China Security

Vol. 4, No. 3 Summer 2008

中国安全

Debating China's Future

Li Mingjiang • David M. Lampton • Suisheng Zhao • Albert Keidel • Wu Jianmin • Evan S. Medeiros • Yuan Peng • Shen Dingli • Da Wei • Peter Van Ness • Hu Xijin • William Tow • Sidney Rittenberg

www.chinasecurity.us

Vol. 4 No. 3 Summer 2008

China Security

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

Contents

Projects of the World Security Institute China Program

In addition to China Security*, the World Security Institute China Program, in partnership with Chen Shi China Research Group, has a variety of on-going projects in our Beijing and Washington offices. The World Security Institute is a non-profit organization committed to independent research and journalism on global affairs. All of our projects attempt to increase the understanding of China in the United States and internationally and to deepen an international dialogue.*

China-U.S. Dialogue on Space – is dedicated to strengthening security in space by fostering dialogue between the two potential economic, political and military competitors in outer space. We enhance transparency and discussion on space between the two countries by educating the public and policymakers on each other's space programs and long-term policies.

www.wsichina.org/space/

Morning China news digest - is a twice-weekly news digest that combines the most important and up-to-date, domestic Chinese news via email. The project aims to improve the understanding of China amongst international policy practitioners and the public by increasing the accessibility of Chinese news.

www.wsichina.org/morningchina

Media and Policy Conferences – We organize a number of key events for Chinese and American policy-makers, journalists and scholars to meet, discuss and exchange ideas in about the influence of media and policy in the area of culture, society, politics and international relations. The next conference is planned for April 2008, to be held in Beijing.

Energy and the Environment – An online resource and dialogue on China's energy and environmental security in partnership with the UK-based ChinaDialogue, with our own research as well as that of top scholars and experts.

www.chinasecurity.us

For more information, contact:

Emily Roblin
Communications Director
communication@wsichina.org

臣世咨詢 CHEN SHI RESEARCH GROUP

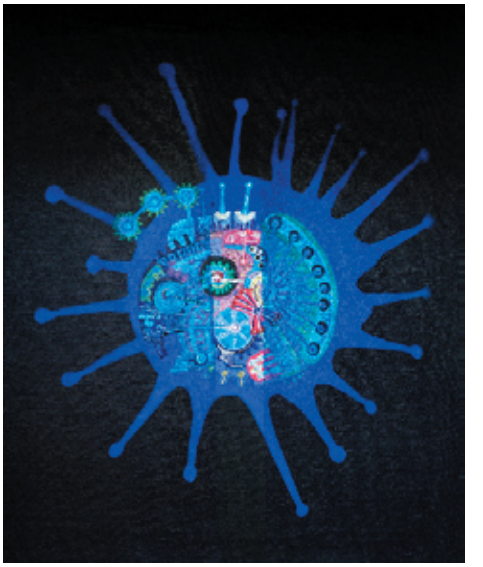
World Security Institute

Debating China's Future *(cont.)*

In this current issue we continue our discussion about prospects for China's future. Previously, we tackled this huge canvass with equally large strokes of the brush: China's grand strategy, the build up of its comprehensive national power, China's engagement with the world and what 'idea' or value system China might offer the world as it grows into great power status.

We now shift our focus from the grand sweep of China's condition to the nuts and bolts of what makes the country tick: the evolution of China's soft power, its economic prospects, the country's nationalist tendencies, foreign policy and perhaps most importantly, how all of this is viewed by the world.

Liu Zhi
Dust I



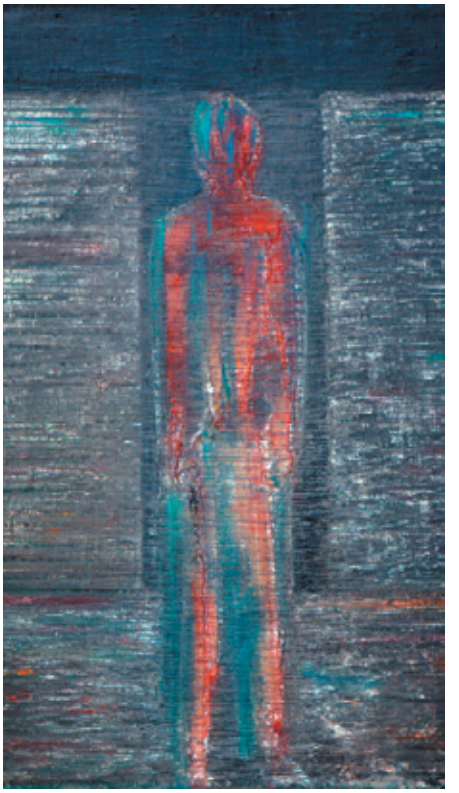
With the light of the Olympic flame illuminating China, what does the world see? China has certainly tried hard to put its best foot forward for the Games, spending lavishly and making significant compromises to its critics. But behind the façade of new buildings and a phenomenal display of social mobilization, China continues its struggle to harmonize perception with reality. Beneath the surface of China's growing confidence lies the potential excesses of nationalism; with an increase in China's influence and power comes apprehension by its neighbors; and alongside China's growing global interests arises the need to be more active in its foreign policy.

In this issue, our authors address both the successes and failures in China's attempt to achieve these goals. These essays are not the definitive analyses of China's future direction. Rather, they succeed in deepening the discussion, widening our perspective and perhaps most importantly, pose even more questions for us to contemplate in this complex task of understanding China and its destiny.

- Eric Hagt, Editor

China Security, Vol. 4 No. 3 Summer 2008, pp. 3-31
World Security Institute

Ya Ri
Empty



Li Mingjiang
Soft Power and the Chinese Approach

The term *soft power* has become a worldwide currency in the exchange of ideas among scholars and pundits in the field of international politics. The focus is particularly on China, simply because of its phenomenal rise and expanding influence. Views on the subject are variegated. Assessments range from Beijing's soft power as weak and hopeless to China evolving into the primary challenger to US soft power throughout the world. Proposals for a response also span a wide spectrum, with some analysts cautiously welcoming Beijing's diplomacy while others staunchly advocating countermeasures against the growth of China's influence. Such sharp contrast of views partly stems from the loopholes in the existing conceptualization of soft power and consequent misunderstanding of the Chinese approach to soft power. This article attempts to shed some light on these issues.

What is soft power? The concept was introduced by Joseph S. Nye, Jr. and is notoriously under-theorized, which leads to a nebulous conceptual framework that numerous analysts have nonetheless employed. Few people would dispute the basic criteria or benchmark to define soft power: that is, the ability to get what you want through attraction rather than coercion or payments. What remains unclear and much disputed is this — what produces attraction?

Influenced by this approach, analysts tend to focus on certain sources of power — culture, values and foreign policy — as the starting point in analyzing a country's soft power. However, the shortcomings of this approach are evident. It is unclear why culture and values are juxtaposed to foreign policy as if the first two are not part of a state's foreign policy. Also, it is taken for granted that these sources of power are non-coercive in nature.

In reality this assumption is not supported by facts. Moreover, people who follow this approach tend to separate ideational factors from material factors, which is practically impossible in the real world. Lastly, without considering social context it becomes literally meaningless to discuss soft power. In reality, as many critics have pointed out, there is no source of power that is soft in nature. In certain circumstances, culture and values can be easily used for coercion. Conversely, economic and military power can be used to produce attraction as well.

Culture is not always attractive. One has to acknowledge that any culture contains elements completely unacceptable to others. Culture becomes attractive only when a society displays the good parts of its culture while downplaying those aspects that might be repulsive to outsiders. Moreover, culture becomes hard power if a state intends to impose its cultural norms and values on other societies. Examples of such "cultural imperialism" or aggressive cultural foreign policy in history are numerous.

On the other hand, economic and military power, which many people believe is essentially a source of hard power, can be a source of admiration and attraction. Just imagine how people hit by the 2004 Tsunami felt when foreign military forces, including the US military, came to their rescue. If military strength is inherently hard power, it is hard to imagine why the Japanese government would allow American forces to be stationed on their territory. Many critics, including Nye himself, claim that the Iraqi war has significantly brought down American soft power in the world. If military strength is only a source of hard power, how can we explain the causal mechanism in this criticism?

All of this leads us to conclude that there is no source of power that is inherently soft or hard, and only becomes one or the other depending on how a state (or other actor) uses its power. Culture and values are important variables that need to be considered because they contain principles or norms relevant to social relations — in essence, how an actor exercises its capability. Culture and values are also important because they often are wedded to material factors when playing a role in international politics.

The popular approach of distinguishing sources of power as soft and hard can hardly explain recent trends in China's behavior. Culture has at best played a marginal role in developing China's soft power. First of all, one has to acknowledge that not all elements of the Chinese culture are attractive internationally. For instance, international apprehension of China's rise relates to the Chinese cultural emphasis on social hierarchy that many people fear may shape Beijing's worldview. According to Chinese official data, China's international cultural trade has experienced huge deficits over the years. However, as many — even Chinese skeptics — point out, cultural iconoclasm over the past one and a half centuries has left traditional Chinese culture in shambles. Although one can identify certain social norms as uniquely representative of Chinese culture, overall, its society, especially the younger generation, has become Westernized. What remain attractive to foreigners in the Chinese culture are principally historical sites and cultural symbols. But again, even the "China threat" theory advocates admire the Great Wall and enjoy other Chinese symbols or performances.

The emerging fear in the West that China's rise will pose a serious challenge to Western liberal democracy is unfounded. The political values of the ruling elites have largely undermined the growth of Chinese soft power. This is all the more evident in the recent fiascos of the Tibetan issue and Olympic Torch Relay outside of China. The so-called Chinese model of development, the Beijing Consensus — political authoritarianism plus market economy — may be appealing to leaders in a few autocratic regimes. But, that victory has become a burden for China's relations with most Western powers and also costly for Beijing's diplomacy. In addition, as many people have pointed out, the Chinese approach to modernization actually contains many elements of the Washington Consensus as far as market economy and international economic policy are concerned.

Also, as the deficiencies of the Chinese approach are manifested, e.g. pollution, corruption and income disparity, it is doubtful that other developing countries would look to China for guidance in their own development paths. Students of Chinese politics should be aware that the trajectory of the Chinese political economy in the past three decades had its origins in Chinese history and specific national social, political and economic conditions. It would be naïve to claim that other countries can copy the Chinese model of development. More important is the fact that China itself is undergoing a profound transition, economically as well as politically. There is really no static Chinese model of socioeconomic and political development. Today's China is vastly different from what it was five years ago, in every way. And China in 10 or 20 years will surely be very different from what it is today. What the Chinese model inspires in the developing world is perhaps thinking among elites in the developing world about some sort of blending of West-

ern prescriptions and the Chinese experience to search for a political-economic system that would guarantee liberty while ensuring efficient and effective governance.

What explains the increase in China's soft influence in the world is essentially Beijing's soft use of power in foreign policy over the past decades. This can be observed from a number of angles. China has made a conscious efforts to integrate into the existing international system, maintained a non-confrontational approach in its relations with other major powers, reassured the rest of the world of its peaceful rise through actions and rhetoric, has solved border disputes with the majority of its neighbors, and endeavored to keep a peaceful and stable environment in its neighborhood. In addition, Beijing has actively participated in multilateralism, shelved disputes that are temporarily intractable, and has pursued win-win situations in international economic activities. Of course, one can easily find instances to demonstrate an assertive China. But overall, it is fair to say that China has exercised its power in a prudent and considerate way. This is the most important source of its soft power.

The most significant achievement in China's soft power, therefore, has been Beijing's ability to forestall the formation of any international coalition that can strategically contain its rise. It was able to do so largely because of its prudent and cautious use of power. To assess the future destiny of China's soft power, we need to examine various factors that would either encourage or disallow Chinese decision-makers to use power softly instead of looking at the nature of certain power sources that China possesses.

Soft power, like hard power, is relational. This is captured by the quip, "it is China who has won the Iraq war." When one major power flunks in its international politics, people in the world automatically look to another power for wisdom or solutions to build a better world. This harkens back to the Chinese cultural emphasis on *peace* and *harmony* to help build a brighter future. This Chinese vision, in the decades to come, will not only be the most salient challenge for China, but the international community.

Li Mingjiang is assistant professor at the S. Rajaratnam School of International Studies at Nanyang Technological University in Singapore.

David M. Lampton

Soft Power, Hard Choices

In the world of offensive realism it all boils down to hard power, coercive capacity in the jungle of interstate relations. The implosion of the Soviet Union, however, provided a different lesson for China's leaders, confirming them in a strategy upon which they already had been embarked for more than a dozen years. Theirs was a development strategy in which the acquisition of economic and ideational power (taken together, what is called *soft power*) would be the foundation stones upon which great power status would be achieved. Coercive strength would not be ignored, but it would play a proportional role in a balanced portfolio of national power — might, money and minds.

The excessive acquisition of coercive military power had twin dangers that were clear to all who would look — China's leaders examined the corpse of the Soviet Union carefully. To start, the diversion of talent and investment to the acquisition of military power starved the Soviet domestic economy of the ability to meet popular economic demands, thereby eroding regime legitimacy. When the USSR fell, literally almost no one died in the event, though the post-collapse economic plunge reduced life expectancy in what was now Russia. And second, the act of building such a muscle-bound martial system forged an international coalition against Moscow that boomeranged, encouraging the regime to become ever more unbalanced and further compounding the problems with weak domestic legitimacy.

At the start of its policy of openness and reform in 1978 Beijing, had little practical choice but to follow a non-coercively based strategy. The collapse of the Soviet Union 13 years later

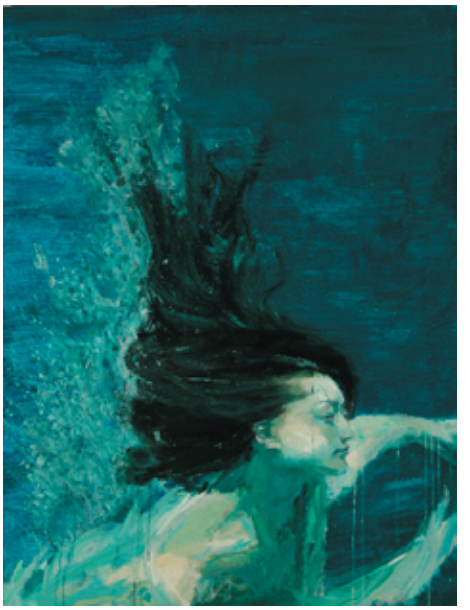
Liao Fangyan
David

confirmed Deng Xiaoping and China's elite in the general wisdom of this choice, though the situation did not remain static. The violence of June 4, 1989, the Gulf wars, the revolution in military affairs, Kosovo, fears about Taiwan independence, and some elements of US policy in the wake of 9/11, boosted somewhat the importance of coercive power in Beijing's eyes, even as it sought to maintain an overall balance in its portfolio of power instruments.

With the phenomenal success of its development strategy in the 1990s, including its growing military capabilities, China's elite decided that it needed to further reassure the outside world of its intentions in order to forestall counter coalitions from forming. This brings us to China's *soft power* resources and strategy. What is the most productive way to understand China's *soft power*? And, what are the implications of China's acquisition of it? To signal my approach, we need a broad definition of soft power. Moreover, soft power has some hard implications for the United States, particularly with respect to maintaining US national competitiveness and the way in which America relates to the rest of the world.

One way to conceive of soft power is as the combination of economic inducements and

Zhou Ting
Breathing



ideational power, the latter being that form of power that derives from the intellectual, cultural, spiritual, leadership, innovation and legitimacy resources that enhance a nation's capacity to efficiently define and achieve national objectives. With respect to the economic dimensions of the PRC's growing soft power, this strength derives principally from being a major recipient of FDI; possessing the world's fastest growing, large domestic market for which the rest of the world is competing; and, the PRC's growing strength as an investor abroad, including holding nearly one trillion US dollars in American debt.

