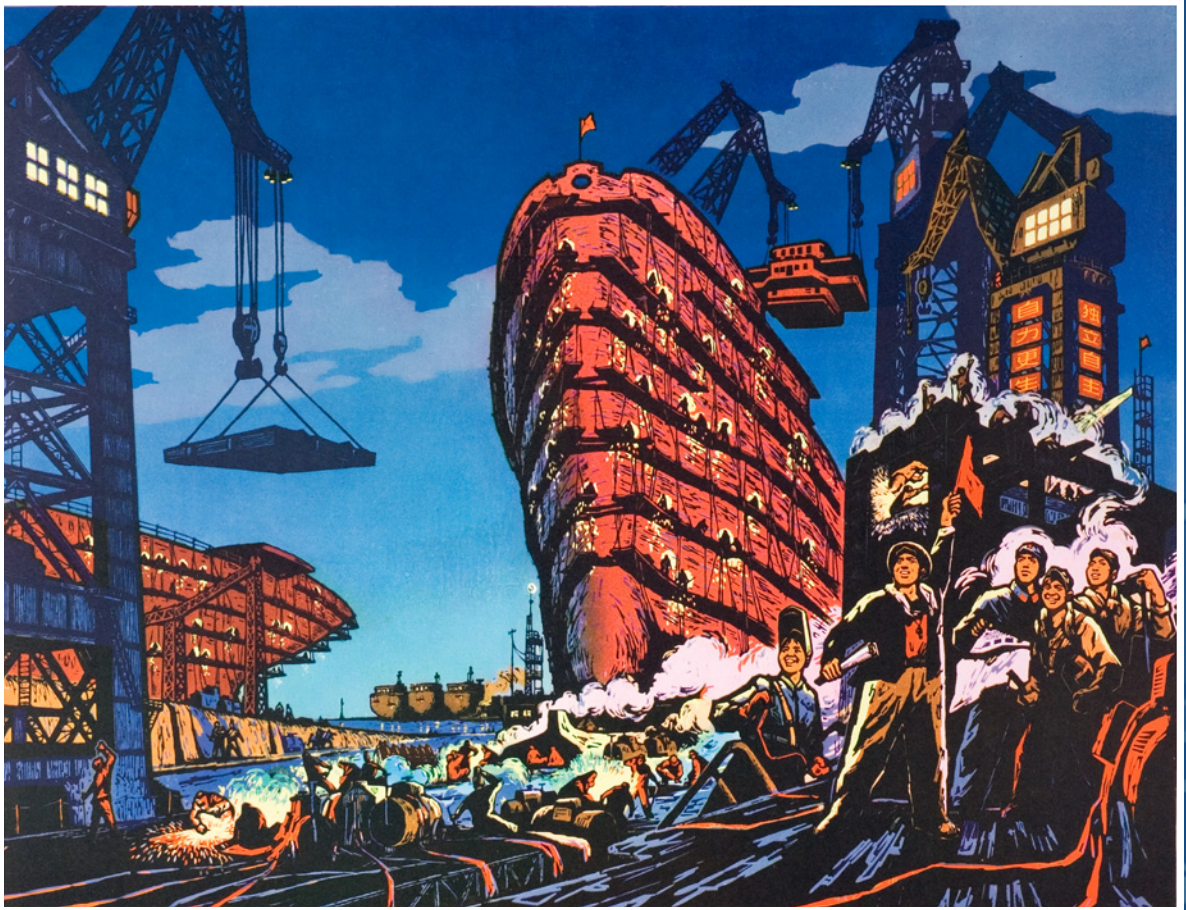


# ChinaSecurity

Issue No. 18



The Rise of the AirSea Battle Concept

*Thomas P.M. Barnett*

China's Perception of Its International Future

*Roger Irvine*

Has China Become Tough?

*Da Wei*

The Sino-American Security Dilemma at Sea

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China's Indigenous Innovation

*Robert O'Brien*

Sino-Tibetan Dialogue

*Michael Ramos-Lynch*

# ChinaSecurity

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*This issue was made possible through the generous support of*  
**the Ford Foundation, Secure World Foundation and the**  
**Robert and Ardis James Foundation**

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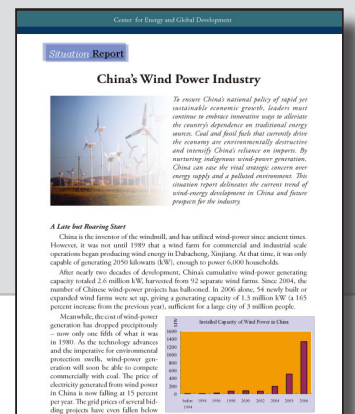
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# ***Big-War Thinking in a Small-War Era***

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## ***The Rise of the AirSea Battle Concept***

*Thomas P.M. Barnett*

**A**midst “rising” China’s increasingly frequent displays of militaristic bravado in East Asia, America has upped the ante with the introduction of a new war doctrine aimed at the Pacific. The AirSea Battle Concept (ASBC), in its basic form, is a call for cooperation between the Air Force and Navy to overcome anti-access and area denial (A2/AD) capabilities of potential enemies. At first glance, that seems like an innocuous and even practical idea. When implemented, however, the ASBC will be a jab at China’s most sensitive pressure points. Given China’s rising encirclement paranoia—most recently fueled by US arms sales to Taiwan, intrusion into the Spratly Islands dispute and naval exercises with the South Koreans in the Yellow Sea—Beijing will likely not take news of this development well. As a long-term strategy, the upshot may be an escalation of hostilities that will lock the United States into an unwarranted Cold War-style arms competition.

Why pick this fight—or more prosaically this arms race—with one’s “banker”? The Pentagon has its reasons, with some actually tied to strategic logic, along with the 1979 Taiwan Relations Act and the usual budgetary instincts for service survival. Behind the scenes, an inside-the-Beltway think tank leads the sales job—as

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**China Security, Vol. 6 No. 3, pp. 4-14**  
**2010 World Security Institute**

was the case was with the recent rise of counterinsurgency (COIN). Their rationale? A back-to-the-pre-nuclear-future mindset that only a true Mahanian could love: we will bomb and blockade China for months on end, while neither side reaches for the nuclear button!

So what are we to make of this big-war strategizing in an era of small wars? Is this America seeking strategic balance or simply a make-work doctrine for a navy and air force largely left out of the wars in Afghanistan and Iraq?

### **Why the Pentagon Must Threaten Direct War with China**

Given the high costs surrounding US military interventions in both Iraq and Afghanistan, there naturally arises a “never again” mindset regarding regime-toppling exercises. As the Obama administration seeks to sequentially unwind both situations, most experts predict that America will limit itself, across what remains of the “long war” with violent Islamic extremists, to the more “symmetricized” combination of special operations forces and drones currently on display in northwest Pakistan.

Still, as globalization continues to remap much of the developing world by encouraging secessionist movements (hint: it’s always the most ambitious provinces that want out), the demand for great-power nation-building services is likely to remain strong. And to the extent that America eschews such responsibilities, other rising powers seeking to protect their expanding network of economic interests will inevitably step into that void—albeit with less militarized delivery systems. China may do so, but, as is now becoming apparent, it prefers *stategraft* to nation-building, paying upfront from its sizeable cash coffers.

As for the profound evolution of US ground forces in response to operations in Iraq and Afghanistan, that big-war-to-small-wars shift is highly unlikely to reverse itself anytime soon, if for no other reason than the continuing implausibility of direct, large-scale land wars with any of the rising great powers. The rise of proxy conflicts in developing regions would likewise have no impact on this transformation, because a small-wars mindset would also serve us well there. Where core US interests are not involved, Washington would welcome a growing willingness of these new powers to alleviate its policing burden in bad neighborhoods.

But with this strategic reorientation, two challenges emerge. First, how does America maintain a high barrier-to-entry in the “market” of great-power war—essentially the hedging question vis-à-vis China. Second, under increasingly tight budgets (triggered by the long war’s high costs), what ordering principle should be applied to the Air Force and Navy, the two forces that have been left behind? Viewed in this light, the appearance of a unifying battle concept for our air and sea forces was preordained. Whether or not history will judge the ASBC as a make-work project for the two services is irrelevant. For, indeed, such judgment would represent a significant strategic success—on par with Ronald Reagan’s “Star Wars” gambit with the Soviets.

Thus it was no surprise to see Secretary of Defense Robert Gates instruct the Air Force and Navy to seek new operational synergies. As he consistently moves the rest of the force down the small-wars path, he needs to demonstrate his office's recognition of the strategic risk involved—namely, that China might use this historical moment to disconnect an otherwhere preoccupied America from its long-standing Leviathan role in East Asia. In short, Gates and company surely understand that China is unlikely to follow America's lead in pursuing long and costly wars, even to ensure the security of its expanding resource dependency on unstable regions, whether in radical Islamic territories or weak states. While they doubt the possibility of war with China, they have to hedge their bets.

In this regard, the ASBC can be viewed as America's effective "nudge" to the Chinese: signaling the threat of, "Don't make me come over there!" while the US military continues to offer strategic cooperation in other areas, such as sea lane security and antipiracy missions.

Does China's current military build-up warrant such a nudge? With respect to security concerns within the Western Pacific region, absolutely. The PLA is stockpiling weapons and platforms wholly consistent with a big-war mentality. But, is the PLA likewise building an extra-regional power projection capacity consistent with its growing resource dependencies? Certainly nowhere to the same degree or intensity, for port calls—even a "string of pearls" of naval facilities linking China to the Persian Gulf—do not constitute sea control. For now, China gives every indication of free-riding on America's system-policing efforts while seeking a capacity for military intimidation in East Asia. The clearest cause-and-effect proof has been the doubling of arms purchases by China's regional neighbors over the last half-decade.

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*While Gates and company doubt the possibility of conflict with China, they have to hedge their bets.*

Is that an illogical strategy on China's part? Given America's exuberant unilateralism following 9/11, I would have to say no. From China's perspective, it is good to let those crazy Americans tire themselves elsewhere while the PLA builds up its capacity to preclude America's ability to intervene freely in their home waters.

Can we describe China's buildup as "unprovoked"? Put the shoe on the other foot: if China was engaged in two lengthy wars in Central and South America and the United States started building up its naval capacity for defense-in-depth operations throughout the Caribbean, would you consider America's response to be "unprovoked"?

Additionally, as RADM Michael McDevitt (ret.) of the Center for Naval Analyses argued in a recent conference paper submitted to National Defense University, China has naturally gravitated to a more sea-focused security mindset, thanks to the combination of factors. First and foremost is the demise of the fear of invasion from the sea (a historical nightmare that defined the pre-Mao "century of humiliation").

Moreover, China has improved land-border relations with all its neighbors (especially with post-Soviet Russia). Also importantly, the seminal naval “lessons learned” resulting from the Taiwan Straits crises of 1995-96, have been profound (remembering that experience likewise birthed Network-Centric Warfare on our side). Lastly, China’s dependency on seaborne trade and energy is already huge and continues to grow.

Not to put too simple a spin on it, but China’s response to the threat posed by the US military’s Pacific prowess mirrors that of the Soviet Union’s original anti-access/area denial (A2/AD) strategy of the late Cold War. That strategy employed open-ocean surveillance to direct long-range land-based aircraft and submarines armed with cruise missiles that put US carriers at considerable risk as they approached the Soviet mainland. As McDevitt notes, China “has apparently made a series of sensible decisions to adopt an approach that is remarkably similar to what the Soviets did.” “Sensible” here is defined as pursuing an asymmetrical capacity that is far cheaper than creating a 21<sup>st</sup>-century version of the Imperial Japanese Navy—namely, a heavy reliance on mobile land-based ballistic missiles that soon enough will feature terminal guidance systems capable of “mission-kill” strikes against moving US carriers.

Not to be outdone by this nostalgic turn of events, our Air Force and Navy are essentially updating and “naval-izing” the AirLand Battle Concept pursued back then by our Air Force and Army in the face of superior Soviet firepower massed along Europe’s Cold War divide. The ASBC is hardly a check-mating move, however, and is better characterized as a bare-minimum response designed to keep the board in play. By doing so, the US is signaling to the Chinese the impossibility of a lightning-strike victory. As McDevitt commented in a recent interview, the ASBC “just preserves our ability *not* to be run out of Dodge by China.”

### **Will the AirSea Battle Concept Work as Strategic Communications?**

There is every indication that it will. By enshrining the ASBC in the 2010 Quadrennial Defense Review, Secretary Gates has given his imprimatur for the force structure required to implement it, putting them logically on par with those of the now small-wars-focused Army and Marines. Given the clear operational priority of our high-tempo operations in Afghanistan and our legacy presence in Iraq, this move signals America’s long-term commitment to paying the minimum big-war ante required to maintain the strategic balance in Asia.

Despite our strategists’ rather breathless hyping of China’s self-declared capacity for delivering a debilitating pre-emptive strike (the “assassin’s mace” strategy that clearly apes Imperial Japan’s approach to its opening Pearl Harbor strike), the PLA’s Achilles heel is clearly its high-tech reliance on wide-area surveillance. Destroy that, or merely “blind” it, and China’s ability to follow through on its crushing first blow disintegrates. Along these lines, all the US military needs to do is demonstrate just enough implied capacity for offensive cyber/electronic/space operations to make



the PLA doubt in its own ability to deliver a decisive first-round knockout. Again, Reagan's employment of the "Star Wars" challenge is instructive: the Soviets could never discount the possibility that those devious and ingenious Americans might just secretly pull it off.

And if that argument doesn't resonate, then simply realize that the PLA spent the last decade watching the world's finest military attempt a shock-and-awe effort against lowly Iraq, only to be trapped into a prolonged unconventional conflict. The US military is battle-hardened in this regard, whereas the PLA is downright virginal by comparison (the PLA's last warfighting experience was just over three decades ago, meaning only a small sliver of senior officers have ever seen combat). The United States likewise has the capacity to swap out its political leadership when wars go badly, while China's single-party dictatorship possesses no such flexibility. Then there's China's single-child family structure: even under the spell of nationalism, how many people would be willing to sacrifice their "little emperors" in combat before social unrest skyrocketed beyond Beijing's control? Nationalism is the promise of political will during wartime—not its guarantor.

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*By prodding Beijing's insecurities, the ASBC will provide unhealthy encouragement for an arms race.*

In this contest of wills, then, America can adopt the strategic posture of the asymmetrical warrior, meaning our signaling need not meet the high standard of a war-winning strategy, but merely that of a war-complicating or -lengthening strategy. Our national security establishment—not to mention our public—has demonstrated an impressive capacity for "sticking to its guns" in protracted and even costly wars, and, contrary to popular opinion, nothing in American history or our current national psyche suggests a diminishment of that capacity. Indeed, for the foreseeable future, one could argue that Americans would have no trouble sustaining a wartime enemy image particularly of the Chinese. America may represent globalization's dark face to many around the planet, but inside the United States that role belongs decidedly to China.

The United States also has at its disposal significant near-term force-structure opportunities for further signaling its strategic resolve. The most salient example: if the US Navy were to move decisively toward fielding unmanned combat air vehicles on its carriers (a good idea for all sorts of reasons), our now vulnerable big decks could—at a moment's notice—mount strike operations at suitably standoff distances to effectively diminish China's first-strike strategy. China's Pearl Harbor-like opening blows will be far less stirring when Doolittle's unmanned "raiders"—with no return address required—strike back at the Chinese mainland almost immediately.

Finally, the PLA and China's senior Communist Party leadership give no serious indication of being anywhere near immune to deterrence on the Taiwan scenario, which lies at the heart of the ASBC's strategic rationale (with Iran a distant second). Off the record, senior Chinese officials readily indicate a complete understanding of

the logic of deterrence with regard to Taiwan. They view the “assassin’s mace” as the PLA’s capacity to threaten the US Navy’s capacity to threaten the PLA Navy’s capacity to threaten Taiwan with invasion. The AirSea Battle Concept extends this chain of mutual deterrence one additional link—nothing more. But it will put the ball in China’s court, and, by prodding Beijing’s insecurities, provide unhealthy encouragement for an arms race. Building on China’s 2007 anti-satellite missile test, the next realm for this competition will likely be in space.

### **The CSBA’s Sales Job: Best Not to Read the Fine Print**

The driving intellectual force behind the AirSea Battle Concept’s relatively quick rise to the top is clearly the Center for Strategic and Budgetary Assessments. Its best rationales have already been summarized above: this is the bare minimum effort to keep America in the game of maintaining strategic stability across Asia. But when its authors, most notably CSBA president Andrew Krepinevich, offer larger or longer-term strategic arguments, they quickly reveal the usual Pentagon ignorance of how the global economy works.

For example, the CSBA publication entitled, “Why AirSea Battle?” raises the specter of an emboldened Chinese military forcing a “latter-day Chinese Greater Co-Prosperty Sphere of influence” upon the rest of Asia. It’s a concept without credible underpinning logic, given the similar export-driven, manufacturing-intensive and resource-dependent growth profiles of East Asian economies. Indeed, this is the primary problem facing regional economic integration efforts. If China were seriously pursuing such a resource-driven security strategy, it would be building military bases all over Central Asia, the Persian Gulf, South America and Sub-Saharan Africa—where its energy and mineral dependencies are truly ballooning. Instead, it’s that global “policeman” known as the US military that maintains such a worldwide strategic footprint.

A similar op-ed argument recently made in the *Wall Street Journal* about China’s military build-up leading to a “Finlandization” of East Asia is equally implausible and unsupported by recent trends.<sup>1</sup> For the more China builds up the PLA, the more its neighbors stock up on Western—and particularly American—military hardware. In this regard, every Chinese effort to bluster and intimidate backfires, driving previously indifferent or reluctant states toward America’s strategic embrace. Pursued long enough in this clumsy manner, China could well find itself having to bomb all of its small neighbors in any big-war scenario to root out America’s many military facilities. The same dynamic is seen throughout the Persian Gulf in response to Iran’s more modest A2/AD strategy. Far from denying the US military access, such attempts tend to increase it.

