contributed to China's cultural diplomacy abroad through dance performances.⁹

At the same time that the PRC was sending its own dance abroad, however, Chinese leaders also employed dance as a medium of cultural diplomacy in other ways—most notably by having its dancers engage in a range of teaching and learning encounters with dancers from other countries. Through China's engagement with dancers from other parts of the Global South, it becomes clear that Chinese cultural planners aimed to project a willingness on China's part not only to promote its own dances abroad, but also to learn the dances of these other countries. For example, during this period dancers in China embarked on projects to learn dances from many countries in Asia, Africa, and Latin America. At the same time, in its interactions with dancers from countries regarded as more developed than itself, such as the Soviet Union and Japan, Chinese dancers participated in a dual process of learning as well as teaching. In all of these arrangements, China's dance exchanges manifested a model of cultural diplomacy that overturned previous colonial hierarchies and behaviors that had been established and in some ways were still practiced by Western European countries, Japan, and the United States during the Cold War. Through these activities, China's cultural diplomacy strategists posited that more developed countries could learn from less developed countries and expressed this idea through dance exchange. China thus presented itself as a new kind of leader by submitting itself to the tutelage of other nations, using dance as a public medium to display this mutual learning.

One of the earliest instances of learning diplomacy in PRC dance exchange occurred in 1951-52, when North Korean dancer Choe Seung-hui was invited to the Central Academy of Drama in Beijing to train a large group of dance students recruited from across China. Choe was an accomplished dancer who had studied dance in Japan in the late 1920s and 1930s and developed her own style of modern Korean dance that she promoted internationally on a world tour in 1938-1940.¹⁰ In the 1940s, Choe spent several years in China, where she befriended Chinese opera performers and began to develop a new dance technique on the basis of Chinese opera movement.¹¹ Choe's invitation to teach in Beijing in 1951 occurred in the context of the Korean War of 1950-53, when Choe's dance school in Pyongyang had suffered damage from U.S. bombing, and it was dangerous for her and her Korean students to remain

there. Thus, both North Korea as a country and Choe herself as an artist were envisioned in the Chinese media as recipients of Chinese military aid, while Choe and North Korean dance were presented as sources of learning for Chinese dancers. A national news article announcing Choe's classes in Beijing described the situation as follows:

The Central Academy of Drama Choe Seung-hui Dance Research Course is scheduled to begin classes officially in early March. The research course is led by the renowned dance artist Choe and her daughter the young dance artist An Shengji. The creation of this course embodies exchange between Chinese and North Korean art and deep friendship between Chinese and Korean people, and it will have great use for the elevation and development of Chinese dance. The goals in establishing the research course are as follows: cultivate Chinese and Korean professional dance work cadres; organize basic movements of Chinese dance, and create dance works that oppose U.S. imperialist invasion, protect world peace, and express the intimate unity between the Chinese and North Korean people. Students in the research course include 40 dance worker cadres from various locations in China and 25 dance worker cadres from North Korea. Their period of study will be one year. Additionally, there will also be training for fifteen Chinese youth in middle school or above and 30 Korean youth, whose period of study will be three years.¹²

As this report makes clear, Choe and her daughter were to lead the course, and this fact was advertised plainly in the course title, which bore Choe's name. Moreover, a clear relationship is drawn between the training of Chinese students and the expression of themes of China-North Korea friendship, as well as joint opposition to U.S. imperialist forces. According to this same account, the content of the course would include "Korean ancient dance and folk dance," along with several other dance forms in which Choe and her daughter specialized, including Chinese dance adapted from Chinese opera, as well as "Eastern dance, Soviet ballet and folk dance, New Dance, improvisational dance basic training, and rhythmic training."¹³ During this same time, numerous other accounts appeared in the Chinese press that lauded Choe's

artistic accomplishments and presented her as a visionary leader whose teaching and example would help develop the Chinese dance field.¹⁴ Following Choe's departure from China in 1952, the students she had trained were promoted to prominent positions in China's dance establishment, thus further ensuring the lasting impact of Choe's teaching in China.¹⁵

A second example of this learning diplomacy approach occurred in a series of high level dance exchanges that Chinese leaders orchestrated with India, Indonesia, and Burma over the period from 1953 to 1961, which contributed to China's participation in the Bandung Afro-Asia movement and strengthening of diplomatic ties in South and Southeast Asia.¹⁶ During this period, Chinese dancers learned and publicly performed numerous works of Indian, Indonesian, and Burmese dance through a variety of teaching arrangements with artists from these countries. Additionally, four Balinese dancers were recruited from Indonesia to lead a degree-granting professional program for Chinese students at the Beijing Dance School, China's top dance conservatory. In 1957, shortly before their arrival, a national news article offered the following account of the Balinese artists and their teaching plans in China:

Four Balinese dance instructors from Indonesia began their journey to China today. They are responding to an invitation from the Beijing Dance School to travel to Beijing to teach the graceful Balinese dance and music. They will stay in Beijing for one year, and they plan to teach twelve kinds of classical and modern Balinese dance to Chinese friends. They also plan to study China's dance and music.¹⁷

According to records of the Beijing Dance Academy, the Balinese teachers remained at the school for two years, departing in August 1959. The students they trained went on to become founding members of the Oriental Song and Dance Ensemble (*Dongfang gewutuan*), a company established in the PRC in 1962 that specialized in performing music and dances from across Asia, Africa, and Latin America. National news accounts of the ensemble's founding stated explicitly its diplomatic mission: "The Oriental Song and Dance Ensemble was established to suit the needs of our country's people's foreign exchange activities, which are developing daily."¹⁸ The act of "studying" (*xuexi*) was emphasized again and again in news reports about the company, and this

activity was consistently linked to strengthening China's ties with foreign countries, especially those in the Global South. In the company's inaugural public performances held during the 1962 Lunar New Year holiday, the program included items from Indonesia, Japan, India, North Korea, Cambodia, Vietnam, Burma, Pakistan, Ceylon, Mexico, Cuba, Ethiopia, Guinea, Nepal, the Soviet Union, Brazil, and Argentina.¹⁹ Reporting on this performance, a leading Chinese state magazine wrote:

The Oriental Song and Dance Ensemble has at this time already studied over eighty song and dance numbers from twenty-three Asian, African, and Latin American countries. They will continue to study the strengths of the various countries' people's art, in order to further strengthen the friendship between our country's people and the people of various countries and to serve the promotion of cultural exchange. They also add new flowers to our country's dazzling artistic garden.²⁰

Like many similar reports of the time, this one clearly conveys that the primary purpose of learning these foreign songs and dances was to advance China's international relations, described here as "friendship between our country's people and the people of various countries." The Oriental Song and Dance Ensemble thus embodied the central idea, then fundamental to China's cultural diplomacy with the Global South, that learning from others and strengthening diplomatic ties go hand in hand.²¹

The application of learning diplomacy also worked in reverse. In other words, China welcomed opportunities to teach its dance culture to artists from other nations, particularly if they were from countries that had formerly been colonizers or were considered equally or more developed than China. An early example of this kind of exchange occurred in 1958, when the Matsuyama Ballet, a dance ensemble from Japan, presented an original ballet adaptation of the Chinese land reform drama *The White-Haired Girl* in China. Chinese reviews of the production frequently praised the Japanese dancers' efforts to embody Chinese performance aesthetics on stage, particularly their efforts to perform *yangge*, a type of northern Han Chinese folk dance, specifically for this production. The author of a review in a leading music journal, for example, recounted:

The performance left our country's audiences and the literature and arts world with a very deep impression, receiving unanimous praise [...]. In the process of adapting and rehearsing this drama, the Matsuyama Ballet put forth great effort. To make the work artistically closer to reality, each time after rehearsing and performing, they would always undergo new revision, with the goal of better expressing Eastern people's lives, making made relatively good use of the distinctive qualities of upper body and hand movements used in Eastern dance. Throughout the dance drama, they inserted *yangge* dance scenes. For this purpose, when Matsuyama visited China in 1955, she specifically studied Chinese dance. Last spring, she sent Ishida Taneo and Kodaira Tsuyako to China to study yangge dance and other Chinese dances.²²

As we can see here, the reviewer again singles out the act of studying as an important component of successful intercultural dance exchange. In this case, however, it is a foreign company that is learning China's dances. The reason this makes sense in the diplomatic logic of the time is that Japan was a more economically developed country than China, and Japan had previously been an imperial power in East and Southeast Asia. Hence, the act of Japanese ballet dancers learning Chinese folk dance in order to perform a production of a Chinese revolutionary drama embodied a reversal of hierarchies and conveyed the idea of promoting equality and mutual respect.

The same year, the New Siberia Opera and Ballet Theater, after returning from their tour in China, reportedly presented a gala of Chinese-style dance and music for audiences back home. According to a report in Chinese newspapers, "They performed in workers' clubs, cultural palaces, and factories. The works included lotus dance, tea-picking dance, fan dance, and red silk dance presented by the female performers and a Chinese traditional waist drum dance and a Tibetan cavalry dance presented by the male performers. The orchestra also gave audiences performances of works by Chinese composers. These dances and music were all learned by them in China."²³ The following year, the same company staged a ballet adaptation of the Chinese dance drama *Magic Lotus Lantern*, a project for which Chinese artists travelled to Siberia to help out with the rehearsal process.²⁴ Once again, this act of learning was interpreted as an expression of "friendship" that was destined to promote "mutual understanding" and "cultural exchange."²⁵

Continued Relevance: Mutual Respect and Relationality in Diplomatic Strategy

The United States took significant notice of China's dynamic use of cultural diplomacy to build international ties during the 1950s and early 1960s. However, China's strategy of learning diplomacy was rarely identified in these accounts. In his detailed and otherwise very perceptive study of China's cultural diplomacy activities published in 1963, for example, Columbia University Japanologist Herbert Passin wrote the following:

Since China lies about midway in degree of development within the Communist *bloc*, we find an important differential. Towards the more developed countries (the Soviet Union and the Eastern European people's democracies), China is relatively 'backward'... Therefore, more Chinese go to those countries, particularly in the learner categories—students, trainees, etc., than come to China from them...But in relation to the less-developed Communist countries, such as North Korea, North Vietnam, and Outer Mongolia, China is the 'teacher.'²⁶

Similarly, USIS reports sent from Hong Kong to Washington in the late 1950s describe China's cultural diplomacy efforts in significant detail, but they place emphasis on the number, kind, and countries engaged in these efforts, rather than on the specific diplomatic strategies employed. A report from 1957, for example, begins as follows:

Since the Communist bloc smile campaign of 1955-56, Communist China has been heavily engaged in a concerted and highly organized effort to win unofficial and official recognition and status through cultural and media exchanges with non-Communist countries. Under this effort, labelled the cultural offensive, contacts with nationals of neutralist or even anti-communist countries have been initiated or expanded with emphasis upon Afro-Asian nations. Peiping [Beijing] claims that this offensive has developed contacts with 63 countries in 1955 and 75 countries in 1956. Among these, 63 are non-communist countries. In 1956 alone, it appears that Communist-China succeeded

in establishing contact with 12 additional non-communist countries through its people's diplomacy program.²⁷

The report provides statistics of the numbers of individuals and delegations from specific regions and countries and pays special attention to change in number and type from year to year, as well as directions of flow. However, apart from generalizing terms such as “smile campaign” and “cultural offensive,” the report gives little attention to what actually takes place in these cultural exchanges. The report is accompanied by large quantities of newspaper clippings detailing China's dance diplomacy during this period, and this suggests that the USIS office was following these events closely and considered them important information. Nevertheless, it is unclear to what extent the nature of these activities informed U.S. intelligence officers and policymakers in their assessments of and responses to China's foreign relations.

In the twenty-first century, analysts of China's cultural diplomacy have identified trends in China's engagement with countries of the Global South that seem to echo aspects of this earlier practice of learning diplomacy. In particular, the explicit effort to present oneself as an equal and to engage in relations of mutual respect with Global South countries is something that scholars have identified as a feature of China's approach that makes it more appealing, especially in relation to the United States and other Western countries. This has been true even as China has itself transformed into a global superpower and begun to operate in ways that some find reminiscent of past colonial and imperial powers. Writing on China-Africa diplomacy at the start of the BRI in 2014, China foreign policy and diplomacy expert Ingrid D'Hooghe made the following observation:

Foreign policy issues are of far lesser concern in Africa. African people generally regard China as a longstanding partner that, itself a developing country, understands Africa's needs and that gives them more attention and shows them more respect than Western countries, which always seem to know better. Creating these feelings of equality between China and Africa is a fundamental characteristic of China's public diplomacy toward Africa.²⁸

Even when the relationship is asymmetrical and China is engaged in uni-directional teaching to its counterparts in the Global South, this can still be perceived as more equal than relations with Western powers. In her 2020 book on China's foreign relations with Africa over the last decade, scholar of politics and international affairs Lina Benabdallah explains this dynamic as follows in the case of Chinese investment in people-to-people relations and human resource development:

Since the early 2000s, Chinese foreign policy makers have emphasized Africans' call for more programs that facilitate the trainings of skilled labor and promote opportunities for transfers of technology from Chinese experts to African recipients. For African elites, what has long been missing in Africa's relations to traditional powers is this very aspect of transferring skills. In their view, without training a strong workforce, Africa and Africans would continue being dependent on European elites and their expertise...For this reason, one of the ways that China markets its investments in Africa as different from the European powers is to emphasize vocational training programs."²⁹

According to Benabdallah, traditional international relations theory fails to fully explain the foreign policy making of emerging powers such as China, especially their activities within the Global South, because it has focused on assessing material capabilities such as economic or military dimensions of power rather than on what Benabdallah calls "relationality."³⁰

What Benabdallah proposes instead is that human relations and social networks are at the center of China's foreign relations strategies, and it is thus through people-to-people exchanges and expanding networks of connections—in activities such as teaching and learning—that China builds power in these regions. Based on her extensive field research in China and several African countries, Benabdallah found that "impressions on China's knowledge-sharing programs with Africans were overwhelmingly positive. In a conversation over dinner with a Nigerian diplomat who had participated in two delegation visits to China, he emphasized that the most important part about the trips for him was how African delegations were treated as equals, with respect and care, by their Chinese hosts."³¹ As Benabdallah makes clear in her

analysis, it is the social networks themselves, which are built through these diverse interactions and China's investments in developing human capital such as trainings, which themselves constitute power in China's foreign relations with Africa.

Regardless of who is doing the teaching and who the learning, interactions based on people-to-people contact and what Benabdallah theorizes as "relationality" differ from conventional understandings of cultural diplomacy as the projection of a national image or set of messages to a target audience through some apparently transparent, reified medium known as "culture."³² More contemporary approaches to cultural diplomacy, by contrast, imagine it as a dialogic process and point precisely to the more relational approach that Benabdallah identifies in China's engagements in the Global South today. In a recent review article advocating for this newer approach to cultural diplomacy, cultural studies scholars Ien Ang, Yudhishtir Raj Isara, and Phillip Mar sum up the view succinctly as follows:

In order to move on from a focus on soft power projection, [in] cultural diplomacy policy and practice we would do well to adopt an understanding of culture and communication derived from contemporary cultural theory, which stresses culture as an ongoing process and as inherently relational, and communication as a social process of co-production of meaning. Such an understanding would help legitimize and buttress the more dialogic, collaborative approaches to cultural diplomacy that have begun to be proposed.³³

This approach to cultural diplomacy is somewhat radical because it leaves the content of the exchange potentially open-ended, and it focuses more on the creation of relationships and interactions than on the communication of unified national representations. Thus, while previous approaches theorized cultural diplomacy simply in terms of promoting the national interest, newer ones expand its purpose to "the exchange of ideas, information, art and other aspects of culture among nations and their peoples in order to foster mutual understanding."³⁴ Ang, Isara, and Mar remind us that even Joseph Nye himself, inventor of the term "soft power," envisioned the possibility for a more complex articulation of this strategy, namely, "that of 'meta-soft power,'

which is a nation's capacity and introspective ability to criticize itself that contributes to its international attractiveness, legitimacy and credibility."³⁵

While such approaches to cultural diplomacy as relationality, dialogue, and mutual learning are considered new, however, they seem to implicitly inform the examples of dance exchange discussed above from China in the 1950s and 1960s. What is learning diplomacy if not an approach to cultural diplomacy that centers “dialogic, collaborative approaches” and “a social process of co-production of meaning”? The act of seeking to learn from another through a direct human-to-human encounter sets up the opportunity to engage in cultural diplomacy in this relational manner. As Chinese students learned from their North Korean and Balinese teachers, and as Chinese dancers taught their Japanese and Soviet colleagues, they were establishing relationships. Moreover, these relationships entailed some amount of communicative interactions beyond the basic transfer of knowledge—such as trust, admiration, sharing, and vulnerability. As human beings coming together to learn from each other, whether as teacher or student, they engaged in a powerful process that had the potential to transform international relations.

As China shifts into new relationships with Global South countries, the strategies of the past cannot remain entirely unchanged. In 2021, the Oriental Song and Dance Ensemble appeared in the China Central Television New Year Gala performing renditions of African, Asian, Latin American dances similar to what they had performed back in the early 1960s. However, whereas in the earlier period, these cross-cultural renditions took place within a politics of South-South mutual learning cultivated in a context of Bandung Afro-Asia diplomacy and decolonization, sixty years later they strike a different tone, in some cases eliciting criticisms of cultural appropriation in light of China's incredible economic and political power in the world today. Some scholars have also worried about new cultural politics of racial triangulation in Chinese performances portraying dances from the Global South, such as the much critiqued 2018 CCTV Gala sketch portraying African dances and characters, as well as other contemporary Chinese media representations of Africans.³⁶

While the situation in these examples is sometimes more complex than critics acknowledge, and there is a need to differentiate between commercial and diplomatic modes of cultural production, these recent examples do remind us

of the need to be vigilant about issues of cross-cultural representation, as well as the need to continuously adjust cultural engagements to current historical conditions. While we can draw broader lessons and principles from China's "learning diplomacy" of the 1950s and 1960s and the similar practices China is engaged in with various Global South countries through BRI and related initiatives today, none of these practices can be adopted wholesale into contemporary U.S. cultural diplomacy. Just as China of the 1950s and 1960s is different from China today, so too the U.S. relationship with China is not the same as China's relationship to the Global South, whether past or present. These differences need to inform the ways in which U.S. policymakers adopt lessons from China's "learning diplomacy." This process must involve an honest appraisal of the United States' own historical relationship to issues of colonialism, imperialism, and racial oppression, as well as the United States' distinct relational positionalities vis-à-vis China and the Global South both in the past and today.

Conclusion and Implications

Examining the foreign policy statements and remarks in the early Xi administration, some scholars identified a concerted shift toward a "relational" approach that emphasized "win-win" engagements between countries on the international stage.³⁷ While I personally find it problematic to link such current Chinese policy approaches with historical traditions such as Confucianism, as the author cited above does, it is interesting to note that this scholar, based on an analysis of Xi's early foreign policy as a "relational" one, warned against the dangers of overly confrontational foreign policy toward China at this time:

[I]f other countries want China to be more inclusive and relational in its foreign policy, they must by the same token reciprocate with an inclusive and relational foreign policy, so reducing Chinese apprehension of foreign threat. A strategy of overt balancing against China, for example, will raise such apprehension and galvanize nationalistic and realpolitik sentiments within China, and suppress inclusive relationalism.³⁸

While there is no doubt that China played a role in the current souring of U.S.-China relations, it seems clear that the aggressive and confrontational stance initiated by the United States during the Trump years, and still continuing under the Biden administration, have been counterproductive at fostering productive relations between the two countries.

In this time of dire hostility and broken trust between the world's two most powerful nations, U.S. policymakers should take it upon themselves to modernize their approach to diplomatic relations with China. An overly aggressive and assertive approach does not work well when dealing with those who wish to be seen as equals, nor does it suit today's complex and increasingly multipolar world. These grave errors of the past are a major factor that brought us to the current moment, and this needs to be acknowledged and corrected in order to begin to rebuild the U.S.-China relationship in a constructive manner. The Biden administration should recognize that taking responsibility for past U.S. behavior and changing it is an expression of strength and confidence, while the opposite is an expression of weakness and fear, not the other way around.

To rectify this situation requires a number of solutions, one of which is renewed cultural diplomacy between the United States and China that is modeled on the new approaches discussed above. Similar to China's strategy of learning diplomacy in the 1950s and 1960s and its relational approaches to foreign relations with other states in the Global South today, the United States should place more emphasis on leveraging the power of people-to-people connections and developing social networks on the ground in China to deepen mutual understanding and promote dialogue. A confident country recognizes that they have as much to learn as they do to teach. Moreover, it also recognizes that in the contemporary world, connectedness builds power, while isolation breeds danger. Thus, to be effective, U.S. efforts in this new mode of cultural diplomacy should be aimed not at projecting and asserting a pre-defined U.S. message or agenda, but instead first and foremost at building productive mutual learning relationships. Building human ties in global social networks is the basis for effective international relations policy.

To pursue this strategy effectively, actions taken during the Trump administration that were designed to sever meaningful people-to-people interactions between the United States and China should be critically reassessed and,

unless absolutely necessary for verifiable national security reasons, immediately suspended. One obvious example is the recently ended China Initiative, which drew significant criticism for its failed methods, as well as for allegedly threatening U.S. economic competitiveness and potentially violating the civil rights of U.S.-based researchers.³⁹ Another obvious example is the Trump administration's suspension of two highly successful and longstanding people-to-people exchange programs between the United States and China: the Fulbright Program and the Peace Corps. Numerous calls have been made to reinstate these two programs on the principle that they improve U.S. citizen's understandings of other countries and ultimately benefit U.S. society.⁴⁰ The Fulbright Program, in particular, is absolutely vital to maintaining an informed U.S. public and ensuring that professionals and academics in the U.S. continue to have real ties to and expert knowledge about China in the future.

Returning to Michael Swaine's reflections on the U.S.-China relationship in 2019, both Swaine's urgent call to action and his proposed steps for resolution remain relevant today. He advises:

In each of these policy areas, greater trust and understanding could facilitate less politicized efforts to discern the actual nature and extent of the differences between the two sides and the possible dimensions of any achievable middle-ground understanding. This would involve a willingness to 'seek truth from facts' and, equally important, an acknowledgement that the criticisms of the other side, while in many cases greatly exaggerated, have some basis in truth.

Both China and the United States, in order to move toward a more positive relationship, need to be willing to acknowledge their own shortcomings, as well as their respective strengths, and to come to the table as equals. This has historically been difficult for the United States in its relationship with China. This orientation of equality may be the single most important lesson the United States must learn if it is to overcome its current impasse with China in the coming years.

The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.

Notes

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Section V

Southeast Asia and China

Southeast Asia lies at China's doorstep, and each of its countries maintain diverse and complex relationships with Beijing. Ranging from a rising security threat in the South China Sea to welcome economic investor elsewhere, China's rise significantly impacts the region.

In recent years, China's more assertive foreign policy under Xi Jinping has elicited some concern in Southeast Asian capitals. The Belt and Road Initiative's billions of dollars' worth of investments have sparked concerns about "debt traps" and unsustainable environmental damage. In the South China Sea, China's hardline stance towards other claimant states, most notably Indonesia, the Philippines, and Vietnam undermines its relations in the region. These developments have arguably brought the region to the forefront of international politics. Indeed, China's growing power has drawn in a U.S. response with a commensurate impact on the ground. A few pressing questions now emerge. What are the impacts of Chinese investments in the region: positive, negative, or both? How should the United States approach relations with Southeast Asia and, in particular, China's investments in the region?

This chapter explores these issues and more, featuring essays from the following fellows:

Darcie DeAngelo, "Peaceful Minefields: Environmental Protection or Security Risks?"

Tyler Harlan and Juliet Lu, "Green Cooperation: Environmental Governance and Development Aid on the Belt and Road"

Renard Sexton, "Finding a Balanced China Policy: Constraints and Opportunities for Southeast Asian Leaders"

2021-22 WILSON CHINA FELLOWSHIP

Peaceful Minefields: Environmental Protection or Security Risks?

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Abstract

Clearing dangerous military waste saves lives, but the clearing process damages the environment and leaves minority communities vulnerable to land grabbing processes in the Mekong Subregion. How do we strike a balance between clearing military waste and protecting local environments and small subsistence farmers? And what is the impact of the United States and China on these processes? This paper explores the history of U.S. bombing, contemporary clearance operations, and land grabbing “epidemics” as entangled issues in Southeast Asian minefields. Clearance operations provide the U.S. opportunities to engage more strongly with civil societies and marginalized communities, increasing soft power and influence in the Subregion. In terms of on the ground perceptions and in very practical ways, though, Chinese and other foreign development projects have taken the lead on these clearance operations, often in ways that exacerbate land acquisitions from the region’s most vulnerable populations. If the United States increased bomb clearance with reinforced regulations to ensure land release back to original inhabitants, it would mitigate the risks for land grabbing after military waste decontamination, mitigate ecological damages, and work to repair its relations with Subregion countries by accounting for the U.S. legacy of explosive remnants of war.

Implications and Key Takeaways:

- USAID should initiate a center that addresses issues of security and environment together that will monitor landmine clearance and its ecological effects.
- The Bureau for Environment and Security should also implement land rights workshops for vulnerable communities who live in contaminated areas in Southeast Asia.
- USAID should participate in The Working Groups established by ARMAC and contribute to the Working Group’s funding, which at the moment is funded by China.

- More independent research should investigate the connections between landmine clearance and land grabbing. Climate migration should be part of the priorities in US-funded research calls.
- The Geneva Institute for Humanitarian Demining should be utilized to ensure land release after mine clearance through the institution of landmine clearance observation teams on the ground.
- The USAID should add land release stipulations to their funding streams to GICHD and other landmine operations.
- Through international bodies like the GICHD, competitive funding for minefield clearance should be increased through programs that incentivize land release.
- The United States should return to the Obama-era policy that aligns U.S. policy with the Mine Ban Treaty outside of the Korean peninsula.

Introduction

On my first tour of a Cambodian minefield in 2010, the demining supervisor of the platoon of deminers brought me through a tapioca field where heavily armored men and women stood in lines. I was not allowed beyond the bright red signs with skulls and crossbones. Wearing bulletproof helmets, masks, and aprons, they slowly and tediously walked through the field, using a metal detector to sweep the ground in front of them, the sun reflecting off the long plastic visor. To avoid the heat of the Cambodian sun, they began their work early in the morning. In the golden hour of sunrise as dawn gilded the fields, the sounds of a distant Buddhist temple surrounded us with chanting. I commented on how beautiful it was.

“Minefields are always beautiful,” the supervisor said. “When you want to find a landmine, you look especially careful under trees or by rivers. That’s because an enemy will rest there. When an enemy is off their guard, they will sit and relax or try to get a drink of water. Then, the landmine will explode while they are resting.”

It’s no surprise that minefields and other military waste can prevent development and economic prosperity, but perhaps counterintuitively, their presence can also provide ecological protections and may even protect ethnic minorities and rural residents. Clearing dangerous military waste saves lives, but the clearing process¹ sometimes damages the environment and leaves minority communities vulnerable to land grabbing² processes. How do we strike a balance between clearing military waste and protecting local environments and small subsistence farmers? Moreover, what are the impacts of the United States’ policies on these processes and how can we understand the challenges and opportunities presented by them? Indeed, clearance operations provide the United States opportunities to engage more strongly with civil societies and marginalized communities, increasing soft power and influence in the Subregion. In terms of on the ground perceptions and in very practical ways though, Chinese and other foreign development projects have taken the lead on these clearance operations, often in ways that exacerbate land acquisitions from the region’s most vulnerable populations. If the United States increased bomb clearance with reinforced regulations to ensure land release back to original inhabitants, it would mitigate the risks for land grabbing after military waste decontamination, mitigate ecological damages, and work to repair

its relations with Subregion countries by accounting for the U.S. legacy of explosive remnants of war.

Landmines and Clearance Operations

Explosive remnants of war (ERWs) such as landmines and other unexploded ordnances present an almost never-ending problem to development in the Greater Mekong Subregion, namely in Cambodia, Laos, and Myanmar, and to a lesser extent Vietnam and Thailand.³ Landmine detection industries in partnership with local governments have stepped up, spending hundreds of millions of dollars amount to clear hundreds of acres of land in Cambodia, Lao PDR, Thailand, Vietnam, and Myanmar. These smaller nation states rely heavily on larger powers to fund this. For example, China gave \$2.5 million dollars directly to the Cambodian government's military demining organization in 2021.⁴

Both the United States and China have an interest in funding the clearance of military waste. For the United States, bilateral relations with Subregion countries will improve through their support of mine clearance operations, especially in countries that have tenuous bilateral relations with the United States such as Cambodia and Laos PDR.⁵ China's support for clearance in these countries, especially in Cambodia, though, has a greater on the ground presence than the United States. For instance, in 2019, ASEAN representatives, led by Cambodia, pushed for a fully operational ASEAN Regional Mine Action Center (ARMAC), which was founded in 2016. In December 2021, China funded a technical working group meeting for the project "Enhancing Regional Cooperation and Resource Mobilization Capacity in Mine/ERW in ASEAN." As the working group moves forward, the United States has left much of the major leg work for such mine action operations to Japan rather than stepping in as a public presence. The working group itself as well is an opportunity to offer support to these operations and promote U.S. support of ERW clearance throughout the region. This is bound to become more important with Cambodia as Chair of ASEAN in 2022.

In the past 25 years, the United States has invested over \$400 million dollars to through the Department of Defense (DOD), Department of State (DOS), and United States Agency for International Development (USAID),

as well as funding for treatment of victims through USAID and the Leahy War Victims fund.⁶ However, the funding for such clearance, as for all the Subregion, is on tenuous lines from international donors.⁷ Moreover, the U.S.-funded presence is less publicly known on the ground in these countries since the major mine clearance operations are handled by the government operations with the support of NGOs and almost none of these NGOs are U.S.-founded. HaloTrust is the exception to this rule and yet, this NGO itself, like all mine action NGOs in the region, is characterized by a sense of competition with other NGOs that presents a barrier to cultivating relations on the ground and with government agencies involved in the same activities.⁸ On the ground this is evident by the signs that mark former minefields where the flags of donor countries that fund the NGOs are depicted; one rarely sees the U.S. flag in countries the United States has tenuous relations with, such as in Cambodia or Laos, whereas the U.S. flag is found more prominently on signs in Vietnam and Thailand. This public facing presence makes a difference in peoples' daily perceptions of how much foreign powers are doing for them, aside from the invisible support of financial aid. In contrast, China's reputation for these activities are more widely known. In addition to funding the working group for ARMAC, from my observations in the minefields, most people are quite aware of the BRI development initiatives that take place in Southeast Asia and the amounts that the Chinese state gives to Southeast Asian governments, especially close allies like Cambodia and Laos PDR.

In 1997, the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction, known as the Ottawa Treaty, the Anti-Personnel Mine Ban Convention, or simply the Mine Ban Treaty, was ratified by the United Nations in order to ban the use of anti-personnel landmines because their effects last long after war has ended. 164 states have acceded to the treaty but the major producers of landmines including the United States, China, and Russia have not signed onto the treaty⁹.