It is in the *ideational* dimensions of soft power, however, that one discovers dimensions of Chinese strength that have received inadequate commentary. China has an extensive system to cultivate a high density of capable leaders. Capable leaders are emerging not only in the State-Party sector, but increasingly in the corporate and private sectors as well — corporate recruiting increasingly is a global, not just national, process. China's approach to development in which stability and wealth are achieved first and political liberalization in some indefinite future, has more appeal in the developing world than many Americans would like to think. China's capacity to innovate (along some, but not all, dimensions) is likely to be underestimated. And, China's cultural attractiveness is a resource that Mao Zedong almost completely ignored, but China's current leaders do not. China's capacity to reach out to the rest of the world via its own communications outlets is increasing, as evidenced in its growing, worldwide satellite and cable outlets and the increasing popularity of Chinese cultural products, albeit starting from a low base.

There are downsides as well. As China's comprehensive power expands a growing share of the global population has some apprehensions about Chinese power and the effects of its growth on everything from A to Z — the Amazonian rainforest to the dislocation and poor working conditions of workers in Zambia. Nonetheless, one must be impressed when one compares the increased global clout China has achieved over the last thirty years with the relatively small increase in global anxiety that this change has produced. China has many more countries willing to cooperate with it now that it is comparatively stronger than it had when it was weak.

This brings us to the second question — What does Chinese soft power imply for America? First, the United States must increase its own stock of soft power, in both the economic and ideational dimensions. Every comparative global opinion poll of which I am aware shows a decline in US normative strength around the world over the last eight years, though I believe this could be overcome with sound policies. The US economy now is spreading global slowdown, not global growth. For growth, people look increasingly to China, though that economy is not without major problems as well.

Washington and the US citizenry more broadly need to rebuild the structures of economic and ideational competitiveness. China, for example, is actively promoting Chinese

language and cultural studies on a global basis, as well as training huge numbers of its own young people in foreign languages so they can compete on the linguistic turf of people around the world. We need schooling that equips our children to compete with the 40% of the smart, education-minded, high-investing people in China (and India) that were largely outside the global system in most respects in the 20th century, but now are turning out skilled technicians and researchers in large numbers, rapidly boosting R&D expenditures, and building formidable transportation and communications infrastructures. While we work with deteriorating roads, bridges and dated air traffic control and inland navigation systems, China is building more highways and mass transit systems than anyone on the planet. When China spends about 5% of its GNP on healthcare, as the United States is heading toward 17%, America has a competitiveness problem. America quite simply needs to boost its national savings rate so it can make these enormous, needed investments.

In short, China's soft power requires some hard choices in America. Change in China requires change in America. As Hans Morgenthau said decades ago: a nation's power is not fixed, it is relative. This implies that not only a state's mistakes can diminish its power, but so can the successes of others while the dominant power rests on its laurels thinking that its capacities, and the weaknesses of others, are eternal.

David M. Lampton is dean of faculty and director of China Studies, at the School of Advanced International Studies, Johns Hopkins University. He is author of *The Three Faces of Chinese Power: Might, Money, and Minds* (Los Angeles: University of California Press, 2008).

Suisheng Zhao

Ambiguous Challenge

Is China's soft power in the position to seriously challenge the US global leadership? Yes...and no.

The American unilateralist misadventure in Iraq has deteriorated its international image leading to a sharp decline in US moral leadership around the world. At the same time, China has rapidly and self-consciously mobilized its soft power resources — culture, value system and diplomacy — to advance its national interests and cultivate global influence.

China has attempted to present its traditional culture fundamentally as a world culture through the establishment of hundreds of Confucius Institutes and by staging heritage exhibitions and art performances the world over.

In the competition of value systems, Chinese leaders inadvertently stumbled upon a victory. The United States has failed to sell its liberal model of development to many Third World countries while China's rapid economic growth has offered an attractive alternative. In parts of Asia, Africa and Latin America, the Beijing Consensus —market economy under authoritarian government — has won the popularity contest over the previously dominant Washington Consensus — market economics and democratic government. China has reinforced this attraction by providing third world countries with economic aid and access to its burgeoning market.

The value-free concept of a "harmonious world" has been China's recent diplomatic brainchild. This notion proposes the peaceful coexistence of diverse nations, with a healthy respect and toleration for different ideologies and social systems. It emphasizes inclusive consultation among countries as opposed to the unilateralism accompanied by hegemonic ambitions that the United States has come to represent. The idea of nonintervention in the affairs of other countries clearly establishes a policy guideline where trade, investment and diplomatic relations are not conditional on how well a nation lives up to political, environmental or labor standards.

Yet, China's exercise of soft power is fundamentally flawed. Thus, while its international influence has made headway and its global image has been burnished in recent years, it is not yet in the position to seriously challenge US global leadership. China's discourse over soft power differs critically with Nye's discussion of American soft power. Despite its setback in recent years, US soft power appeals to lib-

eral and moral sensibilities. China's attraction to the world, however, has focused principally on trading on the rewards of its phenomenal recent economic growth (with the exporting of its traditional culture as a byproduct).

Furthermore, the Beijing Consensus has gained ground almost exclusively among leaders of repressive regimes, seeking to maintain their authoritarian rule. The appeal is tangible economic and political interests for leaders rather than intangible ideals and principles for all the people. In addition, Beijing's model has been ineffective in dealing with the dimensions of human development — at home as well as abroad — such as pollution, slave labor, contaminated food, human rights abuses, gaping economic disparities and corruption. There is a critical myopia about the focus on short-term economic gains.

China's value-free diplomacy derives from the realist tradition which emphasizes absolute national sovereignty — a notion incompatible with evolving contemporary international norms. A zealousness over territorial sovereignty has continued into the 21st century when most nations — including the originators of the Westphalian nation-state system — have begun to move away from it. This is evidenced by China's core foreign policy: noninterference. In the meantime, China has been forging friendly relations across the globe, including Venezuela, Iran, Sudan, Burma, Cuba and Zimbabwe, who have been shunned by the United States and other democracies because of their poor records on human rights and governance. A diplomacy free of values is hardly congruent with the evolving norms of 21st century globalized world. Yet, China's realist approach has often been a liability to its diplomacy and is transitioning from noninterference to an engagement to concerns of national security concern: terrorism; trafficking in arms, drugs and humans; health pandemics and climate change.

China's so-called pragmatic value system may achieve initial success, but this soft power has little long term appeal to contemporary perspectives and therefore has little staying power. But if the United States takes its eye off the global leadership "ball" and if China gradually moves from under the shadow toward liberal and democratic reform, it will not be impossible for China to win the soft power contest.

Suisheng Zhao is professor and executive director of the Center for China-US Cooperation at Joseph Korbel School of International Studies, University of Denver and editor of the *Journal of Contemporary China*.

Albert Keidel

*21st Century Economic Dominance?**

Careful analysis of China's recent growth and of the potential stumbling blocks it might face going forward concludes that sustained high single-digit GDP growth is likely in China for many decades to come, leading China's economy to match the United States by 2035 and double it by midcentury. Chinese economic success will thus eventually bring an end to America's global economic preeminence.

Perhaps the most serious misconception about China's double-digit growth this decade is the notion that it is based on export demand rather than expansion of Chinese domestic investment and consumption. The related and perhaps more serious error flowing from this is that China's supposed reliance on external demand will limit its prospects for future growth such that China cannot sustain its current trend for very many more years, much less for decades.

The statistical record shows quite clearly, however, that China's growth is domestically driven. While both imports and exports are a vital part of any healthy economic expansion, the success of China's reforms and the sophisticated nature of China's economic policy-making system emerge as the most important factors supporting long-term growth success.

The most intuitive evidence of China's domestic-led growth documents how China's fast and slow growth periods over the past 20 years run against the grain of US growth booms and recessions. Hence, demand for exports from a

Liu Anping
Reinventing Self

booming US economy does not correlate with China's growth surges at all. This against-the-grain pattern contrasts with the records of other important US trading partners in Europe and East Asia, which exhibit GDP growth patterns similar to America's, often with a lag of one year or two. Today, while the US economy is slowing dramatically, China is still expected to have growth close to 10% — even as a shrinking trade surplus contributes a negative component to overall effective demand.

A second set of evidence showing China's growth as domestic-led comes from detailed examination of all the GDP growth turning points in China's recent economic history. Each turning point, either major slowing or sudden growth recovery, is unrelated to shifts in China's export or net-export patterns at those times.

Take, for example, the "fast" growth period from 2001 to 2003, followed by the "pause" in growth acceleration in 2004-05, when Beijing felt it necessary to cool off the economy. The trigger for growth recovery in 2001, after the 1997-2000 growth slump, came initially from a build-up in inventories financed by the just-completed cleansing of the corporate sector of its bad debts to China's banking system, and,

Liu Zhi
Dust II

symmetrically, the matching improvement in bank balance sheets from government recapitalization. At the same time, nominal bank lending rates, which had remained quite high even though inflation was negative, had finally come down to levels that helped stimulate investment demand.

The growth surge in this period also gained power from government spending in 2003 intended to counter the expected negative impact of the SARS epidemic. When SARS' economic impact turned out to be weak, the economy overheated, causing both accelerated growth and inflation pressures. The trade impact on this strong 2001-03 growth recovery was weak and possibly negative as the trade surplus as a share of GDP remained insignificant. Although China's WTO accession in late 2001 added to the buoyant business psychology of the period, these stimuli were thus clearly not principally from trade.

Threatened with overheated inflation pressures from SARS and farm price reforms in 2003-04, the government in 2004-05 took corrective steps to cool the economy. These cooling efforts resulted in slower import growth and a burgeoning trade surplus.

Export growth rates remained unchanged. Hence, it was not export fluctuations that caused China's moderating growth in 2004-05, but rather much slower expansion of domestic investment. In fact, the trade surplus surged as GDP growth rates leveled off — hardly an example of export-led growth at work.

Since 2006, almost 10 percentage points of China's near-12% growth have been due to combined growth of domestic consumption and investment (both over 4.5 percentage points each). Yes, trade has made an increased contribution in the past few years, but it is small compared to the overwhelming influence of expansion in domestic demand components.

The essential conclusion is that China's growth is domestic-driven and that this domestic dynamism in turn drives China's trade dynamism — for both imports and exports. China's domestic-led growth, with its import-demand component, will help generate and maintain an expanding global economy interested in buying Chinese exports at a rate matching expansion of China's imports.

But, can China really continue its current growth success for decades to come? China's recent record shows a maturing, increasingly sophisticated decision-making system that is results-oriented. Its government now is best described as a corporate technocracy, with its direction set by its equivalent to a board of directors — the Central Committee of the Communist Party, with its various leadership bureaus, standing committees, subcommittees, "leading groups" and commissions. A web of checks and performance criteria has created a policy-making system focused heavily on practical solutions to both short-term and long-term problems alike.

In a complementary dimension, one of the clearest results of China's market-friendly reforms is the strength of its corporate and individual profit incentives. After 25 years, beginning with the competitive recruitment of factory managers in 1983, profit-making enterprises now dominate China's economy.

Small and medium-sized state enterprises have all been sold outright to their managers, workers and outside investors. Small-scale enterprises, now universally privatized, reward entrepreneurial risk taking, in both cities and countryside.

Incentive reforms have also powerfully affected China's international commerce. China encouraged early improvements in the business climate for foreign investments that Japan and South Korea never allowed. And China's WTO membership provides incentives for foreign technology transfers.

Finally, one of the most important underpinnings of China's continued rapid economic growth is its financial system. Some of the fiercest criticism of China's economy is leveled at its financial sector, calling its banks insolvent, its bond markets pathetic, and its overall performance inefficient. Yet, China's financial sector enjoys the full financial backing given to major state-owned institutions, and efficiently promotes GDP growth.

The strength of Chinese finance is a bank-based system for supplementing the budget resources needed for public investments — especially in infrastructure like roads, ports, water supply, sanitation and telecommunications. Government-set deposit interest rates are low — and sometimes even negative when inflation is taken into account. The government channels these low-cost funds through loans for crucial infrastructure projects that benefit growth and require rapid completion but have low — or uncertain — long-term financial returns.

A premature dismantling of this financial system, as urged on China by foreign governments and financial interests, would probably present the greatest danger for its sustained economic development. Other elements of the financial sector — banks and capital markets — are still immature and urgently require decades of investment in human talent and regulatory rigor to meet international standards.

In the meantime, companies and individuals are directly reinvesting their cash profits and savings in either their own businesses or those of close associates. This funding has become the single largest and at the same time the most market-oriented aspect of China's financial system. China's financial system is on the whole a source of confidence in optimistic growth scenarios.

In just a few decades, China's economy has become a multi-tiered moneymaking machine. But, could the many other challenges China faces constrain its growth? China has in the past faced domestic economic instability, and its problems of inequality, pollution, corruption and social unrest all present knotty issues for Chinese policy-makers to wrestle with.

As challenging as these difficulties are, they are consistent with development experiences of other rapidly growing Asian economies as they passed through earlier similar levels of economic modernization. For example, China has made dramatic progress in managing its inflationary booms and busts, and even if China were required to cool off growth for a year or two to control inflation, its experience has shown that such cooling off has not permanently damaged medium- and long-term rates of growth.

Poverty and worsening inequality are frequently cited as threats to sustained growth, but China's pattern of growing inequality is consistent with rapid growth through which some regions, groups and individuals earn strikingly higher incomes before other regions, groups and persons catch up later in the growth process.

In terms of corruption, experts have noted that to date it has not seriously disrupted China's pace of growth as international measures of China's corruption place it at expected levels considering its per-capita GDP. Social unrest has been serious in numerous locations and some of this unrest reflects governance failures, especially at local government levels. Yet other unrest reflects unavoidable dissatisfaction with the impact of reforms on traditional or unrealistic lifestyle expectations. China's response to social unrest needs to improve — and this is indeed the policy direction that seems to be most in evidence recently.

Finally, pollution has become an increasingly serious concern for Chinese citizens, but the nature and scale of China's policy response — especially when compared to the much slower yet ultimately successful response in other countries — bodes well for eventual timely solutions to China's pollution challenges.

The final sense one gets from considering China's response to its various challenges is that, like other East Asian modernizers before it, China will combine citizen pressures with public policy initiatives to meet the various challenges it faces.

The more difficult challenge is for the United States to start soon enough to alter its inherited strategy for global governance in time to include China in a global system designed to best serve both Chinese and US interests alike.

*This essay was adapted from *China's Economic Rise: Fact and Fiction* (www.CarnegieEndowment.org/Keidel).

Albert Keidel is a senior associate at the Carnegie Endowment for International Peace.

Wu Jianmin

Past, Present and Future

Foreign policy is the extension of a country's domestic policy.

When I was Chinese ambassador in Europe from 1994 to 2003, I was frequently asked the question: what is the secret to China's success?

To answer that properly, I have to remind my interlocutors that a China that is not one of the largest economies in the world is really an historical aberration. Until 1820, its GDP accounted for 30% of the global total. In 1978, however, it was just 1% of global GDP.

Chinese (and others) have debated the root cause of this stunning decline. Some have pinned the blame on foreign aggression, others on China's internal weakness. Still others argue that the Chinese feudal system was the cause, which survived in China long after it disappeared in Europe and elsewhere.

Whatever the specific reason, for centuries China was a closed country. The world outside had little impact on it. Deng Xiaoping, the architect of China's modernization program saw this self-seclusion as the basic cause of the country's drastic decline. To catch up with industrialized countries, we need to open up the country to the world.