In general, it is correct to note that, “the US military’s role as the steward of the global commons has enabled the free movement of goods around the world, facilitating both general peace and prosperity.”<sup>2</sup> But that logic gets bent out of recognizable shape when used to justify a strong response to China’s naval build-up. China’s growth strategy is highly dependent on attracting foreign capital in the form of di-

rect investment and a trade surplus—a turbo-charged version of Japan’s preceding rise. Like Japan, China is becoming highly resource dependent. At this point in history, China—and more specifically the Chinese Communist Party (CCP) rule—could not be more dependent on the free movement of goods around the world. By extension, the same goes for the PLA, less of a national army than the CCP’s body-guard. It is thus beyond ironic to cite an “open door” strategic logic when it comes to post-Mao China, which, as final assembler of note in Asia’s many production chains, constitutes *the* open door linking East Asian and Western Hemisphere economies (resourcing from South America, selling to North America). Are we then to destroy globalization’s most dynamic “open door” in order to save it?

Here we begin to map the incomplete logic of the ASBC when arrayed against America’s grand strategy of spreading an international liberal trade order—a.k.a., globalization—these past seven decades (i.e., going all the way back to Franklin Roosevelt’s Lend-Lease bribing of the British to ultimately end their system of imperial trade preferences). The ASBC makes sense only along the narrow lines of shutting down a remaining Cold War-era trigger for great-power war—namely, Taiwan. Once removed as an instigator, China’s fear of attack “from the sea” is far more easily mollified and transmuted into a cooperative relationship with the United States Navy on the subject of securing common sea lines of communication.

The logic of the driving Taiwan scenario in CSBA publications likewise bleeds plausibility on both ends of the warfighting spectrum. Two good examples are Taiwan’s successful “invasion” of China’s electronics export sector over the last decade, and the recently concluded free trade agreement between island and mainland. Yes, while such deep connectivity hardly precludes all possibility of war-triggering scenarios (most wars occur between neighbors, as does most trade), this unprecedented expansion of economic interdependency in recent years hardly reflects a growing level of political-military tension, despite both US and Chinese militaries clinging ferociously to the historical lessons of the Taiwan Straits crises from a decade-and-a-half ago.

Reading through CSBA’s full-up exploration of ASBC, the resulting war between China and the United States strains credulity beyond all reason.<sup>3</sup> Three maps in particular depict what are logically lengthy strike campaigns against China’s radar/space facilities, ballistic missile facilities and submarine bases. In total, they suggest a China-wide bombing campaign by the United States of such tremendous volume that, as CSBA’s authors note, America would be required to dramatically ramp up short-term production of precision-guided munitions. Toward that end, one supposes, America should preemptively terminate all trade with China; trade that would financially underwrite the production lines of such weapon systems—again, to service a theoretical protection of “the free movement of goods around the world.”

Beyond that fantastic scenario extension lies CSBA’s plans to basically destroy the entire Chinese air force and submarine fleet, plus institute a “distant blockade” that would see us interdict and search—and here the irony balloons—China’s seaborne

trade, which ought to be fairly simple since so much of it involves the US economy. And because it's not easy to stop committed large ships (don't tell Somalia's pirates), CSBA broaches the notion of using Air Force bombers to "provide 'on-call' maritime strike." One can only imagine how many thousands of Wal-Mart containers the US military could send to the bottom of the Pacific before the White House would hear some complaints from the US business community. But why let that reality intrude?

Most incredulously, a guiding assumption of the CSBA's war scenario analysis is that, despite the high likelihood that a Sino-US conventional conflict "would devolve into a prolonged war" (presumably with tens of thousands of casualties on China's side at least), mutual nuclear deterrence would be preserved throughout the conflict even as China suffers humiliating defeat across the board. The historical proof offered for this stunning judgment? Neither Nazi Germany nor Saddam Hussein's Iraq used chemical weapons as a last-ditch tool to stave off defeat. And if China took that desperate step? The CSBA then admits that, "the character of the conflict would change so drastically as to render discussion of major conventional warfare irrelevant." As strategic "oops!" disclaimers go, that one has the benefit of understatement.

Of course, CSBA's counter to such criticism is to argue that thinking about—and preparing for—that unthinkable *is what keeps it unthinkable*, much like our successful Cold War-era deterrence of World War III in Europe. Fair enough, but that suggests a multi-pronged political-military approach to reduce the overall likelihood of such catastrophic escalation.

### **Understanding ASBC within Our Bilateral Relationship with China**

Stipulating that the ASBC constitutes a strategic communications strategy not unlike the Reagan administration's employment of Star Wars vis-à-vis the Soviet Union, we must immediately ask why the United States consistently refuses China's offer of a multilateral treaty designed to prevent the weaponization of space. As CSBA frequently notes, the United States is far more dependent on its space infrastructure than fledgling China, so why doesn't Washington lock in this clear advantage while it can?

It is no secret within US national security circles that the primary opponents of such a diplomatic breakthrough are the Air Force and Navy, with the former being the lead advocate of America's eventual weaponization of space. This begs the question of whether or not ASBC serves America's strategic interests or dangerously encourages a strategic/space arms race with China that significantly elevates the possibility of great-power war. Pursued in its separate track, the ASBC is likely to make it far more difficult to build a positive military-to-military relationship with the PLA—or more specifically the PLA Navy—concerning the overlapping Sino-American security interests outside of East Asia.

Unless you consider the North Korean situation to offer a secondary opportunity for large-scale direct Sino-American conflict—an argument virtually no serious strategist offers anymore—then you’re left with the larger strategic trend of America continuing to focus more attention on central/south/southwest Asia (and Africa) relative to an otherwise highly stable East Asia. While the ASBC correctly argues for an even heavier air/sea regional focus from the US military, our strategic goal cannot be to pin down the Chinese military “back home” by creating undue strategic uncertainty there. If we want a positive bilateral relationship to supersede this negative legacy relationship, then we must not only signal our desire to cap any resulting regional arms race, but likewise aggressively seek out Chinese security cooperation elsewhere—if for the only reason that we must end the strategic mismatch between the West’s dwindling security resources (and associated political will) and the East’s rising worldwide network/resource dependencies.

In sum, ending China’s free-riding is arguably more important for long-term system-wide stability than continuing to deter China’s military invasion of Taiwan. As globalization’s networks continue to expand at a rapid pace, America’s ability to play sole Leviathan to the system naturally degrades dramatically. That means, while the likelihood of China’s military invasion of Taiwan dissipates with each passing year, the likelihood of America’s “imperial exhaustion” most certainly surpasses it in strategic importance *in the near term*.

History will judge US strategists most severely if our choice to maintain “access” to East Asia by triggering a regional arms race *precludes* our ability to draw China into strategic co-management of this era of pervasively extending globalization—without a doubt America’s greatest strategic achievement. I cannot fault the AirSea Battle Concept as an operational capability designed to keep us in the East Asian balancing “game.” But my fear is that it will—primarily by default and somewhat by “blue” ambition—serve America badly in a strategic sense, absent a proactive political *and* military engagement effort to balance its negative impact on the most important bilateral relationship of the modern globalization era.

Bluntly put, that means killing the Taiwan scenario immediately, in a Nixonian diplomatic thrust, before ambitious admirals and generals (and think tanks) on both sides lock us into a far worse strategic pathway. 🚫

## Notes

<sup>1</sup> Andrew F. Krepinevich, “China’s ‘Finlandization’ Strategy in the Pacific,” *The Wall Street Journal*, Sept. 11, 2010.

<sup>2</sup> Andrew F. Krepinevich, “Why AirSea Battle?” Center for Strategic and Budgetary Assessments, 2010, p. 7.

<sup>3</sup> Jan Van Tol, Mark Gunzinger, Andrew Krepinevich and Jim Thomas, “AirSea Battle: A Point-of-Departure Operational Concept,” Center for Strategic and Budgetary Assessments, 2010.

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***Celebrating 83 Years***

# ***Primacy and Responsibility***

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## ***China's Perception of Its International Future***

*Roger Irvine*

**R**esearchers outside China have speculated about the possibility, if not the likelihood, that China's international influence will soon begin to rival the current superpower, the United States. Much less is known about China's perceptions of such issues, and about the evolving contemporary debate among its international relations scholars on how they see their country's likely future status and role. Until recently, the prevailing view among these scholars had been that China needed to accept the reality of US dominance of the international system; following the global financial crisis this view was overturned by perceptions of US decline and China's rising influence. China's international relations specialists nonetheless generally continue to advocate a gradualist and pragmatic approach. Their views now often display greater confidence and creativity, and they foresee the evolution of a new international order; but the majority generally favor peaceful and cooperative policies, which bodes well for future dialogue with China about joint efforts to address important international issues.

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**China Security, Vol. 6 No. 3, pp. 15-34**  
**2010 World Security Institute**

## External Forecasts

China's GDP has grown by an average of almost 10 percent per annum since the late 1970s, but until recently many outside observers were cautious about its prospects due to their view that future growth could be undermined by a variety of potential weaknesses. Economic forecasters consistently underestimated China's economic growth—even the World Bank, which was one of the most optimistic.<sup>1</sup> More recently, however, China's continued ability to overcome obstacles to economic growth has increasingly impressed observers. Forecasters have suggested that China's GDP at market exchange rates could overtake the United States as early as 2027, or by 2020 at purchasing power parity.<sup>2</sup>

Such assessments led to some highly optimistic appraisals of China's likely future global impact by several leading business and economic analysts. They considered that China's emergence was a major new factor in global geopolitics and that its rising economic, political and military influence would begin to challenge the international leadership of the United States within the next one or two decades.<sup>3</sup> Martin Jacques predicted that China would inevitably use its economic strength for political, cultural and military ends. It would become "one of the two major global powers and ultimately *the* major global power," sponsoring "a new China-centric international system."<sup>4</sup>

Not surprisingly, such appraisals have not gone unchallenged, and especially by several persistent skeptics. Minxin Pei cautioned: "The often breathless conventional wisdom on China's economic reform overlooks major flaws that render many predictions about China's trajectory misleading, if not downright hazardous."<sup>5</sup> He concluded that China would be at best only an economic superpower, with its geopolitical and military influence constrained by "internal fragility and external rivalry."<sup>6</sup> Gordon Chang, undeterred by the failure of his earlier forecast that China would collapse within the second half of the past decade, has again predicted China's demise. In his view China had "just about reached high tide, and will soon begin a long painful process of falling back."<sup>7</sup> John Lee also questioned the "general optimism" about China's prospects, arguing that a politically unreformed China could not sustain its rise, and that the apparent success of market capitalism in China was "illusory."<sup>8</sup>

Even most analysts who are optimistic about China's potential readily concede it still faces formidable challenges. If there is any consensus among observers it is possibly that on balance, China will probably manage internal challenges and maintain growth, even if at a lower rate, for perhaps another decade or more. China has, after all, weathered the recent global recession surprisingly well. Nevertheless, among outsiders there is still a high level of uncertainty as to whether China would be able to go one big step further and challenge the predominant position of the United States in a combination of economic, military, political and technological areas; and, even if it does, about whether it would also be willing and able to be a constructive leader in the management of world affairs.



The durability of US unipolarity has been the subject of much debate outside China. Following the collapse of the Soviet Union, Charles Krauthammer declared the arrival of “The Unipolar Moment.”<sup>9</sup> Thereafter, many analysts continued to argue that US primacy was secure for a long period. The emergence of China as a potential peer competitor in the economic sphere was noted, but these analysts doubted China could compete technologically, militarily, culturally and diplomatically. They believed that the non-economic components of power should not be underestimated, that current trends could change and that relative power would only shift slowly. They observed that, for these reasons, China was keeping a low profile.<sup>10</sup>

Many in the United States and elsewhere continued to find such views persuasive. Others were increasingly uncertain. They saw indications that the world was moving from unipolarity to multipolarity and that other powers would begin to balance against the United States. The reputation and influence of the United States was beginning to decline internationally. It was increasingly handicapped by economic weaknesses, especially following the 2008 financial crisis, and by military overstretch in Iraq and Afghanistan. Such assessments were reflected in the US National Intelligence Committee’s *Global Trends 2025: A Transformed World*, which concluded that US unipolarity would give way to multipolarity during the next two decades as a consequence of both the emergence of new powers and the erosion of US capabilities. Some believed that China’s power would begin to rival the United States both economically and militarily, and that long-term trends might favor China. The European Union and other emerging powers would also become increasingly influential.<sup>11</sup>

### China’s Scholars Enter the Debate

Outside China, there is clearly an increasingly vigorous international debate about the future distribution of power in the rapidly evolving global system, and especially about China’s likely status. Considerably less is known about the equivalent debate within China, particularly about how China’s international relations (IR) specialists in its leading think tanks and universities perceive the changes in their international environment, and about their responses to foreign opinions and forecasts. This is especially regrettable as a new trend toward self-reflection and critical analysis is evident among many of China’s IR specialists, including in their analysis of domestic influences on China’s international relations. These specialists now produce a steady flow of analysis on these issues in journals and other publications both in English and Chinese, much of which is under-utilized in research outside China.<sup>12</sup>

Most of China’s non-university think tanks are associated with particular areas of government such as the State Council, the Central Party School, the Ministry of Foreign Affairs, the Ministry of Defense, the People’s Liberation Army and the Ministry of State Security. On the one hand this can often mean that their publications tend to reflect the influence of official views, and that the opinions expressed are constrained or formalized. But, on the other hand, their close involvement with these

government agencies and the encouragement they receive to contribute to policy-making has led to their emergence as a forum for a diverse range of views. The major universities, which sponsor their own think tanks and institutes, also provide in many cases a supportive environment for individual analysis.<sup>13</sup> Generally speaking, China's think tanks and universities are perhaps as much influenced *by* government as they in turn are able to have an influence *on* government. But the close connections that many senior researchers have with government and the powerful influence that leading scholars can have on policy formulation should not be underestimated. They provide an important window into new thinking about China's international relations that has the potential to shape new approaches to foreign policy.

It is striking that over the past decade many of China's most prominent IR specialists have been conspicuously cautious and modest in assessing their country's prospective international influence. One key reason appears to have been a perception of enduring US primacy. Peking University's Jia Qingguo noted that at the turn

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*Over the past decade, Chinese IR specialists have been modest in assessing China's international influence.*

of the century China was confronted by a United States that was not merely the only superpower in the world but also "a beefed up and rising one." Jia noted that since the mid-1990s, China had gradually accepted the reality that US power was on the rise and that the world was unipolar. It therefore decided it was not in its interests to challenge the United States unless China's "core national interests (*hexin liyi*)" were involved.<sup>14</sup> (These core interests have usually focused on sovereignty issues and China's territorial claims.)

Jia noted that many of his colleagues were reluctant to acknowledge that the world was unipolar, but he contended it was important to accept this fact and adjust to it. If Beijing did not behave cautiously and resist pressures to assert itself against the United States, a unipolar world would be a dangerous environment for a country like China.<sup>15</sup>

Supportive views were expressed by two other senior academics at Peking University, namely Wang Jisi and Zhu Feng. Wang declared that the United States was "currently the only country with the capacity and the ambition to exercise global primacy, and it will remain so for a long time to come." He referred to a Chinese view that US primacy would decline, but he believed in the short term that US influence would not change unless there was "an unexpected sharp economic downturn." Wang predicted: "For a long time to come, the United States is likely to remain dominant, with sufficient hard power to back up aggressive diplomatic and military policies." It would therefore be unwise for China to "challenge directly the international order and the institutions favored by the Western world."<sup>16</sup> Zhu Feng asserted, questionably, that there was a consensus among scholars that the world was still in a unipolar moment. The dominant school, he claimed, accepted unipolarity as "an enduring trend." Zhu believed that American unipolarity was being consolidated and expanded. The lack of other challengers meant that not only was the United States a

“lonely superpower,” but China was also the “lonely rising power.” In Zhu’s opinion, the United States and China were a dyad characterized by an over-whelming and insurmountable asymmetry of power. Moreover, this disparity was stable and would not change even if China’s GDP caught up with the United States.<sup>17</sup> Meanwhile, Zhang Liping at the Chinese Academy of Social Sciences (CASS) argued that the gap between China and the United States was enormous, and it would take decades for China to catch up in a world he described as featuring one superpower and multiple great powers (*yi chao duo qiang*).<sup>18</sup>

A second reason why many of China’s IR scholars have been cautious about its international prospects is because they continued to be deeply and realistically aware of the formidable scope of China’s internal weaknesses and limitations. China’s scholars and leaders have had a difficult time convincing international observers that they are sincere in stating repeatedly that their country’s highest priority is to address these daunting domestic challenges. These issues at home, they contend, are the fundamental reasons why China has subordinated other international aspirations in favor of focusing on securing a supportive international environment that allows them to devote their chief attention to internal priorities, and especially to economic development. Despite the extent of China’s opening up to the outside world, its officials and experts sometimes characterize their country as still basically inward-looking and even disinterested in the rest of the world compared to their inclination and need to focus on internal affairs. Foreign Minister Yang Jiechi, for example, has emphasized that China still faces many challenges including low per capita income and uneven development—135 million Chinese were still living on less than one dollar per day. According to Yang, China is still a developing country and it will take “the strenuous efforts of several and even a dozen generations before China can truly achieve modernization.” Hence, he noted, it would seek a peaceful international environment for its future development.<sup>19</sup> This inward focus causes China to shape its international agenda strongly toward promotion of its domestic interests rather than taking positions on international issues that do not directly affect it.