A large majority of funding for landmine clearance comes from international donor countries, although this means that humanitarian demining organizations depend on money that is whim to politics in donor states.¹⁰ Despite the fact that the United States and China are non-signatories to the Mine Ban Treaty, both countries provide considerable financial support to development and landmine clearance,¹¹ and the Chinese government has

made statements in support of mine action and insists it does not use landmines or ERWs.¹² The U.S. Conventional Weapons Destruction (CWD) Program has invested over \$665 million dollars in explosive clearance in Southeast Asia since 1993.¹³

As such, the United States is one of the top investors in clearing military waste in the Greater Mekong Subregion. Recent studies have pointed out that landmine detection exacerbates the land grabbing epidemic in the Subregion,¹⁴ implicating these funds in the issues associated with land grabbing. This paper explores the unintended consequences of landmine clearance in Southeast Asia, how landmine detection in its processes leads to land grabbing and suggests policies can be revised to mitigate the risk for land grabbing after landmine clearance, which can protect ethnic minorities, diminish risk of climate migration, and protect conservation lands in the Greater Mekong Subregion.

A Contaminated Subregion

The Greater Mekong Subregion is littered with millions of ERWs and the United States is implicated in this contamination from the Vietnam War's aftermath: 8 million tons of bombs dropped on Vietnam; 2.7 million tons dropped on Cambodia; and 2.1 million tons of bombs dropped on Laos PDR.¹⁵ Most of these ERWs affect the lives of minority populations, Indigenous groups, and small subsistence farmers.¹⁶ Aiding the clearance and detonation of these ERWs remains an important part of U.S. relations with Southeast Asian governments.¹⁷ This aid offers the U.S. government a means to promote good will with these states because many of the ERWs originate from U.S. bomb droppings in the late twentieth century. All the Subregion countries incorporate their national mine action centers as part of their departments of defense, and each require foreign mine detection organizations to work with the national mine action center. This fact itself, due to the unease many countries have when it comes to giving money to foreign departments of defense, often hinders international assistance because international NGOs have less freedom to operate within these countries.

These ERWs are the cause of multiple migratory populations. Landmines often prevent development but in so doing, protect small subsistence farmers from their land being taken. In fact, landmine clearance is linked to increased

vulnerability for land grabbing.¹⁸ Small subsistence farmers are currently under threat from a number of factors including climate change. This means that landmine clearance organizations are often unwitting participants in illegal land acquisitions, though little has been done to study this connection explicitly over time.

Brief descriptions of each of the affected countries are detailed below:

Vietnam

The United States dropped 413,130 tons of cluster munitions on Vietnam between 1965 and 1973.¹⁹ More than 20 percent of the country remains covered in landmines. Vietnam is also contaminated by landmines laid by Cambodia and China during the 1970s. Vietnam is a non-signatory to the Mine Ban Treaty and the Convention on Cluster Munitions, meaning that it still allows the stockpiling, importing, and production of weapons that leave ERWs, but the country participates in convention meetings and claims that it has never deployed mines since the convention's existence. The ERWs have resulted in thousands of casualties in the past decades with dozens occurring annually in mostly the eastern provinces and those that border Cambodia and China.²⁰

Lao People's Democratic Republic (PDR)

Lao PDR has the world's worst contamination from unexploded munitions as a result of aerial bombings from 1965–1973, during the U.S. bombing campaign.²¹ The entire country is densely contaminated with these cluster munitions. Most accidents occur when villagers attempt to gather scrap metal from the cluster munitions, resulting in thousands of casualties and injuries.²² Lao PDR is considered one of the least developed countries of the world but has formulated strategic planning to move beyond that status by incorporating ERW clearance into its development plan.²³

Cambodia

Most landmines in Cambodia were laid in the 1980s during the Vietnamese takeover of the country, which came after the defeat of Pol Pot's Maoist-

communist Khmer Rouge during the Cambodian-Vietnamese War (1979–1989). Other munitions are explosive relics of the Vietnam War (which the Vietnamese call “the American War”) when the United States dropped bombs on communist forces. These conflicts are entangled: the U.S. intrusion in Vietnam in the 1960s led to the rise of the Khmer Rouge, a genocidal regime responsible for murdering millions of Cambodians in the 1970s. Although Vietnam and Cambodia were initially aligned, the two communist regimes soon turned against each other, leaving China to mediate. The result was the K5 belt, an invisible wall preventing Khmer Rouge troops from returning to Cambodia via Thailand. The K5 belt is a 1,046km-long K5 mine belt installed by the Vietnamese-backed government and constitutes Cambodia’s densest contamination with up to 2,400 mines per linear kilometer, while the east is covered in unexploded ordnances from the Vietnam War. The United States itself dropped 26 million cluster submunitions on Cambodia in eastern and northeastern areas bordering Lao PDR and Vietnam.²⁴ As a result, Cambodia has the highest rate of amputees in the world.²⁵ In Cambodia, villagers become refugees when farmland lies fallow due to drought provoked by both exacerbated climate change and require landmine clearance like Chinese investment and development projects.²⁶

Myanmar

As a result of decades of civil war, Myanmar is one of the most mine contaminated countries of the world. In 2020, mine action activities including victim assistance and mine clearance decreased from previous years. After a military coup in 2021, new mines have continued to be installed along the borders with Bangladesh, China, India, and Thailand. Many of these landmines are produced in state-owned factories. The military takeover of the countries has resulted in ERWs being installed along its border, landmines are pushing people from arable land. It is clear that landmines will prove a difficult problem for Myanmar’s future. At the moment, landmines in Myanmar are pushing occupants from their home villagers to refugee camps in neighboring countries.²⁷

Thailand

Most ERW contamination in Thailand comes from border conflicts with Cambodia, Lao PDR, and Myanmar resulting in minefields concentrated along these borders to the eastern and northeastern provinces. Of all the countries in the Subregion, Thailand has the fewest incidents and issues with landmines and other ERWs but for development and trade with these bordering neighbors, mine clearance is essential.²⁸

Land Grabbing in the Subregion

In addition to landmines and other ERWs, land grabbing is another problem in the Subregion, especially for small subsistence farmers and ethnic minorities. According to the Food and Agricultural Organization of the United Nations (FAO), land grabbing is the large scale acquisition of land without the local community's consent. It is difficult to quantify the extent of land grabbing,²⁹ with estimates ranging from globally 68 million hectares of land to 227 million hectares acquired since 2008.³⁰ In general, land grabs push people off their lands, especially small scale farmers and ethnic minorities, and thus damage the lives of the most marginalized people. Because local governments often benefit from land grabs, the nature of the issue can seem intractable. Domestic laws often create opportunities and justifications for these land acquisitions.³¹

Foreign corporations sometimes incentivize these land grabs, such as Chinese companies seeking to develop the Subregion in the Belt and Road Initiative,³² Thai state electrical giant The Electricity Generation Authority of Thailand,³³ and European interests,³⁴ which have displaced thousands of small scale farmers. Advocacy groups and media organizations suggest that Chinese-funded development, especially when it comes to land development projects, such as the building of dams on the Mekong River, has devastating effects from illegal logging on conservation lands, the encroachment on Indigenous people's homes, and the undermining of democratic values.³⁵

These land grabs occur on ground that is beneficial to larger development interests. While land grabs have even been rationalized by global groups such as the World Bank in its controversial report (2010) that suggested land grabbing could present agricultural investment opportunities,

the acquisitions often harm the most vulnerable populations³⁶ and exacerbate ecological harms. This development also often runs through lands that demands landmine or ERW clearance,³⁷ which makes landmine clearance (often unwittingly) part of land grabbing acquisitions.

Brief descriptions of each of the affected countries are detailed below:

Vietnam

Land grabbing in Vietnam is often exemplified by the state takeover of land that is declared “public” under the socialist governance.³⁸ Since the early 2000s, officials have seized over one million hectares of land from farmers which exceeds the 810,000 hectares of land redistributed from rich landowners to poor peasants with the collectivization of agricultural land in the period from 1953-1956—under the motto “farms to the cultivators.”³⁹ The country as a whole is relatively less vulnerable than the other Subregion states when it comes to foreign interests and most land acquisitions occur from the state appropriating land from small subsistence farmer and ethnic minorities in order to develop state-led projects. This still leads to the displacement of its most vulnerable populations. Vietnam is also a country that often incentivizes land grabbing in its Subregion neighbors, such as the large-scale acquisitions that it has supported in Cambodia and Lao PDR. Many of the state acquisitions in Vietnam are for land conversion to hydropower deals with China, Hong Kong, and Japan.⁴⁰

Lao PDR

In Lao PDR, the government is socialist and local policy initiatives such as the Lao Land and Forest Allocation Policy (LFAP) allow for allocations of state forests to local communities without formal titles, while the Land Titling Policy (LTP) allocates formalized titles in more urban centers. Both policies have been implicated in justifying land grabbing,⁴¹ and much of the land acquired have been minority-owned swidden farms taken for Chinese-owned rubber plantations.⁴² According to a Global Witness report, Vietnam Rubber Group (VRG) has also been one of the main investors in this land, evicting communities across Laos PDR and Cambodia (2018). Even though the state has signed memorandum of understanding with China to open its doors for

economic development,⁴³ scholars have suggested that land eviction in Lao PDR does not truly benefit the state and note that such land grabs have only increased the state's dependency on other nation-states, thus decreasing its productivity as a whole.⁴⁴

Cambodia

China, as the top investor in Cambodia, has taken over 4.6 million hectares of land, resulting in Chinese company control of about one-fourth of Cambodian's 17 million hectares of agricultural and forested land.⁴⁵ Logging of protected land and places where ethnic minority populations live have had increasing encroachment, especially while the coronavirus epidemic has raged.⁴⁶ But, European interests have also incited evictions and violent conflicts in Cambodia, such as 61 large-scale land concessions in Cambodia, with a total coverage of 958,000 hectares, and an average size of 8,985 hectares from February to September 2010 to open a sugar factory, displacing villagers in the Omlaing province of the southwest.⁴⁷

Myanmar

Myanmar is currently undergoing a violent and deadly military coup, experiencing the aftereffects of 980,000 Rohingya refugees fleeing its borders since 2017, and undergoing a massive wave of internal displacements—559,000 internally displaced persons from 2019 to February 2021.⁴⁸ Paired with Lao PDR as the least developed state in the Subregion, it has also committed to opening its borders for development with the BRI and seeks to increase its status. This has resulted in land concessions to these developers, planning gas pipelines and dams in its northern province.⁴⁹ These military led grabs have also entailed offshore “ocean grabbing” in the south where Thai investments funded the military control over the country and displaced small scale fisheries.⁵⁰

Thailand

Thailand is in fact one of the major players who acquires land in the Subregion but also suffers its own land grabbing issues.⁵¹ For example, in the 1990s, the

state appropriated public lands to develop, resulting in protected forests and the threat to evict up to one million families.⁵²

Land Release

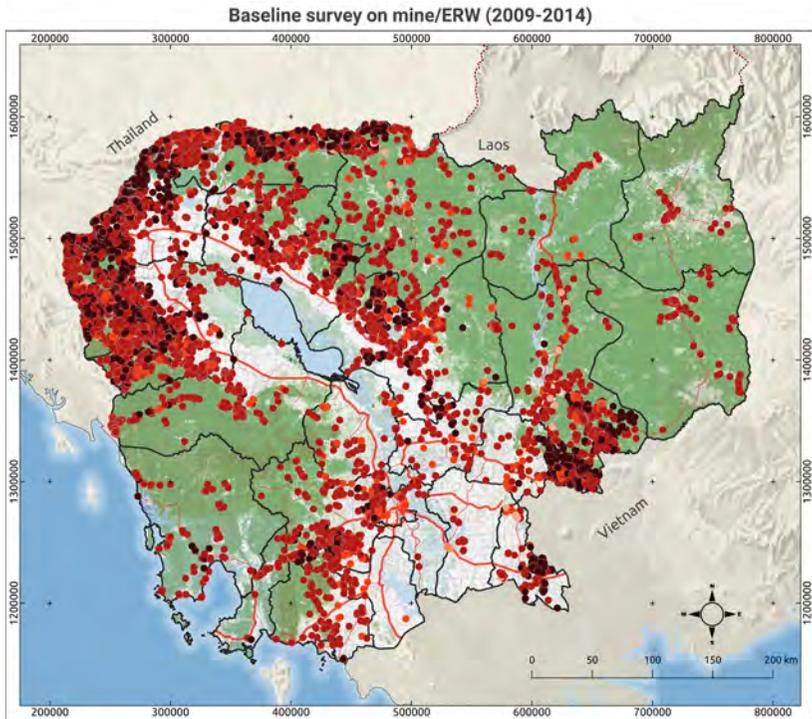
The first step in landmine and cluster munitions clearance entails the temporary displacement of residents. Schools close, farmers are banned from their crops, and people must leave their homes. Minefields across the Subregion are concentrated on the borders and often force local people to halt their everyday lives. These are usually villagers in the outskirts of these countries and oftentimes are ethnic minorities. This displacement is meant to be temporary, but, even in its temporary displacement, villagers must migrate to alternative homes. In practice, it becomes easier to keep them off the land permanently and to coerce them to sell their lands after clearance concludes.

Indeed, when comparing maps of landmine contamination and maps of Chinese investment in the Subregion, one can see that the investments include minefields. This seems as though it would be beneficial in that it allows important and lifesaving clearance to take place. However, these lands troublingly also usually overlap with protected and Indigenous lands (see an example of two Cambodian maps, one showing the infrastructure plans in China and one from the baseline surveys of landmine contamination below and their overlaps).

Climate Migration and Environmental Concerns

Large scale land acquisitions lead to development and economic benefits for nation states in the Subregion but have devastating effects on poorer people in the country, such as small subsistence farmers, ethnic minorities, and Indigenous communities. They also have larger global effects on the already increasing issues of deforestation, thereby exacerbating carbon emission effects. In the Paris Agreement of Reduced Emissions from Deforestation and Forest Degradation (REDD+), a framework was established to fight climate change that targeted deforestation prevention as a means to reduce emissions, specifically in Southeast Asia. Land grabbing has led to further deforestation, contributing to further emission increases in areas particularly vulnerable to climate change.⁵³

FIGURE 1: Baseline survey on mine/ERW (2009-2014). 2015. ERW contamination shows high in areas Chinese infrastructure projects are planned on Indigenous lands. <https://data.opendatacommons.org/dataset/erw/resource/2b20a617-b791-4b13-addc-ac4c45cc2ffe>. Accessed March 4, 2022



Projection: WGS84
Zone: 48P N
Unit: Meter
Scale: 1: 2 000 000
Last update: 02th April 2020

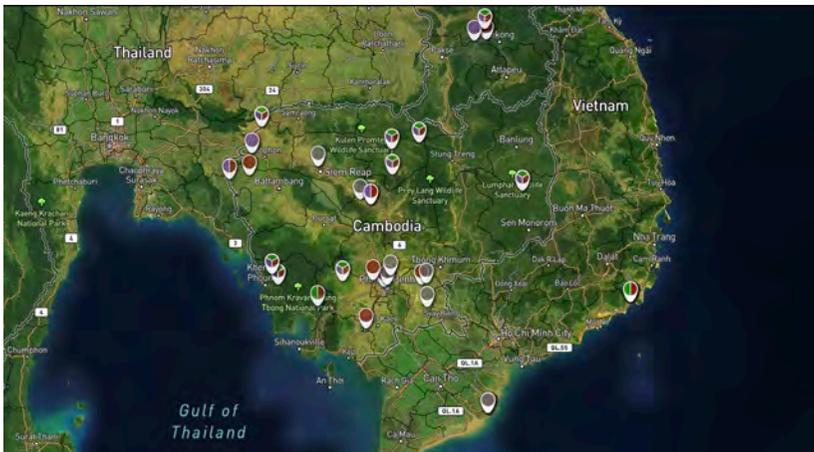
Legend

- Level of Fear**
- High
 - Medium
 - Low
 - None
 - Not found
 - National road
 - Secondary road
 - Province boundary

Data Sources:

- Baseline survey on mine/ERW: Office for the Coordination of Humanitarian Affairs (OCHA) in Asia and the Pacific. Website: <http://www.unocha.org/>
- Others: Natural Earth

FIGURE 2: Screenshot of data representation of Chinese infrastructure investments in Cambodia by Boston University’s Global Development Policy Center on China’s Overseas Development Finance, Geospatial Data Analysis of Biodiversity and Indigenous Lands. 2022. <https://www.bu.edu/gdp/chinas-overseas-development-finance/>. Accessed March 4 2022.



Legend

Select from the options below to view projects overlapping socially and ecologically sensitive areas. Projects are shown with one representative point each. ⓘ

Projects by overlapping area: ⓘ

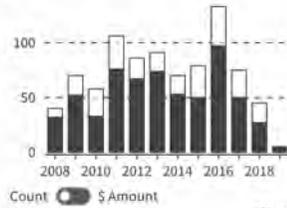
Select All

- Indigenous Peoples' Lands (133)
- Critical Habitats (260)
- National Protected Areas (123)
- None Known (525)

Map Layers

Select All

- Indigenous Peoples' Lands
- Critical Habitats
- National Protected Areas
- Mapped Projects: 615 ⓘ
- Unmapped Projects: 243
- Total Selected Projects: 858



Most families who farm on minefields have already been pushed out of arable uncontaminated lands. They have often been pushed from those lands partially as a result of climate change, a lack of arable land, and political persecutions.⁵⁴ Farming on minefields is a last resort. It is once the mines are cleared that the lands become more attractive to development, but the process of landmine clearance pushes these already vulnerable populations away from their last resort homes.

On another research visit, the platoon and I toured a road that was to be cleared on King Norodom Sihamoni's order in Cambodia. The road's clearance was prioritized due to its proximity to Thailand and as a potential casino construction project at the border. Nearby, a school had been closed so that the platoon could reside there during clearance. As a yellow-striped bird flew from a tree, the platoon leader wistfully said, "I wonder what will happen to these birds." We all looked up, knowing the trees would be destroyed and that the birds' homes would be lost.

While driving, the villagers stared at us from the side of the road. I wondered if they feared for their homes as well. Their fear would have been justified. Unfortunately, the final land release stage of landmine clearance does not always go to the original residents. As a result, land release sometimes causes greater harm to local communities in terms of land rights or land tenure.

In many mine-contaminated regions, such as Southeast Asia, the Middle East, South America, and parts of Africa, land grabbing after mine clearance is a common problem. Land grabbing occurs when corporate or state initiatives coerce rural land holders to give up their land. These acquisitions displace the population, often causing the villagers to migrate to urban centers where they often experience poverty and marginalization. Research conducted by the Center for International Stabilization and Recovery and commissioned by the Geneva International Centre for Humanitarian Demining Mine found that land rights are highly threatened in landmine-contaminated places.⁵⁵ Mine clearing organizations are directly implicated in these land grabs, since the land release step leads to greater competition over the cleared land. This research also found that women-led households and Indigenous communities are more vulnerable than male-led households to land grabs after landmine clearance. Because they are often less aware of their land rights and have less

livelihood alternatives, these marginalized groups are more likely to have their lands stolen after mine clearance.

Landmine clearance often paves the way for corporate interests to develop the land. Increased foreign investments often supersedes local or Indigenous land rights. Various U.S. policies protect sacred lands and the environments of Indigenous groups,⁵⁶ but very few take into account how clearing military waste can damage these lands. And, while protocols are in place to protect Indigenous lands and environments during the process of landmine clearance, they are often ignored. In Southeast Asian countries that are dependent on aid and development, landmine clearance is often used to take over lands and even legitimize land grabbing.⁵⁷

Implications for the United States and China

Beyond the local context and impacts, there are implications for the United States and China. It is well known by villagers and deminers alike that the majority of ERWs come from the U.S. bombings and that many of these bombs are also manufactured in China. A common public presence of both these foreign powers is literally the leftover materials of their weaponry. While Chinese development has countered some of this harmful presence in the region, the ways in which the BRI development leads to land grabbing and the ways in which their development mostly supports the elite is also well known on the ground. On numerous visits, villagers and deminers would tell me that they did not trust Chinese development initiatives, such as the building of roads, and resented the fact that locals were not hired for these jobs (instead, many of these projects hire Chinese workers rather than employing local residents). These on the ground resentments provide opportunities for the United States to repair relationships with simply a more public and beneficial presence through landmine clearance where the land is returned to the villagers and through projects that employ local residents.

Post-conflict contexts—where military waste exists—are also more likely to devolve into further conflicts. At times, this is partially due to a lack of resources leading to continued competition. Atrocity prevention must ensure land releases are returned to local villagers, which is a written rule rarely enforced. Often, corporate interests for minefield clearance are prioritized rather

than local community needs, exacerbating resource-related conflict. Military waste clearance should also have a greater consideration for environmental protections, which would often correspond to local villagers' subsistence farming needs (and are contrary to corporate interests).

While the 'do no harm principle' of humanitarian demining should in theory protect these land rights and environmental protections, they are often un-enforced. The strength of Indigenous civil society has been tied to the protection of these rights.⁵⁸ Ecosystem protection and land rights should be more explicitly part of the humanitarian effort of military waste decontamination and incentives should be made to enforce these protocols. China's multiple projects in Southeast Asia promote themselves through a "green BRI" movement, but research has shown that these initiatives prioritize economic and political interests that serve China rather than ecological concerns.⁵⁹

The United States has an opportunity to improve its standing influence in the region by countering these BRI projects with improved ecological protections during landmine clearance and the secured release back to the original inhabitants, mitigating their risk for land grabbing after mine clearance. Since the increasing disasters of climate change, the Pentagon has asserted that climate change is a security threat,⁶⁰ especially by compounding the factors that forced migration add to the burdens already plaguing marginalized villagers, like land grabbing, corporate development, and local ecological disasters. These factors destabilize allies and other countries in places like Southeast Asia, and the United States has a clear interest in addressing them.

Both the United States and China have contributed to the problem of ERW contamination in Southeast Asia and its subsequent land grabbing issues, but both have opportunities to be part of the solution. By enhancing its focus on mine clearance that is both equitable to minority populations and sustainable for the environment, the United States can improve its relations with the Subregion. Working together with China will also offer opportunities for the United States to have a more public-facing presence that will lead to better influence on the ground in the region, which now is dominated by Chinese influence even though Chinese soft power in the region is vulnerable to competition.⁶¹ Sustainable and equitable landmine clearance also offers a means to approach climate migration from another angle by attending to the scarcity of land from a military waste perspective, not just a climate change

prospective. By ensuring that marginalized communities are better able to maintain their homes, climate migration can be mitigated in a multi-pronged approach. This paper offers a few recommendations to mitigate land grabbing risks and repair relations after war in the region.

List of Recommendations:

- USAID should initiate a center that addresses issues of security and environment together that will monitor landmine clearance and its ecological effects. Some plans to initiate a center like this are in the works, though other bureaus like Bureau for Resilience and Food Security and Bureau for Conflict Prevention and Stabilization are already relevant to these issues and can be operationalized to conduct monitoring activities for U.S.-funded demining clearance.
- The above-mentioned bureaus or the newly institutionalized Bureau for Environment and Security should also implement land rights workshops for vulnerable communities who live in contaminated areas in Southeast Asia. Much of land grabbing after landmine clearance is coerced through unlawful signatures and the kind of ‘dress rehearsal’ that occurs when minefield clearance pushes residents off their homes. Interventions like workshops that inform residents of their land rights, innovated in an iterative process after monitoring, would help prevent land grabbing after mine clearance.
- USAID should participate in The Working Groups established by ARMAC and contribute to the Working Group’s funding, which at the moment is funding by China. USAID should direct its funding already marked for landmine detection to the ARMAC Working Groups and assert more of a public presence at the meetings.
- More independent research should investigate the connections between landmine clearance and land grabbing. Climate migration should be part of the priorities in U.S.-funded research calls.

- The Geneva Institute for Humanitarian Demining should be utilized to ensure land release after mine clearance through the institution of landmine clearance observation teams on the ground.
- The USAID should add land release stipulations to their funding streams to GICHD and other landmine operations.
- Through international bodies like the GICHD, competitive funding for minefield clearance should be increased through programs that incentivize land release. This could work similar to how gender mainstreaming initiatives (which have proven quite effective) work through the UN where NGOs and governments are likelier to obtain funding when they provide evidence that minefield clearance releases land back to the original inhabitants.
- Given the likelihood of increased use of landmines in Europe in places like Ukraine and in Southeast Asia like Myanmar, the United States should return to the Obama-era policy that aligns U.S. policy with the Mine Ban Treaty outside of the Korean peninsula. The reversal of this policy in 2020 was a dangerous message to the world, especially to Southeast Asia, that the United States does not take the issue of military waste seriously.

The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.

Notes

- 1 My research for this paper comes from on-site observations and interviews with deminers and villagers I conducted during 35 minefield tours over the past decade (2013, 2015-2016, and again 2018 and 2020), as well as literature research and long-term on-site research while embedded with a platoon of Cambodian deminers. Further research focused on the connection between landmine clearance and land grabbing in the Subregion is needed, which has been included in the policy recommendations below.
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2021-22 WILSON CHINA FELLOWSHIP

Green Cooperation: Environmental Governance and Development Aid on the Belt and Road

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Abstract

The Belt and Road Initiative (BRI)—China’s multi-trillion-dollar infrastructure program across 145 countries and counting—is provoking concern among observers that China is exporting its polluting model of development. Yet, China’s leaders frame the BRI as a pathway for “green development,” pointing to China’s ambitious climate targets and leadership in green industries like renewable energy. To date, efforts to “green” the BRI have focused on mitigating impacts of large-scale infrastructure—but a “soft” approach to greening is emerging. In this essay, we trace the rapid rise of what we call *green development cooperation*: environmentally-focused activities that forge people-to-people connections with host countries. Activities include training, dialogues, research, and development projects, some of which build on existing initiatives, and some which are entirely new. Our systematic review of these engagements finds that cooperation emphasizes technocratic approaches to environment and development problems that are based on China’s own experience. Cooperation thus offers a means to position China as an alternative environmental leader—a kind of green soft power—while also facilitating transfer of Chinese green technology and expertise to the Global South. At the same time, the green BRI is a fluid and malleable concept, shaped by diverse Chinese and host country actors who seek to advance their own objectives through cooperation. This carries the risk of ineffective or “greenwashed” cooperation interventions, but also creates opportunities for new forms of engagement and dimensions of coalition-building, and an important opening for improving the environmental performance of the BRI.

Implications and Key Takeaways

- At the broadest level, the green BRI discourse should be understood as just that—a *discourse*. This means that it can be used as a tool for greenwashing, but also offers a powerful platform for engagement with a diverse range of Chinese actors, many of whom are working hard to improve environmental outcomes on the BRI. Calling out cases of greenwashing is far easier than building new engagements. Attention and resources should thus target this latter more difficult but ultimately more transformative task.

- U.S. engagement should focus on identifying shared perspectives and common goals for greening the BRI, both with Chinese and BRI host country actors. China wants to be seen as a global leader in sustainable development, which provides an opportunity to work with Chinese counterparts in environmental issues of shared concern.
- Policymakers and concerned observers should build on collaborations currently in place. Many of the activities identified in this paper received some input from non-Chinese specialists hailing from multilateral institutions and NGOs. These partnerships should be encouraged and strengthened.
- At the same time, the United States should recognize that Chinese actors are mainly promoting the green BRI to their own government, not the international community. Measuring the BRI against international environmental standards is worthwhile, but leverage for change will only come through convincing Chinese decision-makers—a task that can be advanced by U.S. engagement in green cooperation.
- Moreover, the United States should view China's coalition building in the Global South as a new area of collaboration, not a contest. USAID should provide resources to equip BRI host country actors and institutions with tools to navigate China's policy and business context—and leverage these partnerships for real environment and development gains.

1. Introduction

Since it was first announced in 2013, China's Belt and Road Initiative (BRI) has attracted criticism for its environmental impacts.¹ Observers point out that China's large-scale infrastructure projects—such as roads, bridges, ports, and dams—can significantly alter ecosystems and reduce biodiversity.² Critics also highlight China's role in driving increased carbon emissions in BRI countries, most notably by financing and constructing fossil fuel extraction and generation infrastructure.³ Measures to mitigate these environmental impacts, on the other hand, have been deemed insufficient. Chinese BRI projects have tended to defer to weak host country standards in assessing and regulating environmental harm, and consultation with local communities and stakeholders has been generally absent.⁴ But this reticence to engage in environmental governance, we find, is changing.

China's leaders are heavily promoting the BRI as “green.” This framing is more than just a pledge to minimize environmental impacts; rather, in the words of Xi Jinping, it promises to foster “a way of life that is green, low-carbon, circular and sustainable.”⁵ The green BRI entered official Chinese discourse in the late 2010s—embodied in dual guidelines issued by China's central government⁶—and is now a prominent feature in official speeches, communiques, and media coverage. China's leaders highlight their national dominance in renewable energy and high-speed rail as evidence of their ability to deliver on green claims along the BRI, and the country is taking an increasingly active, leadership role in global environmental governance initiatives more broadly. Outside observers, meanwhile, see both potential for greening BRI infrastructure and risks that rhetoric will not translate into meaningful change in investment decisions and construction practices.⁷

This green discourse is part of larger efforts in China to foster positive perceptions of the BRI, in part by framing it as more than just an infrastructure initiative. Xi made this point explicitly at the Third BRI Symposium in November 2021, categorizing BRI activities as “the infrastructure “hard connectivity” as an important direction, the rules and standards “soft connectivity” as an important support, with the construction of the people of the countries “heart connectivity” as an important foundation.”⁸ Indeed, Beijing has sought to advance these latter goals of soft power and person-to-person connections for decades, beginning with agricultural training programs in

Africa in the 1960s, and expanding to encompass trainings across sectors, policy dialogues, joint research and scholarships for study in China, and specific projects focused on rural development and poverty alleviation.⁹ In the last five years, moreover, many such initiatives have been refashioned as green, incorporating the rhetoric of the green BRI. These “soft” activities exist alongside, but still apart from, “hard” infrastructure projects, offering a focused channel for advancing a vision of the BRI that is both win-win and sustainable.

In this policy paper, we offer the first systematic review of these environmentally-focused activities on the BRI, what we term “green development cooperation” (or *green cooperation* for short). Chinese leaders refer to a wide range of transnational engagements as development cooperation, and while most of these activities have begun to refer to environmental concerns, we see an emergence of trainings, dialogues, research, and development projects as the main ways China engages in explicitly green cooperation. Our analysis reveals that, since the late 2010s, the green BRI has become a core organizing principle of China’s development cooperation. Green cooperation activities have increased substantially as a result. Many of these activities are delivered through existing cooperation mechanisms, such as decades-old agricultural technology demonstration centers in Africa; others are entirely new. The organizations and actors who design and implement cooperation are likewise diverse, and include foreign cooperation departments of Chinese central and provincial government ministries, state-owned and private enterprises, think tanks and research centers, and non-governmental organizations (NGOs). Cooperation initiatives target Global South countries facing environmental risks, and emphasize technological solutions drawn from China’s own experience. As such, cooperation often aligns and overlaps with technology transfer and “hard” infrastructure projects, as we explore elsewhere.¹⁰

From a broader perspective, we find that green cooperation has become a primary venue through which China projects influence over global environmental governance—a kind of green soft power. It does so by promoting a China- and BRI-centric narrative of green development and “ecological civilization” that emphasizes technocratic and growth-oriented approaches, offering a potential alternative to the Western-led development model. At the same time, the green BRI is a fluid and malleable concept, shaped by Chinese and host country actors who seek to advance their own political, economic,

and environmental objectives. This carries the risk of ineffective or “green-washed” cooperation interventions, but also creates opportunities for collaboration and engagement. Indeed, the rapid growth of green cooperation shows that China is serious about environmental issues. Working with rather than against this cooperation should thus be a top U.S. priority.