"Reform" became part of the grand strategy because Deng realized China also needed to change itself in order to adapt to economic globalization. This two-sided coin, reform and opening up, has brought about a sea of change across the country. China's annual average growth rate of 9.6% has moved its per capita GDP from US$200 to $2,500 today.

In my mind, there are three reasons for how China achieved this transformation.

The first is peace. We took advantage of peace in Asia. Peace is the sine qua non condition for development. Asia has long been the battleground for wars. In the past 30 years, however, China has enjoyed peace around its borders. China is going through the most important period in its modern history. For the first time since the Opium Wars we are faced with the opportunity to modernize our country. To make modernization a success, what we need is international peace and internal stability.

The second is globalization. Under this phenomenon, cooperation between China and the rest of the world has reached unprecedented levels. The current stock of foreign direct investment in China is $800 billion, financing hundreds of thousands of joint ventures across the country. Along with the FDI, modern technology and corporate governance flow into China. These comparative advantages combined with those of China's own, namely, abundant and qualified labor and a huge domestic market, have led to China's sustained economic growth.

The third is good policies. Since 1978, we have been pursuing the reform and opening up to the outside world. This has led to drastic revamping of policies and regulations not conducive to strengthening China's own economy or encouraging cooperation with other countries. These measures helped establish the legal

framework that has facilitated a competitive domestic market, scores of joint ventures and helped China become the largest FDI recipient among developing countries.

Thus, China's grand strategy of reform and opening up domestically says much about its orientation in foreign policy. But the foreign policy of a given country depends also on how this country views the world. We believe that there are two major conflicting trends in the world. The first trend is characterized by peace, development and cooperation. The second stands for conflict and confrontation as in the Cold War. The first trend represents the future, while the second, the past. The destiny of mankind in the 21st century will be determined by the competition of these two trends. China stands firmly for the first trend and looks to the future. Thus, peace, development and cooperation, constitute the key elements of China's foreign policy.

What is the future orientation of China's foreign policy? President Hu Jintao has given a clear answer to this question in his report to the 17th Party Congress. China's foreign policy consists of two strategic elements that are explained. That is, China will unswervingly follow the path of peaceful development and pursue win-win based international strategy.

Peaceful development, in my understanding, can be boiled down to the three "No's"; no expansion, no hegemony and no alliance. The first means that China will not follow the footsteps of the former colonial powers. "No hegemony" means China will never seek dominance anywhere in the world. We Chinese have a sense of history. History demonstrates that hegemonic powers never ended well. And the last, "no alliance," is a declaration that China will never enter into alliance with any country or group of countries. Should China do so, it may trigger a new Cold War, which is not in its own interest, nor the interest of the international community.

Why do we put "win-win" at the center of our international strategy? If you look at history, no rising power has done so before. So why does China choose to do so? The world today has become increasingly interdependent. If a country only seeks its own interest at the expense of others, it is impossible for it to have durable cooperation with others and its development cannot be sustainable.

Liu Xiaodong
Hope

Since this policy serves the interests of both the Chinese and other people in the world, why is it not perceived as such in some quarters of the world? Because some in the West still cling to the stereotyped thinking. Their perception of China lags far behind the reality. On the other hand, we Chinese need to improve our communication with the outside world so that our policies can be better understood.

Wu Jianmin is a professor at China Foreign Affairs University.

Evan S. Medeiros

Diversification

Assessing China's global activism can be a confusing, and indeed, an overwhelming, exercise. Chinese businesspeople and diplomats seem to be everywhere these days, from remote parts of Africa to Peace Process negotiations in the Middle East. This "new diplomacy" naturally prompts growing concerns

Wang Chuang

about China's current and future intentions as an emerging global power. Many international policy-makers are asking: How will China use its growing power and influence?

Answering this question is not as difficult as many think.

There is a simple but useful framework for understanding the goals and implications of China's global activism: the concept of "diversification." In part by design and in part by default, China is in the process of diversifying its sources of prosperity, security and status. This approach is fundamentally changing how the international community relates to China, and vice versa. Importantly, it also holds major consequences for the future of US-China relations.

First and foremost, China is diversifying the sources of its economic prosperity. During the early stages of China's reform and opening process, the external sources of growth were mainly trade and investment with a small number of large industrialized economies such as the United States, Japan and western European countries. Within the last decade, Chinese leaders realized that the only way to sustain moderately high growth levels (and thus sustain the Communist Party's rule) was to go abroad more actively in search of new markets, investments, technologies and resources. China's growing demand for energy supplies and strategic minerals leads this trend.

Economic indicators of such economic diversification abound. China's intra-East Asian trade has been growing faster than with any other region in the last decade, and now accounts for the largest share of China's total trade. China has become the largest trading partner for most major economies in East Asia, including Japan, South Korea and Australia. Chinese exports to both Africa and Latin America have increased more than 10 times in the last ten years, more than doubling the percentage those exports represent of China's total.

Second, China is diversifying its sources

of security by developing new and expanding existing relationships with various power centers and international institutions. China is upgrading its bilateral relationships through formation of "strategic partnerships" and "strategic dialogues" with both developed and developing nations, as well as with major regional groupings. China has embraced multilateral institutions in virtually every part of the world, in some cases creating them where none previously existed.

China uses these mechanisms to reassure countries about its intentions, to demonstrate the benefits of China's rise and, ultimately, to expand its influence – often related to gaining access to markets and resources. In fact, China has become far more deft at the game of multilateral diplomacy, which the United States has long encouraged it to embrace.

The upshot of this security diversification is that China has lessened its reliance on stable and positive relations with a few major powers, such as the United States, for its security. China now generates leverage, avoids constraints on its behavior and gains maneuverability from a variety of sources.

Third, China is expanding the sources of its international status and legitimacy. For a country with a pervasive victim mentality (China's past exploitation by Japan and Western powers remains a major part of national identity) and one that is eager for acceptance as a global economic and political powerhouse, achieving status in the eyes of the international community is a central objective of its diplomacy.

For decades, China relied on crude metrics as the basis of such respect and status: large size and population, long history and legacy as a great Asian power, UN Security Council membership, and possession of nuclear weapons.

Now, China has turned to highlighting its economic successes of the last 25 years and is demonstrating a willingness to share these with others. Chinese leaders are also slowly redefining their external profile: they are shifting away from the view of international affairs as a *dou zheng* (struggle) against "hegemony and power politics" toward a more accommodating view that stresses "peace, development and cooperation" in building a "harmonious world." China also remains the most influential advocate of the principle of nonintervention in the internal affairs of other states, which is a core status-marker for China among developing nations. For many Chinese, hosting the 2008 Olympics is the penultimate achievement of China's revival as an accepted "member of the club" among world powers.

China's process of diversification holds profound consequences for US-China relations and especially America's China policy. During the first two and half decades of China's reform era, US policy played a central role in encouraging (at times, coercing) China's acceptance of international rules and norms related to trade and investment, arms control and nonproliferation and regional security affairs. US policy was certainly not the only factor in this process of post-Mao internationalization, but it often played a catalytic role by jump-starting internal debates and accelerating existing ones by empowering China's domestic advocates for change.

Washington, for decades following normalization, effectively leveraged Beijing's desire for stable and positive relations with the United States in order to elicit changes in China's policies and practices on various international issues. Chinese policy-makers used to refer to US-China relations as "the key of keys" – a reflection of its perception that the United States was central to China's core goal of economic development and, eventually, re-emergence as a great nation.

But, all of this is changing. As the sources of China's prosperity, security and status have broadened (and during a time when US legitimacy in the world has precipitously declined), Chinese leaders are no longer as preoccupied with American views. Beijing is less willing to accommodate US preferences and more able to resist pressure from Washington, or even generate countervailing forces. Thus, the traditional American approach of relying principally on bilateral diplomacy to shape China's

international behavior faces new limitations.

The United States needs to update its approach. This would begin with a policy that is far more multilateral in content *and* execution. US policy must reflect the reality that influence on China is most effectively exercised through a broad coalition of states and by leveraging an assortment of institutions, norms and rules, especially those seen in China as legitimate, effective and universal. The United States in concert with these actors and through diverse channels stands a much better chance of shaping China's diplomacy.

This approach will not be easy, but the potential returns are worth the added effort. It will be a complex challenge to forge a cohesive set of actors with a coherent message for China. Many countries have an expanding variety of equities in their relations with China and, thus, some will be reluctant to challenge China. It will be all the more difficult given China's increasingly effective maneuvering in multilateral institutions. On the other hand, China's global activism offers the international community many more points of leverage with which to shape China's international behavior.

Evan Medeiros is a senior political scientist at the Rand Corporation in Washington, DC.

Yuan Peng

New Nationalism

2008 is a year of great joy and great sorrow for China. The great sorrow has aroused a desire to rejuvenate the nation, while the joy has excited powerful feelings of national pride. Between joy and sorrow, China's "New Nationalism" is slowly rising up.

To many Westerners, Chinese nationalism has the following characteristics. First, it is seen as a political instrument. As a replacement for Marxism, nationalism is both the foundation of the Chinese Communist Party's political legitimacy as well as a "safety valve" to divert domestic social contradictions. Hence, the Chinese government "intentionally" incites and exploits nationalism. Second, it holds an elite quality. Chinese nationalism is frequently associated with cultural elites such as intellectuals, university students, and netizens. Third, it is understood to be threatening in nature. Western literature on the topic portrays Chinese nationalism as a great scourge. It is frequently connected with events such as the boycotting of Japanese goods and the smashing of the American embassy, thus representing a grave threat to Western interests. Overall, Chinese nationalism is seen as decidedly negative.

I have long been critical of this understanding of Chinese nationalism. All the events that have taken place over the course of this year reinforce that Chinese nationalism is a rational, positive and healthy force. Chinese nationalism is displaying a set of new characteristics, far different from Westerners' biased views or people's traditional perceptions. First, nationalism in China is a spontaneous, grassroots phenomenon. The action of nongovernmental forces has been impressive, from defending the international leg of the Olympic Torch Relay, eagerly taking part in the reconstruction of the Wenchuan earthquake zones, as well as enthusiastically serving as volunteers for the Beijing Olympics. They have become a helpful supplement to government actions.

Furthermore, China's nationalism has nationwide participation. Whether living abroad or on either side of the Taiwan Strait, all *zhong guo ren* (Chinese people) have been moved by the same sentiments in responding to earthquake victims or welcoming the Olympic Games. The change of governments on Taiwan has only served to strengthen a sense of national identity and has even ushered in a renascence of the "Chinese people."

Finally, Chinese nationalism is both confident and rational. Many in China passionately protest and express their dissatisfaction through the media, the internet or organized demonstrations. But, once they see results, they cease. They are reasonable and restrained, demonstrating a quality completely at odds with the idea that Westerners have of Chinese

nationalism. The country's youth — with their beaming health, patriotic zeal and cosmopolitan outlook — have shown a decidedly rational side in nationalism.

Is the Chinese experience in this regard different from the United States? In fact they have much in common. First of all, both nations represent a pluralistic unity. The backbone of American culture is essentially WASP in nature, yet it has fused and absorbed more than one hundred ethnicities from around the world into one unified nation. It relies on economic power, a strong value system, and periodically plays up threats from abroad or fights wars to strengthen cohesiveness. China is a nation of 55 different ethnic minorities that have lived with the Han (majority) over a long period of time. Historically, the Chinese nation has relied on resistance against foreign threats to achieve unity. Today, however, China is connected by more stable threads, including the country's economic success, the formation of a single integrated national market, the gradual strengthening of civil society, and the steady educational and cultural improvement of the populace.

Similarly, China's experience of nationalism is not unlike that of the United States. The catharsis of the American civil war and the opening of the western frontier for the first time caused American "regionalism" to give way to "nationalism." This transition laid the groundwork for the rise of America's successful society and culture. China's new nationalism is also a natural outcome of the profound changes in society, the economy and the political life of the country. Precisely because of this, it is shared by the whole society, not just by the elites, and not just in developed regions. In addition, it is permanent, not transitory, and it is rational, not violent in nature. China's new nationalism symbolizes the maturation of Chinese society. It is also a basic guarantee to China's peaceful rise.

Yuan Peng is director at the Institute of American Studies at the China Institutes of Contemporary International Relations (CICIR).

Shen Dingli

Mending Public Relations

The road to the 2008 Olympics has been difficult. When Beijing was awarded the Games on July 13, 2001, the jubilant Chinese did not expect that the buildup to the summer of 2008 would be so fraught with problems. At that moment, China thought the foreign suspicion and hostility had subsided and the world had become more accepting of it as a powerful yet peaceful country.

However, since 2007, international pressure has mounted against China, with critics zeroing in on China's internal human rights conditions and external behavior. A coalition of NGOs outside China has sought to link Beijing's legitimacy as an Olympic host to its efforts to improve the situation in Darfur. Meanwhile, on March 14, 2008, Tibet witnessed its worst social unrest in the past two decades, triggering a backlash against the Torch Relay in some Western European capitals and straining their official relations with China. In turn, the Chinese public was outraged by the Western media, which it viewed as biased and arrogant.

In response to these turbulent episodes, Beijing has worked to mend relations with the rest of the world and confront challenges to its legitimacy. Cooperation on the Darfur issue and the increase in media transparency from the March Tibet riots to the Sichuan earthquake in May demonstrate an improvement in its public relations aptitude. These efforts have improved China's public image and better prepared it as an Olympic host.The massive humanitarian disaster in Darfur has alerted the world to the miserable situation of people living there. However, China disputes the link between Darfur and the Beijing Olympics. In China's view, the situation in Darfur is a domestic Sudanese problem. In respect of that nation's sovereign rights, Beijing maintains a respectful distance. But given China's new concern with protecting its image as a responsible stakeholder, it has responded to international

Yin Qi
Water Pavillion

calls from governments and NGOs by intensifying its public diplomacy. On May 10, 2007, China set up a post of Special Representative for African Affairs, appointing Amb. Liu Guijin to the position. Trained as a senior diplomat, Liu was formerly ambassador to Zimbabwe and South Africa, as well as Director General of Department of Africa in China's Ministry of Foreign Affairs. Liu is also China's special envoy for Darfur. He visited the region four times from May 2007 to February 2008, conducting shuttle diplomacy between Beijing and Khartoum and other capitals to secure more cooperation between Sudan and the international community.

China also made additional efforts at building a healthy dialogue with Sudan. Prior to Liu's appointment, Beijing dispatched five delegations to talk to the Sudanese leadership. President Hu Jintao personally met with President Omar al-Bashir during the Sino-African Summit in October 2006 in Beijing. These efforts culminated in Sudan's June 2007 acceptance of the joint deployment of African Union-United Nations peace keeping forces, granting the international community a role in stabilizing Darfur. The Chinese armed forces contributed 315 engineers to the UN Blue Helmet team in the region, in addition to committing US$11.6 million as official humanitarian aid and $90 million as a preferential loan for water supply facilities. Petro China, the Chinese oil company with the largest investment in Sudan, has spent $44 million in building infrastructure, schools, hospitals, training centers and various other public projects in Darfur. Breaking with its traditionally low-profile diplomacy, China has also made more information about its engagement with Sudan available to the public. In January 2008, China even disclosed details of its limited arms sales to Sudan, figures long thought to be sensitive. Such transparency

has not only shed light on China's relationship with Sudan, but has also distinguished China as helping to resolve the Darfur disaster.

Tibetan Riots and the Torch Relay were also difficult challenges to China's image. On March 10, 2008, the anniversary of the armed Tibetan rebellion of 1959, Lhasa, the capital city of Tibet, witnessed a riot in which pedestrians and police were attacked and shop assistants were assaulted and robbed. In restoring social order in this minority-dominated region, the Chinese government was initially very cautious. This was perhaps a reflection of the government's sensitivity to how the world perceives China in the world community. However, this careful approach to the March riots was precisely what led to the damage to China's image, both domestically and internationally, insofar as it was unable to fully protect the innocent majority in Tibet or restore social order in a timely fashion.