A third reason for IR scholars’ modest public appraisal of China’s future international prospects is that it has adopted a deliberate policy of attempting to divert fears among other countries about its rapidly growing power by repeatedly reassuring them that its future posture will be peaceful and non-threatening. Its leaders became coy about using the term “peaceful rise (*heping jueqi*),” preferring instead “peaceful development (*heping fazhan*).”<sup>20</sup> The background to this policy has been provided by Ma Zhengang, president of the China Institute of International Studies (CIIS), a think tank closely linked to the Foreign Ministry. He noted Deng Xiaoping had formed a new judgment that international conflict could be avoided for “a considerable period into the next century.” Deng thought China should therefore “make good use of the two, three or four decades of peace for our own development.” Ma observed that peaceful development remained China’s core philosophy; although he

added the important proviso that for Deng and for the current regime, “state sovereignty and security always remain the first priority” and China’s “core and major interests” should “never be exposed to any infringement.” In support of China’s policy of peaceful development, Deng had proposed the now well-known strategy of “keeping a low profile (*tao guang yang hui*).” Ma confirmed this was “a long-term strategy to which China is subscribed, rather than an expediency.”<sup>21</sup>

### **Increasing Restlessness**

Advocacy of a realistic acceptance of US primacy and a consequent low international profile represented only one important part of a spectrum of views among China’s IR scholars. Others were less concerned about keeping a low profile and more optimistic that a multipolar world was emerging. They were critical of US primacy and concerned about US international behavior. Wu Xinbo at Shanghai’s Fudan University called for the United States to play a more constructive role as “an enlightened superpower.” He acknowledged the United States would continue to play a leading role, but for him, the important issue was how it should play that role.<sup>22</sup> Zhang Ruizhang at Nankai University in Tianjin questioned the legitimacy of US “benign hegemony.” He pointed especially to criticism of US actions in Iraq and Afghanistan, and in the “war against terror,” to argue that US legitimacy was in danger of disappearing and that it was taking “a giant step from hegemony to tyranny.”<sup>23</sup>

Others began to express increased optimism about China’s own potential international influence, not surprisingly in view of the global impact of their country’s continued, very strong economic performance. Critics became more outspoken as they perceived the United States to be weakening. Renmin University’s Shi Yinhong judged that US involvement in Iraq had led to a “remarkable relative decline” in its international power. He speculated that the power gap between the United States and China would be “greatly narrowed,” especially in East Asia, and that this would probably occur much earlier than many expected. He concluded that: “More and more, it is apparent that the really successful great power since the end of the Cold War is not the United States but China,” and that the effects of China’s rise on international norms and values was “more and more likely to be transformative.”<sup>24</sup>

Another strong view, rejecting completely the notion of continuing US primacy and unipolarity, was contributed by Huang Zhengji at the Ministry of Defense-sponsored China Institute for International Strategic Studies (CIISS). Aside from the view that the world had become irreversibly multipolar, which he favored, Huang noted that some scholars continued to embrace the view that the world was unipolar, due to their allegedly being excessively submissive to US power. Huang claimed that since 2006, world opinion had changed and “the theory of the unipolar world became nearly silent.” Although the US remained a superpower, it had “tumbled from the overlordship it has been exalted to by some people.”<sup>25</sup>

## Perception of a Rapidly Changing World

The views described above predate the onset of the 2008 global financial crisis. The crisis has been widely interpreted as having accelerated a number of economic, strategic and political trends that were in evidence beforehand, but which—absent the crisis—would likely have been more gradual. For China, it has been a watershed event initially creating in some quarters a scarcely-contained excitement about its growing status in the world arena. The crisis was also perceived by many of China's IR specialists as having had a pivotal effect on its international position.

Perhaps the most extreme reaction—and the most publicly prominent—came from Liu Mingfu, a People's Liberation Army Senior Colonel and professor at China's National Defense University. In his book "China Dream: The Post-American Era," he advocated that China should build the world's strongest military and swiftly displace the United States.<sup>26</sup> China should abandon modesty about its global goals and "sprint to world number one (*chongci shijie diyi*)" in a "decisive competition (*juesai*)" with the United States about who would dominate the world. In particular, he recommended China to become strong enough to dissuade the United States from daring to intervene in a Taiwan conflict.<sup>27</sup> It is clear, however, that Colonel Liu's views were not representative of the great majority of China's IR specialists. Military think tanks in China often express views at variance with those of other scholars. Moreover, it has been suggested there was probably a significant commercial motivation behind Liu's best-seller, which was likely to have significant popular appeal.<sup>28</sup>

Nonetheless, on a less sensational level there is still ample evidence of significantly altered perceptions among China's IR specialists in the wake of the financial crisis. Li Jie in the Policy Planning Division of the Ministry of Foreign Affairs published a journal article in which he described the crisis as a powerful force with an impact on a scale comparable to the 9/11 incident. Although the United States was still the sole superpower, Li assessed its position as seriously weakened. He considered the international system as having experienced the "most comprehensive, profound and active adjustment" since the end of the Cold War. In the process, emerging economies had become "a new strategic pivot" in the international system. China's "comprehensive national strength and international influence" had been transformed "from weak to strong."<sup>29</sup>

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*There is ample evidence of altered perceptions among China's IR specialists in the wake of the financial crisis.*

In a symposium on the first anniversary of the financial crisis at the China Institutes of Contemporary International Relations (CICIR), Director of American Studies Yuan Peng noted the crisis had altered "the world, capitalism and China's vision of the world." He contrasted China's ascendancy with the decline of the United States as "a unipolar hegemonic state."<sup>30</sup> Fu Mengzi, vice-president of CICIR, concurred that the crisis had been the most important development since the end of the Cold War. He suggested that world leaders "could be forced to build a new world order," one

that conformed to this changed situation and gave due consideration to the importance of emerging economies.<sup>31</sup> A CICIR researcher, Lin Limin, observed that China would soon become the world's second largest economy and that forecasts indicated it would even overtake the United States earlier than previously expected. This led him to believe China could now become a genuine global power and secure "reputation and prestige commensurate with its historical status and national size."<sup>32</sup> Gao Zugui, Director of World Politics at CICIR, commented that due to major shifts in the international balance of power the political dominance of the West was declining, along with its "monopoly of the right to discourse on world issues." He assessed the gap in comprehensive power between China and the United States as steadily narrowing and that China's international status had therefore risen sharply.<sup>33</sup> He asserted that the balance of power was, in fact, "approaching to neutrality" between developed countries and emerging economies, and that the dominance of the West was therefore "ebbing."<sup>34</sup>

Meanwhile, Yin Chengde at the CIIS observed the crisis had "epoch-making significance," creating "insurmountable obstacles to the US unipolar strategic goals" and accelerating multipolarization. China was now playing "a unique and vital role."<sup>35</sup> Men Honghua at the Central Party School reportedly commented that the present international system dominated by Western interests and culture was outdated, and urged that China should grasp the financial crisis as "a strategic opportunity to push for a transformation of the international system."<sup>36</sup> Equally forthright statements came from Ding Yuanhong at the Chinese People's Institute of Foreign Affairs (CPI-FA), who declared that 2009 had seen even greater changes than the years following the end of the Cold War.<sup>37</sup>

### **But Gradualism Prevails**

Contrary to what might have been expected, it is striking that these notably changed perceptions of the global environment and of China's international influence have not caused its IR specialists to advocate major changes in foreign policy. There is little evidence from their publications that they are inclined to recommend that China's new position of influence should be used in a confrontational manner, or that they have abandoned an essentially gradualist approach. Li Jie, for example, assessed that despite changed circumstances, it would be unrealistic to abandon the existing international system or try to establish a new one. He conceded the United States would not easily give up its dominance and acknowledged that China was not the rule-maker of the international system. He advised that maintaining economic development was still a precondition for any more active international role.<sup>38</sup>

Fu Mengzi assessed that a new world order could not be established until "an effective multilateral mechanism" was created, and "only if the old order gets a formal burial after extensive and effective consultations and cooperation among world leaders."<sup>39</sup> He noted that the international influence of the United States was still "global, institutional and policy-driving," while China's rested mainly on its economic growth. It could "by no means disturb American-European dominance" for the

foreseeable future. Even in East Asia, Fu asserted that China had no intention or capability to exclude US influence. He acknowledged that US power was declining, but emphasized that it remained “the only superpower.” Sino-US “cooperation rather than competition” was to be preferred. As a consequence, China’s interests remained best served by “acceptance of the US-dominated world economic system rather than seeking to remake it.”<sup>40</sup>

Similarly, Ding Yuanhong cautioned that despite decline, the United States would remain the most powerful country and in time would recover from the crisis.<sup>41</sup> He noted there were “some people inside China” who were not satisfied with its current “positioning,” but he insisted this “does not accord with current reality.”<sup>42</sup> Yin Chengde observed that multilateralization was still only a trend and that the United States was still the only superpower and “exclusively strong.” It would play the leading role in the world structure for “a considerably long time.”<sup>43</sup> Yang Jiemian at the Shanghai Institutes for International Studies (SIIS) concluded it would be another twenty years before the international system settled into a multipolar pattern.<sup>44</sup>

An even more cautious response came from Zhu Feng, who argued that although the financial crisis had caused many problems for the US economy, it “cannot produce a substantial blow to the power status of the United States” and had not resulted in US decline. Disagreeing with other scholars, he concluded that the comparative balance between the United States and other powers remained stable—nor would the crisis force a shrinking in US global military operations.<sup>45</sup> Song Wei, also at Peking University, joined Feng in questioning whether US power would decline after the financial crisis. In the longer run, Song thought the crisis might stimulate beneficial reform in the United States and help scale back its international commitments. As a result, “American hegemony and its unipolar status (*Meiguo baquan ji qi danji diwei*)” might be further enhanced by the crisis.<sup>46</sup>

Another prominent advocate of a moderate and pragmatic approach to the development of China’s international relations is Chu Shulong, Deputy Director of Tsinghua University’s Institute of International Strategic and Development Studies (IISDS). He acknowledged that early in the 21<sup>st</sup> century, the world was in a profound process of transition—but he did not see the decline of the United States as an opportunity for China to compete for primacy. Instead, he suggested that “a new and non-traditional model for understanding international relations is on its way.” This, he believed, was due to the declining influence of coercive power in the international system and the growing importance of “non-power factors” such as globalization, interdependence and multilateral cooperation. Even the sole superpower could not solve problems alone. Chu believed that “unipolarization and bipolarization are being replaced by multipolarization.” This multipolarization meant “a wider distribution of power,” the “democratization of international relations” as well as a “diversification of values, opinion, norms and institutions.”

Like others, Chu also emphasized that despite setbacks, America’s power and international standing were not significantly changed. He argued China could grow to be a superpower only economically, and could not become “a comprehensive super-

power” like the United States. China’s economy might overtake that of the United States within the next 20 years if its GDP growth could be maintained at seven to eight percent, but in “economic quality, science and technology, military strength, international politics and cultural influence,” China was far behind the United States and would require decades to bridge the gap. Moreover, Chu believed China’s philosophy and culture were “introverted and inward-looking,” which would constrain its involvement in international affairs.<sup>47</sup> He held that although China was likely to qualify in the future as a superpower in terms of economy and military capabilities, its development would be “firmly oriented toward economic and scientific goals.” It would be “unlikely to possess the cultural or political strength and expansionism needed to make it an old-style superpower.” China, according to Chu and his peers, seeks to become an economic rather than a military superpower.<sup>48</sup>

In addition, the endorsed strategy of “keeping a low profile” does not appear to have been completely discredited among China’s IR scholars by the new international situation. Wang Yusheng at the CIIS commented that following the recent profound change in the balance of power between China and the United States, “some people have been carried away” and had portrayed the idea of keeping a low profile as an “ostrich policy.” Such critics, he said, urged China to stand up to the West as an equal, arguing that China should have an equal share of power, or even lead or dominate the world. Wang countered that this was impractical, and held that the strategic principle of keeping a low profile should be maintained. He believed, as did Deng Xiaoping, in the concept that only when the central task of economic development had been done well and China was in “an invincible position” could it solve other problems such as Taiwan. Wang recognized that overstressing a low profile could lead to China’s marginalization in the international arena, but he insisted it should not seek a leadership role internationally.<sup>49</sup>

### **New Confidence and Proactivity**

Despite this strong support for a gradualist approach, there is unlikely to be any turning back of the clock toward a recent past where China’s mainstream IR scholars were less vocal in offering their views about preferred options for reshaping the international system. Many of them are already displaying a new-found confidence and creativity in their analysis of the opportunities and challenges facing China internationally. They are unlikely to advise that China should seek to overthrow the international order or to behave irresponsibly or disruptively. But with the continued strengthening of China’s position, they are already injecting important new thinking and approaches into the international debate on a wide range of issues and beginning to challenge traditionally Western-dominated perspectives. They perceive the distribution of power and influence among key players in the international system as changing, and that the domination of Western countries in global affairs is weakening. As the leading power among the emerging economies, they are beginning to consider the most appropriate responses for their country.



This new confidence and advocacy of a more proactive international role is described by CICIR's Niu Xinchun. He predicts that with growing influence China will "re-define its national interests and become more confident in protecting them." He thinks that China's foreign policy has turned from passive to active. He also refers to a debate within the Chinese academic community as to whether China has become a superpower and should take on "relevant responsibilities." These domestic discussions have led, he says, to consensus that China's strategic goal should continue to be fostering a favorable environment for its economic development and increasing its international influence. But, he adds, "a fairly heated debate" continues regarding specific approaches. Some argue that the policy of keeping a low profile and resisting international responsibilities does not suit "the new age," and that China should "more actively shape the international regime."<sup>50</sup>

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*Mainstream scholars are displaying new-found confidence in their analyses of China's challenges.*

Several of China's leading IR specialists have made important contributions to this debate. Yuan Peng divides the views of his fellow scholars into four groups: first, those who argue the crisis is financial rather than economic; second, those who are confident the US economy is fundamentally stable and self-correcting; third, those who see US hegemony as "rotten from the roots" and on an irreversible downward trend; and, fourth, the conspiracy theorists who see the United States escaping the effects of the downturn mainly at the expense of Europe and China. He summarizes them as generally more optimistic about US prospects than their US counterparts. Yuan rebuts this optimism. He foresees weak US economic growth, declining productivity and innovation, less US influence in international financial institutions, challenges to the dollar and a downward trend in military capacity. The financial crisis is just a catalyst for an already-changing global structure, and the inevitable result of the US being "blinded by the myth of 'unipolar hegemony.'"<sup>51</sup>

Addressing China's strategic choices and opportunities in this new global situation, Yuan believes the new era will be characterized by the rise of the emerging powers and increasing global cooperation to meet the common concerns of the planet. US "unipolar hegemony" is over and might never return. America is no longer "the sole overlord." Multipolarity is gaining momentum. The institutionalization of the G20 marks a transition from the United States playing a dominant role to a five to ten year period of sharing leadership with multiple great powers and especially with China. The necessity of dealing with emerging new issues such as climate change will alter "the paradigm of international relations." Yuan notes "a multitude of different perspectives amongst Chinese scholars on how China should position itself in this new era." In his view, China has four identities: that of "a major developing country," "an emerging power," "a world-class power" and a "quasi-superpower" second only to the United States. But China is in "a vortex of multiple transitions," and he warns

especially of “a surge of neo-nationalism” that includes healthy patriotism but also “a tinge of irrational populism.” China needs to readjust some of its strategic concepts, such as the principle of non-interference in other countries’ internal affairs and certain other “ossified concepts.”<sup>52</sup>

Fu Mengzi also highlights emerging opportunities for China to develop a more active foreign policy. He suggests that a rising China will inevitably seek to encourage a new international economic order and more effective responses to other global challenges by beginning to participate in global affairs with “a positive and constructive attitude” and by bearing responsibilities “commensurate with her status.” But because China has benefitted from the existing global economic order, it will seek to be “a reviser or a reformer rather than a revolutionist.” It will be a participant rather than a designer. With a strong element of the idealism characteristic of the published work of several of China’s IR specialists, Fu also envisages that in an interdependent and globalized world “the traditional game of bitter struggles between great powers might be coming to an end” in order to cope more cooperatively with 21<sup>st</sup> century challenges. He notes US failure to provide leadership in managing global economic and security issues, and in responding to global climate change. He optimistically asserts that as the world economy enters a transitional low-carbon era, China will “refrain from pursuing quantitative expansion” and instead seek sustainable development. He notes that global action on climate change has become an urgent task for all nations in which cooperation between China and the United States as “the leading dischargers” will be especially important.<sup>53</sup>

Further innovative thinking about China’s new foreign policy options has been provided by Chen Dongxiao, Vice-President of SIIS. He highlights a growing need for improved global governance and for China to become more proactive externally in view of the serious issues confronting the international system. Unfortunately, Chen believes, the United Nations is not keeping pace with these developments and inadequate representation of emerging powers is undermining the legitimacy of multilateral governance mechanisms. In this context, pressures on China to increase its international role are growing because it is now “one of the key countries with the capabilities to shape the future international system,” making it increasingly difficult to maintain its low-profile approach. In response to this situation, Chen advocates the adoption of a new identity as “a developing power”; that is, China should identify itself both as a developing country and as a country with increasing global influence. Chen thinks a developing power identity will assist China in keeping a low profile. Yet he also believes China needs to take a more active role by seizing the opportunity offered by the financial crisis to reform institutions like the IMF. At the same time, Chen emphasizes that China has to be realistic as Western powers will retain their dominant position “without much challenge” in the foreseeable future. He suggests China should therefore devote more effort to “regional strategic thinking” and regional cooperation, and develop cooperation with all the major powers including setting up “a dialogue mechanism among China, the United States and Japan.”<sup>54</sup>

An equally, if not more challenging set of initiatives for a more active foreign policy for China is proposed by Wu Xinbo, who suggests the need for a new mindset following the financial crisis. Wu sees the crisis as demonstrating China's international importance and the positive role it could play. The crisis will rearrange "the seating order" of various countries in the world economy. He thinks the universal applicability of the Washington Consensus has declined substantially and the positive aspects of the Beijing Consensus have attracted greater attention. Moreover, Western "monopolization of global economic governance" has broken down. The end result, in Wu's assessment, is that the world is transitioning to a post-Western or post-American society, and the relative power of the United States is "on the wane." Nevertheless, he stresses the need for China to act responsibly. It should promote the recovery of the world economy, participate in reform of the international financial system, and join multilateral endeavors to control climate change. But, he urges, China should also take the opportunity to transform its role in the international community, enhancing its image as a "responsibility taker" and a "constructive reformer." He observes that the current international system is "neither very rational in structure nor very sound in function," and that China must avoid the mistake of "staying in the old rut," over-stressing its internal problems and adopting a passive approach. At the same time, Wu warned of becoming "over-optimistic, over-stretching and aggressive," or "obsessed with greatness and success after being flattered by others and undertake excessive responsibilities and obligations."