2. Greening the Belt and Road

Green cooperation on the Belt and Road—like the BRI itself—is rooted in China’s own domestic socioeconomic and environmental context. China faces numerous well-publicized environmental challenges, which over time have prompted ever-stronger responses from China’s leadership, as evidenced by the strengthening of environmental policies, targets, and government bureaucracy.¹¹ Underpinning these important shifts is the discourse of “ecological civilization,” which was introduced into Communist Party ideology in 2007, adopted by Xi Jinping as a major framework in 2013, and elevated to a prominent position in the constitution in 2018.¹²

Ecological civilization pervades Chinese rhetoric of the green BRI. In its 2017 “Guidance on Promoting Green Belt and Road,” the Communist Party Central Committee and State Council foreground the goal to “mainstream ecological civilization in the ‘Belt and Road Initiative,’” while the Ministry of Environmental Protection’s (MEP) “Belt and Road Ecological and Environmental Cooperation Plan” specifically states that “to 2025, we will integrate the concepts of ecological civilization and green development into the Belt and Road Initiative.”¹³ Indeed, the government is promoting the concept of ecological civilization heavily in multilateral contexts, including most recently its selection as the theme of the China-hosted 2021 COP15 Biodiversity Summit.¹⁴ Chinese scholars tend to view the mainstreaming of ecological civilization positively, seeing it as a means for China to influence international environmental governance by drawing on national wisdom and experience.¹⁵ Non-Chinese researchers and think tanks, meanwhile, show some concern that China aims to supplant existing global environmental norms and values with those drawn from ecological civilization, and to channel these through the BRI.¹⁶

The technocratic emphasis of efforts to green the BRI is similarly rooted in China’s own experience and its domestic efforts towards sustainable develop-

ment. Hansen et al. argue that ecological civilization constitutes a Chinese state-initiated “socio-technical imaginary,” meaning that it reveals “how technological values and visions of the future are interwoven with political, social, and cultural ones.”¹⁷ This imaginary portrays a continuity between China’s ecological tradition and its green future, positioning technological innovation and improvement in the people’s environmental consciousness as a pathway to green development. As such, this imaginary lays an epistemological foundation for “state-led technocratic processes of socio-environmental engineering,”¹⁸ ranging from consolidation and intensification of agriculture, to construction of new hydropower and water management infrastructure, to classifying areas of the country based on monitoring of ecological health and risk. There exists a parallel emphasis on the BRI on celebrating China’s technical achievements as an example (or model) for other developing countries, and therefore on interventions that transfer Chinese technocratic expertise to environmental and development problems.

Yet, while China is “talking the talk” through green BRI discourse, scholars find that it is not “walking the walk” through its investments on the Belt and Road. Jessica Liao, a 2020-21 Wilson Fellow, argues that the green BRI agenda represents the rise of China’s “green mercantilism,” defined as “using state capital to build a BRI-centric coalition around the issue of sustainable development in the Global South.”¹⁹ This green mercantilism seeks to woo developing countries through environmental discourse—with particular emphasis on China’s expertise and technology—but it chiefly serves to advance economic and political objectives over environmental benefits. As a result, Chinese investments on the BRI are mostly comprised of “brown” infrastructure projects, including several hundred coal-fired power plants, with only limited engagement in green projects like solar and wind energy.²⁰ China’s hydropower projects on the BRI, meanwhile, have been controversially promoted by Chinese actors as “green,” despite their well-documented social and environmental impacts. Some observers thus conclude that the green BRI discourse is largely being ignored or simply “greenwashed” in favor of infrastructural and technological interventions that benefit the Chinese state and host country elites.²¹ Beijing’s recent pledge to end state-sponsored finance for overseas coal power projects²² offers cause for optimism—as do new Chinese solar and wind projects in Africa²³—but there remains a disconnect between green BRI promises and actions on the ground.

Focusing only on this disconnect, however, risks overlooking the broader implication of the green BRI: that China is centering environmental protection in how it engages as a global development partner. This engagement increasingly occurs through people-to-people cooperation activities—trainings, dialogues, research, and development projects—that are related to, but exist separately from, high-level policy discourse or infrastructure investments. This cooperation aims to strengthen China’s environmental leadership and soft power, but it does so in ways that are shaped by the specific actors involved. Indeed, drawing on the literature on Chinese development aid, we can understand green cooperation as spaces of encounter, where norms and values are both advanced and co-constructed by Chinese and host country actors.²⁴ Understanding how this cooperation occurs can shed important light on how the green BRI is being defined in particular contexts, and how it is shaping development pathways.

3. Methods

The analysis that follows provides an assessment of the breadth of China’s green cooperation through the review of related activities, then provides two in-depth case studies. Defining the types of projects that fell into our conceptualization of green cooperation in itself was an iterative process. We began by conducting a review of literature on China’s green BRI in both English and Mandarin language search terms. Using this literature review as the basis for designing search terms and targeting our search for public secondary materials, we conducted a systematic review of green cooperation activities.

Information was compiled from publicly available secondary sources in Mandarin and English language. Sources include searches of the websites of foreign engagement branches of multiple Chinese state Ministries (e.g. the State Forestry Administration, the Ministry of Agriculture, the Ministry of Ecology and Environment), popular media, and reports published by related policy and academic institutions on the topics of environment and the BRI (e.g. the China Council for International Cooperation on Environment and Development, the China Academy of Belt and Road Initiative, BRI International Green Development Coalition). Projects that mentioned environmental engagements but, to the extent we could discern, did not demonstrate a substantive focus

on the environment in their related activities were excluded. Because the BRI builds upon a longer history of Chinese actors ‘Going Out’ (investing overseas), we include projects established before the BRI’s establishment in 2013, as well as more recent projects for which implementation agreements (e.g., Memoranda of Understanding) have been established but activities on the ground are at a mixture of stages from still in planning (including those delayed by the Covid-19 pandemic) to well underway.

Finally, two case studies based on former field work conducted by the authors are presented. Previous field work on each case has been updated based on secondary sources collected through desk studies and a limited number of remotely conducted interviews.

4. Green Cooperation

Green cooperation activities are clearly on the rise. They are part of an overarching trend in which *all* types of overseas interventions by Chinese actors are referred to in connection with the Chinese state’s vision of a green Belt and Road. This trend intersects with China’s increasing investment in “soft” connectivity by facilitating people-to-people interactions and collaborations between Chinese actors and the rest of the world. Our review revealed four primary types of green cooperation activities initiated by Chinese actors with explicitly stated (though often broadly defined and interpreted) environmental objectives: trainings, dialogues, research, and development projects. These interventions involve encounters between Chinese actors and public and private sector decision-makers from BRI countries which go beyond the expanding sphere of formal environmental policymaking and “hard” infrastructure projects or other physical investments.

The majority of green cooperation activities captured in our review occur in three sectors: water (including hydropower), agriculture, and forestry (often connected with conservation efforts). This concentration makes sense considering that China has invested considerable resources in developing these sectors domestically and has historically focused its development aid contributions to developing countries in the same sectors. Agricultural technology demonstration centers, for example, have featured heavily in Chinese foreign aid to Africa²⁵ and simultaneously provide agricultural extension services,

commercial opportunities (connecting Chinese agribusinesses with farmers), and connections between Chinese and African agricultural sector state officials.²⁶ China's water management sector also has a long history of training developing country technicians and state representatives,²⁷ again unsurprising considering China's status as one of the top hydropower and irrigation technology developers in the world. Forest sector activities range from advising afforestation and anti-wildlife trafficking efforts to developing sustainable investment tools for Chinese firms like the "Guide on Sustainable Management and Utilization of Overseas Forests by Chinese Enterprises" issued by China's State Forest Administration in collaboration with WWF, The Nature Conservancy, Forest Trends, and IUCN.²⁸ Activities in other sectors such as urban greening, pollution and waste management, and energy initiatives are likely to increase in the future, with many currently in the planning phase.

We distinguished between four types of green cooperation activities, though there are significant overlaps between types and the actors who deliver them. The most common by far are trainings hosted by a range of Chinese state and private sector actors, many of whom have hosted annual or otherwise regular training events on certain topics for years. Institutions like chambers of commerce, business associations, think tanks, and research centers are also increasingly organizing training in their own sectors. They are especially dominant in the water sector where training accompanies sector events like trade shows, and in agriculture where China's network of agricultural training and research centers in developing countries provides a precedent for such activities. Training tends to involve the transfer of technology, standards and practices, and lessons learned from China to actors in Belt and Road countries, thus positioning China as a disseminator of technologies it has developed domestically. For example, the Ministry of Commerce and the State Forestry Administration of China held a 'Belt and Road National Nature Reserve Management and Protection Seminar' in 2021 during which participants were regaled with stories of "Chinese wisdom and Chinese solutions to the management of nature reserves and biodiversity conservation."²⁹ Some trainings are one-time events, such as this seminar, while other trainings constitute recurring events, such as hydropower workshops held annually at the International Center on Small Hydropower Center in Hangzhou, China.

We also document a rise in green research initiatives, dialogues and other multinational collaborations on environmental topics, and on-the-ground development projects. Sharing data between Chinese and other countries' research institutions or engaging in collaborative research, particularly to facilitate joint monitoring and assessment of shared ecosystems, is increasingly common. A number of institutions, networks, and diplomatic fora have been established that aim to facilitate dialogue and other forms of engagement between actors in China with certain regions on a range of topics including the environment (e.g., the Lancang-Mekong Environmental Cooperation Center [LMEC], discussed below) or on common specified environmental goals (e.g., the China-Africa Forest Governance Platform launched in 2013). We include in this category a particularly fast growing set of engagements between Chinese (often state and sectoral institution) actors and foreign entities (often international NGOs or their counterparts in BRI countries) establishing voluntary environmental standards. Finally, a limited but growing number of on-the-ground development projects are noted, some of which pilot the application of Chinese environmental interventions elsewhere,³⁰ others which seek to offset the environmental impacts of Chinese investment activities (e.g., the Mombasa-Nairobi Railway Wildlife Corridor³¹). These types of activities overlap with each other: institutions that facilitate dialogues may organize training series, these trainings may be used to launch research collaborations, and so on. Table 1 provides examples of each type.

TABLE I: Examples of the four types of green development cooperation activities

Training	Research
<p>International Training Course on Water Conservancy and Hydropower Construction & Management (annual) <i>Hangzhou, China</i> Jointly delivered by the International Center for Small Hydropower and the Hangzhou Regional Center for Small Hydropower, which sit under auspices of UN agencies and Chinese government ministries.</p>	<p>Sino-Kazakhstan Modern Agricultural Innovation Park (2016) <i>Almaty, Kazakhstan</i> Established jointly by state-owned Yangling Modern Agriculture Demonstration Park Development and Construction Co. Ltd. (which also manages its sister park, the Shaanxi Yangling Agricultural High-tech Industrial Demonstration Zone), and Integrachia- Turgan, an agricultural company in Kazakhstan.</p>
<p>Capacity Building on Ecological Remote Sensing in Lancang-Mekong Countries (2018) <i>Hubei, China</i> Sponsored by the Green Lancang-Mekong Initiative, part of the Lancang-Mekong Cooperation Center.</p>	<p>Egypt-China Agricultural Green Development Joint Laboratory (2021) <i>Cairo, Egypt</i> Signed between the Egypt National Remote Sensing Space Science and the Chinese Academy of Agricultural Sciences.</p>
<p>Belt and Road National Nature Reserve Management and Protection Seminar (2021) <i>Online</i> Sponsored by the Ministry of Commerce and the State Forestry and Grassland Administration School of Management (China), training over 200 students from 16 BRI countries.</p>	<p>China-Thailand Joint Laboratory for Climate and Marine Ecosystem (2013) <i>Phuket, Thailand</i> Established jointly by the State Oceanic Administration (China) and the Ministry of Natural Resources and Environment (Thailand).</p>

Dialogues	Projects
<p>Lancang-Mekong Roundtable Dialogue on Regional and Global Environmental Governance: Action on Climate Change and Sustainable Infrastructure (2021) <i>Beijing, China and Online</i> Guided by Ministry of Ecology and Environment (China), supported by Lancang-Mekong Cooperation Secretariat, co-hosted by Foreign Environmental Cooperation Center, Lancang-Mekong Environmental Cooperation Center, and Department of Ecology and Environment of Yunnan Province (China).</p>	<p>Vientiane Saysettha Development Zone (2021) <i>Vientiane, Laos</i> MOU signed by the Heads of the Ministry of Natural Resources and Environment (Laos) and the Ministry of Ecology and Environment (China), to be managed by the Lao-China Joint Venture Investment Co., Ltd. between the Yunnan Construction and Investment Holding Group and the Vientiane Municipal Government.</p>
<p>Roundtable Forum on Sustainable Development and Capacity Building of Reservoir Dams and Hydropower (2019) <i>Kunming, China</i> Organized by the Chinese Society of Dam Engineering and Chinese National Committee on Large Dams.</p>	<p>Mombasa-Nairobi Standard Gauge Railway Wildlife Corridor (2017) <i>Kenya</i> China Road and Bridge Corporation, the development contractor for the Mombasa-Nairobi Railway.</p>
<p>China-Africa Forest Governance Platform (2013) <i>Cameroon, DR Congo, Mozambique, Uganda, China</i> Joint effort between IIED (UK government), Centre for Environment and Development (Cameroon), Reseaux Ressources Naturelles (DRC), Terra Firma (Mozambique), Advocates Coalition for Development and Environment (Uganda), the Chinese Academy of Forestry, Global Environmental Institute (Chinese NGO), and WWF (international NGO).</p>	<p>“Forest-wise” Parks (Sustainable Forest Product Processing Parks) (2019) <i>Nankang & Zhenjiang China, Mozambique</i> Memorandum of Understanding signed between China-Africa Forest Governance Project, Chinese Academy of Forestry, IIED, and Ministry of Land, Agriculture, Environment, and Rural Development of the Mozambique government.</p>

The Lancang-Mekong Environmental Cooperation Center offers an example of how these activities are often organized and can overlap. LMEC was established by Chinese Premier Li Keqiang at the first Lancang-Mekong Cooperation Leaders' Meeting in 2016, and was formally integrated into the overall Lancang-Mekong Cooperation Framework in 2018. In its own words, the Center "aims to disseminate China's theory of environmental governance, boost the capacity of environmental governance of each country and achieve regional sustainable development through the promotion of environmental cooperation among Lancang-Mekong countries."³² It does this primarily through what it calls the "Green Lancang-Mekong Initiative," an umbrella for all four types of cooperation activities including "policy dialogue, capacity building, mainstreaming environmental policy, joint research and the demonstration of environmental projects, etc."³³ Recent topics include water quality, ecological remote sensing, industrial gas emission standards, and waste management, with strong emphasis on technological solutions. All of these activities—and LMEC itself—operate under the auspices of China's Ministry of Ecology and Environment, but also have stated partnerships with UN agencies, international NGOs, and Chinese business associations and large SOEs.

Indeed, there is a vast array of Chinese actors engaged in green cooperation. China's environmental turn on both domestic and international fronts—through the emphasis on ecological civilization domestically and on greening the BRI—has compelled all Chinese actors to at least engage with a baseline level of environmental concerns while creating a much greater space for actors to push for environmental improvements. The Chinese state is involved across all types of green cooperation, a reality which parallels non-environmental activities in the same sectors. Standard setting activities disproportionately involve Chinese private sector actors from individual corporations (both private and state-owned) to sector business associations and research institutions. NGOs (Chinese, international, and BRI host country domestic) are also active across types and sectors but hold far more leadership roles in implementing activities in the areas of conservation and forestry. These actors are increasingly collaborating, with ties between civil society and the private sector, and between Chinese and multilateral organizations, becoming increasingly common.

Several preliminary observations emerged through the compilation and review of these green cooperation activities. Many featured activities serve as

channels for the transfer of Chinese experiences and technology alike to other countries. Such activities are referred to by Chinese proponents as South-South cooperation, and while assessing their reception as such in Belt and Road countries is beyond the scope of this report, we take the rise of green cooperation to indicate that China's environmental turn is linked to its commitment to serving as a development partner and a model for developing countries to follow. Chinese technology transfer activities occur primarily in areas where Chinese companies excel, such as the production of high-productivity seeds, irrigation management systems, and hydropower production, among others. But they also occur in these sectors because Chinese companies invest heavily in them, have experienced the costs of environmental risks, and are learning firsthand the value of preventing or mitigating them.

We take the diversity of actors engaged in green cooperation as indicative that concern for the environment has become a dominant discourse in Chinese development thinking. On one hand, much like the broader concept of sustainable development, the mainstreaming of the green BRI means that many actors will promote environmental rhetoric without actually committing to behavioral or structural change. It is simply normatively necessary for them to acknowledge the green BRI in order to continue operating. On the other hand, green cooperation offers a new space for environmental action on the BRI. New coalitions are forming, not just between natural allies, but also between actors who might generally be hostile to one another, such as Chinese firms and international NGOs. Finally, most activities documented are extremely new. This too means considerable promise for future change, but also the need for more careful, in-depth assessment of their implications. We make a first step towards such an assessment of China's green cooperation through two case studies that follow.

5. Case Study: Guidelines for Chinese Overseas Rubber Plantations

In the 2010s, the expansion of monoculture rubber plantations across the Mekong Region drove mass clear-cutting of some of the world's most biodiverse, carbon-rich forests. From 2005 to 2015, over 2 million ha of rubber

plantations were established across the region,³⁴ 70 percent of which replaced forest land.³⁵ By the mid-2010s, intense public pressure to curb the commodity's environmental impacts was building. China dominates the global rubber supply chain as the top consumer of natural rubber (41 percent of global output)³⁶ and a primary site of production for a range of rubber products. Domestic rubber production is concentrated in Yunnan and Hainan provinces and has long been protected as a sector of strategic importance to the country. In the 2000s, Chinese rubber companies began to expand into the Mekong Region and beyond, both establishing large-scale rubber plantations and extending processing and purchasing networks to encourage rubber uptake by local farmers. China has therefore both directly and indirectly driven the unsustainable expansion of rubber production across Southeast Asia and has come under considerable scrutiny for its role.

In 2014, China's Chamber of Commerce for Metals, Minerals and Chemicals—an industry group affiliated with the Ministry of Commerce that includes a number of downstream manufacturers of rubber-based products—entered into partnership with the UK's Department for International Development (DFID) and a handful of international NGOs. CCCMC was approached by DFID funders to spearhead the project after its leadership on a similar set of guidelines for China's overseas mining investments. The group produced a set of voluntary guidelines for companies investing in rubber production abroad titled, "The Guidance for Sustainable Natural Rubber" (hereafter The SNR Guidelines). These SNR Guidelines were developed through a series of stakeholder consultation events, studies of comparable documents beyond the rubber sector, and field visits to countries where Chinese investment is active. They were published in English and Mandarin and outline six operating principles for both environmental and social responsibility and suggestions for their implementation by companies.

The project, while prompted by DFID, was motivated as well by a growing realization among Chinese policymakers and private sector leaders that rubber investments carried serious risks when implemented without regard for environmental and social concerns. Both Chinese and Vietnamese companies had come into conflict with local land users³⁷ and been featured in negative media and development organization reporting,³⁸ and Chinese rubber companies struggled far more than expected to obtain land for rubber expansion

in Laos and Myanmar.³⁹ Not only did these conflicts and negative coverage create obstacles for individual companies operating, but they contradicted the promotion of Chinese rubber investments as a form of development cooperation—a crop that would both raise the livelihoods of poor farmers in the Mekong Region, contribute to host country economies, and improve China’s access to a sustainable supply to the strategic material.

The SNR Guidelines represent an important early foray by Chinese actors into the area of sustainable standards setting. As such, their impact can be measured in very different ways. On one hand, the SNR Guidelines have been taken up by activist organizations in Laos, Myanmar, Cambodia, and Vietnam and in some cases adopted to local contexts and translated into local languages. These organizations draw on the fact that the SNR Guidelines come from Chinese actors to boost their legitimacy in engaging Chinese companies. That said, company engagement activities both by CCCMC and by activist organizations in host countries are still in the early stages. Field interviews in 2018 and 2019—well after the guidelines were officially launched—suggested that almost no Chinese rubber company employees were aware of them, and pilot programs launched in 2019 were slowed by the Covid pandemic.

On the other hand, the SNR Guidelines demonstrate important engagement across actors often assumed by outsiders to be at odds or not in dialogue in China. The fact that the project brought together CCCMC, an organization that bridges private sector and state interests in rubber, into collaboration with both foreign development organizations (DFID) and international NGOs like Global Witness which have been vocally critical of Chinese capital goes against dominant narratives of Chinese actors’ willingness to engage with foreign civil society. CCCMC continues to engage with foreign NGOs today, and to host fora in which Chinese state, private sector, and non-Chinese state, private sector, and civil society actors come together to discuss rubber’s environmental impacts.

6. Case study: Training in Small Hydropower and Green Development

Hydropower is one of the most prominent types of infrastructure projects on the BRI. According to the American Enterprise Institute (AEI) Global

China Investment Tracker, Chinese financiers invested approx. U.S.\$18 billion in completed BRI hydropower dams from 2014-19, while Chinese firms were involved in engineering, procurement, and construction (EPC) contracts for approx. U.S.\$40 billion worth of projects. As with many large-scale BRI projects, finance is dominated by state development and commercial banks, and construction by the many state-owned hydropower firms that Webber and Han refer to as China's "water machine."⁴⁰ Nearly all overseas projects are large-scale and dam-type installations that impound reservoirs and transmit electricity through regional or national grids. These projects have a significant environmental footprint both in the local area and downstream, and many require resettling affected communities. These impacts have prompted strong opposition to Chinese hydropower projects at the local, national, and global levels, despite their continued popularity with many BRI host country governments.

China's hydropower industry portrays hydropower as a green and low-carbon technology that is essential to decarbonization. China, like many (but not all) countries, classifies hydropower as a renewable energy, and substantial new domestic installations are calculated as part of China's Nationally Determined Contributions (NDCs) in the Paris Agreement. Chinese negotiators also pushed for hydropower projects to be eligible for carbon offset finance as part of the Kyoto Protocol Clean Development Mechanism (CDM).⁴¹ Indeed, domestic hydropower projects in China were by far the chief recipients of CDM finance across all countries and sectors,⁴² contributing to a hydropower boom in China that is set to continue. Critics thus tend to see China's (and the broader global hydropower industry's) promotion of green hydropower as an attempt at "greenwashing" and facilitating continued domestic and international expansion.⁴³

Yet, this view elides a much longer and more expansive history of "green" hydropower in China, and the specific experiences, technologies, and standards that are promoted internationally. Indeed, the genesis of China's "greening" of hydropower lies in the overlooked small hydropower (SHP) industry, a classification that in China refers to projects <50 megawatts (MW). Since the 1950s, China's central government has promoted (and at times, subsidized) SHP projects in rural areas as a method of rural electrification, which provided millions of Chinese villagers with their first electricity connection.⁴⁴

Beginning in the early 2000s, the government also began upholding SHP as a driver of “green development,” because it was believed to replace peasant firewood with electricity, thereby preventing deforestation and soil erosion.⁴⁵ To encourage SHP development, the government set aside ¥127 billion for SHP station and transmission line construction, and cut household electricity tariffs in half in some of the poorest areas of the country.⁴⁶ These policies, along with energy sector reforms, precipitated a boom in SHP construction, with installed capacity tripling from 2002-15. Most of these new stations are privately-developed and operated, in contrast with SOE-dominated large hydropower dams.⁴⁷

It is in this context that Chinese state ministries are sponsoring and delivering “green” SHP training and technology transfer programs for BRI countries. This training, too, has a long history. In 1981, China’s Ministry of Water Resources established the National Research Institute for Rural Electrification, which gained co-sponsorship from the United Nations Development Program (UNDP) and began referring to itself in English as the Hangzhou Regional Center for Small Hydropower (HRC). In 1994, the Ministry of Science and Technology and the United Nations Industrial Development Organization (UNIDO) created another institution, the International Center for Small Hydropower (ICSHP), which has a more international focus but significant cross-pollination with HRC staff and activities. Together, these two organizations offer a number of weeks-long training courses for international participants each year, while also acting as a center for SHP expertise and a central node of a global network of SHP experts, manufacturers, and EPC contractors.⁴⁸ By their own account, since their inception, HRC and ICSHP have hosted 160 training courses for participants from 112 countries, focused on hydropower technologies, construction, policies, and standards.⁴⁹ Both organizations also offer their own for-profit consulting and EPC services for small- and medium-sized projects in China and overseas, and also facilitate finance for overseas projects from Chinese banks.

While HRC and ICSHP programs have long praised the role of SHP in rural electrification, they are increasingly promoting its environmental benefits, too—particularly since the green BRI gained prominence in the late 2010s. Like green cooperation as a whole, SHP training draws heavily on the rhetoric of ecological civilization—as evidenced by titles of recent

symposia and training courses—and emphasizes Chinese experience and technology as a means to combat environmental risk. These themes are integrated into course materials and site visits. For example, a typical training workshop begins with several days of presentations on China's SHP experience, stressing in particular how SHP has prevented deforestation in ecologically sensitive regions of China. Participants then listen to lectures on hydropower technologies (such as turbines, electrical equipment, and dam types) and take field trips to SHP “demonstration sites” where they can tour Chinese facilities and ask technical questions about equipment manufacturing and plant operation. Throughout, trainers repeatedly stress the quality and reliability of Chinese SHP technology and its critical role in China's own green development.

Still, while promoting SHP as “green,” training staff also point to the potential ecological impacts of small hydropower, highlighting domestic examples from parts of China where SHP did not develop in an “orderly” manner. This recognition helps to diffuse potential criticism, but also to highlight China's new domestic evaluation standards for green SHP, which include guidance on site selection, environmental impact analysis, and construction and operation. China's domestic SHP plants can apply for green certification under these official standards, either in the process of building a new plant, or through renovation of existing plants. These standards are widely viewed by Chinese SHP experts as bringing the domestic SHP industry in line with international norms, with the hope that they will increase the global competitiveness of Chinese SHP on the BRI.

Thus far, these green standards—and green SHP training programs more broadly—have had little influence over China's hydropower projects on the Belt and Road. Chinese SHP firms are encouraged to adopt new standards for domestic projects, but have no incentive to do so for overseas projects—meaning that most BRI plants simply abide by (often lax) host country regulations. Perhaps more importantly, the vast majority of Chinese-financed and/or constructed SHP plants on the BRI are medium-sized, grid-connected, and usually unsubsidized, such that they privilege power generation over rural electrification and forest protection. Indeed, Chinese SHP experts admit that the green, pro-poor SHP promoted in training programs is difficult to implement in other countries without strong host government support and

subsidies. Rather, water-rich BRI countries tend to prefer large hydropower projects backed by Chinese policy banks and built by SOEs, to which green SHP standards and technologies do not apply.

At the same time, China's cooperation in green SHP has brought together domestic and foreign actors from government, industry, and civil society who might not otherwise collaborate. Organizations like HRC and ICSHP provide a forum for this collaboration by working under the auspices of both the United Nations and the Chinese government. Training programs and joint development of standards, while still limited to SHP, reveal how such long-standing development activities are being reframed and reworked as green.

6. Conclusion

The BRI has an enormous environmental footprint, and China's attempts to green this footprint are both necessary and welcome. This paper highlights that such efforts are very much underway, pointing to a rapid increase in the last five years in Chinese-led trainings, dialogues, research, and development projects focused on the green BRI. These myriad activities—which we term green cooperation—build upon longstanding development cooperation between China and other countries, particularly in the realms of water, agriculture, and conservation. Such cooperation is now placing the environment at the forefront, drawing on China's domestic efforts (and in some cases, global leadership) in strengthening environmental protection. Indeed, just as the environment has become a central tenet of domestic policy making and development planning in China, greening the BRI and green cooperation are becoming mainstream.

An analysis of this cooperation itself reveals a strong focus on technological solutions to environmental problems, drawn from China's own historical and contemporary experience. This perspective is grounded in the concept of "ecological civilization," which China's leaders promote internationally as a rallying principle for win-win and sustainable development. For the many Chinese actors and institutions involved in cooperation—including government ministries, state and private firms, think tanks, and NGOs—there is thus a clear connection between China's own domestic environmental transformation and its push to green the BRI. Our case studies of rubber and hydropower

show that this push at times is superficial and opportunistic, but the broader momentum of change is genuine and holds massive opportunity.

Concerned governments and institutions, then, should identify and focus on shared goals and perspectives for a green BRI, engaging with rather than working against China's green cooperation. Analysis of cooperation in this paper and of our rubber and hydropower case studies shows that collaboration for a green BRI is possible, even if its current implementation is limited. Simply labeling China's green cooperation as an attempt at "greenwashing" will only deepen mistrust; it is far better to engage in and seek to strengthen this cooperation. Indeed, the joint climate pledges from China and the U.S. at COP26 illustrate the possibility for collaboration on norms and standards—an outcome we hope to see replicated on the BRI.

The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.

Notes

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2021-22 WILSON CHINA FELLOWSHIP

Finding a Balanced China Policy: Constraints and Opportunities for Southeast Asian Leaders

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Abstract

Much of recent U.S. policy discussion of maritime conflict in East Asia, especially around the South China Sea, has focused on U.S. and China great power competition. Often left out are the political dynamics within and among Southeast Asian (explicitly or implicitly) claimant countries, which are highly important for the conduct of foreign affairs in the region and the ultimate disposition of the conflict. Specifically, this project examines the often highly nationalistic domestic political pressures that leaders in Southeast Asia face vis-à-vis China, at the same time that they navigate increasing trade reliance on the Chinese market and growing PRC assertiveness in terms of territorial claims in maritime Asia. It also documents the growing level of conflict between ASEAN (Association for Southeast Asian Nations) countries in the South China Sea, something that imperils any collective action on the topic.

Implications and Key Takeaways

- Policymakers in United States should recognize that confrontation with China is bad domestic politics for most leaders in Southeast Asia, including those with claims in the SCS.
- The United States should work to help SE Asian countries resolve their bilateral disputes in the SCS, along with disincentivizing posturing between ASEAN countries, as a critical precursor to any collective action vis-à-vis China.
- The United States should seek to understand and carefully navigate the divergence in views between elites and regular citizens in Southeast Asia on international affairs, which complicates strategic calculations and diplomatic engagement.
- U.S. economic engagement in SE Asia lags behind security cooperation, and although the latter is valued, without greater public and private economic engagement rebalancing towards China by most SE Asian countries is increasingly likely over time.

- Although 'ASEAN Centrality' is often viewed as a useful, if hollow, diplomatic buzz-phrase, ASEAN may in practice be an impediment to resolution of the issues by distracting limited political energy from other processes that would have a chance to succeed.

Introduction

Over the past decade, foreign policy discussions about Asian regional security have increasingly (and somewhat myopically) focused on U.S.-China relations and impending competition or confrontation. Although undoubtedly important, this lens often obscures important political dynamics within the region, especially as smaller countries in the region struggle to manage China's increasing military and economic assertiveness in its 'backyard.' Even as they fret about the PRC's expansionist tendencies and return of China as the 'big brother,' de-facto accommodation has been the main response. One emblematic case is the ongoing territorial disputes in the South China Sea, which include competing claims between Southeast Asian countries and China, as well as between themselves. Southeast Asian leaders find themselves stuck between multiple constraints.