China's unwillingness to allow foreigners into Tibet during the riots resulted in another serious public relations lesson. At the time of the rioting, international tourists in Lhasa were required or persuaded to leave the city for their own safety. However, this undermined the credibility of the government's news coverage of the event. Even if all news provided by *Xinhua News Agency* was comprehensive and unbiased, it was still not credible to many Western readers. As a result, China's legitimate defense of social order was ill-received in some Western countries.

Given China's historical baggage of humiliation and its current political culture, it has a policy of "unifying thoughts" that it implements through dispatching standard daily reporting guidelines from the Party's Propaganda Department. Since it is impossible to "unify" reporting by foreign media deployed in China, the government resorted to the easiest, though self-damaging, means: not permitting foreign journalists to report when the riot was going on. Consequently, China's image suffered when foreign journalists turned to less reliable sources with false reports and misguided commentaries. At the same time, the reputation of Western reporters was severely damaged among Chinese as well.

But Beijing has learned from this and improved its responses to subsequent challenges. By reacting quickly and assertively to the tragic earthquake in Sichuan in May, the Chinese government dramatically improved its image. This included a high level of transparency, extending nearly equal access to foreign journalists. Many foreign reporters based in China gave timely and touching reports from the earthquake ruins. Their coverage of the disaster as well as of the Chinese government's rapid response won respect from across the world.

As China's handling of its image has improved over the last several months, criticism of its policies in Darfur and Tibet has receded. The same Western media who viewed China suspiciously have come to both respect the government's dedication to its people and appreciate Chinese patriotism and social cohesion. With improved management of its public relations, China is now better prepared for the moment of Aug. 8, 2008.

Shen Dingli is the executive director and a professor at the Institute of International Studies at Fudan University in Shanghai.

Da Wei

Healthy…But Could Be Healthier

Nationalism has become a pejorative term in both English and Chinese. Yet, it describes better than *patriotism* the intellectual momentum behind a series of events during the past 10 years in China. This includes the demonstrations following the Belgrade embassy bombing in 1999, the EP-3 incident in 2001 and the protests in 2005 triggered by the China-Japan history textbook issue — and of course the troubles in the build up to the Olympics. While China's nationalism is controversial within China and worrisome outside of it, from a historical perspective, it is a relatively normal and healthy phenomenon.

As a major driving force of modernity, nationalism helped shape the nation-states of Europe and elsewhere. It nurtured national

identities over local loyalties, ensured the sovereignty of nation-states from external interference, and even created new nations like the United States, a mélange of people and cultures that might not have come together without a spirit of nationalism. Like it or not, there would be no modern world without nationalism.

From at least the mid-1800s, China has also begun this process of political and societal transformation. Given its huge size and long tradition, China is currently midway through this historic shift. Three great milestones mark China's path: territorial reunification, forging a common identity among disparate ethnic groups and reaching a national consensus on the value system China represents in the world. In all of these, nationalism will play an indispensable role.

Against this backdrop, we find that nationalism in China is not out of the ordinary. It is merely part of a worldwide process of political modernization. Like any other country, a modern China needs nationalism. If every nation-state is shaped in some way by nationalism, why so much fuss over China's? In fact, wouldn't it be odd if nationalism did not surge in a country like China, which is currently regaining its major power status in the international arena and whose people are experiencing a much higher living standard?

Moreover, China's relationship with other countries is peaceful, stable and steadily improving, its economy is booming, its society is more open. And, while ethnic strife and antagonism do exist, there is no collective hatred or discrimination among different ethnic groups. Despite frequent expressions of "nationalist sentiments," there is no sign that it has altered the general direction of China's path towards becoming a more active, responsible and prosperous country, nor that it will do so in the future. Therefore, nationalism in China is not only normal, it is healthy.

Two stereotypes about China's nationalism can be discerned from time to time. The first is that the Communist Party has been using nationalism to shore up its legitimacy following the end of the Cold War — a kind of collective brainwashing.

However, China's nationalism has been a constant feature of China's intellectual landscape for at least the past 150 years. In fact, nationalism was one of the foundational principles of both the Nationalist Party (KMT) and Communist Party early in the last century. Moving along, China's current patriotic education has experienced no major shift since from pre-1990s environment. Current "April youth" (those protesting against the "Western media distortion" over the Olympic Torch Relay this past April) and older generations are both nationalistic; they just have different ways of expressing it.

The Chinese government's position is much more complicated than simply supporting or encouraging patriotic or nationalist activities, as many analysts outside China believe. The Chinese government is caught in a dilemma between permitting healthy patriotic activity and guarding against unexpected outcomes, including irrational behavior. It would be politically foolhardy for any government in the world to confront "patriotic activity" of its citizens. Like a heavy burden around its neck, the government is concerned with not appearing ineffectual. It does not want to repeat the "weak diplomacy" of the late Qing Dynasty governments. Giving nationalist activity a necessary but limited outlet and then eventually cooling it down is the most likely rationale behind the Chinese government's approach.

A second prevailing stereotype is that China's nationalism is always based on being *against* something or somebody — whether the United States, Japan or a separatist Taiwan.

This is only partly right. Many people vividly remember the night of July 13, 2001. More than 400,000 Beijingers rushed onto the streets and to Tiananmen Square to celebrate China's winning bid for the 2008 Olympics. Their nationalism was clearly based on pride and joy, not humiliation or resentment. After the Sichuan earthquake earlier this year, Chinese netizens poured their gratitude and respect onto the Japanese humanitarian rescue

teams, demonstrating that anti-Japan emotions are not necessarily an ingredient of Chinese nationalism.

Having said this, China's nationalism does possess problems that need to be addressed. The riots in Tibet revealed the biggest challenge for China's nationalism: how to transcend differences between ethnic groups or cultures and establish a truly national common identity.

This critical issue was first addressed by the late Qing intellectual, Liang Qichao, who conceptualized the term *zhong hua min zu* (Chinese nation) and later by Dr. Sun Yat-sen and his comrades with the idea of *wu zu gong he* (republic of five ethnicities.) These gave birth to *zhong guo* (China) as a multiethnic modern nation, on which both the Republic of China and the People's Republic of China were founded.

However, until now, Chinese national identity — national myths, historic memories and cultural symbols — is disproportionately defined by the experience of so-called "China proper" (a Western term referring to the area in which Han Chinese are the majority ethnic group). For instance, the majority of educated Chinese have only limited knowledge about the history of Tibet, Xinjiang, Inner Mongolia and even some remote areas of "China proper" itself. More important, the culture and experiences of local groups and minorities have not been sufficiently woven into the greater narrative of Chinese history. For example, students learn the history of Tibet only as it intersects with that of central dynasties — when the ancient Tibetan regime engaged in "peace through marriage" with the Tang dynasty; or when it became more closely integrated with China during the Yuan and Qing dynasties. But what happened there during the intervening Ming Dynasty? Why does Tibet "disappear" from Chinese history textbook during those 300 years?

It is problematic when the histories of those regions only have relevance and meaning in the context of direct relations with central dynasties. For in this framework, their historical narrative is not an organic part of China's. Only when we view Chinese history and culture as covering the whole of its territory can we claim that Chinese history belongs to all of its people rather than just a history of "China proper." Similarly, only when people feel their part of Chinese civilization is equally respected and an integral part of the Chinese historical narrative, can they share in the pride of being Chinese as well as a member of his/her ethnic group.

Wei Shanghe
Houzi

Molding a self-confident nationalism is another challenge for China. Like many countries, China's nationalism is a hybrid of historical pride and humiliation. There is great historical pride in China's ancient history but also a deep sorrow over the wrongs committed against it in modern history, making many Chinese too sensitive about "national dignity."

To meet this challenge, on the one hand, different views in China about those issues related to nationalism need to be expressed, encouraged and respected (for instance, more rational assessment of whether the criticism from other countries is right or wrong, what is the critic's intention, etc). Tolerance is also essential. Irresponsible labeling of one side against another as *fen qing* (angry youth or traitor) is harmful to society. The media need to take social responsibility seriously and carry

on debate rather than merely pursuing economic interests by venting populist views.

In short, the check and balance of different views is necessary to foster a healthy nationalism for China. We can see how a lack of it leads to a strong polarization of views. For instance, we often see two extreme views that are popular in China. There are those with cynical views on everything about China — its politics, economy, traditional culture and even "national character." This school of thought, which was particularly popular among intellectuals in 1980s and early 1990s (as was expressed through a famous TV series *He Shang* at the time), has a tendency to slip into national self-abasement. Then, there are others that have expressed opinions — especially in recent years — on the Internet and newspapers characterized by a strong national self-conceit. Only through debate can we have an opportunity to build up a healthy and widely-accepted nationalism in China.

Additionally, the interaction between China and the outside world is extremely important. Mutual recrimination and overreaction between China and the outside world will only produce a downward spiral leading to confrontation and hostility. The plain fact is that China has integrated itself into global affairs quickly and irreversibly since late 1970s. The Chinese are by no definition xenophobic, or the world would not see China as open and self-confident as we see today. The rest of the world is also not antagonistic to Chinese interests, or China would not be as safe and prosperous as it is today.

The unfortunate events leading up to the 2008 Olympics provide an unprecedented opportunity to observe close up and reflect on China's nationalism. Despite the anxious assessment of many outsiders as well as the heated words of self-assured Chinese youth, China's nationalism has a fairly clean bill of health, perhaps with the exception of the occasional flu.

Da Wei is a representative in Washington DC for China Institutes of Contemporary International Relations (CICIR) and visiting associate at Johns Hopkins University, School of Advanced International Studies (SAIS).

Peter Van Ness

Adapting to a Changing World

How can Goldman Sachs and economists like Albert Keidel continue to predict such a rosy economic future for China when the world is changing before our eyes? Linear projections based on China's performance since 1978, and expectations that the Chinese economy will overtake America's by the end of the next three decades, are very likely to be wrong. Our world is changing in fundamental ways. Escalating oil prices, a growing food crisis, rapid climate change and now the failure of the Doha Round of international trade negotiations are remaking the world we live in. China, like the rest of the world, will be shaped by these structural shifts. And how China adapts to the challenges they pose will be a key factor determining its future role in the world.

Climate change is one of those challenges, and perhaps the most serious as China moves into first place as the world's largest emitter of greenhouse gasses. International pressure is growing on China to set emission limits and to reshape its policy in order to control spiraling patterns of water and air pollution in China, which the World Bank estimates causes up to 750,000 premature deaths each year. Chinese acid rain also pours down on Korea and Japan, and even affects the air quality across the Pacific in the United States. Environmental degradation, compounded by severe water scarcity in North China, is not only the most likely obstacle to sustaining high rates of economic growth, but it also makes China a recurring target of criticism by countries who have put climate change at the top of the national agenda.

How will the Chinese leaders respond? So far, China and other developing countries like India, have refused to accept emission limits until the rich countries — responsible for the bulk of residual world pollution — take responsibility for what they have done.

But climate change is only one of the major stress points pressing down on China. It is also the least urgent with respect to its impact. More immediate for China is the need to im-

port more oil to fuel its burgeoning economy. China's decisions about how to compete or cooperate with others to address this national priority will have serious global consequences. Expected to be the world's largest energy consumer by 2010, China already imports more oil than Japan and uses it much less efficiently than most industrialized powers. With the United States as the world's largest petroleum-consuming nation and currently dependent on imports for nearly 70% of its oil, competition among the United States, China, Japan and others is already deeply reshaping their energy security strategies.

Projects for producing biofuel link the energy problem to yet another, even more immediate, dilemma: the food crisis. Using food crops to produce biofuel is exacerbating an ongoing food crisis that was already underway due to flooding and droughts in grain-exporting countries, dietary changes in the developing world to more meat consumption requiring increased grain to feed farm animals, and global price speculation by hedge-fund managers. The direct impact of escalating food prices affects the world's poorest countries most acutely. Famine and growing poverty have already caused riots in several countries (for example, in Haiti, Indonesia, the Philippines and Cameroon).

Walden Bello in the current issue of *GlobalAsia* argues that previous neoliberal trade agreements negotiated with various developing nations (by the IMF and World Bank as structural adjustment conditions for loans and grants) have made their domestic food producers vulnerable to competition with large-scale and heavily subsidized corporate agriculture in the United States and Europe. The result has been that domestic food production in many developing countries, especially by small-scale farmers, has sharply declined, and some of the poorest countries have become heavily dependent on imports to feed their people.

When the global price of food increases, as it has over the past several months, the world's poor are in serious trouble. Rich countries, at worst, may have to revise their diets in response to these trends, but for the poor, the effects can be life-threatening. India and China in the Doha Round have stood against further tariff reductions that might increase the vulnerability of domestic agriculture in developing countries.

Ming Ke
Heroes

In India, the situation is dire, marked by a sharp increase in suicides by small producers who are no longer able to compete. China, by contrast, is largely able to feed itself, and its grain reserves and government price supports for domestic grain producers have cushioned the impact of global food price rises. Nonetheless China has chosen to side with India against the rich countries of the West in protecting the world's poor against additional exposure.

It is impossible to predict how these fundamental structural changes will influence China's future foreign policies. For instance, a war between the United States and Iran could spike oil prices to levels high enough to bring on a world depression. The question is whether the major world powers can agree to cooperate on meeting these challenges, or, whether they will compete for advantage at each other's expense. A battle of zero-sum games played out by the world's biggest countries over global energy

resources, food stocks and the responsibility over climate change could make the world a much less happy place for everyone.

Some scholars have suggested — such as David Kang did in his book, *China Rising*- — that China has demonstrated a firm commitment to multilateral cooperation and is likely to want to cooperate with the other major powers to work out mutually beneficial arrangements to deal with this changing world. However, others, particularly the realist camp, foresee confrontation or worse as the major players begin to face the new challenges. China's great economic success of the past three decades, and its achievement of annual growth rates of more than 9%, may not be a helpful guide to what is likely to happen in the next 30 years. Like the rest of us, China's leaders looking to the future should expect the unexpected. How China and the other major powers respond to the new challenges will tell much of the story.

Peter Van Ness is a visiting fellow at the Contemporary China Centre and Department of International Relations at Australian National University.

Hu Xijin

A Competitive Edge

Forty years of turmoil followed the collapse of the Qing dynasty. Many forces sought to waylay the country's development. Some of them were successful. Without any political inheritance or material foundation, the Chinese Communist Party (CCP) struggled to build a new regime from the bottom up. Thus was the fate of the Chinese nation. The first 30 years under Communist rule were also marred by upheaval primarily due to a hostile international environment. The CCP, lacking a firm footing and sufficient confidence, engaged in wave after wave of "class struggle" in order to consolidate its political power. These were the growing pains that every new government faces.

China is completely different today. The reform inaugurated by Deng Xiaoping grew out of both a strategic assurance at the international level (having successfully developed a nuclear device) and political confidence at the domestic level. In fact the two are intertwined. Under these conditions, the CCP, not needing to take orders from anyone, was bold enough to proceed with an independent path of reform — one based on China's actual situation, starting with localized experiments and scaling up from there, using whatever method worked. The results of the last 30 years are clear: a booming economy and political enlightenment, which have benefited the vast majority of Chinese people. Hence, China is now experiencing a moment of unprecedented self-confidence. This is characterized by a progression from self-repudiation to a repudiation of the universality of the Western system.