Noting that rising powers are often associated with aggression and expansion, Wu asserts that a rising China is a positive, rather than destabilizing force. This required demonstration by putting forward progressive ideas, including the "multipolarization of international politics and democratization of international relations." Wu thinks China should display greater frankness and flexibility in its diplomacy, and "face the doubts and criticisms raised by the outside world with tolerance." He suggests that for a long period, China's objective in international affairs should be "to strive for a bigger say, not to compete for a leading position." Nevertheless, Wu believes China has to play a more active role. It should seize opportunities to be proactive through focus on the role and structure of the G20, the IMF, the World Bank and the UN Security Council, on Asian regionalism, and on "the US factor."<sup>55</sup>

Although each of these scholars differs in emphasis, what they and many of their colleagues have in common is that they see the opportunity and necessity for China to participate more actively in re-shaping the international system. They also accept that a more proactive and participative global role for China must be balanced by responsibility and restraint due to enduring critical factors such as China's domestic priorities and continued limitations on its relative power internationally.

### **Assertive or Cooperative?**

China's IR specialists are certainly not unanimous in their interpretation of international trends or in their recommended policy responses. There are important differences of opinion and ongoing debates, and private views are likely to be more

robust than public ones. But some common themes and overall trends can be identified from published sources. Firstly, there has clearly been an important shift over the past decade in their collective view of the world. Earlier in the decade, the popular notion of US primacy—that the United States dominated the world as a unipolar state—had strong support among many of China’s most senior IR specialists. Not all scholars agreed with this assessment or were happy about acquiescing to it, but it was a very influential view that was reflected in many aspects of China’s foreign policy. The prevailing view was that the United States was likely to remain the sole superpower and China was unlikely to catch up for many years. Accordingly, it was generally accepted that China should continue to keep a low profile and accommodate US dominance within the existing international system. China should concentrate on its own economic development and on addressing massive internal challenges, and should not seek a global role nor burden itself with international responsibilities.

A major conclusion that can be drawn from the evidence presented in this paper is that by the end of the decade, the majority of China’s IR specialists abandoned the view that the international system is unipolar. They increasingly question the

notion of US dominance of the international system, even while accepting that the United States remains the world’s most powerful country. Acceptance of the unipolar view began to weaken steadily as China grew stronger economically and in other aspects of national power, and as other emerging economies also prospered. But this view appears to have remained relatively intact until quite recently,

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*Chinese IR specialists have abandoned the view that the international system is unipolar.*

when to all appearances it has been swept away by a new and widespread consensus that the dominant unipolar position of the United States has been critically weakened and is unlikely to be regained. This has evidently been the conclusion reached in a reappraisal of the international situation following the 2008 global financial crisis. Although it was not the only factor, the crisis appears to have been primarily responsible for a dramatic reassessment of previous judgments about the international balance of power.

In the minds of outside observers, one important question is what China will do with its potential new-found status and influence—will it be exercised assertively or cooperatively? There is evidence of an emerging consensus among China’s IR specialists that their country is now a stronger and more influential player internationally. But it is equally important to note that among most of these scholars there is a concurrent and continuing high degree of caution regarding appropriate policy responses: the world may no longer be unipolar, but they recognize that the United States is still the sole superpower with the bulk of its power still very much intact. They appear to believe that China’s prospects of becoming an economic superpower are excellent, yet they also see that it still has a very long way to go, that it must overcome many formidable challenges, and that its ability to catch up with the United States even in the economic sphere is not yet assured.

China's IR specialists appear to be neither as optimistic about their country's future prospects as some commentators outside China, nor as pessimistic as others. They share many of the concerns of international skeptics about the challenges and difficulties China will continue to face, but without concluding those challenges will be overwhelming. Nor do they endorse the views of other outside observers that China is destined to become the dominant global power; the majority are cautious regarding suggestions of abandoning the old order or overturning it with undue haste. They are wary of China being charmed into taking on a too ambitious or burdensome role. Priority is still given to keeping a relatively low profile internationally and to ensuring that the current favorable environment for economic development is not wasted.

But this is only one dimension of China's response. Many of its IR specialists are actively exploring new and proactive ways in which China can respond to the opportunities presented by the shifting international environment within the parameters already described. Many external observers are concerned about a perceived new assertiveness in China's diplomacy.<sup>56</sup> To a degree, a new assertiveness is indeed evident in the views of some of China's IR specialists—especially in a growing insistence that the United States should change its stance on Taiwan.<sup>57</sup> However, there is also a strong conciliatory tone in most of their publications; much of the new thinking among these scholars has the potential to have a positive impact on China's future international role and to help integrate it further into the international community. The majority view is that the opportunity for China to play a greater role is constrained but nevertheless important.

### Future Implications

The vision of China's international future that seems to attract the majority of its IR specialists is one in which it can foster a more equitable and effective international order, and in which—by its own criteria—it would play a responsible role. The declared views of these specialists and their government suggest a realistic appreciation of the urgency of taking strong measures to tackle the major problems facing the world. They also suggest an awareness of growing global interdependence and a disposition to act responsibly in addressing global problems, among which climate change and resource insecurity loom large in their minds. Within the important constraints of an uncompromising determination to protect “core national interests,” they advocate a “new concept of security” in which international disputes are settled through primary reliance on dialogue and cooperation.<sup>58</sup> In a new 21<sup>st</sup> century environment molded by globalization and interdependence, many of China's IR scholars question the continued utility of coercive power beyond protection of core national interests. Some contend that traditional geopolitics based on competition for power and preparation for war is dying out and that the use of military force can only secure temporary advantage.<sup>59</sup>

This could turn out to be a fortunate conjunction in a world where China may be looking to play a more active and responsible role, and where many other members of the international community may also be hoping it will do so. It is encouraging that China's international relations scholars are providing increasingly independent and valuable advice to their government. They are developing innovative and constructive proposals for the development of China's foreign policies, and their opinions and publications are becoming more readily available as a basis for vital dialogue with scholars and policy advisors outside China. That dialogue is likely to be of growing importance for the facilitation of China's future critical contribution to global governance in the 21<sup>st</sup> century. 🌐

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## **Note on Sources**

Research for this paper was based primarily on the extensive range of international relations journals now published in China in both English and Chinese, most of which are available through the China National Knowledge Infrastructure (CNKI) database initiated in 1996 by Tsinghua University. The principal journals, and their sponsoring organisations, include:

### *English Language:*

China International Studies (China Institute of International Studies)  
China & World Economy (Chinese Academy of Social Sciences)  
Chinese Journal of International Politics (Tsinghua University)  
Contemporary International Relations (China Institutes for Contemporary International Relations)  
Foreign Affairs Journal (Chinese People's Institute of Foreign Affairs)  
Global Review (Shanghai Institutes for International Studies)  
International Strategic Studies (China Institute for International Strategic Studies)

### *Chinese Language:*

Guoji Guanxi Xueyuan Xuebao [Journal of University of International Relations] (University of International Relations)  
Guoji Jingji Pinglun [International Economic Review] (Chinese Academy of Social Sciences)  
Guoji Luntan [International Forum] (Beijing Foreign Studies University)  
Guoji Wenti Yanjiu [International Studies] (China Institute of International Studies)  
Guoji Zhanwang [Global Review] (Shanghai Institutes for International Studies)  
Guiji Zhengzhi Yanjiu [International Politics Quarterly] (Peking University)  
Heping yu Fazhan [Peace and Development] (Centre for Peace and Development Studies)  
Shijie Jingji [Journal of World Economy] (Chinese Academy of Social Sciences)  
Shijie Jingji yu Zhengzhi [World Economics & Politics] (Chinese Academy of Social Sciences)  
Waijiao Pinglun [Foreign Affairs Review] (China Foreign Affairs University)  
Xiandai Guoji Guanxi [Contemporary International Relations] (China Institutes for Contemporary International Relations)

Sufficient papers are now published in English language journals in China to provide a representative coverage of many important international relations issues. However, valuable additional material is available from Chinese language journals, most of which provide English language contents, abstracts or selected whole articles. China's IR specialists less frequently publish overseas in a variety of English language journals and books. Inside China their writings are available in a growing number of Chinese language books, and in volumes published annually by such organisations as CASS, CICIR, Peking University, University of International Relations, and SIIS. Their opinions are also included regularly in both English and Chinese language newspapers in China, including China Daily and Global Times.

# Has China Become “Tough”?

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Da Wei

Since the end of 2009, China’s foreign relations have endured a number of twists and turns. These have included the mutual criticisms between Chinese and American officials at the Copenhagen conference, the intense reaction by China to American arms sales to Taiwan, reports by the American and Japanese media that China had proclaimed the South China Sea a core interest, China’s opposition to a US carrier entering the Yellow Sea for military exercises and China’s serious face-off with Japan over the Diaoyu islands. These incidents have led many foreign officials, academics and media to the conclusion that the world is facing an increasingly “arrogant” or “tough” China.<sup>1</sup> Such observers feel that China’s rise and the global financial crisis have changed its self-assessments of its strength and role in the region, as well as the overall distribution of global power, and consequently China has adopted an inflexible diplomatic position.

The use of adjectives such as “arrogant” to describe changes in China’s foreign policy is, of course, inaccurate. Simply denouncing another country as “arrogant” rather than trying to understand what is really changing reflects a Western-centric view. By opting for a simple explanation for the recent disturbances in relations between China and the outside world, foreign pundits have missed the more important story: China’s foreign policy decision-making environment has changed, as have the strategic mentalities of the United States and China’s neighboring countries. Only by seeing these changes can one better understand China’s recent interactions with the outside world and the profound challenges presently facing Chinese and foreign leaders.

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**China Security, Vol. 6 No. 3, pp. 35-42**  
**2010 World Security Institute**

### **Tough or Pluralist?**

If the events of the past year truly represent a “toughening up” of China’s foreign policy, then the method of this change must be identified. The first possibility is that at the highest levels, Chinese leaders formulated a strategy of “diplomatic toughening,” and the policy was then coordinated and implemented from top to bottom. If this is true, China has abandoned its policies of “creating a good external environment to maintain development” and “keeping a low profile (*taoguang yanghui*)”—both of which have persisted for decades. **But in looking at the declarations of China’s leaders, there is no evidence to support the notion of a top-down, coordinated and unanimous adjustment to China’s external strategy.** For example, at a 2009 conference for China’s diplomatic envoys, the government once again affirmed a policy of “persisting in keeping a low profile, while making contributions actively.” During his speech at the conference, President Hu Jintao also mentioned that great efforts should be made to make China’s “image have greater affinity and its morality and justice more inspiring.”<sup>2</sup> An excessively assertive diplomatic strategy clearly does not conform to either of these broader strategic objectives. In September of 2010, Chinese Premier Wen Jiabao addressed the speculation about a tougher or more arrogant China. While in New York, he reaffirmed that China will never take a hegemonic path.<sup>3</sup> In view of these statements, there is little support for the argument that China’s external strategy has undergone significant adjustment.

The declarations above are not mere propaganda. Looking at the speeches of Chinese leaders and official state documents, China’s assessment of its own stage of development and standing within the international environment has not fundamentally changed. For example, in the communiqué for the Fifth Plenary Session of the CCP’s 17<sup>th</sup> Central Committee, which was convened in October 2010, the Party once again reaffirmed that it will “continue to seize and take advantage of China’s important, strategic developmental period of opportunity and promote long-term, steady and relatively speedy economic development.”<sup>4</sup> In other words, China’s party and government have not altered their determinations regarding China’s place within the international environment or the state’s main tasks. The theme of the CCP’s statements suggests a continued emphasis on economic development and resolution of domestic issues, and that it is unreasonable to adopt a “tough” or even “arrogant” foreign policy.

If China’s external strategy has not undergone a top-down systemic adjustment, other factors must be at play. An alternative and more viable explanation is that some of the fluctuations in Chinese behavior originate from middle bureaucratic levels—which are dealing with specific issues—rather than from the top levels of policymaking. Any changes here are spontaneous and not fully coordinated or meticulously planned. In recent years, China’s diplomatic policymaking environment has become increasingly pluralistic. Looking at recent changes in Chinese foreign affairs policies through the lens of this pluralism has much greater explanatory ability than simple criticisms of China’s supposedly toughened stance.

The trend towards pluralism in China's foreign affairs policymaking environment is not just a recent phenomenon. For example, in the 1990s China started its implementation of a collective leadership system. Members of the highest policy-making level each have their own responsibilities and are relatively equal and independent, though significant matters are decided collectively. At the bureaucratic level, similar to other countries, departments of the government have differing views on policy. In recent years, the growing number of interest groups in China have also become a significant topic of discussion.

Among all the changes occurring, the most important is that public opinion has had a growing influence. Chinese policymakers are increasingly swayed by public views, and the media's voice on China's foreign affairs is becoming more pluralistic, even clamorous.

The Chinese Internet has more than 400 million "netizens"—the most in the world. More importantly, Chinese Internet users are extremely active in using blogs, message boards and commentary on online news to discuss issues. Eighty-eight percent of Chinese Internet users frequent blogs or write forum entries, whereas the number for the United States is less than 40 percent.<sup>5</sup> Compared with Internet users in developed countries, China's netizens are younger and pay more attention to international issues and foreign affairs policies. Issues involving the United States, Japan, India and Taiwan are always followed closely.

The market for reports on international relations and China's diplomacy by traditional media is also expanding rapidly. The two best-selling daily newspapers, *Reference News* and *The Global Times* are almost completely devoted to international affairs. The influence of these papers is increasing. Through continuous work with the relevant government departments, the space available for these papers' independent operations is becoming greater. For example, although *Global Times* is a subsidiary of the People's Daily Group, for the most part its daily reports are independent from those of *People's Daily*.

The concept of "people first," proposed and implemented by the government in recent years, has promoted the expression of popular will. The new generation of Chinese leaders has established the Party's legitimacy based on the achievements brought by their governance and the masses' level of satisfaction. While leaders in Western democracies pay especially close attention to public opinion in election years, Chinese leaders must pay careful attention to grassroots sentiments on a daily basis. Because social stability is a core concern of Chinese governance, the importance of public opinion is at least as great, if not greater, than it is in Western countries. The fact that China's highest leaders have held exchanges with common netizens in online chat rooms shows the importance they place on this channel for the direct expression of popular will. The media's establishment of special mechanisms for collecting online sentiments and the government's ability (at all levels) to handle crises and hotspot issues online are important reflections of this governance issue.

For instance, *The People's Net*, a website under the *People's Daily Group*, has a division for public opinion monitoring, and publishes a ranking of local governments' crisis management every quarter.<sup>6</sup> Thus, public opinion has become an extremely important factor in influencing the Chinese government's policymaking.

As in other countries, public opinion can form mainstream ideas and what it means to be politically correct. In all countries, patriotism is the predominant "correct" ideology. Because of the humiliations suffered by China in modern times at the hands of the West and Japan—especially the loss of Taiwan and other territory—events that touch on territorial sovereignty are particularly sensitive to the Chinese public. The persistence of unresolved territorial disputes further inflames public sentiment. The pressure from public opinion that the Chinese government must consider on these issues is consequently very great. Under this pressure from public opinion, or perhaps "imagined public opinion," government departments refuse to be seen as too soft when making policy decisions.

The development of the media has also provided a platform for varying voices. A little over a decade ago, foreign affairs were still a subject that could not be publicly discussed in China; today, a multitude of open discussions and views have blossomed. In order to attract readers, the media sometimes seeks out relatively extreme voices. At the same time, in the past several decades, contact with Western countries

has caused Chinese officials and scholars to realize that the West's pluralist politics, with its many divergent voices, is more flexible than China's political system. For example, in the United States' China policy, the executive branch often plays the "good guy," while the legislative branch plays the "critic"; the hardliners become the "bad cop," and moder-

ates play the "good cop." This realization, in addition to the development of the media, has given Chinese scholars more courage to express differing viewpoints. The government is also increasingly tolerant, even encouraging, of diverse perspectives. It is noteworthy that some government and high-level military officials have started to express their personal views in the media and have even written books on foreign strategy. When examining the content of this new wave of publications, it is important to remember that, in all countries, controversial or even extreme viewpoints are more marketable than moderate ones.

The overarching problem with the "arrogant" or "tough" narrative about China is that the basic unit for analysis is a monolithic nation, suggesting that it is a top-to-bottom unanimous entity. As China goes through rapid political, economic and social changes, it moves further away from this kind of monolithic state. Therefore, when trying to understand changes in Chinese foreign policy, there are several points worth bearing in mind. First, one must differentiate between the official voices of the Chinese government and those that are just "personal views." When Chinese scholars observe the West, they always engage in this process, and now Western scholars must do the same when looking at China. Second, outsiders should recog-

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*Chinese policymakers  
are increasingly swayed  
by public views.*

nize the pressures from public opinion that Chinese policymakers face. The power of the public is not unique to Western democracies. Finally, if one of the long-term goals of Western policy toward China has been promoting pluralism in Chinese politics and society, it is time to recognize that it has been achieved. The attitude of Western observers should not be what was referred to in ancient China as “a professed love for what one actually fears.”