On the one hand, public opinion is overwhelmingly hawkish and nationalistic, demanding that leaders take action to push back against incursions by China and their neighbors. In a recent survey conducted on representative samples of people in the Philippines, Indonesia, Malaysia, and Vietnam, 70 percent of respondents agreed that their government should "stand up to China [regarding the South China Sea], despite the risks."¹ For leaders like Joko Widodo of Indonesia, or Rodrigo Duterte of the Philippines, who are periodically accused² of being 'soft on China,' public pressure for strong action is politically impossible to ignore.

On the other hand, China has become the ASEAN region's largest trading partner and is an increasingly important source of foreign capital and investment, including infrastructure investments. Looking forward, many elites in Southeast Asia see this trend as only increasing further—with critical imports coming from China and China as a growing, vital market for exports. An escalation that hamstrung exports or interrupted investments would be extremely damaging to the economy, with obvious political ramifications. For business elites involved in international trade, who are inevitably well-connected with the political leadership, a serious crisis with China or neighbors would be a big problem. At the same time, China's growing military capabilities, and increasing willingness since 2012 to use them, raises the stakes further for Southeast Asian governments. Beyond the obvious mismatch between say the Indonesian Navy and the People's Liberation Army

Navy, China's demonstrated capacity to take offensive action in cyberspace is deeply troubling for ASEAN leaders.³

Given these countervailing political pressures, acute crises in the South China Sea can create no-win situations for Southeast Asian political leaders. It raises the profile and political salience of a topic that can expose them on both flanks: the nationalist crowd is reminded that national sovereignty remains under significant threat, and the free-traders and other elites are frightened about economic disruptions or who are politically favorable to China.

It would make sense, then, that finding a durable settlement that would take the issue off the table would be preferable to periodic episodes of conflict with risks of significant downsides. For Southeast Asian leaders, though, a lack of leverage, poor coordination with neighbors and pressure from hardliners at home has made finding and implementing a compromise infeasible to date. Ironically, the overwhelming hawkishness of the public in Southeast Asia constrains the ability of leaders to make deals that in the long run might protect a country's claims better than intransigence.

Considering things from the perspective of the United States, two major challenges are that the status quo largely favors China and the U.S. strategy of supporting a regionally-driven resolution in a hands-off/'ASEAN centrality' manner is unlikely to bear fruit. China's growing military strength, as well as the relative success of its 'gray zone' strategy (including military investments in the Spratlys) has meant that they have slowly but surely gained ground in the region. Also, Southeast Asian countries continue to have territorial disputes between themselves and ASEAN's non-interference and consensus rules limit regional action. Unless the United States and its allies play a more leading role, the combination of growing Chinese leverage and commitment problems/nationalist sentiment between Southeast Asian countries likely means that China will achieve their aims in the South China Sea, de-facto controlling much of the four archipelagos (Four Sha) that they seek to consolidate, unless a hot war forces the United States to engage in kinetic pushback.

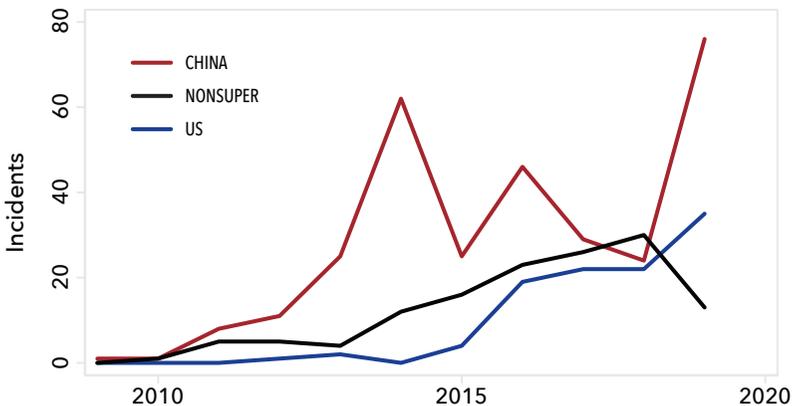
Part of the difficulty of implementing this is that the United States has become year-by-year less relatively economically important to Southeast Asia, even as nominal investment and trade levels have risen, with trade and investment with China and intra-regionally trade growing significantly faster. Perceptions of U.S. disengagement outpace the facts on the ground:

though the United States remains an important economic player in the ASEAN region by trade numbers and brand strength, elites and the general public perceive a slow by steady retreat of the United States in economic importance to the region.

Recent trends in the South China Sea

Although some territorial disputes in the South China Sea go back to post-World War II era, the upswing in conflict has been a relatively recent phenomenon (with some exceptions, like China seizing parts of the Paracel Islands from Vietnam in the 1970s). New data that catalogues major incidents related to conflict in the South China Sea from 2010 to the present shows that since Xi Jinping took power in China in late 2012, PRC maritime activities in the South China Sea have expanded dramatically.⁴ This also roughly corresponds also with President Obama’s “pivot to Asia.” In Figure 1 below, we see that although incidents associated with U.S. vessels and ships from non-superpower countries have also risen, the scale is not to the same degree as China.⁵

FIGURE 1: Conflict Events Detected in SCS



As sovereignty claims in the South China Sea have gained political currency during this period, activities by ASEAN countries have also risen, both involving neighbors and China as targets. Most notably, Vietnam in the early 2010s mirrored China by sharply increasing the number of activities it was involved with. This includes an increase in Vietnamese “maritime militia” units who although not formal military units conduct many similar activities in contested areas.⁶ The goal is typically to increase a country’s sphere of influence without formally involving state vessels.

Although regional policy makers (as well as U.S. diplomats) have long focused on ASEAN as a coordinating mechanism by which Southeast Asian countries might work together to manage (read: push back in a collaborative fashion) China’s regional expansionism, intra-ASEAN issues continue to be an important part of the story of the South China Sea disputes. Looking, for example, at the disputed Natuna Islands in the maritime border region where Indonesian, Malaysian and Vietnamese EEZs intersect (and claims in several cases overlap), the largest set of Indonesian maritime arrests detected from news coverage is not from Chinese vessels, but instead Vietnamese vessels, and in certain years arrests of Malaysian fishers also exceeds Chinese.

FIGURE 2: Conflict Events Detected in SCS

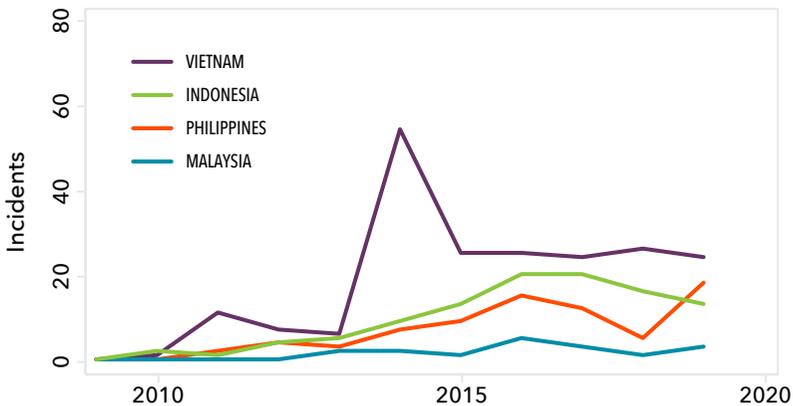
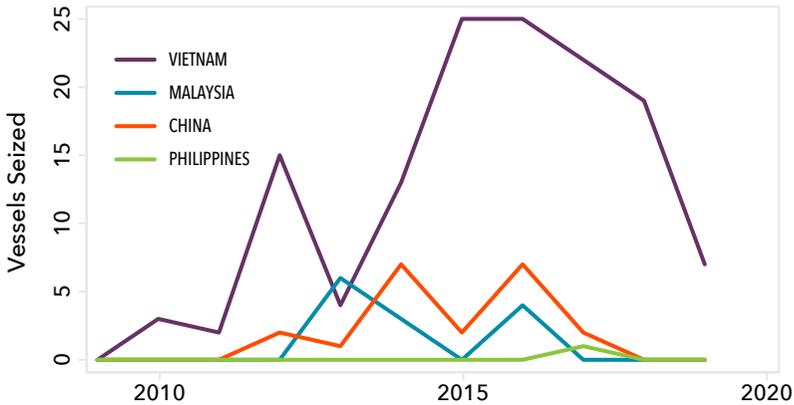


FIGURE 3: Indonesian arrests in Natuna Islands

It is difficult to know to what extent this represents a choice by the Indonesian government to enforce more aggressively against Vietnamese vessels than against Chinese, rather than a more significant presence of Vietnamese fishers. It is also possible that similar levels of enforcement are taking place, but the incidents involving Chinese vessels are less likely to be publicized or deployed by the government for domestic political advantage. In any case though, the fact is that Indonesia has significant unresolved maritime territorial issues with Vietnam and Malaysia that make a united front vis-à-vis China impossible at this stage. Similar intra-ASEAN issues occasionally plague Vietnam and the Philippines⁷, along with periodic territorial disputes between the Philippines and Malaysia (both maritime and on-land, e.g. North Borneo dispute) and ongoing issues with Vietnamese fishermen in Malaysian-claimed waters. Since 2019, more than 1,600 Vietnamese fishermen have been apprehended in what Malaysia regards as its waters.⁸ Indonesia and Malaysia have ongoing disagreements about the delineation of oil and gas blocks, although the most notable ones are just outside the South China Sea basin.⁹

In theory, ASEAN would be an excellent forum for such issues to be negotiated and resolved, whether on the official agenda or, more likely, during bi-

lateral side meetings during ASEAN summits. In practice, however, ASEAN meetings have taken a turn towards “shelving” contentious bilateral issues between members in an effort to forge consensus on the common issues faces the bloc.¹⁰ Without commentary on the advisability of this approach, the fact remains that ASEAN has not served as a forum for progress on disputes in the South China Sea.

This has left bilateral negotiations as the primary way forward between Southeast Asian countries with competing claims. Although most existing disputes have seen escalation over the past decade, there have been a few instances of positive progress. For example, the Malaysian Maritime Enforcement Agency (coast guard) and the Vietnam Coast signed a Memorandum of Understanding in 2021 that was intended to increase cooperation between the agencies and reduce the number of vessel intrusions into disputed and territorial waters of both countries. Of course, this coordination mechanism does not address the underlying, and expanding, maritime territorial disagreement between the countries.¹¹ As recently as December 2019, Malaysia had filed new claims extending the scope of maritime territory it seeks to control, which would come at Vietnam’s expense.¹²

An alternative pathway for bilateral negotiations is brokered negotiations with a disinterested third party. In the past, Thailand and Singapore have played this role, serving as intermediaries between ASEAN and China, as well as occasionally mediating intra-ASEAN maritime issues.¹³ To date, however, these efforts have not produced transformative change or resolution. This is for at least three reasons. First, Thai and Singaporean efforts to mediate during an upswing in South China Sea conflict after 2012 happened to correspond with periods of considerable domestic political intensity in both countries. In Thailand, the 2014 coup d’état led to domestic uncertainty and a growing risk aversion and limited bandwidth in its foreign policy. In Singapore, the Prime Minister’s fourth term (2015-2020) was intended to function as a hand-off to the ‘fourth generation’ PAP leadership in the face of growing (though still limited) challenges from the opposition workers party, again limiting bandwidth. Second, throughout the region, the COVID-19 pandemic has severely curbed any appetite for ambitious action on the South China Sea issue. Third, although Singapore and Thailand are important players in the region, they do not have either the enforcement capacity or sufficient

economic largesse to credibly incentivize a negotiated resolution between e.g. Indonesia and Vietnam in the Natunas or between Malaysia and Vietnam over the continental shelf.

For the United States, the strategy to date has been a primarily hands-off approach that encourages the claimants to resolve their issues peacefully through bilateral or multilateral forums, but has rarely involved American diplomatic, economic or security infrastructure to help midwife those resolutions. As a comparison, the United States has spent incredible foreign policy capital and energy helping to broker peace between e.g. recently Israel and Morocco, or Israel and the UAE. Countless other examples from ending active wars to helping settle territorial disputes is something the United States has long been known for doing, and yet in Southeast Asia the same level of urgency and effort has not been brought to bear.

What do Southeast Asian citizens think about it?

Although the policy discussion around the South China Sea, and Asian security in general, is driven largely by elite punditry and the news, leaders in ASEAN countries are subject to public pressure also from typical citizens. In the democracies in the region this can be realized at election time, but even in the authoritarian countries in Southeast Asia public opinion is closely monitored by the authorities. This is because especially on matters of nationalism and sovereignty, it is relatively easy to justify public marches or protest, which could eventually spill over into general criticism of the regime.¹⁴

In general, in Southeast Asia (as in many other places) foreign policy is a less pressing political topic, as compared to domestic issues. For example, on a recent representative survey of residents of the Philippines, Vietnam, Malaysia and Indonesia, foreign policy was ranked on average as having an importance of 7.3 out of 10, as compared to 8.5 for Covid-19 and 9.0 for education. That said, more than 80 percent of respondents rated foreign policy as a “high priority overall, indicating that it is nonetheless part of their political calculation.¹⁵ Across the four countries, 75 percent agreed with the statement that with respect to maritime sovereignty disputes, the leader should “defend our claims at all costs.”

Although respondents say they would like to see their leader stand up for national sovereignty in the South China Sea, even if brings greater risk of

Topic	Elites	Regular	Difference
Covid	79 percent	81 percent	2 percent
Unemployment	64 percent	48 percent	-17 percent
Inequality	34 percent	25 percent	-9 percent
Human rights	12 percent	20 percent	8 percent
Domestic political instability	28 percent	26 percent	-2 percent
Military tensions, esp. the South China Sea	37 percent	42 percent	5 percent
Typhoons, floods and other climate related issues	43 percent	41 percent	-2 percent
Terrorism	3 percent	19 percent	16 percent

conflict, they also are supportive of finding a fair compromise. Of the 8,600 respondents on the survey, 36 percent stated that they were supportive of standing up to China but also to working with China collaboratively to extract natural resources from their EEZ. Overall, the public in the Southeast Asian countries surveyed is split on that topic: 49 percent are in favor and 51 percent opposed to collaborating with China to extract natural resources from the sea.

Within the region, 82 percent of respondents said they would like their leaders to find compromise with their neighbors to resolve outstanding sovereignty disputes. They also hold ASEAN in high regard: 74 percent say they view ASEAN positively, and just 3 percent having a negative view, with 22 percent unsure. With regard to China, 83 percent of respondents say they would like their leaders to work together with neighboring countries to push back against China's incursions into the South China Sea. Lastly, 60 percent would like to see their country's leaders develop closer ties with the United States.

ASEAN citizen attitudes about the disputes in the South China Sea are complex and, in some ways, seemingly contradictory—how could one support both being very tough on China and neighbors, but also support compromise?—but there are important windows of opportunity to thread the needle on a diplomatic solution that fits with the domestic incentives for leaders. Settling competing claims and issues of fishing (and other natural resources access) between the neighboring Southeast Asian countries is a critical first step. Why has this not yet happened on its own?

Comparing the citizen surveys conducted by Ravanilla & Sexton (2021) with an identical question asked of ASEAN elites on the 2021 ISEAS survey (2021) we are also able to compare how the attitudes regular citizens of the Philippines, Vietnam, Malaysia and Indonesia are similar or different to business and political elites in those countries. In the following chart, we see how they responded to a question that asked what the top three challenges to their country was in the coming year. The chart indicates what percentage of respondents included each topic in their top three.

With no surprise, the Covid-19 pandemic topped the list for both elites and regular respondents, with about four out of five respondents among both elites and regular people picking it as a top problem. On average, though, elites were more concerned about unemployment and inequality than regular citizens, while citizens were more likely to list terrorism, human rights and military tensions like the South China Sea as a top concern. Overall, 37 percent of elites and 42 percent of regular citizens listed the military tensions (specifically mentioning the South China Sea) as a top problem.

Taking a broader view, military tensions in the South China Sea sits among the top few issues for ASEAN elites and publics, but in competition with other, often more pressing, topics like the economy, public health

and natural disasters. In the region's democracies, no major politician's campaign with territorial disputes at the top of their campaign. In fact, many of the government regularly downplay the issue in an effort to reduce the political temperature, whether it is the Vietnamese government stopping protests outside the Chinese embassy in Hanoi,¹⁶ or Malaysia often studiously avoiding criticism of China in the disputed waters.¹⁷

What we see instead is a largely reactive set of activities, where governments are forced to respond when incidents in the South China Sea escalate to the point of becoming politically unavoidable. From the perspective of the Free and Open Indo-Pacific strategy, removing the irritant of intra-ASEAN disputes in the South China Sea is a likely pre-condition to more serious cooperation between the Southeast Asian actors.

What can leaders in SE Asia do? How about the United States?

It has now been more than 25 years since ASEAN leaders recommended developing a "code of conduct" for the South China Sea, with hundreds of sessions and drafts producing essentially nothing workable for the main issues at play.¹⁸ Although the code of conduct provides a focal point for discussions, precious few observers believe that there is a transformative deal to be struck in the context of the CoC. China will not agree to anything binding that actually constrains their activities in the basin, while ASEAN countries are nervous about the possibility that even a non-binding code would simply legitimize Chinese claims and behaviors.

Much more likely to succeed, and indeed likely more useful for counterpressuring China is for the Southeast Asian claimants to conclude durable agreements that resolve their maritime boundary and enforcement issues. To do this, a deal must not be seen as losing face or compromising the nation's sovereignty. One political frame is that cutting a deal with neighbors actually boosts the nation's ability to push back against Chinese coercion through a combined front with ASEAN neighbors.

Some recent successes provide the basic contours of what agreements might look like. In 2014, the Philippines and Indonesia resolved a longstanding dispute over parts of the Celebes Sea, where Filipino territorial zones under the

1898 Treaty of Paris conflicted with the 1982 UN Convention on the Law of the Seas (UNCLOS), which Indonesia sought to enforce. Although the Philippines understood that their claim was in violation of UNCLOS, fear of nationalist backlash kept successive governments from being willing to compromise or concede. In the end, the in 2011 the Aquino administration bit the bullet, agreeing to revise the boundaries in line with UNCLOS and essentially conceding the argument to the Indonesians.¹⁹ Contrary to earlier political concerns, there was next to no political backlash, with the issue remaining very low salience for Filipino voters.

A second instructive case is the 2010 resolution of railway land issues between Malaysia and Singapore, where for two decades there was disagreement about how to implement a land swap deal that stemmed from unresolved issues from Malaysia and Singapore's separation in the 1960s. In the end, leaders from the two countries were able to agree on joint development of valuable plots of land in Singapore's central business district, in exchange for Malaysia relinquishing claims to certain railbeds and stations in Singapore.²⁰ In this case, both leaders were able to tell their publics that they had a concluded a deal that would benefit the nation.

Although these two successes are important, there are dozens of outstanding maritime boundary issues between ASEAN countries that have yet to resolved, and may not finding an agreeable solution in a timely fashion without outside encouragement or incentives. However, the general arrangements may be helpful for plotting the way forward.

In this relative vacuum could step the United States government, which has been struggling to find productive activities it can do to shape the South China Sea issue. Given that TTP and broader trade issues appear dead in Congress and the near saturation of security cooperation activities we have seen over the last several years, the United States needs to find new space if it is to show its value to the region. In the context of these intra-ASEAN conflicts, the United States could make a difference by playing not only an honest mediator role but through economic incentives for durable resolutions of the issue.

More specifically, on the front end, the United States could lead intensive diplomatic efforts on at least five specific topics in the South China Sea. At first, this would be a private diplomatic effort, akin to low-profile negotiations

the United States does on daily basis around the world. If it is deemed that a special envoy makes sense at some point, one could be deployed, although those sorts of gambits often backfire.

1. **Mediate between Vietnam and Indonesia regarding Natuna Sea.** Vietnam and Indonesia have overlapping Exclusive Economic Zone claims, which have led to a spate of arrests, clashes between the Vietnamese Coast Guard and Indonesian Navy, and public disagreements. The Indonesian government has quite dramatically and publicly sunk Vietnamese fishing vessels that were captured after fishing in what Indonesia regards as its waters.²¹
2. **Mediate between Vietnam and Malaysia regarding continental shelf.** In 2009, Malaysia and Vietnam completed a joint submission to the UN regarding continental shelf delineation, but surprised Vietnam and observers by extended their claims further in 2019 in a second filing.²²
3. **Work with the Philippines and Vietnam to sign a declared Memorandum of Understanding in the Spratlys.** Vietnam and the Philippines have in the past argued about ownership over certain shoals in the Spratly islands, and the extent to which Spratly claims do or do not impinge on the coastally-derived Exclusive Economic Zones of each country. Vietnamese fishermen have been arrested and prosecuted for illegal fishing in Filipino waters. Given the larger challenges from China, the two countries have come into closer and closer alignment, choosing to quickly resolve or pardon illegal fishing cases and build closer relations between the coast guards of the two countries. Transforming this implicit alignment to an explicit mutual recognition would be powerful: accepting each other's claims, putting to rest EEZ disputes, and pledging mutual aid against coercion.
4. **Help broker continental shelf agreements between Indonesia and Malaysia.** Indonesia and Malaysia continue to have disagreements about continental shelf boundaries between the countries, including in the South China Sea, straits of Malacca, and the Sulawesi Sea east of Borneo.²³

5. **Work with the Philippines to avoid escalation of the Sabah dispute with Malaysia.** Since the 1963 formation of the Federation of Malaysia, there have been differences of opinion between Indonesia, Malaysia and the Philippines regarding the disposition of northern Borneo. The Philippines continues to claim a piece of Sabah state, and periodically raises the matter, to the chagrin of the Malaysians.

What is the prospective role of the United States here? And why could the United States succeed where, for example, Thailand, Singapore and ASEAN more broadly, have so far not? One could rightfully be skeptical that outside American ‘meddling’ would improve the situation. There are four relevant ways that the United States could move the needle here.

First, the U.S. government can directly incentivize cooperative solutions through economic enticements. For example, the U.S. Development Finance Corporation is slowly making headway (among other investment and aid agencies)—commitments for investment can be another helpful carrot. If for example two countries are willing to sign up for joint natural resource extraction, the DFC can help finance it. Joint infrastructure proposals in the context of a settlement can be another incentive to compromise.

Second, the United States offers important opportunities for security cooperation, which are highly valued in all the mentioned countries. In the context of a settlement, the United States could provide access to coast guard cutters to help conduct coordinated enforcement in border zones, which would have the added benefit of providing capacity against Chinese incursions as well.

Third, the United States can credibly commit to helping to enforce the eventual deal that is made. Through international maritime activities and legal sanctions against any illegal fishing and natural resource extractions, the United States can provide credibility to a settlement. At the same time, the United States can provide political cover to leaders in the Southeast Asia so that they are not seen to be inappropriately compromising their sovereignty.

Fourth and finally, the United States can leverage potential contributions from outside allies, e.g. Japan, Australia, South Korea, or EU allies to incentivize resolution of the issues. This could include countering illegal fishing, in the oil and gas industry or in terms of countering smuggling and piracy.

Politically, the South China Sea region is in an important moment, with changes in government taking place around the basin. The ongoing presidential campaign in the Philippines currently favors Ferdinand (Bongbong) Marcos Jr., however current Vice President Leni Robredo has been gaining ground on the strength of large rallies and growing public recognition that her candidacy is the only practical alternative to Marcos. The election is a re-run of the Vice-Presidential race in 2016, which Robredo very narrowly won. For the United States, Marcos is a complicated figure, as his father was a longtime American ally, but Marcos Jr. has an unresolved Contempt of Court judgment against him in Hawaii, which has been extended through at least 2031.²⁴ Marcos has repeatedly indicated a conciliatory attitude towards China that largely follows Duterte's path of avoiding confrontation and poking at the United States. In contrast, Robredo has taken a harder line on Philippine sovereignty vis-à-vis China and has stated that building better ties with the United States is a priority. That said, she too has stated that good relations with China is important.

Malaysia's government has had considerable churn in recent years; after corruption scandals ended the Najib Razak government in 2018, there have been already three Prime Ministers from two different parties. In 2021, changes in the upper-level leadership in Vietnam have not resulted in large scale changes in foreign policy, but have continued a slow but steady shift towards greater openness to cooperation with the United States. Although President Joko Widodo of Indonesia has a little over two more years in office, there is some uncertainty about how strongly he will prioritize foreign policy versus domestic issues, including his signature policy of moving the nation's capital to Borneo (planned for August 2024).

Overall, it is a good moment for the United States to take on a more active, even if initially quiet, role in working to resolve intra-ASEAN issues in the South China Sea. This will show the United States to be a responsible player in the region, who is willing to spend the time, effort and resources to reduce tensions. This, of course, will also provide greater opportunities for the Southeast Asian countries to cooperate against China coercion, and help insulate these leaders from the divide and conquer tactics that China has attempted to deploy in recent years.

The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.

Notes

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- 5 These data represent geo-coded incidents in the South China Sea from 2012 to 2020 that were pulled from a set of more than 30 international news sources in seven languages. Research Assistants spent about a year sifting through news archives and verifying the locations of the events. They range from EEZ violations, diplomatic protests, freedom of navigation operations and EEZ violations to collisions, water cannon incidents, arrests and seizures. These data represent events that were recorded in the news, meaning that only incidents that were important enough and with enough verifiable information to be published by reputable journalism outlets. In practice, many incidents in the South China Sea do not make it to this level. Based on field interviews in the Philippines, a considerable number of incidents of harassment of fishermen do not make it into the news, either because news agencies cannot verify the underlying information or due to deliberate suppression by governments that would prefer that the public not know the true level of coercion that is going on. In other cases, limited capacity of the news industry (or general restrictions on their operation, rather than specific to the South China Sea issue) means that some incidents are simply missed. The data presented here from Ravanilla and Sexton (2022) reflects therefore larger, major incidents.
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Section VI

China's Impact on Democracy, Civil Society, and the Diaspora

With China's rise a monumental shift in the global balance of power across economics, hard power, and soft power, its implications for global governance, democracy, and civil society are similarly vast. In particular, Beijing appears dedicated towards molding the international order to suit its interests, most notably its preference for norms of "state sovereignty" and "non-interference." As such, it has engaged the United Nations, expanded its footprint across a wide range of international institutions, and worked to erode democratic and liberal norms. Simultaneously, it has worked to shape and alter global governance surrounding economics, development, and the international financial system. More worryingly, it has extended its reach to crackdown on dissidents abroad, such as its actions under the auspices of the Hong Kong National Security Law.

How is China impacting global democracy and civil society? Will China continue to assert its right to punish dissidents beyond China's borders? What are some of the implications for Chinese diaspora communities? What might global norms look like under the influence of a more powerful Beijing?

This chapter explores these issues and more, featuring essays from the following fellows:

Diana Fu, "Is Rights Advocacy Civil Society in China Dead? How the United States Should Navigate People-to-People Exchange in a New Era"

Austin Horng-En Wang, and **Adrian Rauchfleisch**, "Understanding the #MilkTeaAlliance Movement"

Audrye Wong, "The Diaspora and China's Foreign Influence Activities"

2021-22 WILSON CHINA FELLOWSHIP

Is Rights Advocacy Civil Society in China Dead? How the United States Should Navigate People-to-People Exchange in a New Era

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Abstract

Since Xi Jinping took power in 2012, advocacy-oriented civil society—those that press for rights associated with liberal democracies—in China has been placed under immense pressure. Based on synthesizing publicly available media articles and reports, this essay assesses whether rights advocacy civil society in China is effectively “dead” under the Xi Administration (2012-2022) and if and where opportunities still exist for people-to-people exchange. The essay argues that a key to analyzing the party-state’s response to advocacy civil society is to disaggregate two facets of threat: mobilizational and ideological. The former refers to civil society’s potential to threaten social stability through collective action while the latter refers to their ideas and values that threaten orthodoxy. In both Mainland China and in Hong Kong, rights advocacy organizations and networks have been amputated, but they are not “dead” in the sense of being permanently demolished. At the same time, the party-state has been actively re-molding educational and cultural institutions to ensure that the future generation of youth—a key pillar of civil society will be pro-CCP in their ideologies. Despite these developments, the essay identifies key issue-areas, actors, and institutions through which U.S. policymakers, U.S. civil society, and educational institutions can continue to engage with Chinese counterparts in a tense period and beyond.

Implications and Key Takeaways

For U.S. Policymakers:

- Foster a policy environment where civil society dialogue is actively encouraged as Track 2 diplomacy. Start with re-booting educational exchange programs with China such as the Fulbright Program and the Peace Corps.
- Strategically reframe programs to substitute “democracy promotion” rhetoric with substantive, non-ideological language such as “civic engagement” and “capacity bridging.”

- Hold congressional hearings on the status and development of civil society in Mainland China and in Hong Kong via the Congressional Executive Commission on China (CECC).
- Create an exit option for Hong Kong activists to seek accelerated asylum the United States.
- Support and dialogue with civil society activists from Mainland China residing in the diaspora community in the United States; expand funding and support for independent Chinese media outlets reaching the Chinese diaspora.

For U.S. Civil Society Actors and INGOS:

- U.S. foundations and philanthropic organizations should support and fund programs that facilitate youth-led exchange from Mainland China and Hong Kong to the United States and vice versa.
- Continue to share best practices among the donor community about adaptive strategies in authoritarian states as well as encourage best practices sharing between Chinese civil society organizations and INGOS.

For U.S. and Other Educational Institutions:

- Support academics and administrators in universities to receive scholars and students from Hong Kong and Mainland China who may no longer be able to teach or study in their home institutions.
- Educate administrators and faculty on understanding and responding to the 2020 Hong Kong National Security Law and its impacts on teaching and research in and on China.

Introduction: Advocacy-Oriented Civil Society in China

For decades, the United States has sought to promote gradual societal change in the People's Republic of China from within by supporting grassroots civil society. The hope was that by building the capacity of change agents in China, the United States could help to diversify and increase the number of social groups within China calling for accountable governance, the rule of law, and the protection of human rights. This policy towards Chinese civil society needs recalibration in a new era of “cooperative competition” between the United States and China.¹

Since Xi Jinping took power in 2012, advocacy-oriented civil society in China has been placed under immense pressure. Media outside of China has reported the series of campaigns under Xi Jinping against organizations and activists that has decimated this sector of civil society. At the same time, the party-state has moved very swiftly to control Hong Kong civil society, following the passing of the National Security Law on June 30th, 2020.

Based on synthesizing publicly available media articles and reports, this essay assesses whether advocacy civil society in China is effectively “dead” under the first two terms of the Xi Administration (2012-2022), with limited opportunity for foreign engagement with this sector. It takes a comparative lens to answer this question, analyzing civil society developments in Mainland China as well as in Hong Kong. Specifically, the essay focuses on *advocacy-oriented* civil society groups that press for the civil/political rights normally associated with a democracy: freedom of speech, association, press, and others.² These groups are the most threatening types to the party-state because they adopt mobilizational tactics and espouse values that run counter to that of the party-state's orthodoxy. As such, they can be seen by the party-state as the extreme end of the pole of the civil society sector.

A comparison of civil society transformations in Mainland China and in Hong Kong is timely for policymakers who seek to engage grassroots change-makers in China. In particular, the essay casts a spotlight on youth-led civil society because the younger generation are the future citizens and leaders shaping civic engagement norms for decades to come. Therefore, any long-term civil society engagement strategy must consider recent patterns of youth mobilization, as well as the constraints and opportunities that this generation faces in a regime that sees Western-inspired civil society as deeply threatening.