The West's angst over China's future — and, ironically, the basis for China's gaining confidence — is the direction and speed of China's political reform, which many cannot comprehend. These same issues are also under debate in China, yet a clear consensus has formed. First, China will eschew radical change. Both policy-makers and the broader populace are on the same page here. Second, the CCP will constitute the political and policy-making core well into the future. Democratization will not fundamentally alter China's centralization of authority. The reasons for this are complex but the dominant narrative in China is that the nation *must* avoid its recent history of collapse and massive social turmoil. China approaches itself with a deep sense of history and the memories of the social devastation suffered by the entire nation are still fresh. Historical perspective, while pooh-poohed by many in the West, also strongly indicates that China remains in the early stages of restructuring and stable development. Combined with the vastness of China's territory, the great variety of ethnic groups, and the frequency of natural disasters, the demands on the central authorities are mammoth. In fact, the Party's improved flexibility, which

resulted from Deng Xiaoping's successful reforms, is at times and in some ways more able than the Western world to adapt to globalization. China will also not invite strategic confrontation with the Western world. The Chinese are clear they will be no military match for the West for a long time to come. Hence, provocative actions are simply not in the cards for Sino-Western relations. At the same time, treating China as an enemy is an unacceptable risk for any government. As for the Sino-US relationship, it has proved capable of weathering severe contradictions, heading off disaster after disaster. Today the two countries may often be uncompromising on the surface, but in reality their relationship is rather durable: the memories of two World Wars and a Cold War remind them of what is at stake. Exploring new ways to resolve conflicts of interest between the great powers accords with the fundamental interests of the whole world. In the future, it is inconceivable that either China or the West would allow the emergence of another crackpot demagogue willing to gamble with the fate of all of humanity just to defeat his adversary.

China's real challenges are resource procurement and environmental degradation, two points that are captured in the ubiquitous phrase, *sustainable development*. But the Chinese people have a tremendous power to endure. They have always shown self-restraint. They know that it is impossible for them to live the extravagant existence of Americans. They will pursue resources throughout the world, but they won't risk squaring off in a life-and-death struggle with any other great power over them. China truly does have a lot of problems, but one has to realize that it is fully engaged in a steady process of resolving them.

Overall, China's future prospects seem optimistic because it holds the most important attribute to succeed in a globalized world: competitiveness. Playing by the rules that Westerners themselves have formulated, the Chinese are beating them at their own game, willing to work longer hours and able to produce goods more cheaply. The Western world is desperately trying to fend off this challenge through antidumping measures and protectionism against China. But these are political tactics for a fundamentally economic issue and therefore are doomed to fail. In short, the West is afraid to confront the basic problem: it is losing its competitive edge against China.

Liu Hong
Meal

Hu Xijin is the editor-in-chief of *Global Times*.

William Tow

Contending Visions?

The debate is intensifying over whether a "rising China" is accommodating the West's vision of international order or attempting to contest that order with a vision of its own. China insists that its New Security Concept and its notion of a "harmonious world" conforms to a "win-win" vision of regional and global stability based on different political systems' peaceful coexistence and mutual economic prosperity. Some concur. China is aware that it must join a historically unique

Western-oriented world order rather than attempt to engineer a hegemonic transition if it is to enjoy maximum leverage in international relations. Others disagree, viewing China's model for economic growth in the developing world (the so-called Beijing Consensus) and its application of *soft power* through multilateral diplomatic appeal as directly competing with Western prominence, and even US national security. In these circumstances, China is not responding to the challenge of becoming the "responsible stakeholder."

The gravity of this debate for international relations is about what type of "multilateralism" China is really pursuing. Traditionally, many IR theorists have viewed multilateralism as a largely self-evident means to overcome differences between nation-states. By adopting this approach, its advocates insist, *absolute gains* are realized, whereby all stand to gain more than they lose, most often through institutional affiliation and support. *Relative gains* — situations where the gaps between winners and losers are often large – are minimized. *Institutionalists* acknowledge that while China's ascension to world power status is inevitable, they assert that it need not be at the expense of American interests. The United States will need to shape China's "critical strategic decisions" to reinforce rather than transform the current Western-centric international system, convincing them that such choices are most beneficial to China. *Realist* skeptics counter that China has already made its choices and is employing multilateralism as a competitive rather than cooperative strategy. The New Security Concept, accordingly, is a ploy to marginalize and discredit US strategic presence and alliances in Asia and to ultimately replace American pre-eminence with a new regional security order dominated by Beijing.

Both camps can draw upon substantial evidence to advance their respective positions. The institutionalists cite China's increasing willingness to support a complex web of rules and institutions that cannot be easily defied by any single power. They also point to the growing interdependence of the Chinese and Western economies. Globalization, moreover, is shaping China's domestic politics in ways that would make Mao Zedong and his revolutionary counterparts turn in their graves. This process is gradually liberalizing — if not completely democratizing — Chinese society and politics, gradually breaking down the CCP's ability to control every facet of Chinese life.

There is no commensurate tempering of Chinese nationalism, however, thus giving credence to the realist interpretation of Chinese multilateralism. China's populace generally supports its leadership's hard-line position on Taiwan and the prospect of using force if that island were to declare independence. The development of sufficient military power to challenge the United States in such areas as space technology, nuclear deterrence and maritime interdiction also generates a sense of Chinese pride. Nor is there any doubt that Chinese leaders would prefer to shape Asia's future institutional politics along "exclusivist" lines, restricting institutional affiliation to "East Asian" members as opposed to endorsing a broader "Asia-Pacific" framework in which the United States would be involved and influential.

Three factors will be critical in determining whether China's future multilateral postures will be cooperative or competitive. To preserve its leading role in the international order, the United States needs to back multilateral approaches to regional and international security more vigorously than it has to date. Roughly two decades after the Cold War's demise, Washington remains committed to its "time-tested" framework of bilateral security alliances in Asia. Some US policymakers and analysts now recognize that the American hub-and-spokes system of bilateral alliances requires a re-think and at least some adjustment. It is unclear if an ideologically grounded "League of Democracy," as proposed by the presumptive Republican presidential candidate John McCain, will ultimately appeal to America's Asian allies who are increasingly

skeptical of Cold War style geopolitics and the politics of containment. Existing regional institutions in Asia, however, do not carry the ideological baggage of entrapment in great power rivalries. Greater American deference to ASEAN's own institution-building initiatives and more creative American efforts to find common ground with existing, regionally indigenous security frameworks will more likely enhance Washington's own long-term standing in Asia.

Second, the United States and its allies must identify those strategic elements they are prepared to modify — provided China's behavior warrants it. US diplomats have acknowledged Beijing's leadership in the Six Party Talks, which may be a precursor for a permanent Northeast Asian Peace and Security Mechanism. Working with China on other key regional and international security issues strengthens Beijing's sense of genuine collaboration with the United States. It also provides China with a greater stake in bilateral consultative bodies, like the US-China Strategic Partnership or multilateral bodies such as the ASEAN Regional Forum and the Asia-Pacific Economic Cooperation (APEC). China, in return, must be prepared to demonstrate credible and consistent reciprocity for being recognized as a valued stakeholder in international order-building and maintenance.

Finally, other key Asia-Pacific states and actors need to support cooperative versions of multilateralism in their region if that approach is to avoid becoming overwhelmed by the diplomacy of cynicism and rivalry. Such an outcome can occur all too easily. In late July 2008, for example, Russia, demonstrating its frustration with a perceived US-dominated security order in Europe, proposed to supersede the Organization for Security Cooperation in Europe and NATO with a broader Eurasian framework. If the United States fails to support cooperative forms of multilateralism in Asia, China could propose a similar framework but one with the target of reducing ongoing US "hegemony" in that region. Raising such an initiative would be consistent with China's co-founding of the Shanghai Cooperation Organization, which Moscow and Beijing believe checks US power advancing at their expense in Central Asia. ASEAN has likewise combined realist power balancing tactics with more legalistic institution-building in recent years to "hedge" against both American and Chinese efforts to dominate that forum.

The extent to which large and small powers are able to put aside their own grand designs to ensure the viability of existing institutions, and their ability to accommodate others' security interests, will determine Asian stability and prosperity. There are some signs of increased US support for multilateralism in Asia and of a more benign Chinese outlook toward order maintenance as opposed to order transformation in that region. How enduring these trends prove to be, however, will rest with American and Chinese collective leadership. Both countries must agree to subjugate their potentially contending visions of mul-

Liu Hong
Seesaw

tilateralism to the greater imperative: that is to enmesh other regional players into consensus-based, regional and multilateral security order. This will require levels of patience and policy coordination not yet demonstrated in either Washington or Beijing. In the end however, the stakes of failure are so great that neither side will let the other down.

William Tow is a professor at the Research School of Pacific and Asian Studies at the Australian National University.

Sidney Rittenberg

Crystal Ball

Under the best of circumstances, predicting the future of any country requires either a prophet or a crystal ball. I am neither the former, nor possess the latter. But, with 35 years of living spent inside Chinese society, and an additional 28 years commuting to China as a consultant, I feel I can take a few educated guesses at China's future.

If we look at the last 2,000 years of documented Chinese history, two characteristics stand out: one is persistence in keeping China together. But constantly pulling in the opposite direction are China's temporary divisions into separate kingdoms, rebellions, insurrections, peasant uprisings and revolutions.

China's leaders today are compelled to emphasize this Chinese cohesiveness in order to provide a stable platform from which to guide the nation to the declared goals of prosperity and democracy.The prevailing mindset can be described by the proverb, "beware the fury of the patient man." The patient man is the Chinese masses, who can, nay must, labor hard and even tolerate a high level of injustice while the country changes. But there is a breaking point. And when it is reached, the result can be the total obliteration of the previous order.

This means dealing with specific challenges that arouse the anger of the people. Official graft and corruption, illegal seizures of land by despotic local officials, cruel exploitation of migrant workers by unscrupulous entrepreneurs, police suppression of peaceful critics, the widening gap between urban and rural income, environmental damage and implementing genuine ethnic autonomy are but a few of them.

Few people are surprised at the existence of these evils in a developing country, especially since the same evils exist even in many developed countries. But, the people demand that their leaders labor earnestly to correct them. Thus, the primary challenge before China's leaders is to demonstrate to their people that they doing their best, and that they are carefully attending to the needs and demands of the grassroots society as they tackle these problems.

It's not just about results, it is also about the process. With the latter, the Chinese leaders are so far succeeding. This was exemplified by both the president and the premier being shown on TV visiting SARS patients without wearing a quarantine mask; or when these same leaders appeared among the people stranded at bus and train stations on Chinese New Year's eve during the winter storms earlier this year; and when they rushed to the scene of the Sichuan earthquakes to personally direct rescue and relief efforts. These acts have produced a qualitative change in the way this generation of Chinese view their leaders. No wonder then, that the Pew Research Center polls showed that China had the highest proportion of citizens who were pleased with the direction their country was moving.

The pragmatic reforms and political reforms of the past 30 years reflect the current leadership and their approach to handling the challenges before them. They no longer hail from the ranks of the guerrilla fighters or student radicals. Today, they are overwhelmingly engineers. They are builders not ideologues. Furthermore, their core slogan is no longer "young people, sacrifice your personal goals for the state, the Party and Socialism!" as epitomized by the era of leadership under Mao. The key mantra now calls for leaders to focus on the people, and to consider how everything

the leadership does may affect them.

Case in point. Shortly after assuming power, the Hu/Wen team enunciated a sharp change in the national strategy: high GDP growth rate was still essential, but it must also steadily increase public welfare, it cannot be at the expense of the environment (introducing the concept of 'Green GDP' as a basis for promotion of local leaders), and it should not obscure "spiritual values."

As a result, we now have the first government in Chinese history that encourages people to buy more, not to save more. We also have a China, which after millennia of stubborn self-isolation, has joined the world. And, while China is still in the process of evolving its own form of political democracy, the Chinese have greater individual liberties than at any time in their history. They have the freedom to choose their job, pick their school, live where they want, travel wherever they wish, do business, practice religion (though within prescribed limits), and criticize and complain to their hearts' content (so long as they don't publish major opposition views or organize to directly oppose Party policy).

So what's stopping the country's leaders from proclaiming multiparty democracy or a free press now? It could be in part due to a post-traumatic syndrome after the hugely destructive Cultural Revolution. But there are other reasons. With a massive, poorly educated population, lacking in democratic experience, with many millions of urban unemployed and over 150 million migrants, an incremental, bottom-up approach is probably wiser than rushing it and risking social collapse as happened to the Soviet Union under Gorbachev. It is quite possible that if political parties were legalized in China tomorrow, one of the most powerful of them would be of a Zhirinovsky-like ultra-nationalist strain: anti-foreign, anti-business and anti-corruption. Once in power, a whole new level in corruption could ensue.

Genuine positive change in China is a work in progress. The best prospect for political reform in China is that produced by the painstaking push-and-pull between forces for and against, with many zigzags and even relapses. I have personally experienced the disaster that great and rapid change has brought to China with the Great Leap Forward and the Cultural Revolution.

One thing is sure. This change will not come about through face-losing criticism of the Olympics. Winning the right to hold the Games is a crowning achievement for Beijing and symbolizes China's joining the world. The Games have become a universal source of national pride for virtually all Chinese, whether in the city or the countryside, whether young or old. Spoiling the Olympics for the Chinese is a sure-fire way to arouse their anger and xenophobia, as well as increase misunderstanding and friction. Criticizing China's human rights violations is fair game, but lay off this world sport festival or risk strengthening the anti-reform hard-liners in China.

In the end, I believe that China's current leaders are essentially good, conscientious men but they do not have absolute power nor can they perform magical feats. They face formidable challenges, and do so with considerable humility. They understand that none of the great issues facing the human race in the 21st century can be met without cooperation between all nations, especially between China and the United States. This realization lies at the core of China's present foreign policy.

Sidney Rittenberg is founder and president of Rittenberg Associates, Inc, and author of *The Man Who Stayed Behind* (Durham: Duke University Press, 2001).

The Rise of an Image-Conscious China*

Simon Rabinovitch

A sense of alarm has emerged over the last few decades that a powerful China could become a threat to other countries. Discourse on China's rise, particularly in the United States, has centered on its potentially disruptive impact in the international community. China, however, was slow to comprehend that foreigners were wary of its growing power and its initial reactions often expressed incredulity and anger. Chinese writers coined a term in 1992 that has been widely discussed since – "the China threat theory" (*zhongguo weixielun*) – a shorthand term for the full range of foreign fears that suggest China may be harmful to the global order. In analyzing the "threat theory" over the years, Chinese scholars have moved from refuting the notion of a China threat, to asking why other states are worried and what, if anything, the government could do to alleviate those concerns.[1] Although a degree of denial has persisted, China's fear that a threatening image could undermine its international position has encouraged deep reflection about how others perceive its behavior.

Without claiming that China cares *more* about its image than other states, it is reasonable to assert that image considerations weigh heavily on the minds of Chinese decision-makers. Image-building has been an important part of Chinese statecraft since ancient times when Imperial China presented itself as a benevolent power at the center of the world. During the Maoist era (1949-1976), China attempted to convince outsiders that it was a revolutionary socialist power. In the reform era (1978-present), the PRC has been more intent on being recognized as a cooperative and responsible player in the international system. The focus on image-building has been especially pronounced since the 1990s. In the aftermath of the 1989 Tianan-

Simon Rabinovitch *is a correspondent for Thompson Reuters in Beijing.*

China Security, Vol. 4 No. 3 Summer 2008, pp. 33-47
World Security Institute

men massacre, the need to resuscitate the country's image was urgent, as China's reputation plummeted among Western states, which went as far as to embargo all weapons sales to China. In the last 15 years alone, China has created an external communications office, convened multiple conferences on overseas publicity,[2] sponsored cultural activities around the world and hired public relations firms to lobby foreign governments.[3]

What explains China's abiding interest in the image it presents? The first reason is instrumental: building a favorable image is seen as strategically useful, earning the PRC more flexibility in its foreign policy and, at the very least, not provoking other states into taking steps injurious to itself.[4] A second factor is intrinsic: China has a deep-seated commitment to image that is related to its cultural values. This has been framed as the concept of "face," or a desire for respect.[5] China is culturally offended by the perception of it as threat, and thus tries to avoid the behavior that reinforces such a notion.