### Mirror Images and Magnification

Beijing’s strained relations with Western and neighboring countries in the past year are not solely the product of changes on the Chinese side. China’s rapid development has given rise to anxiety, misgivings and insecurity in other capitals—Washington in particular. Under this line of thinking, it is possible to see why some countries have viewed China’s rise in a negative light. Much of what they see in China is a reflection of their own worries about global strategic rebalancing in an increasingly multi-polar world. It is as if their facial features have changed and the reflections they see in the mirror change accordingly. Similarly, as the United States’ view of its strategic role in the world changes, its view of China’s foreign policy will shift to keep step.

From January of 2010, when the Obama administration announced the sale of weapons to Taiwan, the effect of this mirror image can be seen. After the announcement, China protested and severed military exchanges between the two countries. This should not have come as a surprise to Washington. In fact, this was a fairly routine reaction to a large US arms sale to Taiwan, keeping with a pattern established in the early 1990s during the George H.W. Bush administration. The new countermeasure was threatening American companies that participated in the arms sale with economic sanctions—a threat that was never carried through. Additionally, China’s Foreign Ministry threatened that Sino-US cooperation on important global issues would be affected, yet soon after, China voted for UN measures regarding the sudden rise of Iran’s nuclear program. In other words, the countermeasures implemented by China all had precedents; the other threats were new, but not backed by action. None of this seems to suggest a dramatic realignment of Chinese foreign policy. Some scholars of Sino-US relations have acknowledged this point in private, but mainstream American opinion still holds that China’s reaction to this round of arms sales was particularly intense. In reality, the United States’ own strategic psychology played a greater role in this interpretation.

A similar effect can be seen in South China Sea issues. China’s supposed declaration that the South China Sea is a “core national interest” is one of the primary grounds for the theory that China is “getting tough.” Leaving aside for the moment that all related reports have been in the American and Japanese media, and neither the United States’ nor Chinese governments have officially acknowledged this point, such a declaration would not illustrate a change in China’s foreign policy. At a meeting of the Sino-US Strategic and Economic Dialogue in July of 2009, China’s State

Council member Dai Bingguo summarized China's core interests as "first, protecting the basic system and national security; second, national sovereignty and territorial integrity; third, the continued stable development of the economy and society."<sup>7</sup> In July 2010, responding to a question about what China's core interests include, Foreign Ministry spokesperson Qin Gang stated that, "China's core interests refers to national sovereignty, security, territorial integrity and developmental interests."<sup>8</sup> Under this definition, all of China's territory including that in the South China Sea, is part of China's core interest. Even if Chinese officials explicitly mentioned the South China Sea as a core interest, this does not indicate a change in policy. Moreover, some reports have stated that China's **Oceanic administration has strengthened** its law enforcement in the South China Sea region in the past two years, and that this is proof of a policy change. But the fishing conflicts between China and several other countries have existed for some time, and countries on all sides have arrested fishermen violating disputed borders. Thus, this behavior has been "normalized" into these countries interactions. China's recent enforcement of maritime rights is only a continuation of previous policies and does not represent a significant departure from past actions.

The Chinese navy's military exercises in the South China Sea have also been cited as proof of a tougher China. But military exercises are best understood and interpreted in the context of China's military modernization. As China's navy modernizes, exercises will inevitably expand and take place in various bodies of water, including in the South China Sea. China's focal point is the navy's need to conduct exercises, not where they take place; from an external viewpoint, the fact that they take place in the South China Sea is emphasized. Within American strategic psychology, there exists anxiety and a sense of urgency, and the overall feeling is that China has pushed aside US influence in Asia while the United States was preoccupied elsewhere. Thus, any action by China will be linked to these worries.

In addition to the "passive" changes in American strategic psychology, the Obama administration has also played an active role in promoting the idea of a tougher China. After coming to power, the Obama administration made clear its intentions to restore US presence in Asia. This involves strengthening American strategic guarantees to its Asian allies and displaying the United States' strategic importance in the region. The "much ado about nothing" scene regarding the South China Sea reached its peak when US Secretary of State Hillary Clinton raised the issue in Hanoi last July. By taking advantage of these countries' insecurities and misgivings regarding China's rise, the United States can show that it is needed in the region since it can play the role of balancing China's influence. Therefore, the United States has promoted—or at least capitalized on—theories of an increasingly intransigent China in hopes that it will facilitate the return of the US leadership role in Asia. Against this backdrop, it is easy to understand how other countries' analyses of China's actions in the past year have "made a mountain out of a molehill."



## Political Leadership is Essential

Because China's rise has caused a transformation in the global power structure, relations between China and the external world are now entering a very sensitive period. On the one hand, to help China continue its steady and peaceful rise, Chinese foreign policymakers need to be mindful of the external world's misgivings and anxieties about their country's increasing power; on the other hand, Western countries and those neighboring China need to adjust their ways of thinking to prevent their own misgivings from transforming into negative assessments of China's strategic intentions. Otherwise they will create a vicious cycle of negative relations and self-fulfilling prophecies. During this sensitive time, leadership in both China and its peer countries will be crucial.

As China's foreign policy becomes increasingly pluralistic, it creates new challenges for the country's leaders. One such challenge is how to accurately assess, guide and mold public opinion, maximizing its potential to make national policy more flexible and steady. But while public opinion should be a part of diplomatic policymaking in all countries, public understanding of foreign affairs is inevitably limited. Mass opinion is often controlled by nationalistic emotions and cannot cast off egocentric baggage. The rise of public opinion in China is a relatively new phenomenon, and the government is still learning how to accurately assess and respond to it. This comes with the problem of differentiating between the "loud minority" and the "silent majority." Instead of allowing a small but vocal minority to mislead policy, leaders need to guide the public's understanding of foreign relations. Also, amidst the increasing cacophony, China must learn how to maintain coordination and self-discipline among its mechanisms for foreign policy. Rules, whether in writing or not, must gradually be established for which people and institutions can "pluralize" and which cannot. More importantly, although all of society can freely express their views, on major issues a clear mainstream viewpoint must eventually emerge.

As for foreign leaders who fear China's rise and use this toward their own countries' objectives, they should take the long view. Looking at China's population, territory and current economic level, there is still much room for the country to grow. Its power and resources within international politics will continue to increase, and external forces cannot stop this trend. Thus it is not wise for other countries to fruitlessly obstruct China's growth, nor to position themselves as its enemies. Accepting China's rise, molding its strategic direction and finding a beneficial location for one's country in the new global order are better uses of resources and political capital. Blindly criticizing China as "tough" or "arrogant" and labeling its rise as an offensive charge on neighboring countries and the international system will not contain it, but could create conditions for a new kind of cold war. This clearly is not in anyone's interest. ☞

## Notes

- <sup>1</sup> Western media uses the words "assertive" or "overconfident" regarding China's recent foreign policy behaviors more frequently, but sometimes adjectives like "arrogant" are used as well. For instance, an article in *Time* magazine criticized China's foreign policy as "assertive and even arrogant." (Hannah Beech, "Fierce and Friendly: China's Two Diplomatic Faces," *Time*, Jan.18, 2011). Professor David Shambaugh of George Washington University was quoted in the *Financial Times*, as saying, "Chinese diplomacy becomes very truculent, sometimes strident, sometimes arrogant, always difficult." (David Pilling, "China will not be the world's deputy sheriff," *Financial Times*, Jan. 27, 2010). In a cable from the U.S. embassy in Beijing that was "wikileaked," the embassy reported that many diplomats have criticized China's recent diplomacy. A British diplomat said that the behavior of Chinese officials at the Copenhagen climate change summit was "shocking," and so rude and arrogant that the UK and French complained formally. (Ewen MacAskill, "WikiLeaks cables: 'Aggressive' China losing friends around the world," *Guardian*, December 4, 2010).
- <sup>2</sup> Qian Tong, "Hu Jintao, Increase the level of diplomacy to Enhance China's Influence and Affinity," (胡锦涛: 提高外交水平增强我国影响力亲和力) *Xinhua Online*, July 20, 2009, <<http://news.163.com/09/0720/21/5EMRI1EI000120GU.html>>.
- <sup>3</sup> "Premier Wen expounds 'real China' at UN debate," *Xinhua*, Sept. 23, 2010, <[http://news.xinhuanet.com/english2010/china/2010-09/24/c\\_13526690\\_3.htm](http://news.xinhuanet.com/english2010/china/2010-09/24/c_13526690_3.htm)>.
- <sup>4</sup> Xinhua News Agency was authorized to publish, "News Release of fifth plenary session of the 17th Central Committee of the CPC," [中国共产党第十七届中央委员会第五次全体会议公报] Oct. 18, 2010, <[http://news.xinhuanet.com/politics/2010-10/18/c\\_12673082.htm](http://news.xinhuanet.com/politics/2010-10/18/c_12673082.htm)>.
- <sup>5</sup> TNS corporation, "Global 'Digital Life' research project reveals major changes in online behaviour," <http://discoverdigitallife.com/global-digital-life-research-project-reveals-major-changes-in-online-behaviour/>
- <sup>6</sup> See the YuQing Page on YQ.People.com.cn, <<http://yq.people.com.cn>>.
- <sup>7</sup> Li Jing, Wu Qingcai, "First Round Economic Dialogue between China and US, All Topics have been Discussed beside Moon," (首轮中美经济对话: 除上月球外主要问题均已谈及), China News Agency, July 28, 2009.
- <sup>8</sup> Foreign Ministry Spokesperson Qin Gang's Regular Press Conference on July 13, 2010, <<http://www.fmprc.gov.cn/eng/xwfw/s2510/2511/t716745.htm>>.

# Navigating Stormy Waters

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## **The Sino-American Security Dilemma at Sea**

Yang Yi

**T**he past year was a turbulent time in Sino-US relations. During 2010, the United States finalized an arms sale to Taiwan, inserted itself into China's territorial disputes and tried to sow seeds of doubt among other countries about China's intent. Amidst the multiple points of contention, for China, the most troubling development was the United States' determination to hold military exercises in the Yellow Sea. While the US decision was ostensibly made in the name of improving security, its effect has been the opposite. By ignoring the interests of other countries, the United States has corroded regional stability and poured oil on the flames of Sino-US relations, which were already in a dissonant state.

Following the sinking of the South Korean *Cheonan* warship in March of last year, the United States has held joint military exercises with both South Korea and Japan. One such exercise taking place in the Yellow Sea, a location provocatively close to China's territory, was announced in July of 2010, but was delayed in late October ahead of the G20 summit in Seoul. The United States and South Korea claimed that the joint exercises (finally held in late November) were a response to North Korea's actions and were meant to discourage future incidents similar to the sinking of the *Cheonan* and the shelling of Yeonpyeong Island. But both the United States and South Korea had other objectives in mind. South Korea thought that by relying on

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**China Security, Vol. 6 No. 3, pp. 43-50**  
**2010 World Security Institute**

the United States' formidable military strength it could apply pressure towards the North. The United States, on the other hand, used the opportunity to express its dissatisfaction with North Korea while simultaneously sending a message to other countries in the region that its military superiority in Asia is unchanged.

The United States' behavior following the sinking of the Cheonan (the initial justification for the military exercises) also raises doubts about Washington's broader strategic intentions. Regardless of who or what was responsible for the incident, the United States has been the greatest beneficiary. In the aftermath, Washington has strengthened ties with South Korea and Japan, while causing diplomatic difficulties for China. In Japan, the incident has reaffirmed the utility of US bases and has prevented the continued divergence of American and Japanese policy that began after Prime Minister Hatoyama took office in 2009. Meanwhile, South Korea, in its state of panic, once again sees its security as inseparable from US protection. In response, the turnover of wartime command (OPCON)

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*Peaceful cooperation depends on the United States not exaggerating China's military strength.*

back to South Korea, originally scheduled for 2012, has been postponed until 2015.<sup>1</sup> Furthermore, by hastily assigning blame for the sinking to North Korea, the United States placed China in a diplomatic paradox: if it endorsed Washington's position, condemning or even placing sanctions on North Korea, then it would wreck stability on the Korean Peninsula; on the other hand, if China took a different stance, then it would be seen as an irresponsible power that does not uphold principles or carry out its international responsibilities.

The result of the US rhetoric has been exactly what China has tried to avoid—a “zero-sum” security dilemma in its relations with America. Whether policymakers in Washington realize it or not, the current climate of mistrust is bad for everyone. When it comes to maintaining stability, peace and prosperity in the Northeast Asia region, the common interests of the United States and China are greater than their differences, and potential exists for expanded cooperation. China, for its part, can contribute to better relations by persisting in its peaceful development and defensive military strategy while not pursuing regional military hegemony. But the crux of peaceful cooperation lies in the correct US response to the development of China's military strength—not exaggerating China's military challenge to America and not treating it as an enemy.

### **Islands in the Storm**

The tension within Sino-US relations in 2010 and the stance taken by the United States on the South China Sea have intertwined with the US military maneuvers in the Yellow Sea to intensify China's apprehensions concerning the United States' strategic intentions. At present, Sino-US relations are strained and not conducive to strategic communication or increasing trust. If a problem occurred when bilateral relations were relatively friendly, the dispute could be resolved by better communi-

cation. But given the present circumstances, US actions are perceived as a strategy to contain China. Some more radical Chinese scholars have already pointed out a “C-shaped ring of encirclement,” while others argue that the United States is organizing an “Asian version of NATO” directed at China. These views are irrational and incomplete, but it is undeniable that the market for such ideas is growing among the Chinese public and recent actions taken by the United States have added fuel to the fire.

American policy in the South China Sea has further aggravated Chinese fears of encirclement. US Secretary of State Hillary Clinton’s July 2010 declaration that the United States would be willing to insert itself into China and Vietnam’s dispute over the Spratly Islands implied that China is relying on military force to impose its will in the region, thus the United States is needed to come in and uphold justice. In reality, China’s disputes with other countries are all within a controllable scope and China has never used military force to take advantage of small countries, blocked sea lines of communication (SLOCs) or hindered the right to freedom of navigation. US suggestions to the contrary are merely meant to sow discord between China and ASEAN countries in an attempt to shift regional sentiment in Washington’s favor. China’s stance on the South China Sea issue has always been that islands and reefs within its maritime jurisdiction are Chinese territory, and the areas surrounding and extending out 12, 200 and 350 nautical miles are, respectively, China’s territorial sea, Exclusive Economic Zone (EEZ) and continental shelf, within which China should enjoy the relevant rights and privileges. These are long-standing and consistent positions in China’s policy and diplomacy and do not portray an aggressive stance toward its neighbors’ interests.

Even though there are disputes between China and other countries regarding the jurisdiction of various islands and reefs, Beijing has always called for resolving them through diplomatic negotiations, not reliance on military superiority, intimidation or threats. Following the extensive growth of China’s influence and power in Asia, the apprehension and doubts of neighboring countries toward China have not increased but rather decreased. In 2002, China signed the Declaration on the Conduct of Parties in the South China Sea and is currently working with ASEAN members to conclude a more legally binding version.<sup>2</sup> When disputes have arisen, such as the detainment of Chinese fishermen and their boats, China has responded through diplomatic channels rather than the display of military force. Whether the development of one country’s military strength gives rise to the worries and doubts of others cannot be determined only by capabilities, as the strategic choices on how that strength will be used are more important. If the discussion is based solely on military might, then is the United States the world’s greatest security threat?

The improvement in relations between China and neighboring countries in recent years is mainly due to the “peaceful neighbor, safe neighbor, rich neighbor” policy it pursues, which has helped to form a regional community with common interests. The United States’ lofty-sounding entrance into South China Sea affairs is unnecessary

and has not been widely welcomed by other countries. Its so-called “management of justice” may force countries caught between the Sino-US “sandwich” to choose sides. This is a situation that Southeast Asian countries most likely want to avoid.

### **Aircraft Carriers and Their Historical Baggage**

The participation of a US aircraft carrier in the Yellow Sea exercises was one of the main agitating factors in the groundswell of Chinese anger. As a former admiral in the navy, I have a unique sense of the weight of this issue. While serving as the naval attaché at the Chinese embassy in the United States, I had several opportunities to visit and accompany aircraft carriers at sea, including two days and two nights aboard the USS *George Washington*. Their technological advancement, battle capabilities and professional crew all left deep impressions. I have been looking forward to my country's possession of an aircraft carrier at an early date. This is the dream of the Chinese people, and even more, the dream of the Chinese navy.

Aircraft carriers are a symbol of American pride, strength and resolve. Yet most Americans do not understand what a US carrier means to the Chinese people, who have painful recollections of US naval power. In the early 1950s, following the eruption of the Korean War, the American Seventh Fleet, including a carrier, entered the Taiwan Strait, obstructing the reunification of China and causing it to remain divided to this day. Additionally, during the Taiwan Strait crisis in 1996, the United States dispatched two carriers to the region in a show of force. These events are difficult for the Chinese people to forget. Indeed, Chinese popular support for the PLA navy building an aircraft carrier is in part driven by the desire to check US ability to deploy naval forces near China.

The August 2010 announcement by the US Department of Defense that the aircraft carrier USS *George Washington* would be sent to the Yellow Sea to take part in military exercises evoked an intense reaction from the Chinese public. The United States ignored the Chinese government's stern remonstrations and the concerns of the Chinese people. While the Chinese government was firm and cool-headed in reaffirming its stance, its citizens, particularly young people, used different methods to express their intense dissatisfaction. Some netizens even recommended the use of anti-ship ballistic missiles (ASBMs) to sink the USS *George Washington*. These ideas do not represent mainstream Chinese opinion, but they do reflect the intense feelings that force the government to treat the issue seriously. If Chinese leaders are unable to display a principled stance on issues of national security, they will appear weak and will lose public support.