In a nutshell, the essay argues that in both Mainland China and Hong Kong, rights-advocacy organizations and networks have been *amputated*, but that they are not “dead” in the sense of being permanently demolished. Despite repression, advocacy networks continue to spring up, even if they cannot be sustained. At the same time, the party-state has been actively *re-molding* a key pillar of civil society—educational institutions and their affiliates—in order to ensure that future civil society networks will espouse pro-Communist Party ideologies and norms of civic engagement. The key to analyzing the party-state’s response to youth-led civil society is to disaggregate two facets of threat: *mobilizational* and *ideological*.

Two Facets of Threat: Mobilizational and Ideological

“The U.S. has long been engaging in infiltration and subversion and instigating “color revolution” in sovereign countries through so-called “NGOs” such as government agencies like USAID and the National Endowment for Democracy.”

—China Foreign Ministry Spokesperson³

The Xi administration adopted a three-pronged approach to governing civil society in Mainland China that consisted of a). cracking down on rights-advocacy organizations that are predicated upon “Western values” of individual rights; b). expanding regulatory control over domestic organizations; and c). deepening party control over all civil society groups.⁴ These three prongs combined have resulted in an expansion of the party-state’s control over a certain sector of state-led civil society: domestic organizations registered under the 2016 Charity Law and international organizations registered under the 2017 Overseas NGO Law.⁵ It has also meant a series of campaigns against grassroots civil society that has left the sector inert, if not dead. This has included targeting and disbanding human rights lawyers, labor organizations, feminist activists, religious leaders, Marxist student groups, and LGBTQ groups.

Extensive media coverage in the West of the new regulations on civil society, accompanied by the repression campaigns, has led to the correct perception that the advocacy sector of civil society in Mainland China has been

severely hampered. Taking a snapshot of civil society in 2017, scholars found that although the number of Chinese foundations increased, along with a rise in domestic philanthropy, advocacy groups including labour NGOs were being politically repressed and financially squeezed out of existence.⁶ In other words, there appeared to be a marked expansion of a registered and regulated sector of civil society organizations regulated by the party-state alongside the decimation of the advocacy sector which are unregistered or were registered as commercial entities.

To understand why a crackdown on advocacy civil society has occurred to this extent and its timing, it is important to disaggregate the facets of threat that the party-state sees: *mobilizational* and *ideological*. The first facet has to do with civil society groups' potential capacity to amass human, financial, and moral resources in order to stage contentious collective action, thus forming an oppositional force against the state. The second, ideological facet has to do with deep-seated, and longer-term influences around citizens' political values and interpretations of social issues. It is this latter sphere which the Party under Xi Jinping's leadership has sought to re-establish control.

The Chinese government has long regarded a certain sector of advocacy-oriented civil society—the panoply of activists and organizations advocating for liberal rights within China's borders—to be an *ideological threat* to its ruling legitimacy. In response to the Biden administration's Summit for Democracy, Beijing has recently reiterated its narrative that Western support for Chinese civil society is nothing but a front to undermine the stability of the Chinese Communist Party's rule. The Chinese government asserts that Western involvement, from academics to non-profit NGOs, is responsible for fomenting unrest in Hong Kong⁷ and in Xinjiang.⁸ These assertions are part of a long-standing fear on the part of the Chinese Communist Party that Western influences would infiltrate China via civil society and teach domestic actors to advocate for democracy reforms much like it did during the “color revolutions” that swept Eastern Europe and Central Asia in the early 2000s.⁹ For this reason, successive administrations from Hu Jintao (2002-2012) to Xi Jinping (2012-present), has regarded this advocacy-oriented sector of civil society with deep suspicion and have sought to tame it.

The Party's view of civil society as an ideological threat was clearly expressed in a communique circulated in April 2013, early in the Xi administration.

Later leaked, the communique, otherwise known as Document Number 9, was unequivocal in listing civil society as a threat in the ideological sphere, along with constitutional democracy, neo-liberalism, freedom of the press, and universal values of freedom, democracy, and human rights. Specifically, the document characterizes civil society as “a socio-political theory that originated in the West” which holds individual rights as “paramount.” Consequently, this ideological threat then merges with a mobilizational threat in that civil society has been used as to “squeeze the Party out of leadership of the masses at the local level...to the point that their advocacy is becoming a serious form of political opposition.” The Party’s understanding of civil society as both an ideological and a mobilizational threat explains why the Xi administration made it a priority to repress advocacy-oriented civil society organizations.

It is this long-seated belief in the ideological threat of Western-influenced civil society taking root in China that has driven the party-state to use coercion and regulatory control to repress the advocacy sector. While media headlines have focused on the mobilizing power of the civil society groups, including their role in demonstrations, strikes, and protests, the ideological threat posed by a certain sector of civil society has been a thorn on the side of the party-state.

Amputating Youth-led Networks in Mainland China

The Xi administration’s ideological battle against rights-advocacy civil society is most clearly demonstrated in its targeting of youth-led civil society organizations advocating for labor and gender rights. Ideological control of the youth is of paramount importance to the Party, which has stepped up patriotic education at all levels. As part of this broader effort at ideological control, the Party has particularly targeted youth-led organizations, including but not limited to neo-Marxist groups in 2018 and LGBTQ groups in 2021. Notably, both types of organizations were spearheaded by of university-age students, limited in terms of organizational size, and deviated from the Party’s ideologies. In the case of LGBTQ groups, the threat emanated from what the party-state sees as “Western-influenced” gender norms, whereas for the Marxist student groups, the threat stemmed from their deviation from the Party’s orthodox socialism.

Case Study: LGBTQ Groups

The crackdown on LGBTQ student groups online in 2021 presents a case study of how the party-state under Xi has dealt with youth-led advocacy networks that are part of transnational movements. In July 2021, the party-state shut down more than a dozen WeChat accounts of LGBTQ student groups at Chinese universities, including both Tsinghua and Peking universities.¹⁰ No explanation was given by either WeChat's parent company, Tencent, or the Chinese government. The closures come as public acceptance in China of the LGBTQ community is growing, albeit amidst a strong conservative voice claiming that LGBTQ identities are at odds with Chinese values and are unpatriotic.¹¹

Prior to 2021, the Xi administration had already targeted a number of gender rights advocacy groups, viewing them as domestic extensions of a transnational #MeToo movement.¹² To the party-state, these groups posed a mobilizational threat in terms of being able to organize performance-based activism that entailed staging small-scale, off-line protests which generated captivating photos that then were circulated online. Via popularizing the terminology of #MeToo in China and supporting individual women who filed sexual harassment lawsuits, these civil society networks were seen by the party-state to be a conduit through which Western social movements took hold in Mainland China. In fact, these groups did have linkages to international groups and to transnational movements.¹³ Many were receiving funding from foreign funders, a resource that was restricted following the enactment of the Overseas NGO Law in 2017.¹⁴

Besides a mobilizational threat due to their linkages to contentious transnational movements, these groups also posed an ideological threat to the party-state because they espoused "Western" gender norms that directly counter the traditional gender norms that the Xi administration has been propagating. These groups advocated for a range of issues including anti-sexual harassment, combating gender-based employment discrimination, and social recognition of diverse gender identities.

On its surface, some of these issues such as sexual harassment align with the agenda of the party-state, which has made revisions to the civil code in 2020 and is currently reviewing revisions to the 1992 Law on the Protection of Women's Rights and Interests.¹⁵ But below the surface, these groups' advocacy

for acceptance of diverse gender identities and non-traditional views of marriage and gender roles runs counter to the traditional gender norms that the party-state has been advocating, particularly under the Xi administration.

These clashing of ideologies around gender have direct consequences of domestic governance in China. In order to encourage women to have more children in the lead up to the passage of the three-child policy in 2021, the party-state launched a campaign to reinforce traditional family values.¹⁶ This includes stepped up propaganda for working women to return home (*huigui jiating*), accompanied by the launch of “New Era Women’s Schools” by local Women’s Federation chapters,¹⁷ and the targeting of “effeminate” men. These measures evidence that not only is the party-state actively countering “Western influences,” but it is also investing enormously in shaping the ideologies and everyday behaviors of the younger generation. Such concerted campaigns not only to *repress* civil society advocacy groups but also to *supplant* Western values around gender rights is something that policymakers ought to take into account.

Case Study: Marxist Student Groups (2018)

The Party-state’s crackdown of Marxist student groups in 2018 is illustrative of its reaction to youth-led civil society groups who do not demonstrably have linkages to a transnational movement. Although the size of Marxist student groups was minuscule—about fifty student-activists who took collective action alongside workers—these groups posed considerable ideological, as well as mobilizational, threats to the Party-state. Students belonging to these Marxist groups across elite universities in China were part of a new leftist group (*xinzuo*) that were deeply critical of the Party’s vision of socialism with Chinese characteristics which led to wealth and class disparity between the elites and the working class.¹⁸

Positioning themselves in the lineage of the Maoist left (*Maozuo*), these students directly challenged to the party-state through both their mobilization and through their ideologies. On the one hand, the student groups posed a limited mobilizational threat by taking collective action in support of demonstrating workers. In the summer of 2018, a few dozen students from Marxist groups went to southern China in support of workers at a welding factory who wanted to form an independent union, which is banned in China. Sporting

t-shirts that with the logo, “Solidarity is Power,” the students demanded that the workers of a welding factory operated by the company Jasic be granted the right to form their own union, among other claims. Their collection action did not advance very far, as the police raided the apartment of the student activists, detained a number of them, and disappeared the student leaders. Notably, the local police alleged that the workers were instigated by foreign NGOs.¹⁹ In the subsequent months, the police went further to uproot the very mobilizing structures—the Marxist groups—on campuses to ensure that they did not resurface to organize collective action.²⁰

In addition to the mobilization-threat that these groups posed, however, was a less observable yet *implicit* ideological threat to the party-state’s orthodoxy: socialism with Chinese characteristics. The students ideologically challenged the Party by implicitly alleging that the local state was not fulfilling its commitment to being a Party for the proletariat. In an open letter to Xi Jinping himself, student leader Yue Xin (who was disappeared in 2018 and released in 2020), repeatedly urged the Xi himself to see that the students were, in fact, motivated by a genuine commitment to Marxism. She repeatedly underscored that their group was not influenced by foreign forces: “We are *not a foreign force* [emphasis added], nor a student revolution, nor do we make any other political demands. All we want is to fight for justice for the Jasic workers.” She attempted to refute claims that the Marxist reading groups were working at the direction of foreign powers: “Implying that we study Marxism only at the behest of foreign power is tantamount to accusing the Party itself of being an external force. It’s like saying by pursuing fairness and injustice, fighting against evil groups, the Party is actually engaging in reactionism.”²¹

Yet, despite the student activists’ outward affirmation of their alignment with the Party’s Marxism, they nevertheless implicitly challenged the Party by pointing out that it was not allowing the workers—the vanguard of the Party—to form their own independent union. In doing so, these student-led civil society groups challenged the Party for not going far enough in protecting the interest of its base, the Chinese working class. In response, the Party not only harshly punished the student leaders through disappearing them and uprooting the Marxist student groups nation-wide; it also sought to conduct “thought work” (*sixiang gongzuo*) by circulating taped confessions by the student leaders to university students.²²

The case of the Marxist student groups provides a vivid illustration of a recent advocacy civil society group under the Xi administration that posed both mobilizational and ideological threats to the Party. Unlike other labor NGOs that had existed under the Hu administration and were shuttered in 2015,²³ the Marxist student groups were not financially supported by Western NGOs, nor were they explicitly tied to a transnational movement. The Party-state's repression of these student groups suggests that civil society groups with foreign support are not the only ones to be shuttered under the Xi administration. Rather, even civil society groups that nominally align with "socialism with Chinese characteristics" can be targeted because of their deviation from party orthodoxy. In addition, the Marxist students' show of solidarity with workers symbolically conjured the tenuous worker-student alliances formed during the 1989 Tiananmen Democracy Movement, which threatened the party-state's hold on power.

The party-state's governance of two different youth-led networks bears lessons for policymakers and actors outside of China seeking to engage advocacy civil society. Policymakers should understand that advocacy-oriented civil society groups pose two different types of threats to the party-state: mobilization and ideological. The Party has sought to address mobilizational threat with repression in the form of closures, arrests, and restricting foreign funding. It has sought to address ideological threats through educational and propaganda campaigns to supplant "Western" ideas such as the protection of individual liberties with its own infusion of ideologies via patriotic education and thought work. Generation Z—those born in the 90s and later—is where these efforts are most directly targeted towards. Hence, policymakers should view the targeting of rights-based advocacy groups in China as a slice of a more comprehensive agenda to re-establish the Party's ideological control over society, writ large.

Amputating and Remolding Civil Society in Hong Kong

Meanwhile, in Hong Kong, the party-state is the midst of both amputating and remolding pro-democratic civil society. In the aftermath of waves of pro-democracy movements in Hong Kong between 2019 and 2020, which prompted the passage of the 2020 National Security Law (NSL),²⁴ the party-

state has moved swiftly to dismantle the mature, inter-connected networks and actors that served as the backbone of the pro-democracy movement. Unlike the advocacy networks in Mainland China which had always been weak and dependent on foreign support, Hong Kong possessed dense and variegated civil society groups from student/labor unions, independent media, to pro-democracy NGOs and businesses.

A number of these Hong Kong have been under assault following the National Security Law, culminating in a massive and rapid restructuring of Hong Kong civil society. According to the Economist, approximately 60 pro-democracy grassroots organizations have closed in the wake of the Law.²⁵ Based on media articles in both international media outlets and in local Hong Kong media before several closed,²⁶ this report found 73 shuttered civil society groups and divides them into several categories, including human rights/pro-democracy groups; trade/professional unions; think tanks and others; media outlets; and student/education groups; and cultural organizations. Among them, the closure of independent media outlets including *Apple Daily*, *Citizen News*, and *Stand News*, poses a particular challenge for keeping apprised of local civil society developments, as *Stand News* had previously kept a public record of civil society closures (see Table 1).

The impact of the NSL goes far beyond the seventy-three groups that have either disbanded or been shuttered. The initial wave of closures has had a ripple effect on Hong Kong civil society and activists alike. While some of these groups were forcibly shuttered, others were disbanded and/or relocated in response to the imminent political threat posed by the NSL and by the changes in political life, writ large. Hong Kong's security chief warned that even those groups that disbanded—such as the Professional Teachers Union (PTU) and the Civil Human Rights Front—organizers could still be investigated and held legally liable for having challenged “the red line of the ‘one country, two systems’ principle and the city’s constitutional order.”²⁷ In addition, Hong Kong Watch became the first foreign organization to be threatened under the National Security Law in March 2022.²⁸

Despite the articulation of a “red line”, however, there is still a great deal of uncertainty on the part of civil society actors about which actions would be interpreted as crossing the line. Hong Kong academics have cautioned that the chilling effects of civil society closures extend beyond the most radical

TABLE 1: Civil Society Groups Closed in Hong Kong (73)

Organization Type	Count
Unions (student/trade/professional associations)	27
Human rights advocacy	17
Pro-democracy political parties	15
Media Outlets	10
Religious organizations	4
Means of Closure	
Disbanded (self-announcement due to threat)	62
Shuttered (closed with force/coercion)	11
Timeline of Closure	
0-1 year after NSL (Jul. 2020-Jul. 2021)	38
1-1.5 years after NSL (Aug. 21-Feb. 2022)	35
Crimes Charged	
Subversion (threatening national security)	47
Secession (promoting HK independence)	27
Other (social stability; anti-patriotic education; financial)	27
Terrorism	22
Collusion (with foreign forces)	14
Unknown	13
Time of Group Formation	
2019 to 2021	22
2014 to 2018	27
2000 to 2013	12
Prior to 2000	9
Unknown Society	3
Total Groups Closed (July 2020-Jan 2022)	73

groups, since more moderate groups have also disbanded due to uncertainty about where the political boundaries lie.²⁹ It is noteworthy that the CCP has used the same strategy of control in terms of leaving the boundaries ambiguous in Mainland China, leading civil society groups to self-censor their tactics and missions.

As in Mainland China, the party-state has targeted Hong Kong youth, who pose both a mobilizational and ideological threat to the Party's rule in the territory. The youth were at the forefront of Hong Kong's pro-democracy movement and as such, the party-state recognizes the imminent importance of re-molding youth-led civil society. In fact, the Party newspaper called student unions in Hong Kong a "malignant tumor," who were perpetuating a "black energy force" through their calls for a continued revolution.³⁰

In response, the Hong Kong government, at the behest of the Party, has launched a concerted crackdown of youth-led groups through both severing mobilizational vehicles and introducing patriotic education. While the first set of responses focus on *dismantling existing civil society groups*, the second set of control tools aim to remold civil society in Hong Kong, starting with the youth. Targets a mobilizational threat, while the second addresses an ideological threat.

To sever mobilizational vehicles, the party-state targeted student unions, which provided leadership and organizational resources for Hong Kong's pro-democracy movement. Following the implementation of the NSL, university administrations severed ties with student unions for fear that they would be held liable for the activities of these unions. The first union to disband following the passage of the NSL was the Chinese University's (CUHK) student union in October of 2021. The union had been in operation for five decades and its leadership decided to disband rather than comply with the University's demand for it to register with government agencies.³¹ As of January 2022, the Hong Kong Polytechnic University Students' Union (HKPUSU) is still in operation, albeit not under the auspices of the University, which publicly denounced any ties to the union.³²

As in Mainland China, however, the party-state has also been attuned to addressing the underlying ideological threat—ideas about norms of political participation and expectations for individual liberties that Hong Kong youth have been taught in through the education system. At a core level, the

party-state's "thought work" (*sixiang gongzuo*) entails inserting education on the NSL into K-12 educational curriculum. Days after the passage of the NSL on June 2020, the Education Bureau ordered schools to remove books that could "possibly violate" the Law.³³ In February 2021, the Bureau issued a circular that all heads of primary schools and secondary schools in Hong Kong.³⁴ The circular includes instructions on how to integrate knowledge about the National Security Law into the existing curriculum, including an audio picture book instructing primary children to respect the Chinese national flag and anthem.³⁵ In November 2021, The Bureau also set aside the Quality Education Fund, valued at (HK\$ 300,000 or US\$ 38,000), to subsidize K-12 schools programmes on national identity and security, as well as media/information literacy.³⁶

Curriculum changes at primary and secondary levels are not restricted to the NSL narrowly. Rather, national security is a theme that has been embedded into a range of fifteen subject areas, including but not limited to history, geography, economics, health studies, as well as science, biology, and chemistry, among others.³⁷ For example, the geography curriculum highlights China's territorial claims to the South China Sea. The curriculum on trade and economics stresses the close economic ties between Hong Kong and the Mainland, as well as the importance of national security to maintaining Hong Kong's economic stability and business environment. Others, such as the Life and Society curriculum, teach directly about the NSL, including the four types of activities that threaten national security: secession, subversion, terrorism, and collusion with foreign forces. It also situates national security within several other "securities," including territorial, economic, resource, military, and overseas interests. All of these are meant to serve as "the guidelines for the implementation of national security education at primary and secondary schools."³⁸

In addition to changes to the formal curriculum, the Ministry of Education also recommends additional learning activities inside and outside the classroom to supplement national security education. These include game activities, project learning, competitions, visits and tours, as well as exchanges with students in Mainland China. These visits would include tours to historical landmarks such as the Opium War Museum in Guangdong province, aimed to "cultivate students' concept of the state, national identity, and sense of

responsibility to our country and our people.”³⁹ These activities, combined with the integration of national security into the formal curriculum, is part and parcel of the party-state’s longer-term plans to do “thought work” on Hong Kong youth, aimed to re-shape their understanding of Hong Kong’s relationship to the Mainland China, and to cultivate new civic norms.

At the university level, the party-state has also tightened the reins on universities in numerous forms that have been extensively documented in the media. These include pressuring faculty to self-censor and punishing those who do not comply; the introduction of national security courses; increased surveillance of students and teachers; banning materials from libraries; and forced removal of offending symbols on campuses, among other measures. As a result of these measures, there is an atmosphere of increased self-censorship in Hong Kong university classrooms, as faculty are afraid of being reported on for teaching politically sensitive topics such as civil disobedience and democracy.⁴⁰ Mandatory courses on the National Security Law have been implemented in Hong Kong universities, in accordance with the National Security Law itself which has stipulations on the education of national security (articles 9 and 10).⁴¹ According to an exclusive Reuters report, at four of the city’s publicly funding universities have made lectures and seminars on national security a graduation requirement.⁴² Moreover, Hong Kong universities have been encouraged to contribute to the innovation hubs in the Greater Bay Area, an integrated economic zone.⁴³

Apart from university institutions, cultural institutions are also sites for learning about politics and society that have been targeted by the authorities. On this front, the party-state has also removed and censored artistic, cultural, and other learning materials that symbolically challenge its power in Hong Kong. Besides scrubbing the “democracy wall” of posters, Hong Kong University ordered the “Pillar of Shame” statute commemorating victims of the 1989 Tiananmen Democracy Movement to be removed.⁴⁴ This was one of at least two other visual critiques of the CCP’s response to the Tiananmen Democracy Movement, including the “Goddess of Democracy” statute at the Chinese University (CHUK) and a relief sculpture at Lingnan University. The fact that these sculptures were on university campuses and had served as backdrops to the pro-democracy protests posed a symbolic threat to the party-state. As accompaniment, the Hong Kong Public library was also ordered to

remove banned material from its library systems, including more than 100 titles about the pro-democracy movement.⁴⁵ Other cultural institutions, such as Hong Kong's flagship M+ Museum, and projects supported by the Hong Kong Arts Development Council (HKADC), along with films, have been subject to censorship.⁴⁶

In short, as this section has documented, the party-state has not only swiftly *amputated* much of Hong Kong's pro-democracy civil society groups; it also invested in *remoulding* Hong Kong's civil society, including its education system. This dual-pronged approach has resulted in not a completely dismantled civil society in Hong Kong, but a one which may eventually resemble that of civil society in Mainland China, with most organizations tethered to the Party and constrained in their agendas and funding sources. Institutions of learning, whether they be schools or cultural/educational organizations are key pillars of civil society as they inculcate civic norms in future generations. As such, they have been key targets of the remoulding of Hong Kong's civil society. The degree to which the party-state succeeds in teaching "habits of the heart" that resemble participation Mainland China is yet unknown.

The campaign to win the hearts and minds of Hong Kong's youth is one that has direct implications for fate of civil society in the territory. Policymakers in the United States or elsewhere seeking to engage Hong Kong civil society should recognize that the National Security Law has a wide-reaching impact far beyond the shuttering of pro-democracy organizations. Civil society, including institutions of higher learning, are important organizations that imbue the younger generation with norms of participation. Whereas civic education in Hong Kong previously taught "habits" that fostered democratic citizenship, including civil disobedience, public deliberation, and critical thinking, these habits are quickly being eroded as institutions of learning are being pressured to change.

Leveraging Civil Society in U.S.-China Relations

Thus far, this essay has focused on advocacy organizations which are considered more politically sensitive by the Chinese government due to their alignment with liberal democratic values. However, such advocacy organizations are not the only sector of civil society that is active in improving the socio-

economic conditions of ordinary people in China. Nor are they the most promising bridges for engaging in Track 2 diplomacy—dialogue between civil society and other non-governmental actors that may advance or complement official Track 1 diplomacy, especially in politically tense times.

This section broadens the scope to consider which civil society groups and issue areas are more conducive to advancing Track 2 diplomacy in a political moment where the United States and China are competing in multiple arenas, and where China is no longer seeking to “join tracks with the world,” as it did in the 2000s under the Hu-Wen administration. Building upon a 2021 Carter Center report,⁴⁷ this essay argues that despite the closures of political opportunities for advocacy groups in Mainland China and Hong Kong, there remains opportunities for engaging a vast sector of Chinese civil society organizations that are officially registered under the 2016 Charity Law. These organizations, working on a range of social issues from environmental to health to poverty alleviation, are closely tethered to the Chinese party-state through the regulatory mechanisms but nevertheless work on common-ground issues that may facilitate people-to-people exchange.

More obvious common ground areas for the United States and China to cooperate on include the environment/climate change and global health. On the first issue area, Biden and Xi reached an agreement to cooperate on combating climate change at closing of the Nov. 2021 COP26 Climate Summit, sending a positive signal for cooperation between civil societies on this common issue. Indeed, recent research shows that INGOs working on the environment, along with a host of other more palatable issues, are able to register in greater numbers under the 2017 Overseas NGO Law.⁴⁸

Yet, even in within this green zone, not all INGOs engaged in environmental advocacy have been able to officially register in China under the 2017 Foreign NGO Law.⁴⁹ For example, Worldwide Fund for Nature (WWF), which was the first foreign conservation organization invited to operate in China, was able to register a representative office in mainland China under the law. Its successful registration likely has, in part, to do with its long history in the country, having set up its Hong Kong office in 1981 and its Beijing office in 1991, as well as with its less confrontational approaches to conservation. In contrast, Greenpeace China, which had previously operated in the country in grey zones, like many other INGOS, has thus far not registered a

representative office but is instead operating on temporary activity permits.⁵⁰ This is despite the organization having had a collaborative relationship with local governments throughout the 2000s.⁵¹ While there are many factors that may explain the divergent fates of these two environmental NGOs in China, they illustrate that civil society cooperation on the environment is not a given under the 2017 INGO Law.

Nonetheless, registering an INGO in China is not the only way to engage in civil society dialogues, nor is the environment the only common ground sector for mutual exchange. Public health, poverty alleviation, NGO capacity-building, economic inequality, and China's own aid footprint outside of its borders that are ripe areas for civil society dialogue with foreign counterparts. In particular, poverty alleviation is an issue area where China has had a proven track record of commitment, albeit through authoritarian campaign-style politics. As a cornerstone of development agendas everywhere, tackling poverty is a common-ground issue area that has potential for further civil society engagement.

Policy Recommendations

Given both the regulatory and political pressures under the Xi administration, how should different stakeholders in the United States and in other countries engage with Chinese civil society? It is important to recognize that although the advocacy sector of civil society in China is difficult to support directly, given political restrictions, this sector is not the only one that engaged in social change on the ground in China and in the countries where the PRC is itself a major donor. In fact, INGOs operating in Mainland China have continued to work with Chinese counterparts to develop the China's domestic philanthropic sector's capacity, as well as assisting countries in the Global South where China has a growing investment and aid footprint.⁵² In addition, while some foreign organizations are no longer able to operate legally in PRC and others have opened offices in Taiwan, the space for engagement has not completely closed.⁵³

The following recommendations are directed at the major stakeholders in the United States. The party-state views foreign support for Chinese domestic civil society as threatening, regardless of whether it is from the United States

or another liberal democratic government. Therefore, these recommendations may also be applicable to U.S. allies and counterpart organizations in Australia, Canada, EU, UK, and New Zealand.

For U.S. Policymakers:

- **Foster a policy environment where civil society dialogue is actively encouraged as Track 2 diplomacy. Start with re-booting educational exchange programs with China such as the Fulbright Program and the Peace Corps.**

Civil society exchanges can be facilitated by creating a conducive policy environment in the United States where politics can obstruct people-to-people exchange with China, under concerns over national security and in retaliation to the Chinese government.

One pathway to this is rebooting educational exchange programs. Under the Trump administration, an executive order terminated the Fulbright Program in China and in Hong Kong in 2020. A recent amendment sponsored by Rep. Rick Larson to the America COMPETES Act of 2022 (H.R. 4521) would restore the Fulbright program.⁵⁴ The Peace Corps also pulled out of its operations in China in 2020, a decision praised by Senator Rick Scott.⁵⁵ To the extent that the Chinese government is still receptive to American Program that send youth to do exchange, programs like the Fulbright and Peace Corps, as well as other similar programs, should be rebooted. They are conduits for civil society exchange between the two countries, which are even more necessary in a time of tense bilateral relations.

Another pathway to encouraging Track 2 diplomacy is to provide increased opportunities for researchers, practitioners, and community leaders in the diaspora to be integrated into the policy community in the United States. Recognizing that in the current climate, Chinese civil society counterparts face high barriers to exchanging with their foreign counterparts, the United States should set an example of Track 2 diplomacy by integrating civil society leaders in the Chinese diaspora into policy discussions domestically, especially ones pertaining to U.S.-China relations.

- **Strategically reframe programs to substitute “democracy promotion” rhetoric with substantive, non-ideological language such as “civic engagement” and “capacity bridging”**

Following the U.S.-led Summit for Democracy in late 2021, the Biden administration announced the Presidential Initiative for Democratic Renewal, which would provide up to \$424.4 million towards expanding the U.S. government’s initiative to “defend, sustain, and grow democratic resilience with like-minded governmental and non-governmental partners in five areas.” Under area III, “bolstering democratic reformers,” the initiative pledges to empower marginalized groups and support reform-minded leaders in civil society.⁵⁶

To the extent that this presidential initiative supports activists and organizations operating in and outside of China, a strategy reframing of the programs to substitute democracy promotion rhetoric with non-ideological language such as “civic engagement” and “capacity bridging.” In contrast to capacity building, capacity *bridging* recognizes that there are mutual learning opportunities for U.S. and Chinese civil societies.⁵⁷ Although any initiatives directly supported by the U.S. government is likely to be seen as hostile by the current Chinese government, regardless of how it is labeled, a strategic reframing may provide change makers in China (including reform minded officials) to receive further U.S. government support if political opportunities arise in the future.

- **Hold congressional hearings on the status and development of civil society in Mainland China and in Hong Kong via the Congressional Executive Commission on China (CECC).**

CECC regularly holds hearings on a range of issues pertinent to civil society in China and hears testimony from rights activists and political dissidents.⁵⁸ Many of these hearings coincide with major political events or anniversaries in China. It is recommended that CECC also holds a series of hearings on civil society, writ large. By hearing from a range of actors engaged in long-term work of civil society development in China, including INGO representatives, Chinese philanthropy groups, and academics in the diaspora, US policymakers would gain a long-term perspective on the diversity of change agents operating in China.

- **Create an exit option for Hong Kong activists to seek accelerated asylum in the United States.**

The Hong Kong Safe Harbor Act (S. 4110; H.R. 7415) as well as the Hong Kong People's Freedom and Choice Act (HR 8428) promise to prioritize Hongkongers in consideration for refugee status or asylum, along with other immigration-related provisions. Passing such acts would create an exit option for civil society activists in Hong Kong to the United States.

- **Support and dialogue with civil society activists from Mainland China residing in the diaspora community in the United States; expand funding and support for independent Chinese media outlets reaching the Chinese diaspora.**

Rights activists living abroad are increasingly being targeted by transnational repression, where rights activists in the global diaspora are targeted and threatened by forces within their origin country.⁵⁹ In light of this, the U.S. government and other civil society organizations should devise strategies to support and dialogue with activists in the Chinese diaspora who may be subject to transnational repression.

In parallel, the U.S. government should expand funding and support for independent Chinese language media outlets that provide bilingual news and analysis, such as the China Digital Times. Such independent media outlets are much too small to replace WeChat, with its pervasive usage by the diaspora in the United States despite security issues.⁶⁰ Nonetheless, smaller news platforms can still provide alternative sources of information that can reach various sectors of the diaspora community.