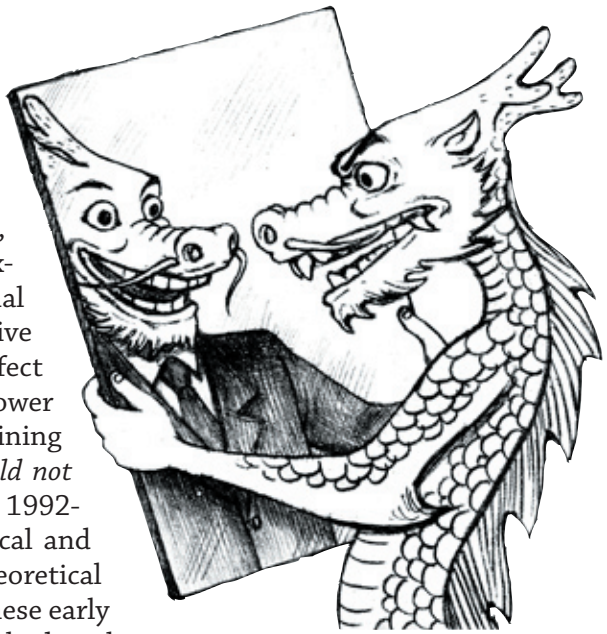
When analyzing China's response to the threat theory,[6] two major time periods are evident: 1992-1996 and 1997-present. Fears about China's rise peaked in 1995 and 1996 when it tested missiles off the shores of Taiwan and seized territory disputed with the Philippines in the South China Sea. But 1997 seemed to herald the emergence of a new China as it smoothed bilateral ties with the United States, peacefully regained Hong Kong and lent considerable support to Southeast Asian nations suffering from the Asian Financial Crisis.[7] This evolution in image-handling occurred across a number of dimensions: fine-tuned public statements about the threat theory, new enthusiasm for multilateral diplomacy, and increased military transparency.

A State of Denial

Chinese analysts were rigorous in documenting how foreigners saw the China threat, classifying it in military, economic and cultural terms. The very first Chinese acknowledgment of the threat theory was carried in a *People's Daily* article in late 1992.[8] This article expressed an understanding that several aspects of China's development worried the outside world, particularly the country's military modernization.[9] It was also noted that foreigners were unnerved by the country's fast-growing economy.[10] The final dimension of the threat theory, according to the Chinese analysts, was cultural. They pointed to the writings of Samuel Huntington, saying that Westerners viewed enmity between Confucian and Christian civilizations as inevitable and likely to grow in severity.[11]

Both official Beijing and most Chinese foreign policy scholars initially reacted with a mixture of disbelief and irritation to the threat theory, failing to appreciate the extent to which governmental policy could be used to alleviate the concerns of Asia and the world. The skeletal outline of a more robust post-1996 policy response was sketched in these early years; however, the idea that image-building could be used as a means of delivering reassurance had not yet taken hold in Beijing. Instead, the main emphasis was on rebutting the China threat theory.

The first line of attack was an "empirical refutation," disputing the very facts



on which the threat idea was thought to be based. This was a sweeping rejection of concerns about China's rise. The second was a "theoretical refutation," which involved contesting the notion that, as a rising power, China could be expected to destabilize the international system. This was a more contemplative response to the threat theory, in effect acknowledging that a fast-rising power *could* provoke worries, but maintaining that China was unique and so *should not* provoke worries. Rebuttals in the 1992-1996 period were primarily empirical and quite crude. By contrast, the theoretical refutation was underdeveloped in these early years, though some articles did foreshadow the more sophisticated theory-based arguments of the post-1996 period.

The empirical rebuttal focused on what many saw as the three main dimensions (military, economic and cultural) of the China threat theory. Without denying that China was in the process of strengthening the PLA, the Chinese analysts responded that outsiders exaggerated the extent to which it was being modernized and, more fundamentally, misunderstood its purpose. As the first to address the issue, the 1992 *People's Daily* article was adamant in stating that China's military aims were purely defensive, a claim that became a trope in official and scholarly statements thereafter. This was natural, it said, "for a Chinese people who have only recently escaped imperialist aggression and colonial oppression."[12]

As the threat theory gained traction, foreign policy analysts produced evidence to downplay fears about the speed of its military rise. Studies were released showing the figures on China's military build-up produced by Western analysts were "miles apart" from the official Chinese numbers, suggesting that this was evidence of Western mendacity, not Chinese deception.[13] On overall spending they said that China lagged behind the United States, Great Britain, France and Japan, South Korea and India, while in per capita terms its defense expenditures were even more minimal. And analysts showed that China's share of the global arms trade was much smaller than that of the United States, Britain or France.[14]

Hard numbers also figured prominently in the responses to concerns about China's economic development, which foreign critics correlated to its growing military might. Singled out for opprobrium was the decision of the World Bank and the IMF to measure China's GDP according to purchasing power parity (PPP), which catapulted the PRC from tenth to third place in the global national-income table.[15] The PRC economy was indeed growing very quickly, and this was not something China wished to deny. Instead, as a 1995 *People's Daily* article exclaimed, China's development could

be seen as promoting "world peace and prosperity."[16] Variations on this theme would become standard fare in Chinese diplomatic statements in the late 1990s.

The theory-based refutation of the "China threat" idea was still embryonic in the 1992-1996 period, but the shape of a more sophisticated rebuttal could already be seen. The essential thrust of the arguments was that China was capable of rising to power in a peaceful manner. Even if these arguments were not convincing, they signalled a better understanding of why China's ascendancy might send shock waves throughout Asia and the world.

One argument asserted that the China threat theory was a simplistic outgrowth of the traditional IR balance-of-power concept. However, China would not provoke balancing behavior just because it was getting stronger. Instead, the balance-of-power concept would not be pertinent in the Asian context because the regional style of development stressed deep interdependence and consensus, not vicious competition. To pretend otherwise would be to view the world incorrectly as "monocultural" instead of "multicultural."[17] Another viewpoint made a more elaborate case for Chinese exceptionalism. It stated that the rise of major powers inevitably posed a challenge to the international status quo, but insisted that the process of rising could be peaceful, depending on two criteria. The first was whether the rapidly rising state sought a dominant position. The second was the nature of the emerging power's goals. Specifically, would it want to overhaul the international system and topple the current leading powers, or would it be satisfied with the existing order? On both counts, scholars argued that China was relatively harmless. As Yan Xuetong wrote, "The project of rising in power has been going on for 70 years…China's current goal for rising is to struggle for equal status in the international community, it is not to be a global hegemon."[18]

Paying little heed to the signs that the PRC's rise could cause anxiety in Asia, most Chinese scholars in the 1992-1996 period thought the government need do little to address the threat theory. Their overriding concern was not that China might be seen as a threat, but rather that China might be threatened by others, especially the United States. Their main recommendation was that China should keep a low profile so as not to attract undue attention, while developing its military potential should China be drawn into a conflict with the United States. This realpolitik prudence had in fact characterized foreign policy thinking in Beijing since the early 1980s.[19]

As late as 1996, scholars still downplayed the significance of the threat theory. The boldest assertion was that it was just like other misguided foreign criticism directed at China, whether about human rights, Tibet or nuclear proliferation. Should other countries act against China, it should respond in kind , "If the 'China threat' theory does affect our country's political system or sovereignty, we should give tit for tat and not yield."[20]

Awakening

China's public statements directed at foreign audiences about the threat theory were blunt, defensive and often angry during the 1992-96 period. They accused

Western countries of concocting the theory to block China's rise, argued that fears about China's capabilities and intentions were utterly "groundless," and asserted that the PRC was strictly opposed to power politics.[21] If their position could be summed up in one slogan, it was the oft-repeated phrase , "China does not seek hegemony, and never will."[22] Reliance on this phrase showed that the Chinese government still bore the mark of Chairman Mao. The Chinese Communist Party (CCP) had publicly professed an anti-hegemonic stance since 1949, but had violated it on multiple occasions, most recently in a military conflict with Vietnam in 1979. Yet in the mid-1990s Beijing still believed that anti-hegemonic language could deliver reassurance. Another outdated expression, harkening back to the late 19th century, could be read in *People's Daily* declarations that China's goal was to build "a prosperous country and strong army" (*fuguoqiangbing*). Although it avowed that its strength and wealth would only serve defensive goals, Beijing had clearly not grasped that the hawkish undertones of this statement could be off-putting.[23]

Despite this apparent tone-deafness, the wheels of a more sophisticated Chinese image-building machine were slowly beginning to turn. The immediate prompt was not the threat theory but the widespread condemnation that Beijing faced after the Tiananmen massacre. China felt an urgent need to resuscitate its reputation overseas and undertook several initiatives to that end. The CCP created an Overseas Propaganda Department in 1990, which was later rechristened the Publicity Office to make it more palatable to foreigners. In 1991 the government hired an American PR firm to lobby for Most Favored Nation trading status in Washington.[24] Zhu Muzhi, director of the State Council Information Office, spoke openly about the Chinese objectives, "Some [foreign countries] have prejudices or have wrongly believed rumours, therefore what they think about China is not the true image of China. We will try every means to present a comprehensive and real picture of China to the outside world."[25] China was in the process of learning about the public relations side of modern diplomacy, but it had not yet applied those lessons in combating the threat theory.

The wheels of a more sophisticated Chinese image-building were slowly beginning to turn.

From 1992-1996, China made superficial attempts at assuaging fears about its rise through gestures of multilateral diplomacy and military transparency. Participation in multilateral forums did not come easily for China. Beijing's long-standing preference was to handle its foreign affairs through bilateral channels, because it worried that multilateral approaches would either be dominated by the United States or it would be exploited by smaller states. Despite its reservations, China agreed to join the ASEAN Regional Forum (ARF) as a consultative member at its founding in 1994. It was a decision made less out of goodwill than out of fear of being left on the outside of a major regional undertaking.[26] Once on the inside of the organization, China was insistent that the forum not be used for settling sovereignty disputes, and refused to discuss territorial matters such as the South China Sea. A 1995 ARF concept paper envisaged the organization serving three main functions: confidence building, preventative diplomacy and conflict resolution. China wanted only confidence build-

ing, the least obtrusive of the three.[27]

One explanation for China's lack of enthusiasm for the ARF early on was that Beijing was simply a novice, uncomfortable with multilateral forums and uncertain that it could derive any benefit. Nevertheless, China's behavior in the ARF also betrayed a general disregard for the concerns of its neighbors. At the same time as it maintained that confidence-building measures would be sufficient for fostering regional amity, China employed its military to assert a questionable right to Mischief Reef in the disputed waters of the South China Sea. Such apparent hypocrisy served to inflate the region's fears about the PRC.[28]

The potential for the ARF to have more of a calming effect on Beijing was evident with the issue of military transparency. In the lead-up to an ARF meeting in summer of 1995, member states were urged to submit white papers about their militaries. This was already standard practice for certain ARF members, such as Japan and the United States, but it was new to developing states in Southeast Asia. When most members delivered white papers, and the chairman at the summer meeting reiterated the request, China felt considerable pressure to follow suit. In late 1995 it issued its first defense white paper.[29]

Restating the country's basic views about arms control and disarmament, the documents shed no new light on China's force structure or military spending, and so fell far short of the international standard for white papers.[30] However, in retrospect, the publication of China's first-ever white paper was an important symbolic act, indicating that Beijing recognized that greater transparency would allow it to win the trust of other states. But it would have been hard to interpret the white paper so hopefully at the time. As late as November 1996, Sha Zhukang, the Chinese ambassador to the Conference on Disarmament, said China remained "opposed to the pursuit of military transparency that disregards a nation's real condition."[31] In other words, China was still highly suspicious of the idea of transparency, afraid that its weakness would be exposed, especially to the United States. It had not yet come to believe that disclosure could be an effective way of reassuring others about the scale and purpose of its military modernization.

China Sees its Shadow

Most analysts took a more conciliatory approach in their responses to threat theory after 1997, shedding at least some of the irritation and disbelief of the 1992-1996 period. Those writing in the late 1990s began to grapple with how China could reassure Asia and the world at the same time as becoming a great power. They had come to believe that, whatever its origins, the threat theory would be a thorn in China's side for the foreseeable future. Accepting that it could not simply be refuted, scholars instead looked at how China could soften fears about the country's rise, putting a new emphasis on image building. It was increasingly argued China should take steps to *appear* more multilateral, more transparent and less belligerent.

Scholars complained that earnest Chinese attempts to "clarify facts" had only met with limited success. They said the threat theory fervor may have peaked in 1995-1997, but that "it has never been broken off," recognizing that [32] a malign image still

lingered over China's diplomatic relations, flaring up at every misstep.[33] Furthermore, the threat theory had found receptive audiences over the length and breadth of Asia, from Japan to Southeast Asia and India.[34] While misperception could partially explain its spread, many writers charged that outsiders were also deliberately distorting the country's image for their own benefit. As one scholar put it, the goal of China's foreign critics was to "mold public opinion, so as to exert pressure on China and interfere in its internal affairs… to stir up tensions between China and its neighbors, thereby limiting China's development." [35]

Underlying these concerns was a broad consensus among Chinese analysts about the importance of image projection in diplomacy.[36] In an era of deepening globalization, one writer argued it was vital for China to find nonmilitary ways of expanding its influence. A very important method would be the "molding" of the state's image on the world stage.[37] Speaking in terms familiar to the increasingly commercialized Chinese society, Sun Zhe said , "National image is among the most important 'intangible assets' of a country's diplomacy, serving as a 'brand effect' in politics."[38]

Sha Qiguang said the ultimate aim of those spreading the threat theory was to "poison" perceptions of China in order to garner support for a strategy of containment against the PRC. Although this had not yet come to fruition, Sha claimed there were signs it was in motion. He cited surveys showing that over 50 percent of American and Japanese citizens viewed China as a menace to Asia. Popular opinion, in turn, pressured these countries' leaders to stand firm against the PRC. "Looking at the harm caused by the China threat theory, we cannot dismiss it as inconsequential," wrote Sha.[39]

Even where Chinese analysts did not draw direct linkages between image and policy, the consensus was still that Beijing's international position had been weakened and that the spreading of the threat theory bore responsibility for this deterioration. One example of the fallout was the reinvigoration of the American-Japanese security alliance in 1996. Zhao Jieqi said that it was "in the context of the 'China threat' theory" that China had again become "one of the chief adversaries considered by these two countries in their security relationship."[40] Li Xiaohua said that along with prompting unnecessarily close scrutiny of China's actions in Hong Kong and Tibet, the threat theory had also justified American intervention during China's 1996 military exercises in the Taiwan Strait. Predictions about China's future military strength and economic power were throwing the PRC's "good neighborly relations" off kilter, wrote Li.[41] Clearly, having a bad image was undermining China's interests.

Writers charged that outsiders were also deliberately distorting the country's image for their own benefit.