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*The Chinese government must respond to public sentiment, which may impact US interests.*

In this situation, the US maneuvers in the Yellow Sea are not beneficial for Sino-US relations. First, the dispatch of large scale battle platforms, including a carrier, to China's doorstep flaunts US strength and does not conform to the consensus reached between the two countries' heads of state to construct “positive, constructive and

comprehensive relations.” Second, this behavior damages perceptions of America in China and consequently obstructs US economic interests. As already described, the Chinese government must respond to public sentiment, and this scenario can only induce it to make decisions contrary to American goals. If the United States hopes to reap the benefits of a relationship with China and its tremendous development potential, it should work harder to cultivate a positive image.

### **Adjusting to a Multipolar World**

Under normal conditions, joint military exercises by two allied countries are bilateral arrangements that do not incur reproach from other countries. However, following the *Cheonan* Incident and the November shelling of Yeonpyeong Island, the military exercises have aggravated tension on the Korean Peninsula to the detriment of regional stability. The United States and South Korea want to deter the North, but if done poorly, they may actually push the situation to the brink of armed conflict. This lesson should have been learned following the North Korean reaction to US-South Korean military exercises in July 2009; in response, North Korea publicly threatened the use of nuclear weapons.

The exercises also unnecessarily provoke China. If China were to hold military exercises near Florida or Hawaii, would the United States feel this is a friendly posture? Times have changed and the contrast in strategic strengths has also shifted. If the United States continues to be enamored with Cold War style thinking and blind faith in military strength, it will only lead to greater strategic setbacks.

The harsh reality of modern international politics is that when the United States is determined to do something, it will proceed regardless of opposition from other countries. This attitude was most prominently displayed in the US push for war in Iraq, which it rashly continued without UN authorization or the support of its allies, and with disregard to the passionate opposition of the majority of the world's people. Despite the heavy burden it suffered in the subsequent occupation, the United States has not fundamentally changed its behavior. Americans should kindly be reminded that history's lessons deserve attention, and they should not forget the pain before the wound has even had time to heal.

Changes in the US approach to the outside world will hinge on how Americans perceive their role in an increasingly multipolar international system. As George Soros pointed out during a lecture in Hungary in October of 2009, “for the sake of a peaceful world... the United States should find its proper place in a new world order. A declining superpower losing both political and economic dominance but still preserving military supremacy is a dangerous mix.”<sup>3</sup> The United States' political and economic ability to promote global hegemony have been damaged, thus military power is the lone remaining aspect in which American power outshines other countries. But if the United States relies on its military superiority to maintain its dominance, the results will inevitably be dangerous for the world and America itself.

The tensions in the Sino-US relationship over the last year also point to the classic conditions of a “security dilemma”: as one sides seeks to increase its security, it decreases the sense of security in the competitor state.<sup>4</sup> This not only poisons the cooperative atmosphere between the two countries but is also detrimental to regional peace, security and prosperity. Many of today’s major global problems and challenges necessitate Sino-US cooperation. Therefore, it is urgent that great efforts be made to analyze and explain the misunderstandings between the two powers, particularly in the maritime realm.

To escape the spiral of reactions to imagined threats, both countries must adopt a flexible and tolerant mindset. The first issue is the United States’ strategic orientation. Washington should abandon its Cold War thinking and traditional conceptions of maritime rights—particularly its determination to conduct uninvited military operations in the Exclusive Economic Zones (EEZs) of other countries. The USNS *Impeccable*’s reconnaissance operation in China’s EEZ in 2009 nearly caused a major crisis in Sino-US relations.<sup>5</sup> Second, the United States should not view the development of China’s military strength, particularly its navy, as an inevitable challenge or threat. China’s military capacity, including its maritime role in the Pacific, will inevitably grow in step with its economic development. No island chain can lock it up and no encirclement, whether by one country or a group of them, will be able to prevent its defense of national interests or contributions to world and regional peace, security and prosperity. A multilateral security outlook involving less “zero-sum” thinking and more cooperative responses to security challenges will help to create the stable and healthy development of Sino-US relations.

If both sides are willing to strengthen collaboration and avoid lose-lose situations, there exists a large space for partnership between the US and Chinese navies, especially regarding cooperation in non-traditional security realms. This would not only contribute to regional and world peace, but also enhance bilateral trust, dispel misunderstandings and prevent strategic errors in judgment. As long as they work together, China and the United States can defy the realist assumption of “zero-sum” politics and instead play a cooperative role in constructing a harmonious world. 🌐



## Notes

- <sup>1</sup> “China, Asean Gear up for Spratlys Code of Conduct Meet,” GMANews.tv, Jan. 23, 2011.
- <sup>2</sup> “US, S. Korea delay OPCON transfer until 2015,” *Stars and Stripes*, June 27, 2010, <<http://www.stripes.com/news/pacific/korea/u-s-s-korea-delay-opcon-transfer-until-2015-1.108947>>.
- <sup>3</sup> “Soros: The Way Forward,” *The Financial Times*, Oct. 30, 2009, <<http://www.ft.com/cms/s/2/2ee0b622-bfeb-11de-aed2-00144feab49a.html>>.
- <sup>4</sup> The term “security dilemma” was coined by German scholar John H. Herz in his 1951 book *Political Realism and Political Idealism*.
- <sup>5</sup> It should be noted that the collision of a fishing vessel with the US ship was not an action controlled by China’s government, but instead an independent action taken by Chinese fisherman primarily because of the deaths of fish due to the *Impeccable*’s strong sonar pulses.

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# China's Indigenous Innovation

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## *Origins, Components and Ramifications*

Robert D. O'Brien

The Chinese economic success story is an oft-told tale of rags to riches. With Chairman Mao's death in 1976 and Deng Xiaoping's ascension to power in 1978 came a sweeping wave of economic reforms that set the People's Republic of China (PRC) on a course toward modernization. More than 30 years after the initiation of this grand experiment, China now features the world's second largest economy and is a rising power in the theatres of international politics and security.<sup>1</sup> Following in the footsteps of Japan and the Four Asian Tigers, China has relied heavily on exports to climb from a state of impoverishment into its current economic position. In the process, it has shed, in practice if not nominally, its communist ideology, choosing instead to rely on a combination of economic growth and nationalism to secure its foundation of political legitimacy.

Although 30 years of reform and opening have served China well, its leaders are now looking to begin a new chapter in the history of Chinese development. Under the auspices of the "indigenous innovation" (*zizhu chuangxin*) program, the PRC has set out to attain increased levels of development and prosperity by transforming "the world's factory"<sup>2</sup> into a bona fide knowledge economy.<sup>3</sup>

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China Security, Vol. 6 No. 3, pp. 51-65  
2010 World Security Institute

Indigenous innovation, a series of investment and industrial policies designed to enhance the role of innovation in the PRC's economic growth, was first introduced in the 2006 Medium-to-Long Term Science and Technology Development Plan and has repeatedly been referenced by prominent Chinese leaders as a key to future economic success. Despite this fact, it did not attract widespread attention in the Western world until 2009, when a series of PRC industrial policies roiled the foreign business community. In 2010, US officials began to address indigenous innovation, introducing it to the Sino-American relationship at the state-to-state level. And in 2011, the slow rate of America's economic recovery coupled with the onset of new bilateral trade disputes will draw an increasing amount of attention to the program, amplifying its effect on bilateral ties. Though the full impact of indigenous innovation on US-China relations will not be evident for years to come, the manner in which current conflicts over Chinese clean energy subsidies are handled will provide significant insight into how it is likely to affect the relationship moving forward.

### **The Origins of Indigenous Innovation**

The formulation of indigenous innovation was inspired by many different considerations, with the structure of the domestic economy serving as the primary determinant and national security concerns playing a secondary, though still salient, role.

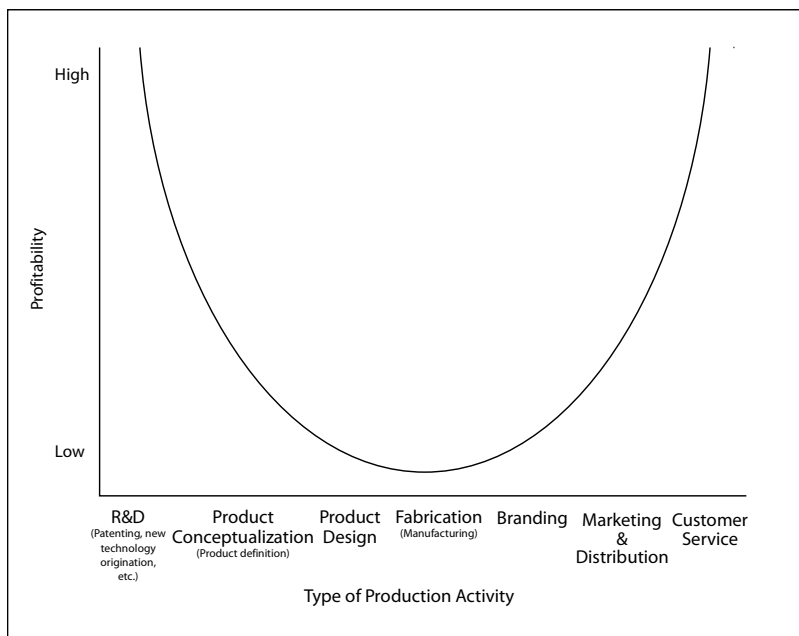
Thirty-two years after installing its current economic development model, the PRC is both the world's largest exporter and a burgeoning economic power.<sup>5</sup> Exports have served China well and will continue to play an important role in the Chinese economy in the future. PRC leaders, however, have several reasons to believe that they cannot continue to rely heavily on the types of exports they currently produce to power high rates of economic growth. While the limited economic benefit of China's role in the global production process inhibits its ability to attain new gradations of wealth, the likely future erosion of its comparative advantage in the cost of labor will open the door for other developing nations to capture a larger share of the manufacturing sector. The confluence of these factors renders a continued dependence on low-cost exports untenable, necessitating the formulation of alternative drivers of development.

Although China has benefited greatly from exports since the advent of reform and opening, its role in the global production process limits its ability to upgrade its economy. One conceptualization of China's role in global manufacturing is the "smile curve," a large "U" plotted on an "x" (type of production activity), "y" (profitability) axis.<sup>6</sup> Among other things, the curve shows that the most profitable steps of the production process occur at each end of the "U"—research and development (R&D) at the beginning, and customer service at the end. The nadir of profitability is the manufacturing process. As MIT Professor Edward Steinfeld notes in *Playing Our Game: Why China's Rise Doesn't Threaten the West*, China's production activities lie almost exclusively in this realm.<sup>7</sup> One concrete example of this fact can be found in a 2007 study diagramming the value captured at each stage in the production of an iPod. For an iPod worth \$150, only about \$4 of its value is added in China, where

it is assembled. Conversely, the vast majority of its value is captured by the United States, home to Apple, which designs and provides the post-sale customer service for the product.<sup>8</sup> As both the smile curve and the iPod study demonstrate, China has attained global preeminence in the realm of production that yields the least monetary benefit. While this strategy has helped catapult the PRC from impoverishment to its current state of relative wealth, it is not one that will ensure future advancement in levels of development.

Even if China wished to continue relying heavily on cheap exports to drive economic growth, several factors, most notably rising wages, threaten to wipe away the PRC's comparative advantage in production costs. Academic studies of migrant labor incomes show that wages are rising<sup>9</sup> and one major bank CEO is projecting further increases of 30 percent in the next three years.<sup>10</sup> This trend is likely to continue in the future as demographic changes within China exert even more upward pressure on wages. With the Chinese population structure aging, fewer laborers are entering the market and fewer young people are migrating from the countryside to the cities.<sup>11</sup> According to a recent Chinese Academy of Social Sciences (CASS) study, this phenomenon is likely to reach its crescendo in 2017, when China's working-age population will actually begin to shrink.<sup>12</sup> As wages in the PRC rise, the country's long-held comparative advantage in the cost of labor will be jeopardized. Though the age of Chinese hegemony in the manufacturing realm has not yet concluded, it is far from certain that it will extend far into the future. Just as manufacturing shifted from Taiwan, Korea, Singapore and Hong Kong to the PRC in the 1980s and 1990s, it could very well move from China to other developing countries, principally those in Southeast Asia, in the years to come.

### Stan Shih's Smile Curve.<sup>13</sup>



Although indigenous innovation was inspired primarily by economic concerns, national security was also a factor. As part of the 2006 Medium-to-Long Term Science and Technology Development Plan, Chinese leaders called for a decrease in the country's reliance on foreign technology to below 30 percent.<sup>14</sup> By inspiring the production of advanced technology domestically, the PRC can ensure supply chain security and thereby increase their faith in the reliability of their utilities infrastructure, defense systems and information technology. These national security considerations, though not the primary driver behind indigenous innovation, added further impetus to the program's promulgation.

The Chinese Communist Party relies principally on economic growth to maintain political stability. Indigenous innovation offers the promise of new modes of development that will diversify the source of GDP expansion and thereby mitigate the risks posed by relying too heavily on exports. This fact, coupled with the national security benefits that would accompany the domestic production of high-level technology, made it a natural choice for inclusion in the Medium-to-Long Term Science and Technology Development Plan. Though indigenous innovation is not a panacea for all of China's economic woes, its objectives, if achieved, would significantly enhance the country's chances of ensuring future development.

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*Indigenous innovation will help mitigate risks from export reliance.*

### **The Components of Indigenous Innovation**

The basic blueprint for indigenous innovation can be found in the aforementioned 2006 Medium-to-Long Term Science and Technology Development Plan. The Plan identifies innovative capacity as an elementary weakness in the Chinese economy and calls for the transformation of the PRC into an "innovative country" (*chuangxing guojia*) by 2020.<sup>15</sup> With this goal in mind, a broad and complex set of policies have been enacted to ensure the program's ultimate success. Among them are new macroeconomic investment and industrial policies.

One basic but significant step China has taken to implement indigenous innovation is the increase in funds the government has devoted to R&D. In the Medium-to-Long Term Science and Technology Development Plan, China called for R&D expenditures on a scale equal to 2.5 percent of GDP by 2020.<sup>16</sup> Although the PRC has not yet achieved this goal, it has steadily increased its commitment to R&D, elevating funding by 54 percent in the two years immediately following the Plan's release.<sup>17</sup>

Increases in R&D spending will undoubtedly serve as a positive force in the development of China's innovative capacity, but the PRC is not relying strictly on these actions to promote economic reform. Rather, the government has also enacted a series of industrial policies designed to provide its domestic enterprises with strategic advantages that will inspire future growth and development. These industrial policies constitute the core of what has commonly come to be known as "indigenous innovation."

Though the tenor of the indigenous innovation policies is new, Chinese governmental efforts to provide domestic enterprises with advantages are not without precedence. The “national champions” policy, an attempt to transform some of China’s best state-owned enterprises (SOEs) into successful multinational corporations, has long offered select SOEs tax breaks, cheap land, low-interest funding from state-owned banks and government aid in securing contracts abroad.<sup>18</sup> A series of technical standards policies, exemplified by the creation of WAPI as an alternative to Wi-Fi, have supported the development of domestic information and communication technology firms by forcing foreign enterprises to either complete costly overhauls of their technology to enter the Chinese market or abandon the market entirely.<sup>19</sup> And the Chinese government’s intellectual property (IPR) protection regime, which includes “utility patents”<sup>20</sup> and features local government interference in court rulings, often favors domestic economic interests at the expense of foreign enterprise.<sup>21</sup>

Despite this history of government actions designed to favor domestic firms, the indigenous innovation policies represent a broader and more systematic effort to provide Chinese producers with strategic advantages.<sup>22</sup> The centerpiece of this effort is the creation of a system in which goods meeting a certain set of criteria are accredited as “indigenous innovation products” and subsequently given preference in government procurement.<sup>23</sup> The logic guiding the implementation of this system is that by guaranteeing these products a market, the companies that produce them will increase their profits, re-investing their earnings in a new wave of innovative goods.

The evaluative criteria initially used to judge whether a product met the necessary standards for accreditation were established in the December 2006 “Notification Regarding the Trial Measures for the Administration of the Accreditation of National Indigenous Innovation Products.”<sup>24</sup> In order to be certified as an “indigenous innovation product,” the good in question needed to meet all of the following requirements: be produced by an enterprise with full ownership of the intellectual property in China; have a trademark that is owned by a Chinese company and is registered in the PRC; feature a “high degree” of innovation; and be of dependable quality.<sup>25</sup>

Once a product is granted indigenous innovation status, it is eligible for numerous forms of preferential treatment in government procurement. According to the “Selected Supporting Policies for the 2006-2020 Medium and Long-Term Science and Technology Development Plan,” released in 2006, government procurement decision-makers should favor indigenous innovation products if their price is lower than or equal to that of their competitors. These decision-makers are also directed to give indigenous innovation goods an unspecified preferential price margin if their bid exceeds that of their competitors.<sup>26</sup> In 2007, the “Evaluation Measures of Indigenous Innovation Products for Government Procurement” quantified the advantage granted to indigenous innovation products, stating that they should be given a price break of five to ten percent in situations where cost is the sole determining factor in the purchasing decision. The “Evaluation Measures” also included several other forms of preferential treatment that indigenous innovation products are eligible for

if they complete any one of an additional series of government-administered evaluations.<sup>27</sup> More recent official announcements, such as the January 2010 “Notification Regarding the Draft Implementation Regulations for Government Procurement Law,” have broadly reiterated these guarantees.<sup>28</sup>

### **The Global Financial Crisis: Strengthening the Push for Indigenous Innovation**

Although the framework of the indigenous innovation program was largely constructed in 2006-2007, the Chinese authorities did not begin a concerted effort to implement the policies until 2009. Speculation over what determined the implementation timelines persists, but a careful analysis of the context in which these decisions were made yields insight into why 2009 would be an opportune time to push forward with the plan's enactment. While within China the global financial crisis had exposed the dangers of an overreliance on exports and the financial sector meltdown had dashed any thoughts of utilizing financial liberalization as a primary driver of growth, internationally, China's perception of a Western decline emboldened its leaders in their approach to both diplomacy and relations with foreign businesses. The confluence of these factors made 2009 a natural year to ramp up the indigenous innovation implementation effort.