For U.S. Civil Society Actors and INGOS:

- **U.S. foundations and philanthropic organizations should support and fund programs that facilitate youth-led exchange from China to the United States and vice versa.**

In addition to the civil society actors identified above, exchanges between

youth groups are particularly meaningful, as this generation will become the future arbiters of bilateral relations. Beyond study abroad exchanges, short-term visits of young people to the United States to learn about civic engagement and civil society participation. Conversely, American youth can also benefit from participation Chinese civil society organizations' projects in China, particularly those that tackle poverty alleviation and rural education.⁶¹ Such mutual exchanges outside of the formal education programs can facilitate deeper understandings of differences in civic engagement norms. These topical exchanges, taking place outside of formal study, should be structured in a way as to ensure students on both sides are directly engaging with each other.

To the extent that direct youth exchange programs may not be feasible in the current political climate, exchanges with Mainland Chinese and Hong Kong diaspora youth populations should be encouraged along the lines of themes such as addressing environmental challenges, urban/rural inequalities, social disparity, and anti-Asian hate.

- **Continue to share best practices among the donor community about adaptive strategies in authoritarian states; encourage best practices sharing between Chinese civil society organizations and INGOs.**

Foreign foundations and others should think about adaptive strategies as a long-term, ongoing game. Rather than hoping that the Chinese government would reverse or significantly revise the law, foreign organizations should continue to share best practices behind closed doors about adaptive strategies on how to operate under authoritarian environments. Recognizing that there are idiosyncrasies in the treatment of any particular INGO by Chinese authorities, information-sharing can nevertheless yield creative solutions to shared problems. In parallel, exchanges between Chinese civil society organizations and INGOs should be encouraged to share best practices and experiences on work related to issue-areas.

For U.S. Educational Institutions:

- **Support academics and administrators in universities to receive scholars and students from Hong Kong and Mainland China who**

may no longer be able to teach or study in their home institutions.

- **Educate administrators and faculty on understanding and responding to the 2020 Hong Kong National Security Law and its impacts on teaching and research in and on China.**

To the extent that safeguarding academic freedom rests on the shoulders of universities, it is recommended that administrators create pathways for the university to receive scholars from Hong Kong and Mainland China who are no longer able to work in their home institutions. Doing so would create an academic “safety net” for scholars under duress and would also enrich the campus and intellectual life of Western academia.

In addition, universities should encourage self-study for administrators and faculty on understanding and responding to the 2020 Hong Kong National Security Law. A best practices memo for teaching on China put out by U.S.-based public intellectuals, as well as a statement by the Association of Asian Studies offer a starting point for thinking about creative ways to teach China in the context of the 2020 National Security Law.⁶² The American Council for Learned Societies has also published a 2021 report on Chinese Studies in North America that offers insights and data on how to balance security concerns while keeping anti-Asian racism and biases in check.⁶³

Recognizing that there are multiple and situation-specific ways to respond to the challenges posed by the National Security Law, a top-down prescription by university administrators on how to respond is *not* recommended. However, university administrators should, in the minimum, educate themselves and the faculty on the possible challenges posed by the Law, and be prepared to respond in the event of Law-related incidents that arise. Educational institutions are an indispensable part of civil society and as such, are sites for contestation over political values. Safeguarding academic freedom is therefore a cornerstone of upholding democratic values.

The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.

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- 53 For example, the National Democratic Institute and the Republican International Institute both announced the opening of Taiwan offices in fall 2020, coinciding with China’s sanctioning of leaders in these organizations.
- 54 “Larsen: America Competes Act Enhances U.S. Global Leadership, Boosts U.S. Manufacturing and Jobs,” Rep. Rick Larsen (WA-02), February 4, 2022. <https://larsen.house.gov/news/documentsingle.aspx?DocumentID=2599>
- 55 Rick Scott Florida’s U.S. Senator, “Sen. Rick Scott: House Democrats’ Plan to Resurrect Peace Corps Programs in Communist China is Despicable,” Rick Scott Florida’s U.S. Senator, July 15, 2020. <https://www.rickscott.senate.gov/2020/7/sen-rick-scott-house-democrats-plan-resurrect-peace-corps-programs-communist-china-despicable>

- 56 For example, the state department will be providing up to \$10 million for Lifeline: Embattled CSOs Assistance Fund to support advocacy organizations under threat around the world.
- 57 See definition of “capacity bridging” as proposed by the AHA Center, an indigenous-led collaborative research center in Canada: AHA Centre, “Capacity Bridging,” AHA Centre, Version 2, June 4, 2018. https://www.ahacentre.ca/uploads/9/6/4/2/96422574/capacity_bridging_-_finaljune_2018.pdf
- 58 See Hearings, Congressional-Executive Commission on China. <https://www.cecc.gov/events/hearings>
- 59 On transnational repression, see 2021 Freedom House report. Freedom House, “Out of Sight, Not out of Reach: Understanding Transnational Repression,” Freedom House, February 3, 2021. <https://freedomhouse.org/report/transnational-repression>; On digital transnational repression, see report from the Citizen Lab at the University of Toronto. Miles Kenyon, “Digital Transnational Repression Explained,” The Citizen Lab, University of Toronto, March 1, 2022. <https://citizenlab.ca/2022/03/digital-transnational-repression-explained/>
- 60 As of 2020, when Trump attempted to remove WeChat from app stores, the app had 19 million active daily users in the United States. David Shepardson, “U.S. Judge Halts Trump Administration’s Order to Remove WeChat from App Stores,” *Reuters*, September 20, 2020. <https://www.reuters.com/article/us-usa-wechat-idUSKCN26B0IY>; a 2020 report by the Citizen Lab found that WeChat surveils both images and files shared on the platform by non-China registered users. Such data is then used to train censorship algorithms for China-registered WeChat users. Miles Kenyon, “WeChat Surveillance Explained,” The Citizen Lab, University of Toronto, May 7, 2020. <https://citizenlab.ca/2020/05/wechat-surveillance-explained/>
- 61 For example, the Beijing Lide Future Student Charity Foundation, registered with the Beijing Civil Affairs Bureau, has run a “Teach for China” program since 2008 for young Chinese people. There may be opportunity for partnering with Chinese charities to allow American youth to participate in projects like Teach for China.
- 62 China File, “How to Teach China This Fall,” *China File*, August 20, 2020. <https://www.chinafile.com/reporting-opinion/viewpoint/how-teach-china-fall/>; AAS Board of Directors, “Association for Asian Studies Statement Regarding Remote Teaching, Online Scholarship, Safety, and Academic Freedom,” Association of Asian Studies, July 23, 2020. <https://www.asianstudies.org/wp-content/uploads/20200723-AAS-statement-regarding-online-meeting-software-and-academic-freedom.pdf>
- 63 American Council of Learned Societies, “China Studies in North America: A Report on Survey Research by the Luce/ACLS Advisory Groups 2021,” American Council of Learned Societies, May 31, 2021. <https://www.acls.org/wp-content/uploads/2021/12/China-Studies-in-North-American-Report.pdf>

2021-22 WILSON CHINA FELLOWSHIP

Understanding the #MilkTeaAlliance Movement

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Abstract

#MilkTeaAlliance is a pan-Asia online civil solidarity movement that began in April 2020, but observers identified two distinct elements driving this movement: anti-China sentiment and a pro-democracy spirit. This project analyzes 3 million #MilkTeaAlliance tweets between April 2020 and December 2021, trying to disentangle how East and Southeast Asian netizens communicated and mobilized through this hashtag across borders. The results show that Thai-speaking Twitter users contributed to more than 50 percent of all #MilkTeaAlliance tweets globally, and several waves of hashtags in 2020 mostly reflect the political challenges Thai people faced. Network and keyness analysis show that discussion through the #MilkTeaAlliance hashtag was mainly about counterarguments to China's narrative of globalization in its early stages and was tweeted in English. Months later, attention gradually shifted to human rights and supporting detained and repressed activists, and the tweets were mostly not written in English. While the shift and decline in the number of hashtags reflect the limitation of this online movement, especially during the COVID-19 pandemic, the dynamic and mobilization in #MilkTeaAlliance also evidence the desire and necessity of a durable platform for exchanging experience and enriching the narratives among activists and netizens in East and Southeast Asia.

Implications and Key Takeaways

- The dynamic in the #MilkTeaAlliance movement indicates that activists and netizens in East and Southeast Asia desire and need a platform for exchanging experiences and learning from each other. A durable and better-organized platform can help them accumulate information, experience, and resources.
- Analysis of the geolocation and language used in tweets shows that many active members in #MilkTeaAlliance have a strong connection to both the United States and the alliance member countries, possibly their countries of origin. A U.S.-based durable platform may facilitate collaboration among the #MilkTeaAlliance members.

- The formation of counterarguments against China's narrative of globalization in the early stages of #MilkTeaAlliance suggests that cross-country collaborations indeed benefit the activists across Asia. This movement serves as a means to empower civil society in democracies and counter China's ideological expansion through international organizations.
- The surge and decline of the #MilkTeaAlliance movement imply that international attention plays an important role in supporting democratization in Asia, but democratization needs more than just international attention.

Introduction

#MilkTeaAlliance is a pan-Asia online civil solidarity movement that began in April 2020. It originated from an internet meme war between Chinese and Thai fans over Vachirawit Chiva-aree, a Thai actor whose girlfriend implicitly indicated that Taiwan and China are different countries under her Instagram photo. Chinese netizens made 1.4 million posts on Weibo demanding the actor apologize, while Thai netizens tagged the girlfriend's name “#nnevvy” more than 2 million times on Twitter to show their support.

Given that this internet brawl was caused mainly by China's One China Principle, many Taiwanese and Hong Kong netizens quickly joined the virtual battleground. They explained the story in the most popular forums in Taiwan and Hong Kong and recruited thousands to support the Thailand couple on Twitter. For example, on April 13, a Hong Kong-based Facebook page, MilkTealogy, illustrated the cooperation among Thailand, Taiwan, and Hong Kong netizens as the Oath of the Peach Garden—all with a milk tea in their hand—and calling the three countries the #MilkTeaAlliance.¹ This picture and the related hashtags were quickly shared on Facebook 13,000 times and reposted by many Twitter activists, including Joshua Wong, the most prominent activist in Hong Kong.

#MilkTeaAlliance did not just trend for a few days. Instead, it quickly became a symbol of cross-Asia civil solidarity beyond the original three members. Netizens from India, Australia, and the Philippines joined the alliance within a few months. As of December 23, 2020, there have been seven major waves of movements related to #MilkTeaAlliance:

- On April 15, Thai netizens used this hashtag to invite Twitter users from Taiwan and Hong Kong to support the anti-Mekong Dam movement, which protested against China's plan to build several upstream dams that would negatively impact the environment and economy of Thailand.
- On May 1, the U.S. Department of State initiated a #TweetforTaiwan movement to advocate for Taiwan to join the World Health Assembly. As a result, tens of thousands from Thailand, Hong Kong, and India posted the same hashtag and referenced #MilkTeaAlliance.²

- On May 1, the Australian government called for investigating the origin of COVID-19 in Wuhan and was boycotted by China in return. Many netizens welcomed the investigation and supported Australia with the #MilkTeaAlliance hashtag.
- On May 20, Taiwanese and Indian Twitter users used both #MilkTeaAlliance and #HindiTaiwaniBhaiBhai to support India during its territorial dispute with China.
- In late August, 12 activists were arrested and sent to China when they were fleeing to Taiwan in a speedboat. The #Save12 movement was quickly spread along with the #MilkTeaAlliance.
- Also, in late August, netizens from the Philippines used #MilkTeaAlliance to call for international support to investigate the shooting of human rights activist Zara Alvarez.
- Starting in October, hundreds of thousands of students in Thailand have been occupying the streets and demanding political reform, especially from the royal family. During the protest, they frequently used #MilkTeaAlliance to garner support from Hong Kong,³ Taiwan,⁴ and India.

Debating the Interpretation of the #MilkTeaAlliance Movement

#MilkTeaAlliance has a clear anti-China element given its origin in the internet brawl between China and Thailand. During the later waves of the movement mentioned above, however, the usage of #MilkTeaAlliance as a mobilization banner seems to shift from anti-China sentiment to a globalized pro-democracy narratives. Schaffer and Praphakorn argue that the shift is partly driven by the international environment.⁵ The #nnevy episode in April 2020 was followed by June Fourth (Tiananmen massacre day), the Black Lives Matter protest in the United States, the disappearance of 12 activists in Hong

Kong, and repression campaigns in Thailand and Myanmar. As time goes by, the network bridged by the #MilkTeaAlliance movement may shift its attention from the anti-China episode to the pro-democracy movement in general.

As a result, it is not surprising that existing studies render opposite interpretations of the movement. Schneider,⁶ Yang,⁷ and Chang⁸ summarize #MilkTeaAlliance as an anti-Beijing movement initiated by Thailand, Hong Kong, and Taiwan from nationalist sentiments. Mölder and Shiraev further suggest that the movement was driven to counter China's narrative on the COVID-19 pandemic.⁹ The anti-China sentiment in the movement causes the belief among many activists that countries and regions in Asia will collaborate through the #MilkTeaAlliance hashtags against the expansion of the Chinese empire—regardless of their political or cultural backgrounds. This belief and imagination of the anti-China sentiment embody some of the online artworks made by the activists.¹⁰ Moreover, the choice of milk tea as the symbol also reinforces the imagined boundaries of the out-group (China, without its “own” milk tea) and in-group (each country with “its own” version of milk tea).

Meanwhile, Sombatpoonsiri,¹¹ Thein-Lemelson,¹² and Chachavalpongpun,¹³ based on their analyses of Thailand and Myanmar, summarize this movement as a pro-democracy coalition in East and Southeast Asia.¹⁴ Chachavalpongpun further shows that the movement inspired other democratic movements in other continents, such as a yogurt movement in Belarus led by young activists.¹⁵ Indeed, a recent wave of #MilkTeaAlliance during the repression in Myanmar in July 2021 was mainly responded to by Twitter users in other democratic countries, including the United States and the United Kingdom (will be discussed later).¹⁶ On April 7, 2021, Twitter also announced to create an emoji for the #MilkTeaAlliance movement, calling it “an online solidarity alliance first started in April 2020 as a Twitter meme which has grown into a global pro-democracy movement.”¹⁷ This argument suggests that the desire for democracy and human rights is the main motivation driving people across these countries to collaborate under the umbrella of #MilkTeaAlliance.

However, these two camps of explanations have limitations theoretically and empirically. From the theoretical perspective, nationalism or democracy is insufficient to represent the whole solidarity movement. On the one hand, if nationalism is the main motivation to bring out the #MilkTeaAlliance, na-

nationalism should be expected to consolidate the in-group patriotism and the out-group denigration by the border; the border of the imagined community should be strengthened, and people would have the rally-around-the-flag effect and support their own government. Nevertheless, these nationalism-driven predictions did not appear in this movement. For example, when Thailand netizens defended #nnevvy and fought against the Chinese counterpart, they also blamed their government and the royal family at the same time. Moreover, nationalism would not motivate people to care for the institution of democracy in other countries. On the other hand, if the belief in democracy is the main motivation for the #MilkTeaAlliance, it cannot explain why this movement originated from the One-China Principle, which China required all other countries to follow.

Understanding the #MilkTeaAlliance Movement through the empirical data

Empirically, the usage of the #MilkTeaAlliance hashtag and the interpretation ignore the effectiveness of using this hashtag. To be specific, once this hashtag has established its reputation, everyone can exploit it for its own gain. Meanwhile, not every usage would draw the same amount of attention. For example, the abovementioned discussion proposed two important elements—anti-China and democracy—behind the movement. It is possible that the majority of the tweets overwhelmingly focus on one, two, or the combination of these two factors. Empirical observation can help us reconcile the two factors through how people really react to them. One possible approach is to investigate the content accompanied by the #MilkTeaAlliance hashtag across time and locations. If most of the hashtags appear disproportionately to focus on one of the factors, we would suggest that factor as the main motivation in this movement.

Two related indicators on the effectiveness of the #MilkTeaAlliance discussed above are the number of tweets and the length of each wave. If the tweets only surged over one day without further consolidation, one may argue that attention shifted quickly. Similarly, if the numbers of hashtags are significantly different across similar events, we may argue that people pay different amounts of attention across these events.

Another quick tool to evaluate the effectiveness of the hashtag is to explore the language used along with the tag. To be specific, which language people use in the #MilkTeaAlliance tweets may reflect their intentions and actions in this movement. Segesten and Bossetta argue that there are three stages of online political participation:¹⁸ information, mobilization, and action. When political repression happens in Country A, and people in Country B tweet about this repression in English, it is more likely that the tweet is to show support across the border or provide suggestions to the victims in Country A. On the other hand, if the tweets are posted in Country B's official language (which is usually not English in the countries in this movement), the tweets are mostly about spreading information to Country B. Hence, we can roughly observe how people across countries exploit the #MilkTeaAlliance through the language they choose in the discussion.

The third method is to examine what other hashtags appeared along with the #MilkTeaAlliance. It indicates how people planned to use this hashtag to communicate with each other. For example, Rauchfleisch et al. (2021)¹⁹ developed a method to collect and detect all tweets in Switzerland and then show that people dramatically shifted their attention to the pandemic after the outbreak in early 2020. The basic idea of this keyness analysis²⁰ is to compare whether many new hashtags appeared in a given period are significantly different relative to the previous period. By comparing the change of hashtags and the #MilkTeaAlliance across time, we can analyze how people exploit this hashtag and the evolution of this movement.

Case 1: The main analysis, April 2020–December 2020

Since the beginning of the #MilkTeaAlliance movement in April 2020, there have been a series of hashtag waves on Twitter. The archive contributed by Dr. Adrian Rauchfleisch and Dr. Shih Hsien Hsu at the National Taiwan University includes 2,719,573 #MilkTeaAlliance tweets in 2020.²¹ The distribution is shown in Figure Case 1-1. In this figure, the X-axis is the timeline, and Y-axis is the number of tweets; the two peaks capture the first #nnevy dispute in April and the Thailand repression in mid-October. The other two peaks last August 2021 and in late April were about the 12 Hong Kong activists being sent to China and Taiwan's effort to join the WHO,

FIGURE CASE 1-1: Distribution of the #MilkTeaAlliance tweets per day in 2020 (n = 2,719,573).

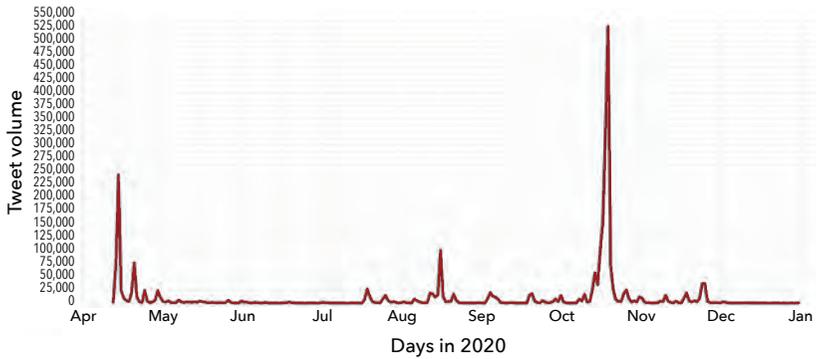
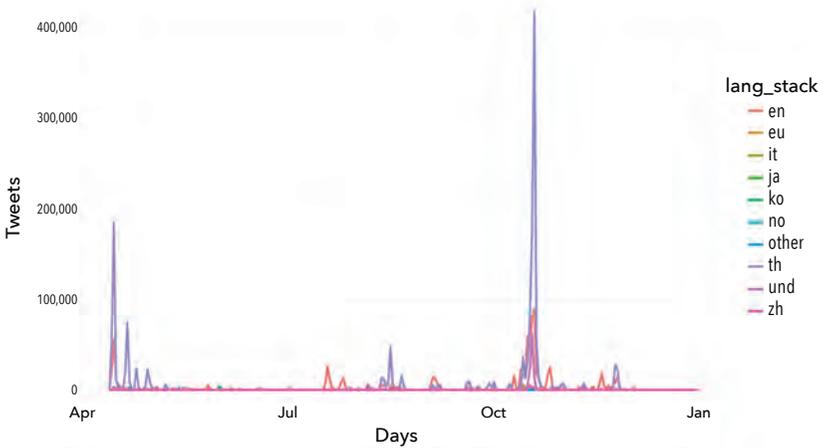


FIGURE CASE 1-2: Language used of the #MilkTeaAlliance tweets per day in 2020 (n = 2,719,573)



respectively. One observable phenomenon in Figure Case 1-1 is that each #MilkTeaAlliance peak did not last long. Most of the tweets emerged on a single day, and then the trend plummeted within a few days.

Who contributed to these 2.7 million tweets? Figure Case 1-2 shows the distribution of the language used in these tweets detected by Twitter (“und” means that Twitter cannot categorize the language, such as an emoji or emoticon). The X-axis is the timeline, the Y-axis is the number of tweets, and each color line refers to a language used for the tweets. Overall, Thai constitutes 57.2 percent of all #MilkTeaAlliance tweets (1.55 million), followed by English (34.5 percent, 0.94 million), undefined (5.8 percent, 0.16 million) and Chinese (1.06 percent, 0.03 million). All other languages count for <1 percent of the overall tweets.

The distribution of the self-reported geolocation of the users shows a similar but less obvious trend. The majority of these tweets do not reveal the location (2.04 million, 75.0 percent). For the remaining tweets in which location can be identified with the platform OpenStreetMap,²² 11.7 percent are from Thailand (318k), 3.2 percent from Hong Kong (88k), and 2.1 percent from the United States (58k). These are followed by the UK (0.8 percent), Japan (0.6 percent), India (0.5 percent), South Korea (0.5 percent), France (0.4 percent), China (0.4 percent), Germany (0.4 percent), Taiwan (0.3 percent), Canada (0.3 percent), and Australia (0.3 percent). In other words, the #MilkTeaAlliance tweets from Thailand account for about half of tweets whose locations are identifiable, and the proportion is similar to the distribution of the language used.

In the end, Figure Case 1-3 shows the distribution of hashtags along with the #MilkTeaAlliance in each week in 2020. Again, we follow Rauchfleisch et al. (2021)’s method and find 8 “overrepresented” hashtags in each week compared with the distribution of hashtags last week. Meanwhile, the X-axis refers to the timeline in 2020, while the Y-axis is the number of unique tweeter users mentioned in these hashtags. In other words, these hashtags that appeared in Figure Case 1-3 are the first appearance of the most popular hashtags along with the #MilkTeaAlliance during 2020.

There are two important trends in Figure Case 1-3. First of all, the topics people discussed along with the #MilkTeaAlliance hashtag shifted dramatically with time. Specifically, the topics gradually shifted from issues related to

FIGURE CASE 1-3: Concurrent Hashtags with #MilkTeaAlliance per week in 2020



China to protestors and human rights issues. Before August 2020, we can find #stopmekongdem, #boycottmulan, #southchinasea, #taiwanisnotchina, #freehongkong on the upper left corner of Figure Case 1-3. These topics are related to fighting against China's expansion, geographically or ideologically. There is already a clear negative attitude in these hashtags and they include a verb, so these tweets are mainly about the mobilization of other allies through the #MilkTeaAlliance, instead of discussion (as in Segesten and Bossetta 2017).

After August 2020, however, the hashtags are mainly about protestors and human rights: #savehk12youth, #police, #savejoshuawong, #whatishappeninginth, #thaiprotector, and #fightforfreedom all appeared on the top right corner of Figure Case 1-3. This trend reflects the urgency of domestic politics in Thailand and Hong Kong. Meanwhile, it is clear that the discussion about the expansion of China—such as the Belt and Road Initiative or the South China Sea—declined during this period. Therefore, in the next section, we will zoom in on April and October 2020 to further analyze the agenda shifts.

The second noticeable trend in Figure Case 1-3 is the increasing number of Thai-language keyness hashtags in late 2020. Indeed, Figure Case 1-2 shows that most of the #MilkTeaAlliance tweets were written in Thai. Nevertheless, in early 2020, most of the keyness hashtags were written in English, as is shown on the left-hand side of Figure Case 1-3. It indicates that the alliance members are much more likely to discuss China-related issues across the border in the early stage of the movement. However, many issues discussed in this period,

such as the Mekong Dem and the South China Sea, are cross-national issues and need cross-national attention and collaboration. The #MilkTeaAlliance hashtag serves as a platform for alliance members from different countries.

In later 2020, however, Thai-language tweets dominate the #MilkTeaAlliance hashtags (in Figure Case 1-2) and in other hashtags accompanied with #MilkTeaAlliance (in Figure Case 1-3). The combination of these results suggests that the hashtags in later 2020 mainly served as an information source for Thai people to receive information from other countries (e.g., #hk12youth) and to mobilize other Thai readers globally (e.g., #police or #whatishappeninginTH). In Case 2 to 4, I will provide further evidence for this inference.

Case 2: Zooming in on April and October 2020

One major weakness of the keyness in Figure Case 1-3 is the small number of keyness hashtags week by week, so the relationship among the hashtags remains unclear. In Figure Case 2-1 and Figure Case 2-2, we draw the relationship between the 100 most popular hashtags in April-May 2020 and October-November 2020, respectively. In these two figures, all hashtags are translated by Google Translate. If the translated hashtag is shown, it starts with capital letters (e.g., “TH”). The color indicates the clusters of hashtags, and the lines indicate the concurrent appearance of the hashtags.

In Figure Case 2-1, the network illustrates the anti-China sentiment in the early stage of the #MilkTeaAlliance movement and shows how the alliance members communicated through English: the majority of the hashtags are English with a few exceptions in Chinese and Thai. At the center of the network, we can find clear anti-China hashtags such as #nmsl,²³ #chinazi, #boycottchina, and #china_is_terrorist. Based on this anti-China sentiment, three groups of discussion can be found in this figure, including the pro-Taiwan mobilization, pro-Hong Kong tweets, and Thailand-related issues. Even though some Thailand and Hong Kong issues were not tweeted in English, the core anti-China discussions were all written in English.

Six months later, the rhetoric of the #MilkTeaAlliance changed. In Figure Case 2-2, the center of the discussion is about the repression in Thailand and the protesters detained in Hong Kong. More than half of these hashtags were written in Thai (as indicated by TH at the beginning of the hashtag). The

FIGURE CASE 2-1: Hashtag network in all #MilkTeaAlliance tweets, April-May, 2020

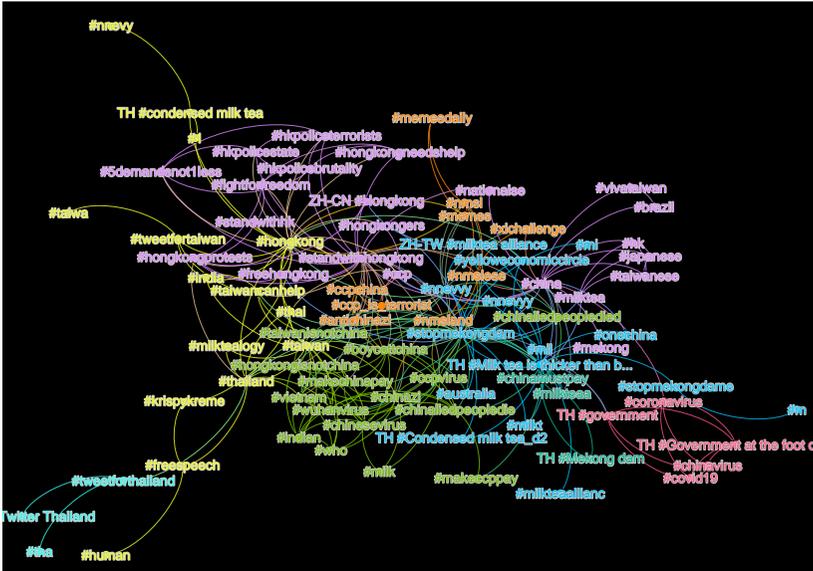
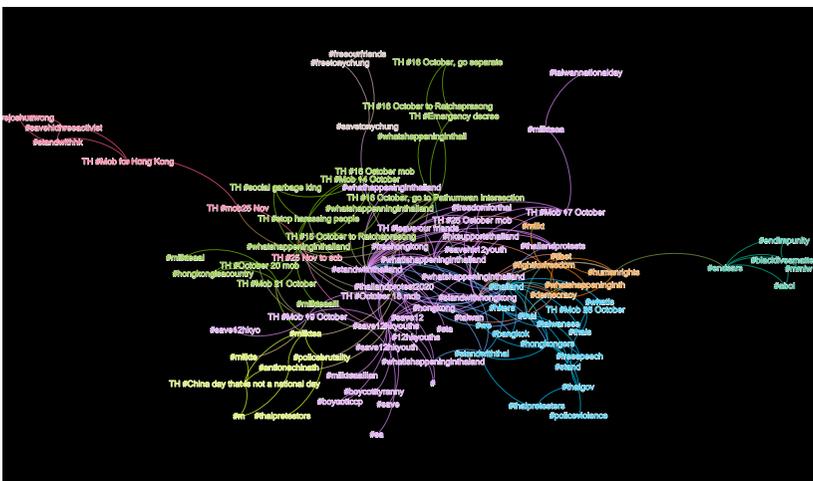


FIGURE CASE 2-2: Hashtag network in all #MilkTeaAlliance tweets, October-November, 2020



subgroups of the discussion are all developed from the ongoing repression in Thailand, which links to the criticism of the Thailand authorities and the desire for human rights and freedom. Even though the Hong Kong issue still accounts for a considerable proportion of the discussion, the tone is mainly to the Hong Kong protesters instead of the China government. Compared with the previous figure, Figure Case 2-2 does not have the same level of anti-China sentiment; it also did not cover any other China-related topic except for the protest in Hong Kong.

Case 3: Repression in Myanmar and Thailand, July 2021

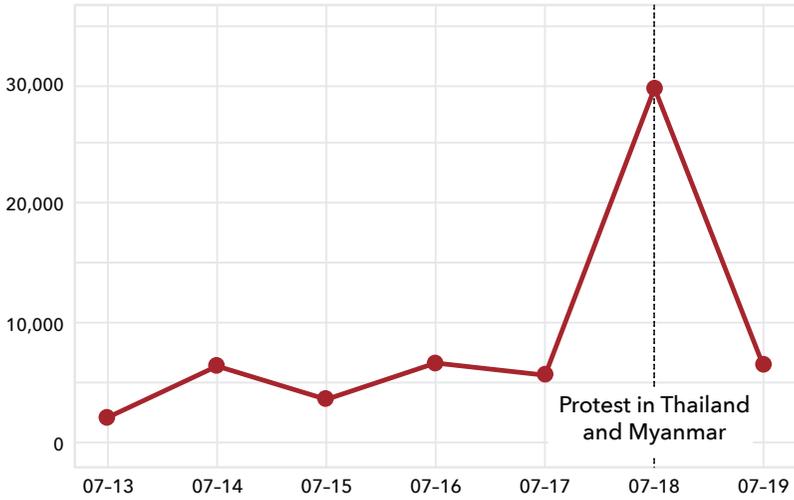
In the midst of July 2021, thousands of protesters in Thailand came to the streets and demanded that Prime Minister Prayuth Chan-ocha resign for mishandling COVID-19, but the police responded with tear gas and water cannons.²⁴ In Myanmar, hundreds of anti-coup activists marched in Yangon and accused the military government of hoarding oxygen supplies despite the worsening pandemic.²⁵ However, during the violent repressions in Thailand and Myanmar this July, the #MilkTeaAlliance spell seemed to lose its power.