Scholars believed the threat theory had already turned the United States against China,[42] and warned that it could have similarly grave consequences in Asia. Tang Shiping, a Chinese Academy of Social Sciences Asia expert, said that while most Asian states were reasonably confident about China's intentions at present, they feared that

it could some day turn more belligerent. He also noted that the PRC's emergence as an economic superpower posed a major challenge for its neighbors, forcing them to make painful readjustments to their own economies. The risk was that the noxious influence of the threat theory could yet become more potent.[43] Summarizing the fear of a potential anti-China military alliance, Lin Guojiong, a former high-ranking diplomat, wrote in 2004 that the United States wanted to take advantage of Asian anxieties about China , "It is trying to create a so-called 'Small Asian NATO', with Japan, South Korea, Taiwan, Southeast Asian countries, Australia, New Zealand and others working to deter China politically, diplomatically and militarily."[44]

In accepting the fact of the existence, if not the validity, of the threat theory after 1996, Chinese scholars came to believe that the country had to address concerns about its rise. Their often explicit prescription was that the projection of a more favorable image would enable China to challenge the very roots of the threat theory. The increasing sophistication of their analysis was conveyed in their discussions of how the PRC could use communication strategies and action strategies in its image-building efforts. A fundamental foreign policy challenge for the PRC, scholars argued, was to reassure Asia and the world while simultaneously continuing to develop its economic and military power. They suggested that projecting an image as a moderate and cooperative state should be the main thrust of the Chinese reassurance strategy, and they made recommendations about how to operationalize it.

Many recognized that a communication strategy was insufficient by itself to counter the threat theory. It had to be complemented by action. Li Xiaohua, a scholar at a PLA-affiliated university wrote that "fundamentally what determines a country's international image are not words but actions." For Li, developing a reputation for moderation and cooperation required substantive behavior to increase the world's "understanding and trust" of China.[45] He singled out China's national defense and security policies for attention, saying that because they "have 'not been transparent', they have been met with accusations and baseless misunderstanding." The burden therefore fell on China to "let the world better understand" its security strategy. The need for deeds to reinforce words also came through in an article by Ye Jiang at the well-connected Shanghai Jiaotong University. Along with publicizing its peaceful intentions, Ye said China had to provide concrete evidence that it takes international organizations and rules seriously and desires cooperative relations with other states.[46]

Formulating a Strategy

The Chinese government, like the scholars, took the threat theory much more seriously after 1996 than it had before. ASEAN condemnation of China's seizure of Mischief Reef, American intervention in the Taiwan missile crisis, and the reinvigoration of the American-Japanese security alliance all added up to a sharp rebuke of the PRC's behaviour in the mid-1990s. Even if Beijing regarded general fears about its rise as groundless or even malicious, it realized that its actions had only made these fears more credible. This pointed to a profound change in China's self-understanding: while not seeing itself as a threat to others, it recognized that other states did, in fact, see it this way. It could no longer afford to be dismissive of the threat

theory.

The PRC, in general, was increasingly adept at seizing the various opportunities that presented themselves to reassure the world about the impact of its rise. Image projection played a major part in this diplomacy of reassurance. This does not mean that the PRC's efforts were insincere. Rather, to convince others of its good intentions, Beijing realized that basic actions only go so far, and that it must persuade others to perceive these actions as it desired. In short, Beijing learned that it had to do a better job of selling itself.

An early example of these efforts was the "New Security Concept," which Beijing unveiled in rough form in 1997 and formally elaborated in 1999.[47] There were some innovative aspects to the New Security Concept, such as its emphasis on dialogue and consultation, but at its heart it was a restatement of the Five *Principles of Peaceful Coexistence*, which China had claimed as its guiding foreign policy philosophy since 1955.[48] What was noteworthy, then, was that Beijing had given a new label to old ideas; this stood as a marked contrast to the 1992-1996 period when the PRC used well-worn, anti-hegemonic statements that had long ago lost their lustre.

Directly confronting the "China threat" idea, former Premier Zhu Rongji repeated time and again from 1999 to 2002 that it was the "China opportunity" idea that should be believed.[49] In late 2003, the uppermost echelon of Chinese leadership unveiled "peaceful rise" as the phrase that summed up its core objectives. An internal debate, the precise nature of which remains murky, ensued about the virtues of this phrase; one significant opinion was that foreigners might find the use of the word "rise" too unsettling. In mid-2004 PRC leaders switched to "peaceful development" as their phrase of choice.[50] By early 2006, perhaps thinking the "peaceful development" slogan had grown stale, President Hu Jintao declared that the primary objective of China was to build a "harmonious world."[51] Beyond utilizing these pithy slogans, Chinese officials have also been skilful in finding different platforms for broadcasting them. Of note is the Boao Forum for Asia, created in 2002 by the PRC, supposedly as an Asian equivalent to the World Economic Forum. The Chinese premier or president has consistently been on hand to deliver the keynote speech at these well-attended meetings, always making the positive aspects of China's development the core theme.[52]

Beijing learned that it had to do a better job of selling itsef.

China's comfort level with multilateral diplomacy also increased substantially in the after 1996. Significant in this regard are China's role in creating the Shanghai Cooperation Organization (with Russia and several Central Asian states) and its contribution to the six-party talks on the North Korean nuclear issue.[53] To recall, China was initially reluctant to join the ASEAN Regional Forum in 1994, and after joining it showed little inclination to make ARF work, even obstructing its progress on occasion. But observers detected an important change in Chinese attitudes, dating roughly to late 1996. Where China used to keep a low profile, it began to draft detailed meeting reports, share in chairing responsibilities and host summits.[54] Another important development was China's willingness to let the ARF Chairman's

Statement refer to the South China Sea dispute, which was mentioned for the first time at the 1997 ARF meeting. Informal talks on managing the dispute produced a tangible outcome in 2002 when China and ASEAN signed a "Declaration on the Conduct of Parties in the South China Sea."[55] It is reasonable to conclude that there have been substantial changes for positive engagement in Chinese multilateral activity in Southeast Asia.

Meanwhile, China has gradually made more sincere efforts at military transparency since 1996, publishing three additional defense white papers, each disclosing more information than the previous one. Unlike the 1995 white paper, which revealed virtually nothing about the state of the PLA force structure, the later documents provided far more details. The most recent one, published in 2006, described China's defense policy and its domestic mobilization.[56] It was more in line with conventional white paper practice, though it still fell short of global and Asian standards.

Whatever the quality of the white papers' contents, it is clear that China sought to use these disclosures to maximize positive benefits to its image. Three features point to this conclusion. First, instead of following a regular, often annual, schedule for the publication of the papers, China issued them at irregular intervals, often timing their publication to gain as much credit as possible. For instance, after a delay of nearly three years, China published its second white paper to coincide with the opening of the 1998 ARF meeting.[57] Second, the white papers tended to offer little in the way of new information, instead drawing together statements and documents already in the public domain.[58] While it might have been useful for the international community to have all this information collected into a single document, the PRC white papers could also be seen as deft repackaging of recycled information. Third, each white paper disclosed only a little more than the one before it. This could be interpreted as a by-product of the gradual process by which China accepted the concept of military transparency. Yet there was also a clever marketing element to this incremental transparency, as each new white paper has been seen as a slight improvement. This has earned China praise while also tempering future expectations about its level of disclosure.[59]

Shifting Sands

The consequences of underestimating one's own threatening image can be severe, particularly in the context of a security dilemma, where trust and understanding is lacking between states. A state that does not consider itself dangerous will believe there is no reason for other states to oppose it, which may be seen as unjustifiable aggression on the part of others and an upward spiral of hostility may result.[60] Robert Jervis writes, "The result ... is a neglect of the possibilities of favorably affecting the other's behavior by moderating one's own actions and an increase in illusory incompatibility."[61]

China's underestimation of its own threatening image did indeed have negative consequences in the 1992-96 period as China's actions grew progressively more belligerent, culminating in the South China Sea dispute and the Taiwan missile crisis towards the end of the period. To borrow Jervis's phrase, the 1992-96 period was characterized by Beijing's "neglect of the possibilities" to appear more reassuring.

From 1997 on, the view of both scholars and officials was that the negative impact of the threat theory had resulted in large part from China's earlier inattentiveness to image issues. Through a combination of words and actions, China invested far more effort and thought in convincing Asia and the world that its rise could be beneficial. China did take substantive actions at considerable cost to itself in order to deliver reassuring signals; however, its gains through skilful image-projection mitigated this cost. Developing a good command of the public relations side of diplomacy, the government began to do a better job of "selling" its rise to Asia and the world.

Two contemporary cases underline China's increasing sophistication and willingness to calibrate its actions. For years Beijing resisted talk of sanctions or any other punitive measures against Sudan, its oil-rich trading partner, over the conflict in Darfur. But with international attention on the alleged war crimes in Darfur and many drawing a connection to China, one of Khartoum's main supplier of arms, Beijing settled for a compromise. In contrast to its historical resistance to intervention in the internal affairs of foreign states, China supported the deployment of United Nations-African Union peacekeepers in Sudan – and played a key role in convincing Khartoum to accept the joint force. Beyond lending its diplomatic support, China stepped forward last year with a contribution of 315 engineers to the peacekeeping force. China's role in Sudan earned praise from US Secretary of State Condoleeza Rice and UN Secretary-General Ban Ki-moon.[62] Such endorsements have proved crucial to Beijing in fending off continued criticism over its ties with Khartoum that, at their core, seem to remain unaltered; China is still buying Sudan's oil and selling it arms.

China took substantive actions at considerable cost to itself in order to deliver reassuring signals.

Another notable shift in China's foreign policy came in June of this year, when it agreed with Japan to cooperate in developing gas fields in a disputed part of the East China Sea.[63] The disputed gas fields had long been seen as a potential flashpoint between the two countries, adding high economic stakes to lingering WWII animosity. Four years earlier China had ratcheted up the tensions over the East China Sea, when it unilaterally began drilling in one of the fields and later sent in two naval destroyers in a show of strength. Talks between the two countries had dragged on for years. An explanation of the sudden breakthrough must take account of a complex mix of factors, in particular the domestic politics in both countries. An upswell in anti-Japan nationalism in China in 2005 has since subsided gradually, in tandem with a leadership change in Japanese, where successors to hawkish Prime Minster Junichiro Koizumi have been more flexible in dealing with China. But a concern for image was likely a key part of China's about-face regarding the gas fields; the agreement with Japan came just months before the Beijing Olympics.[64] Moreover, the agreement is sufficiently ambiguous – not settling the core issue of the East China Sea territorial boundary – to allow China to push harder for its economic interests at some later date, when presenting a cooperative image is less urgent.

The possibility that Beijing may yet seek to press its claim on the East China Sea points to an intriguing development in China's foreign policy. From the late 1990s

on, the country grew more sensitive to how other countries regarded its rising power with trepidation. China is now more capable of pushing the right buttons to allay such fears, but in some cases, it simply chooses not to do so.

China's January 2007 test of an anti-satellite weapon, which put foreign satellites at risk because of the resulting debris, seemed to be a retreat to the early 1990s; no warning or explanation was given to alarmed foreign governments. While the reasons behind the test remain unclear, they at least point to the fact that some constituencies in China – at a minimum, the country's military establishment – have interests, such as national security considerations, that can trump image-building tactics and are thus willing to risk a return to China being seen as a threat

However, on the whole, China has continued to press forward with a more internationally palatable set of words and actions. The way China has adjusted its stance on Taiwan is instructive. Gone are the bluster and crude tactics of the 1995-96 missile tests. Instead of warning of the consequences of delaying reunification, China has dropped all timetables and has stressed a gradual and open-ended reconciliation with Taipei.[65] Though the 2005 Anti-Secession Law formalized the mainland's warning to attack the island if it declares independence, PRC leaders rarely invoke it as a threat in public statements.[66] Even if Beijing remains unflinching on the one-China principle, it has steadily softened its rhetoric and cross-Strait ties are in their best shape in years with the election of Kuomintang's Ma Ying-jeou as president in March.

On Taiwan, as on Sudan, the East China Sea and so much else, Beijing has shown that it is worried about how it looks. This preoccupation with its international image should not be dismissed as hollow or deceptive. Since its change in tactics during the late 1990s, the PRC has moved reasonably far along the road of multilateral cooperation and military transparency and it will now be very difficult to deviate without undermining its carefully cultivated image. China may flash its teeth on occasion but it is more determined to hone its reassuring smile.

Notes

* The views expressed here are his own.

1 Theories in China are viewed less as exercises in academic reasoning than as pragmatic guides to action. Wang Jisi, "International Relations Theory and the Study of Chinese Foreign Policy: A Chinese Perspective," in Thomas W. Robinson and David Shambaugh, eds., *Chinese Foreign Policy: Theory and Practice* (New York: Clarendon Press, 1995): 482-3.

2 The most recent conference was held in December 2005. "全国外宣工作会议在京召开" [National Conference on Overseas Publicity Work Opens in Beijing], *Xinhua News Agency,* Dec. 9, 2005.

3 Wang, "National Image Building and Chinese Foreign Policy," 50-52. Note that China is hardly alone in hiring PR firms to bolster its national image in the United States. Jarol B. Manheim and Robert B. Albritton, "Changing National Images: International Public Relations and Media Agenda Setting" *American Political Science Review,* Vol.78, No. 3, 1984: 641-57.

4 Michael Oksenberg and Elizabeth Economy document the influence of image concerns on China's desire to join economic, security and environmental organizations. See Michael Oksenberg and Elizabeth Economy, eds., *China Joins the World: Progress and Prospects* (New York: Council on Foreign Relations Press, 1999), pp. 20-21. Rosemary Foot looks at it in the case of China's moving nearer to the global human rights regime. See Rosemary Foot, *Rights Beyond Borders: The Global Community and the*

Struggle over Human Rights in China (Oxford: Oxford University Press, 2000), pp. 188-89.

[5] Peter Hays Gries, *China's New Nationalism* (Berkeley: University of California Press, 2004), pp. 23-31.

[6] My research relies on tracking the discourse in Chinese scholarly journals. For the importance of the connection between Chinese scholars and policy-making, see David Shambaugh, *Beautiful Imperialist: China Perceives America, 1972-90* (Princeton: Princeton University Press, 1991), p. 5; Phillip Saunders, "China's America Watchers: Changing Attitudes toward the United States," *China Quarterly,* 161 (March 2000), p. 44; David Lampton, "China's Foreign and National Security Policy-Making Process: Is it Changing and Does it Matter?" in David Lampton, ed., *The Making of Chinese Foreign and Security Policy in the Era of Reform* (Stanford: Stanford University Press, 2000), pp. 4-11.

[7] A number of other scholars have previously identified 1997 as a "turning point" in China's foreign relations, see: Foot, "China's Regional Activism," p. 144; Goldstein, *Rising to the Challenge*: 48; Shambaugh, "China Engages Asia," p. 68.

[8] Wu Jin, ''中国威胁论' 可以休矣" [The China Threat Theory Can Take a Rest,], *People's Daily*, Oct. 10, 1992.

[9] Ibid.

[10] Wang Yunxiang, [王运祥], ''中国威胁论'⊠" [Analysis of the 'China Threat' Theory,] in 国际观察 *[International Survey],* No. 3, 1996, pp. 38-39.

[11] Yan Shengyi, [颜声毅], "国际冲突的主要根源是国家利益的冲突: 兼评所谓'中国威胁'⊠" [The Main Cause of International Conflicts are Conflicting National Interests: Criticizing the So-Called China Threat Theory" in国际观察 *[International Survey],* No. 5, 1994, pp. 20-21.

[12] Wu Jin, ''The China Threat Theory Can Take a Rest," *People's Daily*, Oct. 10, 1992.

[13] Wang Yunxiang, "Analysis of the 'China Threat' Theory',", p. 39. Foreign analysts believed then as now that official Chinese figures grossly understated the country's military spending. Bates Gill, "China as a regional military power," in Barry Buzan and Rosemary Foot, eds., *Does China Matter? A Reassessment: Essays in memory of Gerald Segal* (London: Routledge, 2004), p. 131.