The dangers of relying too heavily on exports for economic growth were made manifest to China as the developed world recoiled in the face of bankruptcies, bailouts and mass layoffs, and consumption levels in the major economies decreased significantly.<sup>29</sup> With its primary export markets drying up, China's year-on-year exports plummeted from a positive of 26 points in July 2008 to a negative of 27 points in February 2009, bringing GDP growth to a near halt.<sup>30</sup> As a result of this swing, the manufacturing sector collapsed, leaving 20-25 million migrant laborers unemployed.<sup>31</sup> These mass layoffs coupled with the inability of a high percentage of recent college graduates to obtain suitable work led to the worst job crisis in the PRC since reform and opening.<sup>32</sup> Though China was able to utilize government stimulus to bounce back from the downturn quickly, this experience further underscored the need deemphasize the role of exports and elevate the role of indigenous innovation in the PRC's development model.

In addition to exposing the dangers of relying on exports for GDP expansion, the financial crisis discredited financial liberalization as an alternative driver of development. Prior to the crisis, many Western officials had encouraged the Chinese government to achieve new levels of growth through the liberalization of their financial markets. Among the primary proponents of this approach was former Treasury Secretary Henry Paulson, who repeatedly called on the Chinese to adopt the American financial model.<sup>33</sup> As he stated in October 2007: “An open, competitive, and liberalized financial market can effectively allocate scarce resources in a manner that promotes stability and prosperity far better than government intervention.”<sup>34</sup> Eighteen months later, *Bloomberg News* noted: “That advice now rings hollow



in China as Paulson plans a \$700 billion rescue for US financial institutions and the Securities and Exchange Commission bans short sales of insurers, banks and securities firms.”<sup>35</sup> Though the book is not entirely closed on financial liberalization in the PRC, the crisis of 2008 left many of the country’s chief officials and economists skeptical of the idea, discrediting finance as an alternative to export reliance in driving future economic growth.<sup>36</sup>

More broadly, the financial crisis emboldened the Chinese leadership in both its diplomacy and interactions with foreign businesses. China’s new assertiveness in the realm of foreign affairs is perhaps best exemplified by President Hu Jintao’s November 2009 amendment of Deng Xiaoping’s “*taoguang yanghui*” foreign policy guideline. According to Bonnie Glaser of the Center for Strategic and International Studies, Hu changed the aphorism, which originally read “keep a low profile and bide one’s time while getting something accomplished” by inserting the word “actively” (*jiji*) between “while” and “getting.”<sup>37</sup> In doing so, he set a new precedent by amending what many viewed as an untouchable “Dengism” and doing so in a way that asserted China’s new, more confident approach to international relations.

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*The 2008 crisis left many officials and economists skeptical of liberalization.*

Far from being simply a diplomatic posture, this new approach has also been prominent in the business world. Numerous executives, including General Electric’s Jeffrey Immelt, have decried changes in the way the PRC government deals with foreign enterprises.<sup>38</sup> During a speech in July 2010, Immelt stated that “I really worry about China. I am not sure that in the end they want any of us to win, or any of us to be successful.”<sup>39</sup> Though Immelt would later revise this pronouncement, his words were representative of the way many business executives were feeling in the wake of the PRC’s new stance on relations with foreign enterprises.<sup>40</sup>

Born out of a desire to ensure long-term economic growth and national security, indigenous innovation was lent additional credence by the global financial crisis. With the dangers of China’s reliance on exports exposed, financial liberalization discredited as an alternative driver of growth, and the Chinese government increasingly confident in its ability to exert its will, 2009 provided a strategic opportunity to advance the enactment of the indigenous innovation program.

### **Indigenous Innovation Enters the Realm of Sino-American Relations**

In 2009 indigenous innovation went from a fairly obscure issue to one at the top of many American businesses’ list of concerns. Already irritated by the “buy China” mandate attached to the PRC’s stimulus package,<sup>41</sup> the angst of American enterprises reached new levels when, in November 2009, China’s Ministry of Science and Technology announced that a national-level indigenous innovation product catalogue was in the works. Indigenous innovation product catalogues, which had previously been published by provinces and municipalities, featured a list of goods meeting the afore-

mentioned accreditation criteria.<sup>42</sup> Armed with these catalogues and instructions to give preference to indigenous innovation products in government procurement, governments at various levels were able to forego an open bidding process in favor of selecting local producers.<sup>43</sup> The production of a national-level catalogue would even further legitimize this mode of operation.

Throughout early 2010, major Western media outlets reported on the private sector's frustration with Chinese protectionism, but the extent to which American businesses were being affected remained a mystery.<sup>44</sup> This changed in late March, when the American Chamber of Commerce in the PRC (AmCham-China) released the first systematic examination of how US businesses view the threat posed by the indigenous innovation program. In its survey of 203 companies, AmCham-China found that 28 percent were already losing business due to the policies and 43 percent believed that indigenous innovation would negatively impact them in the future. Among high-tech and IT companies, these figures jumped to 37 percent and 57 percent, respectively.<sup>45</sup> Although the Chinese authorities later amended the two indigenous innovation product accreditation criteria—the intellectual property and trademark registration requirements—that most worried foreign business interests, a latent sense of concern regarding the overall push of the program remained intact.<sup>46</sup>

American business' frustration with indigenous innovation led US officials to begin addressing the issue at a bilateral diplomatic level halfway through 2010. In the run up to the May 24-25<sup>th</sup> Strategic and Economic Dialogue, US Treasury Secretary Timothy Geithner, Commerce Secretary Gary Locke, and Deputy Secretary of State James Steinberg all commented on the program, calling on the Chinese government to change the policy.<sup>47</sup> In recent months, US government protests have taken on a new form, that of requests for WTO consultations with the Chinese regarding one major pillar of indigenous innovation—clean energy technology.

### **Indigenous Innovation, Clean Energy and Sino-American Relations**

With China's energy demand soaring and the international community calling for cuts in its emission of greenhouse gases, the production and use of clean energy offers PRC leaders a way to sustain growth while diminishing its deleterious impact on the environment. As a result, clean energy technology is one of several strategic areas targeted for development by the architects of indigenous innovation.<sup>48</sup> In 2009, Chinese investment in clean energy was nearly double that of its closest competitor (the United States) and the PRC is now second only to the United States in renewable energy capacity.<sup>49</sup> These facts have led many, including well-known New York Times columnist Thomas Friedman and American Council on Renewable Energy President Michael Eckhart, to proclaim that the United States is losing the race for clean energy supremacy.<sup>50</sup>

Among the types of clean energy in which China has made the most progress is wind power. In the last five years alone, Chinese wind turbine producers have gone from a negligible force to owner of 85 percent of the domestic market and almost half of the global market.<sup>51</sup> Today, the PRC is in a position of global preeminence when it comes to both wind turbine production and installed capacity for wind power.<sup>52</sup> Yet, behind this success lay the types of Chinese government policies that have led foreign businesses to label indigenous innovation a high-level protectionist ploy. The most noteworthy of these policies was released in July of 2005, when the National Development and Reform Commission (NDRC) announced that state-owned wind farms had to buy turbines composed of at least 70 percent domestic content.<sup>53</sup> Rather than exit the market, numerous major turbine producers, including Spanish giant Gamesa, chose to teach local suppliers how to produce various components of the turbines, saving the final assembly of all the pieces for themselves. As the local suppliers began to evolve—consolidate, master the art of various parts, and sell to Gamesa's competitors—Gamesa and other foreign producers began to lose control of their supply chain and, subsequently, their hold on the wind turbine market.<sup>54</sup> In 2005, Gamesa produced 33 percent of the wind turbines purchased in China. Today they produce only three percent.<sup>55</sup> By the time the NDRC eliminated the domestic content rule in December 2009, Chinese wind turbine producers had become a formidable force both at home and abroad.<sup>56</sup>

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*Knowingly or not,  
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innovation writ-large.*

Inspired in part by the above developments, America's United Steelworkers Union filed a petition in September 2010 accusing China of violating the World Trade Organization's free-trade rules by illegally subsidizing exports of clean energy equipment. On October 15, US Trade Representative Ron Kirk announced that he had begun an official investigation into the accusations.<sup>57</sup> Two months later, on December 22, the United States requested consultations with China under the WTO framework.<sup>58</sup> If no agreement is reached, American officials could call for the establishment of a WTO panel to resolve the dispute, possibly by enacting sanctions.<sup>59</sup>

Although this dispute is technically limited to the realm of clean energy technology, it calls into question some of indigenous innovation's core components. Clean energy technology is a pillar of indigenous innovation and the method by which China has developed its capabilities, especially as regards wind power, is indicative of one of the program's principal strategies—create a policy that favors domestic producers, create a market for those producers through government procurement and watch the producers flourish, first domestically, then abroad. Thus, knowingly or not, the United States has not simply challenged Chinese clean energy subsidies, but rather challenged a significant component of the indigenous innovation program writ-large.

## **Indigenous Innovation and Sino-American Relations: 2011 and Beyond**

In the long-run, several different factors, including the state of the American business community's relationship with the PRC government and how China follows through on a string of guarantees made late in 2010, will determine the future effect of indigenous innovation on Sino-American relations.

American businesses have long been a force driving the United States and PRC closer together. In an environment where "China bashing" can win political points, American enterprises have served as a moderating force, working to convince elected officials that healthy bilateral relations is important to the economic welfare of the United States. Through the enactment of the indigenous innovation program, China has severely strained its relationship with the American business community.<sup>60</sup> President Hu's focus on business during his January state visit, including a small, close-door roundtable with major CEOs and a large lunch sponsored in part by the US-China Business Council, provided a modicum of damage control, but did not solve any extant problems.<sup>61</sup> Unless further steps are taken to convince American business that the Chinese government truly seeks a "win-win" relationship,<sup>62</sup> an important tie binding the United States and PRC together will remain significantly weakened.

At the December 2010 session of the Joint Commission on Commerce and Trade (JCCT), China made a number of promises that, if kept, would significantly decrease the threat indigenous innovation poses to the welfare of bilateral ties. Among these were: 1) an agreement not to make the location of the development or ownership of intellectual property a condition for eligibility for government procurement preferences; 2) an agreement to give equal treatment to all innovation products produced in China in government procurement decisions; and 3) a promise to submit a revised offer to accede to the WTO's Government Procurement Agreement (GPA) within the year.<sup>63</sup> All of these guarantees seem promising, but none of them are actually new. In April 2010, China revised its indigenous innovation product accreditation requirements, eliminating clauses that required the product's intellectual property to be developed and registered first in China.<sup>64</sup> In May 2010, PRC Ministry of Commerce spokesman Yao Jian stated that "All foreign-invested companies that are legally registered in China are viewed as Chinese enterprises... [and] these foreign-invested companies enjoy the same national treatment as Chinese companies."<sup>65</sup> And China has repeatedly promised to accede to the GPA since stating in 2001 that it would sign "as soon as possible," but neither of its two proposals for membership have proven acceptable.<sup>66</sup> The recent JCCT agreements could lead to the resolution of indigenous innovation-inspired bilateral disputes, but they will not play such a positive role unless the PRC follows through on its promises. If China does not immediately take steps to make good on these guarantees, indigenous innovation will remain a thorn in the side of the bilateral relationship.

In the short-run, developments in the current WTO dispute over China's clean energy technology subsidies will provide the most insight into how the two countries plan to handle indigenous innovation. Currently, the United States and China are walking a tightrope of cooperation on clean energy while also engaging in actions that threaten to sway the rope itself. In November 2009, Presidents Obama and Hu made clean energy cooperation one of the foci of their joint statement.<sup>67</sup> This cooperative spirit was further bolstered by the recent signing of official work plans for joint Clean Energy Research Centers.<sup>68</sup> At the same time, the aforementioned WTO case is pending. While the resolution of this dispute without the enactment of sanctions or legislation would provide both sides with a roadmap for dealing with future disagreements over indigenous innovation-related trade issues, its escalation, be it in bilateral or multilateral fora, would exacerbate Sino-American disagreements over the nature and impact of the program itself.

Though indigenous innovation will not drive the Sino-American relationship, it stands to have a significant effect on its future trajectory. With economics firmly positioned as a major source of both bilateral interdependence and friction, trade issues are beginning to take on an increased measure of importance. To avoid a future of indigenous innovation-inspired frustrations, officials in the two countries must find a way to balance China's need to upgrade its economy with the United States' need to maintain its economic competitiveness. While realizing such a balance of interests will not be easy, crafting a mutually beneficial resolution to the current clean energy trade dispute would provide a strong foundation for future cooperation. ☺

## Notes

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- <sup>2</sup> Mary Hennock, "China: The World's Factory Floor," *BBC*, Nov. 11, 2002, <<http://news.bbc.co.uk/2/hi/business/2415241.stm>>.
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- <sup>6</sup> The smile curve was developed by Stan Shih, founder of the Taiwanese company Acer. For details on the smile curve, see: Edward S. Steinfeld, *Playing Our Game: Why China's Rise Doesn't Threaten the West*, Oxford University Press, 2010: pp. 97-99.
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<sup>9</sup> John Knight, Deng Quheng and Li Shi, "The Puzzle of Migrant Labour Shortage and Rural Labour Supplies in China," University of Oxford Department of Economics Discussion Paper Series No. 494, July 2010.

<sup>10</sup> Tang Yunqiao, "Migrant Labor Wages to Increase 30% in the Next 3 Years," *Caijing*, Nov. 29, 2010, (Chinese Only) <<http://www.caijing.com.cn/2010-11-29/110578966.html>>.

<sup>11</sup> Wang Feng and Mara Hvistendahl, "China's Population Destiny: The Looming Crisis," *Current History*, Vol. 109, Issue 728 (Sept. 2010), pp. 244-251.

<sup>12</sup> Hao Yan, "Migrant Workers' Wages Set to Surge in 2017," *China Daily*, Nov. 16, 2010, <[http://www.chinadaily.com.cn/bizchina/2010-11/16/content\\_11558893.htm](http://www.chinadaily.com.cn/bizchina/2010-11/16/content_11558893.htm)>.

<sup>13</sup> Steinfeld, *Playing Our Game*, p. 98.

<sup>14</sup> "National Medium to Long-Term Science and Technology Development Plan," State Council of the People's Republic of China, Feb. 9, 2006, (Chinese Only) <[http://www.gov.cn/jrzq/2006-02/09/content\\_183787.htm](http://www.gov.cn/jrzq/2006-02/09/content_183787.htm)>.

<sup>15</sup> Ibid.

<sup>16</sup> Ibid.

<sup>17</sup> China Statistical Yearbook – 2009, National Bureau of Statistics, Beijing: 2009.

<sup>18</sup> "Special Report: The Struggle of the Champions – China's Champions; China's Big Companies," *The Economist*, January 8, 2005, Pg. 58. This strategy has propelled numerous state-owned enterprises into positions of international prominence, especially in the energy realm. See: Bo Kong, *China's International Petroleum Policy*, Praeger Press, 2009.

<sup>19</sup> Scott Kennedy, Richard P. Suttmeier and Jun Su, "Standards, Stakeholders, and Innovation: China's Evolving Role in the Global Knowledge Economy," National Bureau of Asian Research Special Report No. 15, Sept. 2008.

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<sup>21</sup> James McGregor, "China's Drive for 'Indigenous Innovation': A Web of Industrial Policies," US Chamber of Commerce, 2010, <<http://www.uschamber.com/reports/chinas-drive-indigenous-innovation-web-industrial-policies>>; Jamil Anderlini, "China Fines Schneider Dollars 45m," *Financial Times (Asia Edition)*, Oct. 1, 2007, p. 19; Joseph Kahn, "Chinese Court Upholds Conviction of Peasants' Advocate," *The New York Times*, Jan. 13, 2007, <<http://www.nytimes.com/2007/01/13/world/asia/13beijing.html>>; Ryan Ong, "Tackling Intellectual Property Infringement in China," *The China Business Review*, March/April 2009, p. 17.

<sup>22</sup> Among the fields targeted by indigenous innovation are computers and application equipment, communications products, modern office equipment, software, new energy and new energy devices, and high-efficiency and energy-saving products. See: "Notification Regarding the Commencement of 2009 National Indigenous Innovation Product Accreditation," PRC Ministry of Science and Technology, National Development and Reform Commission and Ministry of Finance, Nov. 15, 2009, <[http://www.most.gov.cn/tztg/200911/t20091115\\_74197.htm](http://www.most.gov.cn/tztg/200911/t20091115_74197.htm)>.

<sup>23</sup> "National Medium and Long-term Science and Technology Development Plan," State Council, February 2006 (Chinese only); "Selected Supporting Policies for the 2006-2020 Medium and Long-Term Science and Technology Development Plan," State Council of the People's Republic of China, Feb. 7, 2006, (Chinese only) <[http://www.gov.cn/zwqk/2006-02/26/content\\_211553.htm](http://www.gov.cn/zwqk/2006-02/26/content_211553.htm)>.

<sup>24</sup> Two of these criteria were changed in 2010. See "Indigenous Innovation Enters the Realm of Sino-American Relations," paragraph two.

<sup>25</sup> "Notification Regarding the Trial Measures for the Administration of the Accreditation of National Indigenous Innovation Products," Ministry of Science and Technology, National Development and Reform

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<sup>26</sup> "Selected Supporting Policies for the 2006-2020 Medium and Long-Term Science and Technology Development Plan," State Council, February 2006.