During this period, we found only 61,994 tweets sent between July 13th to the 19th. Indeed, about half of these were tweeted on July 18th when wide-scale repression was launched. The number of hashtags after this outbreak of protest is much lower than the similar waves in 2020, as is shown in Figure Case 1-1.

We then located these tweets using geographic information provided by Twitter users. After data cleaning, we successfully located about half of these tweets (many did not reveal their locations in their profile), and the distribution is shown in Figure Case 3-2. Apart from those in Myanmar (MY) and Thailand (TL), where protests are ongoing, the number of tweets from other traditional members in the #MilkTeaAlliance is low. For example, about 300 #MilkTeaAlliance hashtags were from Hong Kong, 100 from Taiwan, and 50 from India. In Thailand, one million people tweeted #WhatIsHappeninginThailand, #saveสิทธิชีวิต, and #banfoodpanda, but only 600 called for support from the #MilkTeaAlliance this time.

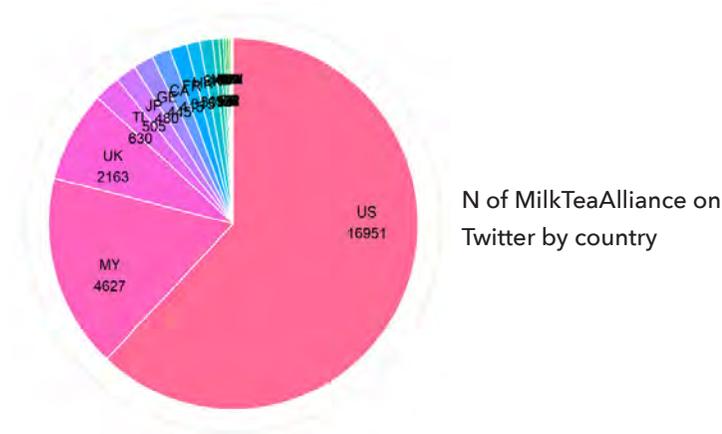
The two protests in Thailand and Myanmar are domestic political issues with no China dimension. Even though international advocacy and collaboration are important factors in supporting the democratic movement within

FIGURE CASE 3-1: Number of #MilkTeaAlliance hashtags between July 13-19, 2021



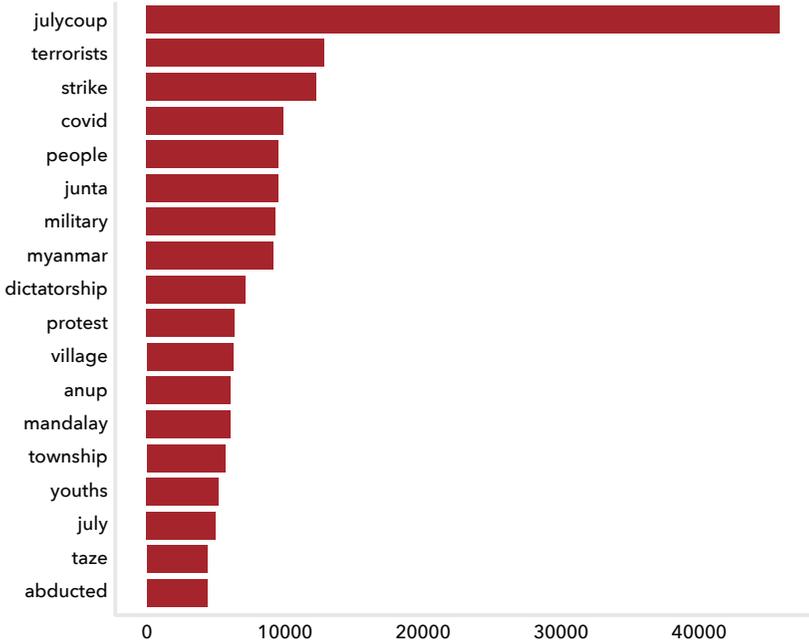
N of MilkTeaAlliance hashtag on Twitter by day (n=61994)

FIGURE CASE 3-2: Locations of #MilkTeaAlliance hashtags on Twitter between July 13-19, 2021



N of MilkTeaAlliance on Twitter by country

FIGURE CASE 3-3: Content analysis of #MilkTeaAlliance hashtags July 13-19, 2021 (n=61994)



each country, netizens in other countries were not motivated to join without a link to China. The feeling of a shared fate may not be strong enough without a common enemy. Indeed, when these 62,000 #MilkTeaAlliance tweets were analyzed in Figure 3, 90 percent of them were about the anti-coup movement in Myanmar. The main theme is pro-democracy but not anti-China in this wave of the #MilkTeaAlliance movement.

Meanwhile, Figure 2 shows that most of the hashtags were tweeted by netizens in the United States, United Kingdom, Japan, Germany, Canada, and France. Even more #MilkTeaAlliance tweets emerged from the United States than Myanmar and Thailand combined. Admittedly, some of these tweets were made by political asylum-seekers or their relatives located in those established democracies, but others reflected a certain level of attention from

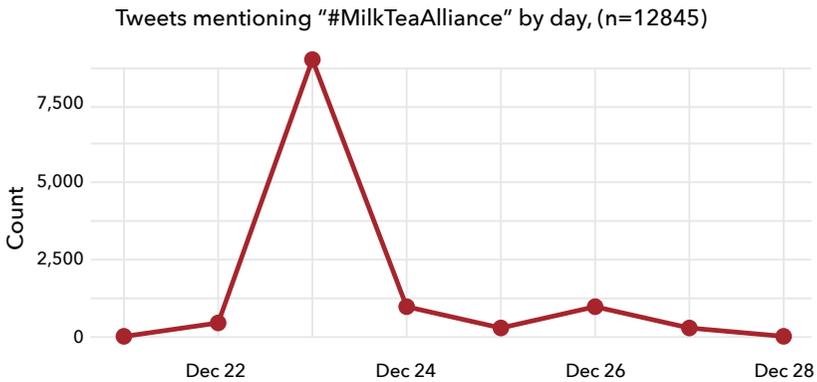
the public in these countries. Hence, this timely support from the established democracies is complementary in continuing the #MilkTeaAlliance movement. For example, @NunesAlt, a prominent U.S. Twitter account with 130k followers, closely followed and retweeted the development of the anti-coup movement in Myanmar.²⁶

In short, this wave of hashtag movement did not gain international support from the assumed alliance members. However, the language used in these tweets is mostly English, and it indeed gained the attention of netizens in the United States and the United Kingdom.

Case 4: The Pillar of Shame, December 2021

At the end of 2021, we searched and collected the #MilkTeaAlliance on Twitter for the last time for this project, and we found an additional wave of tweets. Right before New Year's Eve, 12,845 #MilkTeaAlliance tweets appeared. The surge was composed of two waves of tweets, as shown in Figure Case 4-1: the first wave appeared before Christmas, which was driven by the removal of Pillar of Shame at the University of Hong Kong.²⁷ The Pillar of Shame stood as a memorial to the 1989 Tiananmen Square massacre victims, which had stood for 20 years. The removal is believed to be another piece of evidence that China strengthens its control over Hong Kong. The second and much smaller wave appeared on December 26, when 31 victims, including women and children, were found dead in Myanmar. The military government in Myanmar was accused of killing the victims.²⁸ Both waves only lasted for one day. Once again, the peaks are much shorter than the main waves in 2020 as shown in Figure Case 1-1, and are also shorter than the previous wave in July 2021 in Figure Case 3-1.

We then analyzed the features of these 12,845 tweets. Among these tweets, 90.3 percent were written in Thai, only 7.5 percent were written in English, and all others were less than 1 percent. We then translated and categorized all tweets by the keyword list shown in Table Case 4-1. About 56.1 percent of these tweets are about China, 11.3 percent are about Myanmar, and 66.8 percent are about democracy and human rights. Some tweets do not belong to either of the categories, such as tweeting the hashtag only, or introducing some beautiful scenes or food in some other countries.

FIGURE CASE 4-1: #MilkTeaAlliance tweets in December 2021

Source: Twitter API

The distribution is more informative when we intersect the two factors. The majority of the #MilkTeaAlliance tweets in this wave mainly criticize the removal of the Pillar of Shame (both democracy-related and China-related). It drew less attention when the tweets were only about China but had nothing to do with democracy or human rights. Meanwhile, there is also considerable attention to the repression in other countries (1,490, 11.6 percent). Most of these tweets were about the killing of women and children in Myanmar. Nevertheless, it also drew disproportionately less attention compared with the concurrent episode in Hong Kong. In this wave, when people tweeted content not about China, it was also usually not about human rights or democracy (4,144, 32.3 percent).

In the end, among these 12,845 tweets, most of their users did not indicate their location (10,871, 84.6 percent), which is a lot higher than in the previous waves. Among those with an identifiable location, three-fourths of them were in Thailand (1,485, 75 percent), and the others were in the United States (122, 6.2 percent), Philippines (67, 3.4 percent), Hong Kong (57, 2.9 percent), and Japan (56, 2.9 percent). Since most of the tweets outside Thailand were also

Table Case 4-1. Keywords list and categorization of the #MilkTeaAlliance tweets on Dec 2021

	Keyword list	Number of tweets (percent)
China-related	CCP, HK, Taiwan, TW, Xi, China, Chinese, Chinazi, Hong Kong, hongkong, Tibet, Xinjiang	7,211 (56.1 percent)
Myanmar-related	Myanmar, Burma, Yangon, Mandalay, Naypyidaw, Taunggyi	1,456 (11.3 percent)
Democracy-related	repress, jail, kill, rebel, beat, arrest, army, police, soldier, remove, removal, detain, freedom, democracy, right, activist, massacre, victim, activist, bomb, military, gun, dictator, authoritarian, authority, prison	8,588 (66.8 percent)

Table Case 4-2. Two factors of the #MilkTeaAlliance tweets on Dec 2021

	Democracy-related	Not Democracy-related
China-related	7,098 (55.3 percent)	113 (0.9 percent)
Not China-related	1,490 (11.6 percent)	4,144 (32.3 percent)

made in Thai, the distribution may not reflect the true level of support from other countries.

Overall, considering the distribution of language used, the locations of the tweets, and the interactions of the two factors, we may summarize this last wave of the #MilkTeaAlliance movement as mainly composed of Thai people informing each other about China government’s new transgressions of human

right in Hong Kong (and to a smaller proportion, the Myanmar government's violence). There is not much about the mobilization or international calls for support in these hashtag waves, and therefore it did not last long. Compared with the previous wave in July 2021 and 2020, the number of tweets this time also implies that netizens across the #MilkTeaAlliance were less likely to pay attention to or be mobilized by the hashtag.

Discussion

Through Cases 1 to 4, the empirical data, including 2.7 million tweets, shows that this #MilkTeaAlliance movement generally reflected the political challenge faced by the Thai people and their solid support of and desire for democracy and freedom. At the beginning of the movement, the #MilkTeaAlliance hashtags successfully mobilized anti-China sentiment to deal with the expansion of Chinese ideology and the Chinese vision of globalization. As a result, this hashtag won the support of nearby countries, which provided counterarguments written in English against the propaganda of the One China Principle and the nine dash line in the South China Sea. However, when repression in Thailand and Myanmar worsened, the main challenge people faced became their own governments. In this scenario, the #MilkTeaAlliance hashtag served as a platform for domestic mobilization and information consumption; the alliance members learned the experience of repression from others and spread it through their domestic networks with their own languages.

These findings can partly be explained by the number of Twitter users in different countries. For example, in 2021, Thailand has about 11 million Twitter users,²⁹ Hong Kong has about 1 million,³⁰ and Taiwan has about 1.34 million.³¹ So it is not surprising that the majority of the #MilkTeaAlliance tweets came from Thailand. Nevertheless, as is shown in the choice of language, concurrent hashtags, and the geolocation in the four cases, the main focus and the rhetoric also shifted mostly with the ongoing domestic challenges within the alliance members.

How do we interpret these changes? Group psychology suggests that people tend to form groups with a minimum cue,³² but the development and the strength of the group depend on the function performed as a group.³³ The formation of the #MilkTeaAlliance was highly symbolic. It originated from the

China-Thai Twitter conflict and quickly developed into a border discussion of the wrongdoing of China's expansion. This anti-China sentiment drew a clear in-group/out-group boundary. It is worth noticing that the choice of milk tea as a symbol of this movement emphasizes that this movement is driven by unarmed ordinary people: they do not have a weapon to attack or rebel with, nor do they have the resources to purchase one, but they have a cup of tea to remain optimistic.

Generally speaking, forming a group may provide for survival needs, psychological needs, or informational needs to its members. However, since the #MilkTeaAlliance is composed of members from several countries, highly decentralized, and happened during the COVID-19 pandemic, this platform can hardly redistribute resources across the border. Therefore, this group may not be able to service the survival need.³⁴ It is possible that activists use this hashtag for collaboration, such as exchanging strategies or calling for international sanction, but these efforts may not be enough to balance the disparity in strength between the protesters and the authorities.

On the psychological need, this hashtag features the "alliance" and the humor to use milk tea to counter repression, which offers (online) social interaction across borders and positive emotions. Moreover, the existence of this alliance implies that "you are not alone" to the activists. In the end, this hashtag provides a platform for the alliance members to inform what was happening in other countries to fulfill the informational need. Such information provision is crucial for grassroots activists, especially when their opponents also learn from each other and evolve.³⁵ Through the analysis of this article, we noticed that the #MilkTeaAlliance movement might speak to the latter two motivations of the alliance members.

Another important finding in this study, especially in Cases 3 and 4, is that most of the #MilkTeaAlliance tweet waves lasted only one day. Indeed, people may quickly shift their attention in today's information-rich world, but my previous study in the #TweetforTaiwan movement suggests that the social movement with cross-country collaboration may be trending for several days.³⁶ My analysis of the 40,000 tweet #TweetforTaiwan movement in May 2020 shows that the three-day trend was boosted by tweeter users in the United States, Hong Kong, India, and Thailand over three consecutive days. The delay may reflect the time zone difference, the time delay in the

spreading of news, and the responses from other countries. Nevertheless, we did not see a similar pattern in the concurrent #MilkTeaAlliance movement. One possible interpretation is that Twitter users were more likely to use the #MilkTeaAlliance hashtag to consume information, and the hashtag itself is not like the #TweetforTaiwan in encouraging the reader to take action. As a result, even though we indeed observed that some people in Taiwan, Hong Kong and Thailand rallied on the street with the #MilkTeaAlliance hashtag, the hashtag did not play a major but rather a minor role in mobilization.

Admittedly, one possible research limitation is the internet crackdown during the protests and repression campaigns. For example, the Myanmar government blocked the internet and communication in February 2021,³⁷ and Thailand seriously punishes online discontent about the royal family.³⁸ Moreover, the Thailand government was also accused of manipulating content on Twitter.³⁹ Hence, it is possible that our analysis may underestimate the willingness of the #MilkTeaAlliance participants by merely checking the number of tweets. Nevertheless, since the majority of the #MilkTeaAlliance members were not blocked, we believe that our analysis still reflects the trend in the change of this movement.

Policy Implications

The first policy suggestion is that a durable platform is needed for information exchange among activists and netizens in the alliance countries in East Asia and beyond. In our empirical analysis, netizens across the countries exploited the #MilkTeaAlliance hashtags to 1). expand and discuss counterarguments against China's narratives in its early stage and 2). keep updating on the repressions in other alliance countries in the later stage. In the early stage, Twitter users from Taiwan and Hong Kong played an important role in transforming the nationalist conflict between China and Thailand into a review and reconsideration of the One China Principle and the Belt and Road Initiative. In the later stage, Thailand netizens kept spreading word about the repressions in Hong Kong and Myanmar through its Thai-speaking network worldwide, which helped draw attention to the global audience and the United States. Nevertheless, as can be seen in Cases 1 to 4, the number of #MilkTeaAlliance hashtags kept declining from 2020 to 2021. The alliance members gradually

chose to use it as a channel of information consumption instead of a platform for discussion or mutual exchange. After all, the hashtag itself can hardly be used to redistribute resources, maintain information, or organize people.

A durable platform could effectively respond to the desire for information exchange among the activists and citizens in this #MilkTeaAlliance movement in East and Southeast Asia. To be specific, in Cases 3 and 4, the evidence shows that some members of the movement reside in the United States but had a strong connection to the alliance countries. Therefore, organizing these #MilkTeaAlliance members in the United States may offer an opportunity for further cooperation in resources and information and ensure that such cooperation is cumulative.

Moreover, this platform can help to develop counterarguments against China's narratives of globalization. In recent years, China tried to promote Xi Jinping Thought through the United Nations, especially in the Human Rights Council.⁴⁰ The narrative is composed of two parts: 1). the Right to Development, where each country has the right to develop its own economy based on its unique historical and natural background and no other country can intervene such a right of a country; and 2). Developmental Human Rights, which argues that since it is costly for a government to provide human rights, the level and scope of human rights protection depend on each country's economic development. Combining these two parts offers a leeway for authoritarianism and dictators to justify their repression and human rights transgressions. This narrative is welcome by the authoritarian regimes whose main threat to their rule is foreign intervention,⁴¹ and it is widely implemented and spread through the negotiation and establishment of the Belt and Road Initiative. Moreover, the ongoing pandemic further strengthens the legitimacy and the capacity of the government to restrict individual rights in the name of disease control.

This Chinese narrative about globalization renders the right of the authorities to isolate itself from foreign intervention and maintain their asymmetric power against citizens within their borders. This narrative partly explains the ongoing protests in East and Southeast Asia, but it also explains the decline of the #MilkTeaAlliance in the long run. In this scenario, a durable platform offers the opportunity for citizens to learn and debunk such a narrative and restore belief in liberal democracy. In Case 3-2, the inclusion of Taiwanese and

Hong Kong netizens plays an important role in countering the One-China Principle in the early stages of the #nnevy incident. The argument made by Taiwanese and Hong Kong Twitter users was quickly absorbed, retweeted, and forwarded by Thai netizens, which illustrates the information sharing function of the #MilkTeaAlliance. Such a mechanism could be replicated if a durable platform can keep these cross-country networks supported by the #MilkTeaAlliance and render timely counterarguments against the ongoing expansion of China's narrative of globalization.

The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.

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2021-22 WILSON CHINA FELLOWSHIP

The Diaspora and China's Foreign Influence Activities

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Abstract

Amidst growing concern over authoritarian foreign influence operations, Chinese diaspora communities are often perceived by host countries as potential unfriendly agents, but also viewed by Beijing as a tool to further its political and security interests. The Chinese government has traditionally been concerned about forestalling threats to its domestic rule, but more recent diaspora management policies have increasingly emphasized using overseas Chinese as a tool to promote China's interests and increase its global influence. Beijing uses a mix of material incentives and coercion, as well as ideational strategies through information control and targeted propaganda. By scraping WeChat accounts, we find that government propaganda uses wedge narratives—such as framing racism and violence as targeted at the diaspora—to divide diaspora communities from host countries. Diaspora influence in host countries can take the form of agenda setting, discourse framing, or political brokering. From a foreign policy perspective, the informality and plausible deniability of diaspora statecraft makes it harder to assess and forestall. China's illiberal extraterritorial reach also threatens to adversely affect the healthy functioning of democratic political systems while further undermining the liberties of heterogenous diaspora communities. Paradoxically, active diaspora mobilization tends to raise the hackles of host countries. In many cases, the Chinese government attempts to homogenize its diaspora while wielding it as a foreign policy tool have sparked significant longer-term blowback.

Implications and Key Takeaways

- China's success at diaspora mobilization remains largely limited, and rhetoric about a 'whole-of-society' threat is not just alarmist and distracting—it is counterproductive.
- Policies to prevent Beijing's targeting of the Chinese diaspora should avoid sowing further ethnic divisions between diaspora and host countries, which feeds into Chinese Communist Party narratives and messaging strategies.

- Policymakers and politicians should view Chinese-Americans as assets in reaching out to diaspora communities and addressing issues of concern. Building a robust civil society and political grassroots networks, along with support for a diverse Chinese-language information environment, will facilitate host country integration and counter Chinese government narratives of diaspora marginalization.

Introduction

In January 2022, UK intelligence services issued a security warning about a high-profile British-Chinese lawyer with close links to the Chinese Community Party who had made several political donations and was previously lauded by a former British prime minister. In 2018, the FBI director publicly described China as posing “not just a whole-of-government threat, but a whole-of-society threat” to the United States. By his account, ethnically Chinese students, professors, and scientists were infiltrating U.S. society and collecting intelligence on behalf of the Chinese government. The Department of Justice’s anti-espionage China Initiative has been criticized for targeting many scientists of Chinese descent. In one prominent case, a professor of mechanical engineering at MIT, Gang Chen, was arrested in January 2021 and charged with hiding links to Chinese government institutions, before the case was dropped a year later.

Amidst growing concern over authoritarian foreign influence operations, there has been renewed debate over how such governments are attempting to coopt certain groups and individuals to act on behalf of foreign interests. Unsurprisingly, diaspora communities of geopolitical rivals are often perceived by host countries as potential unfriendly agents, but also viewed by home governments as a natural resource to pursue its political and security interests. Understanding the role of diaspora statecraft has important implications not just for geopolitical competition, but also the healthy functioning of democratic systems and multicultural societies.

What a diaspora constitutes can be a contested subject; it is also a concept that is politically and socially constructed by home countries, host countries, and within diaspora communities themselves. In this paper, I use diaspora to refer broadly to emigrant communities, that is, people who have origins from a nation-state different from where they reside. This can include those who hold home state citizenship but live abroad, those who are citizens of host country but born in the home state and have cultural and linguistic linkages there, or those who are descendants of emigrants from the home state but were born in the host country. There is almost certainly variation within the diaspora on their affinity to the homeland, assimilation into the host country, and their political and social identities. Individual-level human agency can affect the ability of states to use the diaspora as tools of foreign policy. Additionally,

not all diaspora activity should be assumed to be 'weaponized' by states; in fact, as will be discussed later, an overt approach to diaspora mobilization may well backfire for the home state.

China's Diasporas & International Politics: Why Governments Should Care

In order to understand the policy environment surrounding China's attempted mobilization of its diaspora around the world, it is necessary to consider China's diaspora in comparative context. While diaspora politics is not a new field of study in international relations, most scholarship has focused on the political and economic influence of diaspora communities back in their home states. For example, the diaspora—who tend to be foreign-educated or have overseas business experience—are often major sources of remittances, foreign direct investment, and skilled capital, particularly for developing countries.¹ Additionally, diaspora movements can help to consolidate state formation and nation-building processes.²

Diaspora communities also matter for home country politics. In fact, a powerful diasporic lobby can even alter homeland policies through their economic clout and overseas political voice, as in the case of the Armenian diaspora pushing Armenian foreign policy toward a more militant anti-Turkish stance. Political parties in democratic home countries also reach out to diaspora communities to gain electoral advantages, by targeting them with political propaganda and mobilizing them (or their in-country family networks) to vote.³

Non-democratic states may thus be wary of diaspora activity for these very reasons, seeking to control overseas populations so as to maintain regime stability and prevent dissension. Diaspora can transmit information back home about different political or social norms, including democratic values, that can threaten the home government's rule.⁴ Exposure to foreign ideas, for example through educational or business interactions, can counter homeland propaganda and induce anti-regime activities among the diaspora. As a consequence, many authoritarian governments, such as in Morocco and Tunisia, have actively surveilled diaspora communities abroad and punished identified offenders.⁵

But diaspora engagement can also be driven by explicit foreign policy goals—seeking to use the diaspora to improve the home state’s reputation, promote its geopolitical interests, or influence host country politics. Overseas citizens can serve as cultural or educational ambassadors, helping to inform and change public perceptions at the grassroots level. This often ties into broader public diplomacy and ‘soft power’ efforts, but in authoritarian contexts can veer into what is sometimes called ‘sharp power,’ in which the diaspora is mobilized in more coercive and subversive ways.

There are many examples of countries using diaspora populations as a tool of geopolitical competition. When the U.S. Peace Corps was established in the early 1960s, a core motivation was to defend the ‘free world’ and counter the grassroots-level spread of communist propaganda by the Soviet Union in developing countries. For its part, the Soviet Union used high-skilled Russian bureaucrats and scientists to promote economic development and entrench Communist ideas in countries in the Soviet bloc. Egypt under Nasser sent educators and bureaucrats abroad to other Arab countries to spread ideas of anti-colonialism, anti-Zionism, and an Egypt-led pan-Arabism. Egyptian technical experts and professionals also constituted the face of developmental aid to Yemen and African states. This contributed to intra-Arab rivalry as well as competition with Israel for regional influence.⁶

In fact, diaspora populations are often instrumentalized for broader strategic objectives. Home governments may discourage diaspora repatriation from host countries where the home state is pursuing revisionist claims, in order to continue legitimizing its extraterritorial policies.⁷ For example, Serbia promoted the return and integration of Serb refugees from Croatia and Bosnia and Herzegovina but not Serbs from Kosovo, because of Serbia territorial claims over the latter. India in its early days of independence refused to defend its diaspora’s economic assets because it wanted to underscore the principle of national sovereignty over resources; subsequently it embraced the Indian diaspora to legitimize needed economic reforms amidst globalization.⁸

The priorities and goals of diaspora management can change with a country’s shifting objectives and global position. Whereas diaspora communities might have been predominantly seen as a source of capital and knowledge to drive homeland economic development, a rising power might now see the diaspora as a means to expand the home state’s geopolitical influence and boost

its overseas image.⁹ Much scholarship has tended to examine diaspora politics in the context of a 'weaker' home state,¹⁰ but the case of China sheds new light on how the diaspora can be potentially marshalled by a powerful homeland for broader geopolitical influence, and as a tool of non-military warfare.

China's Policies of Diaspora Engagement and Mobilization

China presents an important case to understand the (attempted) use of diaspora as instruments of foreign policy. First, as a rising power in an era where economic flows, information exchange, and human movement are perhaps more prominent than military force, diaspora mobilization presents a potential tool of expanding geopolitical influence at the intersection of these trends. Second, China has been a source of large-scale historical as well as contemporary overseas migration. Previous waves of emigrants moved for better economic opportunities or fled for political reasons, and may have mixed loyalties to the home regime (many are also from Taiwan or Hong Kong); more recent waves have been driven by economic growth and a new middle class, leading to more businesspeople and students with closer links to the Mainland.

Third, China's strong state capacity and propaganda apparatus provide a good indicator of what extensive diaspora mobilization can entail. Fourth, the authoritarian nature of China's political system sheds light on the export of such illiberal techniques, with implications for understanding the new terrain on which non-military statecraft might be conducted and by what rules. Taken together, these characteristics suggest that the Chinese government has ample motivation (domestic and foreign policy goals), opportunity (relatively receptive diaspora targets), and means (relatively well-developed institutional capacity, transnational authoritarian tools, and reduced dependence on diasporic resources) for diaspora engagement.¹¹

Diaspora engagement, particularly in present day, is deeply intertwined with a broader system of political control—China's United Front. The United Front system consists of a coalition of government organizations, affiliated groups, and individuals that seeks to silence critics and mobilize allies of the Chinese Communist Party. Such activities take place within

China but also well beyond China's geographic borders, from monitoring the activities of political dissidents abroad to courting foreign media and government elites.¹²

Unsurprisingly, Chinese diaspora communities are a major target of United Front work (along with other groups such as entrepreneurs, ethnic minorities, and religious leaders).¹³ From Beijing's perspective, their increased exposure to foreign ideas poses a threat to the CCP's domestic rule and calls for overseas propaganda and control—to rally patriotism and stamp out criticism. Instilling a sense of belonging to the homeland builds diaspora loyalty while constraining anti-CCP or pro-democracy movements that can endanger the regime's grip on power. As with many other countries, diaspora engagement has been viewed in terms of consolidating government rule and internal stability.

This can be seen in the many ways the Chinese government has engaged with the diaspora over time. Overseas Chinese leaders and resources were key in the revolution leading to the fall of the Qing Dynasty in the early 20th century. In the aftermath of the Chinese civil war, the CCP and the KMT (Kuomintang) competed for diaspora loyalty to legitimize their claims to rule China, using ideological campaigns, economic incentives, and educational assistance. During the PRC's drive for economic modernization from the late 1970s, Chinese diaspora were courted as sources of investment and encouraged to return home. After the 1989 Tiananmen Square massacre, Beijing redoubled propaganda efforts to win over diaspora populations and promoted Chinese nationalism as a rallying force.¹⁴

Since the 2010s, however, China's diaspora policies have increasingly shifted from consolidating material support for internal matters—namely economic development and national unification—to managing the diaspora as a political means of expanding China's overseas influence.¹⁵ This geopolitical stance is different from in the past, when Beijing did not actively protect overseas Chinese from discriminatory and nationalistic appropriation policies, and even renounced diaspora citizenship claims, in order to gain strategic allies in Southeast Asia during the Cold War.¹⁶

In 2017, China's top diplomat, Yang Jiechi, called for new diaspora policies to serve China's overseas interests and consolidate China's growing global influence.¹⁷ In the last several years, Chinese president Xi Jinping

made several speeches calling for overseas Chinese students to serve as grassroots ambassadors, promote positive narratives about China, work more closely with embassies and consulates, and operate in line with China's diplomatic goals such as the Belt and Road Initiative.¹⁸ Overseas Chinese are exhorted to "tell China's story well."¹⁹ This strategic reorientation has also been reflected in China's diaspora institutions, with more overseas-facing bureaucrats and agencies assuming greater political power.²⁰ Such public rhetoric and policies have contributed to growing fears in host countries of a 'weaponized' Chinese diaspora.

Whether for domestic political or foreign policy reasons, the Chinese government's messaging about the diaspora aims to blur the lines between Chinese nationals and those of ethnic Chinese descent.²¹ By pushing a particular conception of an 'overseas Chinese' as having an inevitable affinity and belonging to the homeland (read: the Party) regardless of their individual context, Beijing's policies intentionally homogenize and instrumentalize its diaspora communities.

The changing demographic of overseas Chinese populations—with recent migrants from the Mainland becoming more numerous—has also altered the dynamics of diaspora-homeland interactions. Chinese students have on occasion been vocal protestors and defenders of Beijing's policies, Chinese businesspeople have sometimes been prominent political donors, and diaspora organizations are increasingly dominated by CCP-affiliated individuals.

The CCP has not hesitated to apply coercive tactics toward regime critics—in recent years, Beijing has kidnapped a Swedish-Chinese publisher and detained a Chinese-Australian journalist and a Chinese-Australian writer on charges of espionage. But government policy documents generally outline an approach of influencing diaspora populations through a subtle "guiding hand."²² For example, the Chinese government uses a mix of patriotic propaganda, cultural outreach, state-sponsored programs (e.g. homeland tours in China), state-affiliated grassroots organizations, and the lure of political connections to engage with the diaspora. Anecdotal evidence suggests that Chinese consulates are in frequent contact with the many university-based Chinese Students and Scholars Associations in the United States, from sponsoring Lunar New Year events to distributing care packages.

Tools to Influence the Diaspora

China adopts a range of material and ideational strategies, as well as a mix of sticks and carrots, to shape diaspora behavior. The most obvious form of diaspora control involves repression through a range of intimidation and coercive tactics, as often implemented by authoritarian regimes.²³ This can include surveillance and monitoring of activities, direct threats from government officials, coercion-by-proxy—targeting family members back home, forced return or disappearances, and assassination.