<sup>27</sup> "Notification on the Evaluation Measures of Indigenous Innovation Products for Government Procurement," Ministry of Finance of the People's Republic of China, March 3, 2007, (Chinese only) <[http://www.gov.cn/ztlz/kjzgh/content\\_883671.htm](http://www.gov.cn/ztlz/kjzgh/content_883671.htm)>.

<sup>28</sup> "Notification Regarding the Draft Implementation Regulations for Government Procurement Law," Ministry of Science and Technology, National Development and Reform Commission, and Ministry of Finance of the People's Republic of China, April 10, 2010, (Chinese only) <[http://www.most.gov.cn/tztg/201004/t20100409\\_76710.htm](http://www.most.gov.cn/tztg/201004/t20100409_76710.htm)>.

<sup>29</sup> Jaewoo Lee, Pau Rabanal and Damiano Sandri, "US Consumption After the 2008 Crisis," IMF Staff Position Note, Jan. 15, 2010, <<http://www.imf.org/external/pubs/ft/spn/2010/spn1001.pdf>>; Media Eghbal, "The Global Financial Crisis: Recession Bites Into Western Europe," *Euromonitor International*, Jan. 12, 2009, <[http://www.euromonitor.com/The\\_global\\_financial\\_crisis\\_recession\\_bites\\_into\\_Western\\_Europe](http://www.euromonitor.com/The_global_financial_crisis_recession_bites_into_Western_Europe)>.

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# **Sino-Tibetan Dialogue**

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## ***Much Misunderstanding, Little Room for Compromise***

*Michael Ramos-Lynch*

**F**ew causes generate more international support and sympathy than the plight of Tibetans since their “liberation” by China’s People’s Liberation Army (PLA) in 1959, and few issues irritate China more than foreign intervention into this issue. Since the 14<sup>th</sup> and current Dalai Lama fled to India after the Chinese occupation of Tibet, the exile Tibetan government, the Central Tibetan Administration (CTA), has worked to establish a dialogue with Chinese leaders. From 1988 on, the CTA has made what it views as a significant concession by requesting “genuine autonomy” within China instead of outright independence. But disagreement over what “genuine autonomy” actually means, disputes over the geographic area of Tibet and a host of other points of contention have hemmed the Sino-Tibetan discourse into a seemingly intractable deadlock.

When bilateral talks between the PRC and the CTA resumed in 2002, following a decade of no formal contact, the mere meeting of the two sides was heralded as significant progress. Since then, however, nine rounds of meetings have failed to produce tangible results. The most recent talks resumed for the first time in 15 months this past January. According to the Dalai Lama’s envoys, Lodi Gyari and

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**China Security, Vol. 6 No. 3, pp. 67-74**  
**2010 World Security Institute**

Kelsang Gyaltsen, the ninth round of dialogue was generally encouraging regarding a compromise on Tibet. Mr. Gyari concluded that “given political will on the Chinese leadership’s side, we do not see any reason why we cannot find a common ground on these issues.”

Beijing’s perspective, however, showed no such cause for optimism. After the talks, the Foreign Ministry issued a terse statement affirming that China’s “national interests are inviolable and there is no room for discussion on the issues of national

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*The PRC leadership believes it can soothe away discontent through modernization and economic development.*

and territorial sovereignty.” During the meeting, China’s representative, Du Qinglin, told the Tibetan envoys the idea of a “high degree of autonomy [for Tibet] violates China’s constitution.”<sup>1</sup> In Beijing’s view, the Tibetans have high demands, little room for compromise and a weak negotiating position. China is fairly content with the status quo; no matter how unsettled it was by March 2008 riots in Tibet, it weathered the uprising even at the peak of pre-Olympic international scrutiny. Moreover, just as in the neighboring province of Xinjiang, the PRC leadership believes it can soothe away discontent through modernization and economic development instead of wading into the more turbulent waters of political reform.

The Tibet exile government has done little to encourage Beijing to rethink its position. While the CTA has continually reassured China that its requests for autonomy fall within the bounds of the PRC Constitution, it has offered few details about how it would exercise greater self-rule. The Administration’s lack of specificity is not likely “independence in disguise” as China claims, but instead partly the result of a lack of organization and partly because Tibetan leaders hope to hold out for better conditions in the future. For now, both sides seem determined to avoid making any significant compromises.

But time is on the side of neither party. The Dalai Lama is now 75 years old and other key exiled Tibetan leaders are not much younger. Samdhong Rinpoche, the second highest-ranking member of the CTA is 72. The eventual deaths of Tibetan leaders will likely result in a reshuffling of CTA rule and strategy—and this could be bad news for China. Despite China’s claim that the Dalai Lama has played a subversive role, his leadership has certainly prevented the development of more confrontational and violent approaches among Tibetans.<sup>2</sup>

### **Defining Genuine Autonomy**

According to Chinese officials, the PRC Constitution (which establishes five “autonomous regions” for ethnic minorities) already affords Tibet a significant amount of self-rule.<sup>3</sup> China argues that the Tibet Autonomous Region (TAR) has the freedom to decide many of its own specific policies in areas such as language and education.<sup>4</sup> In reality, however, the people of Tibet have little ability to influence how they are governed. Like other autonomous regions in China, Tibet is actually less “autono-

mous” than non-autonomous regions because it must get approval from the National People’s Congress before implementing legislation.<sup>5</sup> Though the Chairman of the TAR is Tibetan, he has little actual power and is subservient to the Communist Party Secretary of the region, who is of the Han ethnicity. Thus, the notion of autonomous rule and how it differs in practice from Chinese law is at the center of dispute between China and the CTA.

At the Sino-Tibetan talks held in November 2008, the CTA introduced the Memorandum for Genuine Autonomy for the Tibetan People.<sup>6</sup> According to the Memorandum, the Chinese Constitution and the Tibetan view of autonomy are compatible; the issue is simply a matter of realizing autonomy within that framework. China strongly disagrees, arguing that the Tibetan request for “genuine autonomy” is in fact a request for “a high degree of autonomy” similar to that practiced in Hong Kong.<sup>7</sup> Additionally, China argues that Tibet is seeking what the PRC has labeled “covert independence.”<sup>8</sup> While some critics have accused China of overreacting, Beijing’s concerns are not completely unfounded.

The greatest shortcoming of the Memorandum—and the likely source of a significant amount of Beijing’s paranoia—is its failure to define what the Tibetan exile government means by “genuine autonomy.” Oddly, the Memorandum does not discuss how the degree of autonomy that exists in the TAR is different from the “genuine autonomy” that the CTA envisions. Though the Memorandum touches on a number of policy areas, no specific policies are mentioned, and discussion is limited to the authority that the Chinese Constitution gives autonomous regions to decide policies themselves. For example, on the topic of education, the Memorandum states:

Whereas, under Article 19 of the [PRC] Constitution the state takes on the overall responsibility to provide education for its citizens, Article 119 recognizes the principle that “The organs of self-government of the national autonomous areas independently administer education...affairs in their respective areas...”<sup>9</sup>

But there is no detail on how an autonomous Tibet would exercise greater freedom. This missing information is crucial since negotiations on changes to education will be complex and contentious. China has tried to weaken the role of religion in Tibet and has maintained a strict anti-Dalai Lama ideology in the classroom. In 1994, regional party secretary Chen Kuiyuan stated, “The success of our education... lies, in the final analysis, in whether our graduating students are opposed to or turn their hearts to the Dalai clique and in whether they are loyal to or do not care about our great motherland and the great socialist cause.”<sup>10</sup> The CTA, of course, sees the matter rather differently.

This anti-Dalai Lama agenda is not the only way the education system is failing in Tibet. The PRC policy of decentralized education funding, which is linked to regional wealth, has led to inadequate resources in the poorest provinces.<sup>11</sup> Low teacher salaries make it difficult to find qualified applicants and education quality

inevitably suffers. Yet the Administration does not address education funding in the Memorandum at all. This is especially problematic as the central government is less likely to subsidize a system in which it only minimally participates—the burden of funding would presumably fall to the CTA.

The closest the Memorandum comes to discussing any specific autonomous policy it wishes to enact is in Section IV, subsection 9, “Public Security.” The Administration argues that “in matters of public security it is important that the majority of security personnel consists of members of the local nationality who understand and respect local customs and traditions.”<sup>12</sup> This statement implies that were the majority of local security forces comprised of ethnic Tibetans, the issue of public security would be solved. Yet the Administration is clearly dissatisfied with security personnel in the TAR for reasons other than ethnic underrepresentation. It is the Chinese leadership that determines the scope and intensity of police actions to quell unrest in the region, and such attempts at restoring order have deteriorated into widespread violence on more than one occasion. The underlying tensions between locals and security forces can be attributed in part to mistrust of the intentions of leadership; the ethnic make-up of forces is merely a secondary concern. In reality, “what is lacking in Tibetan areas is decision-making authority in the hands of local Tibetan officials.”<sup>13</sup> As the Memorandum stands, blame is shifted away from the underlying cause, which only impedes resolution through dialogue.

Finally, the absence of any mention of the Dalai Lama in the Memorandum is a roadblock to serious negotiation. Samdhong Rinpoche explained the Dalai Lama’s absence from the text as a non-issue: “His Holiness’s return is not an issue to discuss with the PRC. Our dialogue is entirely focused on the future of the people of Tibet

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*Beijing seeks a policy clearly written on the location and role of the Dalai Lama in Tibet.*

and how they can enjoy autonomy provisions.” The Dalai Lama’s location “is not an issue to be disputed.”<sup>14</sup> While the omission may have been a CTA attempt to sidestep deadlock, it is far-fetched to suggest the Dalai Lama is not central to the problem. He is the cornerstone of the spiritual and temporal aspect of Tibetan society and the source of the majority of Tibet’s international support;

in the view of Chinese officialdom, he is a terrorist bent on splitting the country. Beijing does not see the location of the Dalai Lama as a non-issue and seeks a policy clearly written on his location and role in a genuinely autonomous Tibet.<sup>15</sup> This will undoubtedly be a knotty problem to untangle, but it is doubtful that progress can be made by ignoring it.

The Administration’s lack of specificity and detail is not unique to the Memorandum. The CTA seems to generally function in vague terms, with few clear plans or policies related to the Tibet it envisions. In interviews with CTA leaders, it was apparent that a large number of them find it difficult to speculate on the future. The education secretary, the finance secretary, the religion and culture minister and the security minister were unable to answer basic questions concerning what

a self-governing Tibet would be like. For instance, when asked about what policies would be pursued in a genuinely autonomous Tibet to preserve religion and culture, Ven. Tsering Phuntsok, the religion and culture minister, replied that he did not know.<sup>16</sup> When asked why the Memorandum was not more specific on certain issues, Samdhong Rinpoche responded, “We have ideas. But it is too early because they [the PRC] have not agreed to the present Memorandum. In that Memorandum, we only raise the difficult points...” Whether or not it is useful for the department ministers to speculate on specific policies that would exist in a genuinely autonomous Tibet, Beijing may point to the widespread ambiguity that is reflected in the Memorandum as a reason not to negotiate with Tibetans, assuming instead that they seek something more than autonomy.

Though the Tibetan leadership has been seemingly vague about its intentions during discussions with China, general policy directions can be gleaned from the Administration’s Charter, which explains the functions of the CTA and acts as a point of reference for the government in exile.<sup>17</sup> While the Charter similarly lacks details regarding genuine autonomy, it does define the duties of the CTA as well as the functions of the specific branches of the government. Though the charter might not serve as a crystal ball into the future of Tibet, it could be used as the basis for further clarifying the Administration’s envisioned role in the TAR.

### **An Inflexible Sort of Compromise**

Thus far, it is a stretch to call the interaction between the two sides “negotiation” as neither side has shown any willingness to compromise on core issues. On the Administration’s side, this inflexibility is not just a matter of principle, but also one of legitimacy; concessions by the CTA would likely weaken its support among Tibetans. Samdhong Rinpoche said in an assembly of Administration officials and other Tibetan leaders this past March that, “We have already made all necessary and possible compromise that could have been made, and there is nothing left to concede any further...We have reached a stage where to concede for anything less than that would be totally irrational on our part.”<sup>18</sup>

On the Chinese side, it is hard to discern whether misunderstanding or intransigence is the main impediment to negotiation. Regarding the Memorandum, Samdhong Rinpoche says a mix of both sums up the PRC response: “We are willing to explain those things which they misunderstood. And the rest they intentionally misinterpreted. For that, we cannot do anything.”<sup>19</sup> If Beijing has purposefully distorted the Memorandum, it shows they have little interest in compromising with the CTA and it is unlikely that any number of revisions to the Memorandum will change anything. However, without a clearer declaration from the CTA, it is impossible to know the degree to which Beijing is twisting the truth.

Even if Beijing is genuinely committed to negotiation, the two sides will quickly find themselves in a seemingly intractable stalemate. One of the most

difficult issues to address is the disagreement on the borders of Tibet. According to the PRC, Tibet is simply the TAR—a much smaller region than that claimed by the CTA, whose version includes parts of Gansu, Sichuan, Yunnan and Qinghai provinces. Beijing has attempted to frame the Administration's demand as ambitiously trying to acquire one-fourth of China's territory. The CTA has meanwhile made it clear that the geographic scope of Tibet is not something it is willing to discuss. Samdhong Rinpoche has clarified that no compromise may be reached with regard to all Tibetans (in ethnic Tibet as well as those in TAR) being included under the protections and authority of a single, autonomous administration. Any solution that involves the geographic area of Tibet being limited to the current TAR is out of the question.

But even this bone of contention might be susceptible to compromise. The Chinese Constitution already provides the basis for such an area in Article 4, which states that “regional autonomy is practiced in areas where people of minority nationalities live in concentrated communities; in these areas organs of self-government are established to exercise the power of autonomy.” Tibetans are a minority nationality who live in concentrated communities throughout the area in dispute and are also indigenous to the area.<sup>20</sup> The creation of a larger, single Tibetan autonomous region instead of a number of autonomous regions in which Tibetans live in high concentrations would prove beneficial to PRC national security and fiscal stability. Not only will it save on administrative costs to unite Tibetans under a single autonomous region, but it will be much easier to observe and contain.<sup>21</sup> Moreover, the “greater Tibet” region would not necessarily have to be a contiguous area and could unite isolated Tibetan communities through the common administration of education, security and other services. This could contribute significantly to nation-wide social stability and free up Beijing's focus for other volatile regions, such as Xinjiang.

The CTA, too, has an interest in advancing dialogue before the death of the Dalai Lama. One of the major assets and pitfalls to Tibetans' success with garnering international support for political autonomy thus far is the pervasive and trendy Western perception that the Dalai Lama and Tibetan Buddhism are symbols of a type of Shangri-la.<sup>22</sup> Tibetan Buddhism falls under the Western zeitgeist of what it is to be open-minded, thoughtful, sensitive and, ironically, “new-age.” But how long can Tibet remain in such high esteem at an international level? If the Sino-Tibetan dialogue does not make real progress before the death of the Dalai Lama, the probability of mounting violence in the region will cause Tibet to risk losing its current footing as the honorable underdog.

As younger leaders emerge in the CTA, the organization's commitment to non-violence could waiver, or, alternatively, it could have little authority to reign in violent sentiments among regular Tibetans. Had the Dalai Lama not threatened to step down from his position during the violent conflicts in 2008, the bloodshed would have undoubtedly been greater.<sup>23</sup> While the PRC leadership may think that



waiting for the Dalai Lama to pass away will make it easier to sweep the issue of Tibetan autonomy under the international table, it could be faced with a much more difficult situation in his absence.<sup>24</sup>

In order to prevent a crisis under an uncertain future Tibetan leadership, the CTA needs to move quickly to clarify its plans and intentions. While the Administration is apprehensive about speculating on anything specific concerning how “genuine autonomy” will actually manifest itself in terms of policy design and implementation in Tibet, the ability to make specific and clear proposals for autonomy with a high degree of international support is slipping away. More importantly, Tibet will risk allowing the persistence of discrimination and continued subjugation of civil liberties, as well as the ongoing fragmentation of Tibet’s ethnic communities and spiritual leaders. At the same time, if an agreement is not reached before the Dalai Lama passes, Beijing will risk a break in national security as a result of large numbers of angry and frustrated Tibetans expressing their dissatisfaction with Beijing through violent riots and protests. The time to establish an effective dialogue is now. ☞

## Notes

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<sup>3</sup> People’s Republic of China, “Constitution of People’s Republic of China,” Article 112, Dec. 4, 1982.

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<sup>6</sup> Zhu Weiqun, “Chinese State Council Press Briefing,” Nov. 10, 2008, pp. 35-57.

<sup>7</sup> Weiqun, “Chinese Briefing,” p. 38.

<sup>8</sup> Weiqun, “Chinese Briefing,” p. 38.

<sup>9</sup> Central Tibetan Administration, “Memorandum,” p. 12.

<sup>10</sup> Chen Kuiyuan, “‘TAR’ Conference on Education in Lhasa”, (1994), <[http://www.tibetoffice.org/en/index.php?url\\_channel\\_id=&url\\_publish\\_channel\\_id=197&url\\_subchannel\\_id=50&well\\_id=2&cat\\_free\\_id=2105](http://www.tibetoffice.org/en/index.php?url_channel_id=&url_publish_channel_id=197&url_subchannel_id=50&well_id=2&cat_free_id=2105)>.

<sup>11</sup> Bass, “Education in Tibet,” p. 115.

<sup>12</sup> Central Tibetan Administration, “Memorandum,” p. 16.

<sup>13</sup> *Ibid.*

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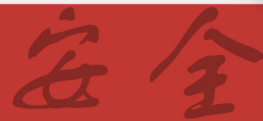
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