Diaspora engagement can also take the form of positive incentives, seeking to coopt diaspora into acting on behalf of homeland interests. Patronage strategies include providing high-level political connections that can aid career or business opportunities, funding overseas study, or dangling direct financial benefits in exchange for activities such as espionage.²⁴

Home governments have developed both formal and informal institutions for diaspora engagement. China has traditionally managed diaspora affairs through the Overseas Chinese Affairs Office, although with shifting geopolitical aims (discussed above) more outward-facing bureaucracies, such as the United Front, have become more important. Embassies and consulates in host countries—as an extension arm of the government—are also an important player in diaspora outreach and mobilization. As often the dominant representative and intermediary for diasporic access to citizen services, they are well-placed to coerce diaspora populations, monitor their activities, provide political backing, or mobilize action.

In many cases, diaspora organizations at the grassroots level are active in coordination and outreach, within the diaspora community and with more official government institutions. They may serve a variety of functions, from connecting diasporic members to their hometowns to organizing community events and facilitating business opportunities. These community organizations may vary in their degree of interactions with the home government, which can be seen as a source of financial and political support; some organizations, on the other hand, disavow official involvement to assert their independence and legitimacy as representatives of the diaspora.

Lines between official and grassroots are sometimes blurred. For instance, the Federation of Returned Overseas Chinese (FROC) has been acting as a grassroots organization with the responsibility of communicating with the

diaspora, in order to avoid host country suspicions of government interference and espionage.²⁵ Beijing has also set up ostensibly apolitical agencies to operate overseas, such as Friendship Associations and Reunification Promotion Associations, despite their links to the government.

Many Chinese diaspora organizations today are mostly dominated by CCP-affiliated individuals. This imbalance of power grew from a mix of the coercive tools—using threats and repression against dissenting voices—and positive incentives—coopting overseas Chinese eager for economic resources and political connections—described in this section. This trend has also complicated host countries' abilities to identify those who are acting on behalf of the Chinese government, as almost any diasporic individual will have inevitably had contact with CCP-linked representatives and organizations simply as a function of staying plugged into the community.

On the ideational front, sending states can seek to legitimate their position and inculcate patriotic sentiments among diaspora communities. Cultural activities help to foster a sense of belonging with the home country, while government-sponsored trips to the homeland aim to strengthen political and cultural linkages and showcase successes of the home country—and at times push government narratives on politically-controversial issues.²⁶ This is not unique to China—one of the most prominent examples is Israel's free birth-right trips for American Jews.²⁷

With the rise of global communications technology and social media, controlling the information environment of diaspora communities has also become a prominent tactic. China seeks to limit what kinds of information and narratives diaspora populations are exposed to, by taking financial control of diaspora media outlets and harassing those outlets that are critical of the home regime. For example, the Chinese government and CCP-linked business actors own virtually all overseas Chinese media in Australia, by extension perpetuating its domestic propaganda and censorship apparatus and leaving little room for independent reporting.

Wedge narratives in diaspora-targeted propaganda

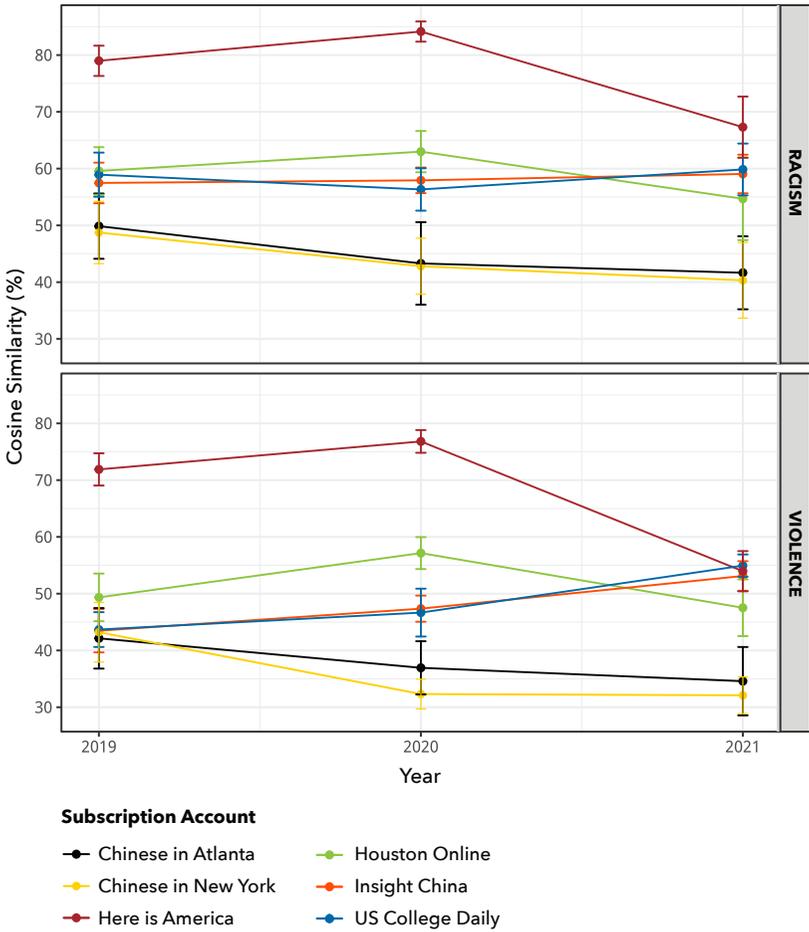
Additionally, the Chinese government actively spreads propaganda that attacks host countries and praises the CCP. While such propaganda is also targeted toward global public audiences, diaspora-targeted propaganda further

aims to drive a wedge between diaspora and host countries.²⁸ Wedge narratives fall in line with Beijing's goals of promoting loyalty to the homeland, which further lays the groundwork for overseas diaspora mobilization. In co-authored research with Patrick Chester at NYU, we show that Chinese government propaganda strategically frames host country issues—such as racial discrimination and violence in the United States—as being targeted specifically at the diaspora. Moreover, the framing of such wedge narratives increases in the run-up to national elections. To examine government propaganda, we scraped the content of prominent WeChat subscription accounts for diaspora based in the United States. WeChat is the overwhelmingly dominant communications platform for both Chinese citizens in China and the Chinese diaspora, who use WeChat to get news, communicate with fellow diaspora, and stay in touch with family and friends back home. To evaluate the extent of wedge narrative framings, we then applied a word embeddings-based methodology²⁹ to measure the degree of co-occurrence between Chinese *diaspora* terms and two sets of dictionary terms relating to *racism* and *violence*—that is, the degree to which they appear in similar contexts.

We found that government-linked accounts adopted wedge narrative framings—highlighting anti-Asian discrimination and hate crimes—at much higher levels than regular accounts; this pattern did not occur with coverage of other ethnic groups. Figure 1 shows the average cosine similarity across terms over time by account.³⁰ Higher cosine similarity reflects a greater association of our chosen attributes—*racism* and *violence*—with the chosen object, the Chinese *diaspora*. The government WeChat account is *Here is America*, run by an entity affiliated with the *Global Times*, a nationalistic state-linked media outlet. The other five private accounts vary in target audience, content and style; they range from general social and cultural news (e.g. *US College Daily*, *Insight China*) to accounts targeted toward major diaspora communities in large cities (e.g. *Chinese in New York*, *Chinese in Atlanta*, *Houston Online*).

We see that posts by the government-linked account *Here is America* exhibit a substantially higher cosine similarity than privately-run subscription accounts. This suggests that government-propagated narratives frame issues of race and violence more explicitly in terms of anti-Asian discrimination. For both the racism and violence framings, *Here is America* shows high similarities with diaspora-related terms—around 70-80 percent—in 2020 and 2019,

FIGURE 1



while declining in the post-election period of 2021. In contrast, other subscription accounts were much less inclined to use diaspora-specific framings, with consistently lower cosine similarity scores of between 40 and 60 percent. Interestingly, the two accounts *Chinese in New York* and *Chinese in Atlanta* tended to have the lowest levels of anti-Asian framings, even though these two cities have been at the epicenter of Asian-related hate crimes, including a violent shooting in Atlanta's case.

We also validated our analysis with qualitative reading of a random sample of WeChat articles. In line with our analysis, *Here is America* employed more diaspora-targeted framings of anti-Asian discrimination and violence, such as how Asians wearing masks would be the targets of harassment, or how a German chef said that his restaurant would not welcome Chinese people during Covid. It featured warnings from the Chinese embassy in the United States of rising anti-Asian discrimination. Government propaganda also frequently referenced deep-rooted legacies of racism in the United States and the West, such as the ethnically-targeted murder of Vincent Chin or the *Wall Street Journal's* headline calling China “Asia’s sick man.” In contrast, coverage by private accounts such as *Chinese in New York* or *US College Daily*, while having moderate coverage of anti-Asian hate crimes, featured a broader range of topics—such as on Covid statistics or more general discussions of race issues and anti-China political issues (e.g. whether Darlie toothpaste, a very popular brand in China, was racist, as well as how foreign brands were disrespecting China’s sovereignty over Taiwan and Hong Kong).

These findings point to how Beijing’s propaganda can be tailored to host country contexts and focus on issues of identity and belonging that are particularly salient for diaspora populations. Dividing the Chinese diaspora from the countries they live in would serve China’s diaspora management goals. Changing the rhetorical framing rather than solely increasing the volume of content may be a more flexible and efficient way of disseminating propaganda and affecting diaspora attitudes. While the full effectiveness of wedge narratives on diaspora behavior has not yet been systematically explored, Chinese government narratives could potentially exacerbate salient political and social cleavages in democracies.

Diasporic Channels of Influence in Host Countries

What are the different ways in which the diaspora can exert political influence in host societies? Conceptualizing diaspora populations as foreign policy requires greater attention to their relative positions as interest groups in domestic politics, whether in the host or home countries. The influence on foreign and security policies, as well as on host-home relations, stems from their ability to exert political voice in both countries.

Broadly, diaspora influence can be broken down into three mechanisms: i). agenda setting—influencing what policy issues and ideas get discussed, in particular those that are salient to the homeland; ii). discourse framing—shaping public and elite discussions in line with the home state's interests and rhetoric; and iii). political brokers—acting as intermediaries, facilitators, and organizers to link homeland interest groups with those in power in the host country. Diaspora populations can be public diplomacy ambassadors, participate politically (whether as voters, elected representatives, or donors), act as lobbying groups, engage in social movements, or sometimes spy on behalf of the home state.

Perhaps most innocuously, diaspora communities can increase the home state's cultural popularity. Making homeland cuisine more mainstream or organizing community festivals showcases the home country's cultural heritage, usually in a positive light. Less political activities can lay the groundwork for more positive public perceptions of the home state, while also further entrenching the diaspora as members of the host society and making them more trustworthy ambassadors. At the same time, as will be discussed later, these cultural events may also be coopted for the home state's political agenda, especially if diaspora organizations are dominated by pro-government agents.

Diaspora who are citizens in democratic host countries can exercise influence by voting, for instance for political candidates who support pro-homeland policies. Politicians running in districts with large concentrations of diaspora populations must court their votes and hence reflect their political preferences. In cases where these diaspora populations are relatively homogenous and aligned with the homeland, it becomes likely that politicians become more receptive to the home government's policy positions and interests.

Relatedly, diasporic individuals can also run for elected office, whether at the local or national levels. These political representatives have a larger platform and position of power with which to promote pro-homeland interests and exert more direct policy influence. Such influence can range from making public statements and introducing legislation that echo home government rhetoric to raising attention to specific issues and consolidating support among other politicians.

Additionally, diaspora can serve as political brokers and advisors to politicians, helping to organize campaign outreach events and providing talking

points on relevant issues. Such brokers can play a particularly influential role if diaspora populations have recently emerged as new constituencies, and political candidates have relatively little knowledge of how to connect with these potential voters and donors, or have relatively limited background on diaspora-related issues.

Another important avenue of political participation is through lobbying. Diaspora groups can act as ethnic lobbies, seeking to persuade political elites and policymakers of the importance of homeland policy interests. Lobbying influence can also come through economic clout, whether as members of the business elite or as donors—groups which often have the ready ear of politicians. Major donors, lobbyists, and business leaders are granted access to top-level leaders through personal meetings, fundraisers, and other political events. This can give them (diasporic or not) disproportionate influence and voice in raising issues to the attention of political elites. Research suggests that ‘social lobbying’—lobbying outside of a formal office, such as in a bar or restaurant—makes elites more receptive to interest group messages.³¹ The cultural context of diaspora statecraft, where lobbying easily takes place at community events or over dinners, could thus facilitate even greater potential influence.

As an example of diaspora political participation, there has been increased concern over the political influence of Chinese diaspora in Australia and New Zealand.³² CCP-linked Chinese businessmen have been significant campaign donors, meeting both national and state-level leaders, placing political advisors for Australian politicians, and shaping public elite statements on controversial issues such as Tibet and the South China Sea. In New Zealand, an ethnic Chinese MP was forced to resign after he was found to be a CCP member and had links to Chinese intelligence. Other evidence suggests that Chinese government lobbying makes U.S. legislators more likely to sponsor legislation favorable to Chinese interests and reduces U.S. media coverage of political tensions and threats from China.³³

Diaspora mobilization can also take more publicly disruptive forms, such as rallies and protests. In the run-up to the 2008 Summer Olympics, Beijing successfully mobilized overseas Chinese to attend Olympic torch relays and wave the national flag, to counter protests around China’s human rights violations. In the last few years, Chinese university students in the United States

and Canada have protested against having the Dalai Lama as commencement speaker, protested against a campus talk given by a Uyghur activist, and repeatedly vandalized a 'Lennon wall' of messages supporting Hong Kong pro-democracy protesters. For such social mobilization tactics, diaspora are more likely to be recently emigrated and maintain stronger personal and political ties with the home country.

Finally, diaspora statecraft can involve using the diaspora to acquire classified information and technology i.e. espionage. Home government officials approach and cultivate specific members of the diaspora, capitalizing on their cultural or ideological affinities and offering economic benefits in exchange for the acquisition of internal government information, proprietary technologies, or technologies with military applications. While this is a common concern, it should also be noted that governments do not always have a good track record of identifying such incidents. The United States has seen a number of cases where Chinese Americans or ethnically Chinese individuals have been accused of spying for the Chinese government, despite a lack of evidence.

"Diaspora Statecraft" as a Tool of Foreign Influence

While military force certainly remains an important element of coercive diplomacy, competition for global influence and power has taken on new dimensions and is taking place in new arenas, aided by the spread of new technologies as well as globalized flows of people, information, and capital. By definition, what I have termed in my research "diaspora statecraft" involves a home state's attempts to shape the attitudes and behavior of diasporic individuals in ways that favor the homeland's strategic interests. The diaspora's position in host countries allows them to exert political voice, alter public discourse, or even change the domestic balance of power. To the extent that some members of a diaspora are acting on behalf of the home government's interests, their activities can be seen as part of foreign influence operations.

New technologies have had an interactive effect with the significance of diaspora mobilization. In fact, technology has provided an additional resource for the implementation and perhaps effectiveness of diaspora statecraft. The transnational nature of the internet and social media has radically altered the information landscape, enabling home states to communicate with diaspora

populations more easily (and vice versa). Social media platforms provide new avenues for the home government to disseminate propaganda to a broader audience instead of relying on traditional print media. When needed, diaspora communities can be mobilized quickly by the government or among themselves, for example to gather at a pro-government rally or protest foreign criticism. Digital surveillance and internet monitoring technologies also allow home governments to keep better track of diasporic activity, including anti-regime activity. At the same time, easier access to multiple information sources could limit government monopoly over the flow of ideas and hence complicate efforts to control the diaspora.

The growing emphasis on shaping public and elite perceptions as part of geopolitical competition facilitates the use of diaspora statecraft. For a rising power such as China, non-military tools provide a way of consolidating global and regional influence short of escalating to war. Using what Beijing calls ‘discourse power’³⁴ to rebut criticisms and improve China’s global reputation could help underscore China’s growing military and economic clout. In that context, diaspora statecraft can serve as ‘soft’ and ‘sharp’ tools of influence.

On the soft power dimension, diaspora populations are uniquely poised to amplify China’s voice in other countries, persuade the broader public of China’s benign rise, and lobby elites to better reflect China’s interests. By highlighting the human face of a rising power, diaspora statecraft could reassure other countries of the home state’s intentions and emphasize the economic and cultural benefits of cooperation. This bolsters a legitimization strategy to achieve greater acceptance of the rising power’s newfound geopolitical position.³⁵

On the sharp power dimension, diaspora populations could be weaponized as coercive and subversive tools of influence. The diaspora of illiberal and authoritarian regimes, such as China, are more likely to be vulnerable to such politicization and manipulation. In this reading, diasporic individuals seek to influence political discourse and decision-making processes through more illicit means or without declaring their links to the home state government. Tools of transnational authoritarianism, such as repression and cooptation, serve to keep diaspora populations in line with the home state’s interests.

One major advantage of diaspora mobilization as a tool of foreign policy is its plausible deniability. In many cases, China prefers to portray diaspora

activity as being driven by grassroots sentiment—the will and anger of the Chinese people—as opposed to government direction.

Plausible deniability is advantageous for a number of reasons. First, the apparently non-state nature of diasporic activity makes it less threatening and more subtle. This lowers the chance of immediate escalation. As individuals that live in host society and interact with locals, the diaspora are likely seen as more relatable and trustworthy than a foreign government official. This allows them to act as a bridge between home and host countries, helping to win hearts and minds in the targeted host. Longer-term grassroots engagement through cultural community events (such as food and festivals) also present a positive and non-political dimension that help to improve public image of the home country.

Second, plausible deniability creates uncertainty and makes it harder for host countries to respond appropriately without over-escalating. This has parallels with military gray zone operations, in which the use of apparently civilian or paramilitary forces constrains the target's ability to respond with outright military force. As with Russia's deployment of 'little green men' in Crimea or China's use of Coast Guard and maritime militia to assert its territorial claims, uncertainty over the government's role and the relative lack of equivalent response options allows diaspora statecraft to slip through the cracks more easily. Precisely because not all diasporic activity is necessarily driven by the home state, identifying links to foreign governments is inherently challenging given the often informal nature of diaspora-government interactions. Blunt tools to prevent diasporic influence may not be compatible with host country values, particularly in democratic contexts.

Relatedly, diaspora activities are frequently harder to detect because they are carried out in less conventional domains and communication also takes place more privately. This makes it more difficult to identify actors and government intent. For instance, to impede pro-Tibetan protests during the Chinese president's state visit to France in March 2019, Chinese diaspora leaders apparently tracked down a factory manufacturing Tibetan activist T-shirts and bought out all the apparel at a higher price.³⁶ This was in addition to more visible mobilization actions, such as organizing large crowds to wave Chinese flags on the roadside in support of the president's motorcade.

As such, plausible deniability and uncertainty may be advantageous for the success of diaspora statecraft. Promoting home government interests in the

guise of grassroots mobilization could be more influential in host society politics while reducing effective resistance.

Geopolitical Implications of Diaspora Statecraft

China's illiberal approach to diaspora management can have quite insidious effects. Mobilizing the diaspora for political purposes requires imposing a collective, homogenized narrative of diaspora-homeland relations, while silencing any dissent and criticism of home state policies. Diaspora statecraft may thus disproportionately amplify pro-government positions while drowning out alternative viewpoints. In the China case, this also feeds into broader overseas propaganda campaigns, where the Chinese government seeks to reclaim the upper hand in global narratives, defend its policies, and attack critics. As such, diaspora statecraft works in tandem with other informational tools and even as an extension of state-led propaganda, spreading and reinforcing Beijing's desired narratives.

As a result, host country actors may have the mistaken impression that the apparently dominant narrative is the homeland-propagated one. This distorts not just the representation of interests among the diaspora but also the perceived political incentives surrounding a particular issue, for example that a candidate cannot criticize the Uyghur genocide or support Taiwanese independence for fear of losing votes and donations. Universities may be more reluctant to host dissident speakers or politically-sensitive events, having encountered public opposition and protests from student organizations. Diaspora mobilization pressures could also intensify the home government's perceived coercive clout. This may have serious impact on public and elite discourse in the host country, leading to heightened self-censorship or more pro-homeland policies.

Beyond foreign policy impacts, authoritarian diaspora mobilization also adversely affects the healthy functioning of democratic political systems, including the liberties of diaspora as members of the host country. Those who do not agree with homeland policies are bullied into silence and criticized for their lack of loyalty, even while facing greater suspicion from the host country. Moreover, policies that seek to divide diaspora populations from their host countries exacerbate broader ethnic and social tensions. This extraterritorial

authoritarian reach has implications for the transparency and integrity of democratic processes, as well as individual-level political and social freedoms.

Open democratic systems, being relatively permeable to a range of voices, tend to be more vulnerable to coercive or authoritarian uses of diaspora populations. Because it does not play by the same rules, authoritarian diaspora statecraft not only projects more influence but also undermines the democratic host country's own ability to respond and compete. Such consequences are even more worrying in the context of great power competition, where the loyalties of diaspora groups may be increasingly called (fairly or unfairly) into question. The currently perceived ideological contest between the United States and China, with each country attempting to demonstrate the superiority of its political model, has contributed to the weaponization of the Chinese diaspora. While Beijing sees diaspora statecraft (in tandem with informational campaigns) as key to ensuring internal loyalty and increasing geopolitical influence, Washington views the diaspora as a source of foreign influence and a tool of the Chinese state.

Challenges and Constraints of Diaspora Statecraft

Compared to many other countries, China has considerable advantages in diaspora management—it has the economic resources and institutional apparatus to reach out (and monitor) populations beyond its borders. It also has strong political motivations as an authoritarian rising power—a desire to maintain internal stability as well as an interest in promoting its interests globally. But manipulating diaspora communities as tools of influence is not an easy task. The heterogeneity of goals and actors within the home state as well as diaspora populations point to a complicated picture.³⁷ Effective diaspora mobilization is more likely with unified goals and close intergovernmental coordination. Even in China, lower-level diaspora officials may be more focused on capitalizing on economic resources from overseas Chinese rather than national-level geopolitical goals of expanding China's global influence.³⁸

Importantly, diasporic resistance also matters. Diaspora communities themselves are not passive or monolithic agents. The notion of 'diaspora' is often a political construct defined by the home government's interests and

priorities.³⁹ For instance, Beijing chooses to treat all individuals who are ethnically Chinese, regardless of whether they have active ties to the Mainland, as members of the Chinese diaspora. Naturally, this narrative encounters resistance from diaspora communities who may be from Taiwan or Hong Kong (both places with high levels of political contestation with Beijing), who fled China for political reasons, or who are emigrant descendants who were born and grew up in their host society.

Heterogeneity within diaspora communities means that mobilization efforts are likely to have varied impacts. Propaganda attempts to inculcate a sense of loyalty to the homeland may not always be effective. Individuals who are more integrated into host societies, bring their own political, social, and cultural experiences, or who are of later generations may be less persuaded by home government discourse and more inclined to challenge it.⁴⁰ In that regard, Chinese students or businesspeople who emigrated recently are likely to be more easily mobilized by the Chinese government, while longstanding overseas Chinese communities may feel much less attachment to Beijing. In places where they tend to live and do business within their ethnic communities, Chinese migrants in fact become more nationalistic and identify more with the Chinese state.⁴¹

Additionally, not all diaspora who appear to be agents of the home government are driven by loyalty. The need for economic or political resources from the home country, such as finding employment or maintaining political connections, can drive alignment with the home state and public display of state-driven narratives of homeland identity.⁴² The psychology of status may also come into play: migrants who are courted by the home government now have elevated prominence in their host and home communities, making them feel more important and motivated to promote the homeland's interests. Additionally, diaspora groups may compete for financial and social resources from home governments in order to pursue their own projects.⁴³ Overseas Chinese students often participate in homeland tours for future career benefits or simply because it is a free social opportunity, and many remain largely indifferent to government propaganda efforts.⁴⁴ Finally, diaspora may be coerced, intimidated, or otherwise pressured into conformity by illiberal home governments.

The Paradox of Diaspora Mobilization

Finally, there is the additional question of whether diaspora statecraft is effective at achieving geopolitical influence, conditional on successful diaspora mobilization. In other ongoing work, I argue that there is a double-edged sword: diaspora who are more easily mobilized are less likely to be integrated into host society and more likely to be marginalized; by extension, this makes them less politically influential for China's foreign policy purposes.

Relatedly, I suggest that paradoxically, active diaspora outreach and mobilization tends to raise the hackles of host countries, given the sensitive issue of foreign interference undermining national sovereignty. In particular, the Chinese government's attempt to homogenize its diaspora as an extension of China has sparked significant blowback. Diaspora statecraft can empower anti-cosmopolitan and hawkish elements in host country politics, including those skeptical of ethnic diversity. The heightened backlash to Beijing's heavy-handed and sometimes subversive approach bears some parallels with responses to China's economic statecraft.⁴⁵

Difficulties in distinguishing between different elements within diaspora communities facilitate overreactive policies. In the United States, the Justice Department's China Initiative along with previous FBI investigations have often targeted Chinese scientists or those of Chinese descent only to have cases fall apart on the lack of evidence, leading to charges of racial profiling. In Australia, China's perceived foreign influence activities have led to very strong elite and societal reactions, again casting the diaspora in a suspicious light and contributing to a much more hawkish turn in Australia's foreign policy toward China.

As a result, China's ability and desire to engage with its diaspora on a large-scale may have in fact undermined their position in host society and hence any potential influence. This threatens to marginalize diaspora communities economically, socially, and politically, making them victims rather than empowering them as agents of influence. This has happened across a range of host countries. During the Cold War, Indonesian elites tended to see ethnic Chinese as a monolithic group, despite major variations in ideology and socio-economic status. Anti-Communist elites portrayed internal dissent as instigated by Beijing in order to justify domestic purges. Ethnic Chinese continue to be regarded with suspicion and have often been the target of communal violence in Indonesia.⁴⁶

At the same time, host country overreaction, including the singling out of diaspora groups as untrustworthy or outsiders, could plausibly drive previously divided communities to consolidate their diasporic identity and advocate on behalf of their homeland.⁴⁷ For liberal host countries to respond effectively to authoritarian diaspora statecraft, policies to prevent Beijing's targeting of the Chinese diaspora also need to avoid sowing further ethnic divisions and feeding into CCP narratives. Engaging and highlighting the diversity within diaspora communities complicates China's attempts to create a uniform diasporic narrative or utilize overseas Chinese as instruments of foreign policy. Working strategically with diaspora communities also makes host societies more resilient to continued efforts at foreign interference.

Conclusion

Diaspora statecraft is emerging as a non-military tool of geopolitical influence. Its plausible deniability as a government actor has made it less immediately threatening, harder to detect, and harder to respond to with existing tools, thus increasing overall uncertainty in the realm of geopolitical competition. Governments seeking to bolster domestic legitimacy or promote foreign policy interests have a range of material and ideational tools to engage with diaspora communities. Having linkages to both the homeland and host country, diasporic individuals can participate in host political processes, whether through voting, lobbying, or protesting. They can help to set the policy agenda, frame public and elite discourse, and influence policy choices. China's renewed efforts at mobilizing the diaspora demonstrate the potential significance of diaspora statecraft in geopolitical competition. Moreover, the illiberal elements of diaspora statecraft can also undermine the integrity and diversity of democratic host countries, while constricting the freedoms of diasporic individuals. A clear-eyed government policy would need to identify which actors and organizations are in fact acting on behalf of the Chinese government, and which are not.

Additionally, U.S. government policy should emphasize constructive engagement with the Chinese diaspora. Policymakers and politicians should work with established Asian-American civil society and grassroots organizations to reach out to Chinese communities and gain a better understanding

of important social, political, and economic issues. Addressing policy concerns inhibits China's ability to leverage those issues—such as affirmative action or anti-Asian hate crimes—to drive a wedge between the diaspora and host society. Sustained dialogue and policy inputs (and not just around election periods) will also foster host country integration and undermine Beijing's propaganda narratives of diaspora marginalization and democratic dysfunction. Washington along with state governments should invest resources into building robust Chinese-American civil society networks, at the national and local levels, that reflect the diversity of overseas Chinese communities and impede efforts by Beijing-linked actors to dominate the organizational and lobbying landscape.

In tandem, the U.S. government should invest resources into understanding the diaspora informational landscape, such as navigating major Chinese-language media platforms like WeChat and using these platforms for effective diaspora outreach. WeChat can serve as a powerful medium for organizing action and disseminating information. For instance, a few Asian-American grassroots organizations have sought to disseminate alternative viewpoints and counter political disinformation on WeChat. While WeChat faces challenges of censorship and surveillance, it is arguably the most important media platform for the diaspora today. The U.S. government could also explore funding to set up alternative Chinese-language news outlets or support local diaspora media organizations that are often vulnerable to external revenue and advertising pressures.

Similar to how strengthening democracy in the United States is fundamental to countering Beijing's attempts at gaining global legitimacy and its discourse of a failing West, strengthening political and societal resilience by embracing diaspora communities as assets will limit Beijing's ability to peel off political constituencies, weaken the United States internally, and carry out successful foreign influence activities.

The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.

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Afterword

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It has become cliché to note that U.S.-China relations are at their lowest point since normalization. Newspapers and scholarly journals are filled with analyses of what the new superpower rivalry portends for Sino-U.S. diplomacy and military, economic, and technological relations. The implications of adversity for American sinologists and China's America experts are less commented on.

The second class of Wilson Center China Fellows, like the first, demonstrates that the United States continues to turn out more top scholars of China and its foreign relations than any other nation. The papers presented in this volume represent the best work by young American academics across a range of disciplines. Our fellows bear comparison to any generation of American experts at the same stage of their career since John King Fairbank launched the field of China Studies at Harvard after World War II. Unlike scholars trained from the mid-1940s through the early 1980s, however, the writers in this volume were able to gain intimate working knowledge of the People's Republic by conducting research in China itself. We are delighted to partner with the Carnegie Corporation to bring their insights to you.

China's inward turn and the growing alienation between Washington and Beijing raise two questions for the careers of our China Fellows and their peers across the country. The first is, how many will be continue to have access to the information and contacts they need to give Americans a rich, accurate understanding of China, past and present, across the disciplines? Without such insight, U.S. China policy may come to be based solely on National Security Strategies and other government documents, which often say as much about American perceptions as China itself. Reductionist security concepts, necessary though they are, are no substitute for the nuanced picture of China which uncensored Chinese, American, and third-country scholars were able to paint during the era of engagement and openness. Will American China

studies henceforth be reduced to the kind of Pekingology that shaped our views of China during the first Cold War, but, this time, without the benefit of a listening post in Hong Kong?

The second issue is how the next generations of scholars, the oldest of whom are now in their 20s, will be trained by the Wilson China Fellows. Few of today's college students will be able to study in China for extended periods, make Chinese friends, work with Chinese colleagues in Chinese institutions, and have the kind of transformative experiences which inspired the China Fellows at the same age. Over the past three decades, young Americans with China expertise founded NGOs and corporations, headed binational arts institutions and environmental organizations, worked for local governments to attract Chinese investment, and promoted people-to-people interactions too various to describe. Most of those channels have been cut off over the past five years and are unlikely to re-open soon. *New Cold Warrior* may be the most promising career path for freshmen who wander into a Chinese 101 or China history classroom in the fall of 2022.

But the Carnegie Corporation and Wilson Center do not traffic in despair. We established the China Fellowships to strengthen the national ecosystem of China studies in order to advance knowledge of China for its own sake and to inform American China policy. This volume is central to our efforts. We do not doubt that the scholars whose essays you have just read are equal to the challenges of their age.

The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.



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