[14] Ge Yi, [葛易], [A Basic Critique of the China Threat Theory,] *Contemporary Asia-Pacific Studies*, p. 58.

[15] The PPP mode of measurement inflated estimates of China's economic prowess, making them deviate markedly from the country's real domestic conditions, commented the scholars. Rather, they insisted that income per head was a more accurate indication of the poverty still endemic in China. The conclusion of the analysts, concurring with official statements, was that China was still a "developing country."(SeeWang Yunxiang, Analysis of the 'China Threat' Theory'," p. 40.

[16] "中国发展有利于世界和平与进步: 驳 '中国威胁论',' [China's Growth Serves World Peace and Prosperity: A Rebuttal of the 'China Threat Theory',] in 人民日报*:* 观察家 *[People's Daily]*, Dec. 22, 1995.

[17] Ibid, 59.

[18] Yan Xuetong, "中国崛起的可能选择" [Possible Choices of a Rising China,] in 战略与管理 *[Strategy and Management]* No. 6, 1995, pp. 12-13.

[19] It was summed up memorably in Deng Xiaoping's foreign policy aphorism , "hide brightness, nourish obscurity" (韬光养晦; *taoguang yanghui*). Michael Pillsbury, *China Debates the Future Security Environment* (Washington: National Defense University Press, 2000).

[20] Wang Yunxiang, "中国威胁论' 析," [Analysis of the 'China Threat' Theory,] in 国际观察 *[International Survey],* No. 3, 1996, pp. 39-40.

[21] Ren Xin, "'China Threat' Theory Untenable'," *Beijing Review,* 39:6, Feb. 6, 1996, pp. 10-11.

[22] "'China threat' Fallacy Refuted," *Beijing Review,* 38:40, Oct. 2, 1995, p. 6.

[23] Wu Jin, "**中国威胁论'可以休矣**," [The China Threat Theory Can Take a Rest] in 人民日报*, [People's Daily]*, Oct. 10, 1992.

[24] Hongying Wang, "National Image Building and Chinese Foreign Policy," *China: An International Journal,* 1:1, March 2003, pp. 47-48.

[25] Ibid. 46. Quoted from: Jeffrey Parker, "New Propaganda Office Pledges 'True Image' of China," *United Press International,* June 13, 1991.

[26] Thammy Evans, "The PRC's Relationship with the ASEAN Regional Forum: Realpolitik, Regime Theory or a Continuation of the Sinic Zone of Influence System," *Modern Asian Studies,* 37:3, 2003, pp. 743-744.

[27] Ibid, 750.

[28] Michael Leifer, *The ASEAN Regional Forum,* International Institute for Strategic Studies: Adelphi Paper, No. 302, 1996, pp. 43-44.

[29] Bates Gill, "Two Steps Forward, One Step Back: The Dynamics of Chinese Nonproliferation and Arms Control Policy-Making in an Era of Reform," in David Lampton, ed., *The Making of Chinese Foreign and Security Policy in the Era of Reform* (Stanford: Stanford University Press, 2000), pp. 277-8.

[30] People's Republic of China, Information Office of the State Council, *China: Arms Control and Disarmament* (Beijing, November 1995).

[31] Ibid, 275.

[32] Sha Qiguang, "对西方媒体散布'中国威胁论'的评析," [A Critical Analysis of the Western Media's Dissemination of the 'China Threat Theory'] in 国际政治研究, *[Studies of International Politics],* No. 3, 2000, p. 114.

[33] Li Xiaohua, [李小华], "解析'中国威胁论'与'中国崩溃论'的神话," [Analysis of the Myths of the 'China Threat Theory' and the 'China Collapse Theory'] in 当代亚太 *[Contemporary Asia-Pacific Studies],* No. 7, 1999, p. 19.

[34] Sha Qiguang, "A Critical Analysis of the Western Media's Dissemination of the 'China Threat Theory'," p. 116. Chen Yue, "The 'China Threat Theory' and China's Peaceful Rise'," p. 93.

[35] Ibid, 22. Also see Fu Xin, "全球化时代的国家形象: 兼对中国谋求和平发展的思考," [National Image in the Era of Globalization: Also considering China's desire for peaceful development'], in 国际问题研究 *[International Studies],* No. 4, 2004, pp. 16-17.

[36] Li Qingsi, [李庆四], "关于当前中国外交思维的感想" [Impressions about China's Current Diplomatic Thinking,] in 中央社会主义学院学报 *[Journal of the Central Institute of Socialism],* No. 11, 2001, p. 30; Shen Jianing, "APEC 上海会议于中国的国际形象" [The Shanghai APEC Meeting and China's International Image] in 国际政治研究 *[Studies of International Politics],* No. 1, February 2002, p. 115. Also see footnotes 31-34.

[37] Li Xiaoming, "国家形象与软权力" [National Image and Soft Power] in 太平洋学报 *[Pacific Journal],* No. 4, 2002, pp. 16, 21.

[38] Sun Zhe, [苏哲], "结构性导航:中国'和平崛起'的外交新方略" [Structural Navigation: The New Diplomatic Plan of China's 'Peaceful Rise] in世界经济与政 *[World Economics and Politics],* No. 12, 2003, p. 61.

[39] Sha Qiguang, "A Critical Analysis of the Western Media's Dissemination of the 'China Threat Theory'," pp. 118-119.

[40] Zhao Jieqi, [赵阶琦], "日美安全关系的新变化" [New Changes to the Japan-US Security Relationship] in世界经济与政 *[World Economics and Politics],* No. 1, 1997, p. 22.

[41] Li Xiaohua, "Analysis of the Myths of the 'China Threat Theory'," p. 22.

[42] Ma Jiali, [马加力], "中国同美俄日的关系及其对南亚的影响" [China's Relations with the US, Japan and Russia, and Their Influence on South Asia] in 现代国际关系 *[Contemporary International Relations],* No. 4, 1998, p. 21.

[43] Tang Shiping, [唐世平], "中国的崛起与地区安全" [China's Rise and Regional Security] in当代亚太 *[Contemporary Asia-Pacific Studies],* No. 3, 2003, pp. 14-15.

44 Lin Guojiong, [林国炯], "威慑理论及其在实现中国统一过程中的作用" [Deterrence Theory and its Role in the Process of Uniting China] in 国际政治研究 *[Studies of International Politics],* No. 4, 2004, p. 127.

[45] Li Xiaohua, "Analysis of the Myths of the 'China Threat Theory'," p. 24.

[46] Ye Jiang [叶江], "论'安全困境'与超越'安全困境': 兼论'安全困境'与'中国威胁论'的关系" [Discussing the 'Security Dilemma' and Overcoming the 'Security Dilemma' Along with Discussion of the Relationship between the 'Security Dilemma' and the 'China Threat Theory'] in 上海交通大学学报 *[Journal of the Shanghai Jiaotong University],* No. 4, 2004, p. 10.

[47] Alastair Iain Johnston an Paul Evans, "China's Engagement with Multilateral Security Institu-

tions," in Alastair Iain Johnston and Robert S. Ross, eds., *Engaging China: The Management of an Emerging Power* (London: Routledge, 1999), p. 260.

[48] People's Republic of China, Information Office of the State Council, *China's National Defense, 2000,* (Beijing, September 2000): 8. For an explanation of the *Five Principles of Peaceful Coexistence*, see Chapter 2, footnote 33.

[49] Thomas G. Moore, "China's International Relations: The Economic Dimension," in Samuel S. Kim, ed., *International Relations of Northeast Asia* (Lanham, Maryland: Rowman and Littlefield, 2004), p. 117.

[50] Evan Medeiros, "What's in a Motto?" *South China Morning Post*, June 24, 2004.

[51] Wu Jianmin, "Harmonious World' helps rebut 'China threat'," *Xinhua News Agency,* Mar. 19, 2006, *Sina.com*

[52] In 2004 PRC President Hu Jintao delivered a speech entitled "China's Development is an Opportunity for Asia." "Full text of Hu Jintao's speech at Boao Forum for Asia," *People's Daily*, Apr. 24, 2004). Premier Wen Jiabao spoke on a similar theme at the 2003 Boao Forum. "Premier: United all of Asia will win," *China Daily*, Nov. 3, 2003.

[53] Joseph Kahn, "China at Korea Talks: Taking Diplomacy Upstage," *New York Times*, Aug. 30, 2003).

[54] Alastair Johnston, "Socialization in International Institutions: The ASEAN Way and International Relations Theory," in G. John Ikenberry and Michael Mastanduno, eds., *International Relations Theory and the Asia-Pacific* (New York: Columbia University Press, 2003), pp. 126, 137.

[55] Thammy Evans, "The PRC's Relationship with the ASEAN Regional Forum: Realpolitik, Regime Theory or a Continuation of the Sinic Zone of Influence System," *Modern Asian Studies,* 37:3, 2003, p. 752.

[56] People's Republic of China, Information Office of the State Council, *China's National Defense in 2006* (Beijing, December 2006).

[57] People's Republic of China, Information Office of the State Council, *China's National Defense* (Beijing, July 1998).

[58] Bates Gill, 'Two Steps Forward, One Step Back: The Dynamics of Chinese Nonproliferation and Arms Control Policy-Making in an Era of Reform' in Lampton, ed., *The Making of Chinese Foreign and Security Policy in the Era of Reform*: 278-9.

[59] Shambaugh, "China Engages Asia," pp. 88-89.

[60] Robert Jervis, *Perception and Misperception in International Politics* (Princeton: Princeton University Press, 1976), p. 72.

[61] Ibid, 353.

[62] See http://www.america.gov/st/washfile-english/2007/June200706271541311EJrehsiF0.7166254.html

[63] http://www.nytimes.com/2008/06/19/world/asia/19sea.html.

[64] It was described by one Chinese commentator as a "moral diplomacy." Ni Fangliu, "The truth behind the Sino-Japanese East China Sea agreement," *Phoenix Weekly*, July 21, 2008.

[65] Chong-Pin Lin, "More Carrot Than Stick: Beijing's Emerging Taiwan Policy," *China Security*, Vol. 4, No. 1, p. 2-3.

[66] Ibid, p. 8.

The Olympics and Chinese Nationalism

Suisheng Zhao

The Olympic Torch Relay's "Journey of Harmony" quickly became a tortuous path of angst pointing to a chasm between China and the West. Many Chinese people took a defensive position toward foreign criticism of Beijing's policies. As for the West, it had hoped that the Olympics in Beijing would serve as a catalyst to not only improve China's human rights record and press freedoms, but to also eventually help China move toward democratization. In the words of one Western scholar, "Full of hope, Western countries had cited the Seoul Games in 1988 as the model of the Games in 2008: At the minimum, the Games in Beijing were expected to trigger a similar opening of the political system."[1]

It is dismaying to those who hoped the Olympic Games would help bring liberal democracy to China that the Chinese youth, once the principal actors in the 1989 pro-democracy demonstrations, are now leading in the drive to rally around the authoritarian government in the nationalistic fever recently deployed. The Chinese youth have lambasted the West, charging that it fails to understand China and wants to prevent it from rising as a great power. As one observer indicated, "It is among the more internationally engaged sections of China that the laments against Westerners have been loudest."[2] Many of the most educated Chinese people sided with the authoritarian government and harbored a sense of wounded national pride in response to foreign criticism. As one Chinese official said, "If Chinese people felt threatened

Suisheng Zhao *is professor and executive director of the Center for China-U.S. Cooperation at the Joseph Korbel School of International Studies, University of Denver. He is founding editor of the* Journal of Contemporary China, *and a member of the Board of Governors of USCSCAP.*

China Security, Vol. 4 No. 3 Summer 2008, pp. 48-57
World Security Institute

by external forces, the solidarity among them would be strengthened and nationalism would be a useful tool for the regime to justify its leadership."[3] Although many social, political and economic problems in China worry the Chinese people, they still still react adversely to foreign criticism of the Chinese government. No matter how problematic the government is, citizens feel outsiders have no right to make unwarranted criticisms of China and Chinese people. While many Chinese citizens would not say that democracy is unappealing, when China's national pride is at the stake, most would choose patriotism over democracy. The antipathy between fervent Chinese nationalists and international critics thus raises serious doubts about the positive impact the Olympics could have on China's transition from an inward-focused authoritarian state to a globally engaged nation evolving in the direction of liberal democracy.

This development has drawn extensive attention and alarm in the West because few aspects of a powerful China trouble Western leaders more than the emergence of an assertive nationalism under an authoritarian regime. As *The Economist* noted, "The sight of thousands of Chinese people waving xenophobic fists suggests that a country on its way to becoming a superpower may turn out to be a more dangerous force than optimists had hoped."[4] Many observers argue that the governing Chinese Communist Party (CCP) regime has exploited the virulent nationalism that developed out of China's "century of shame and humiliation" to gain legitimacy in internal affairs; however, this nationalism has also driven China's foreign policy in a more irrational and inflexible direction.

These concerns are not unjustified. Chinese popular nationalism has seemed to gain ground since the Tiananmen crackdown on the democratic movement in 1989. Post-Tiananmen, the Communist government supported the tide of nationalism to counter the Western influences behind the democratic movement and to shore up its waning legitimacy. This state-led nationalism gained wide currency among Chinese citizens due to their concerns over the so-called Western conspiracy to prevent China from rising to its rightful great power status in the post-Cold War world. The expressions of popular nationalist sentiments were first radically expressed during massive anti-American demonstrations in the front of the US diplomatic missions after the bombing of Chinese embassy in Belgrade by the US-led NATO force in May 1999. The world was shocked again when more than 20 million Chinese signatures appeared on the Internet in 2005 to oppose Japan's bid to join the United Nations Security Council. Meanwhile, thousands of Chinese protesters marched through major Chinese cities, shouting slogans and throwing rocks, bottles and eggs at Japanese consulates. Their protests were directed at Japan's approval of history textbooks (which they said whitewashed Japanese wartime atrocities) and Japan's pledge to

To make maximum use of nationalism, the communist state launched an extensive propoganda campaign in the 1990s.

help the United States defend Taiwan.[5] Now, because of the West's criticism of China's handling of Tibet and the protests that met the Olympic torch, Chinese people are once again mobilized behind the banner of nationalism. However, this nationalism is not simply a natural response to external criticism. It is deeply rooted in the Chinese people's shared dream of a strong China but has also been pushed by the government to compensate for the decline of communism.

State-led Nationalism

For a period after market-oriented economic reforms were launched, the state was unable to advance any new ideology as an integrative force to compensate for or replace the declining communist ideology. This situation not only greatly weakened mass support for the CCP, but also led some Chinese intellectuals to turn to Western liberal ideas and call for Western-style democracy, leading to the massive anti-government Tiananmen demonstrations in 1989.[6]

After Tiananmen, Deng Xiaoping and his successors, Jiang Zemin and Hu Jintao, launched patriotic education campaigns to wrap themselves in the banner of nationalism, which, they found, remained the most reliable claim to the Chinese people's loyalty and the only important value shared by both the regime and its domestic critics. Facing Western sanctions, pragmatic leaders moved quickly to position themselves as the defenders of China's national pride and interests. Their nationalist credentials were bolstered in the fight against Western arms sanctions in response to the Tiananmen crackdown, stopping Taiwan independence, and winning the 2008 Olympic Games in Beijing.

Led by the state, nationalism identifies the Chinese nation closely with the Communist state. Nationalist sentiment is officially expressed as *aiguo* (loving the state, or, a love and support for a China that is indistinguishable from the Communist state). As scholar Michael Hunt observed, "by professing *aiguo*, Chinese usually expressed loyalty to and a desire to serve the state, either as it was or as it would be in its renovated form."[7] From this perspective, Chinese nationalism is state-centric. The Communist state, as the embodiment of the people's will, seeks the loyalty and support of the people that are granted within the nation itself.

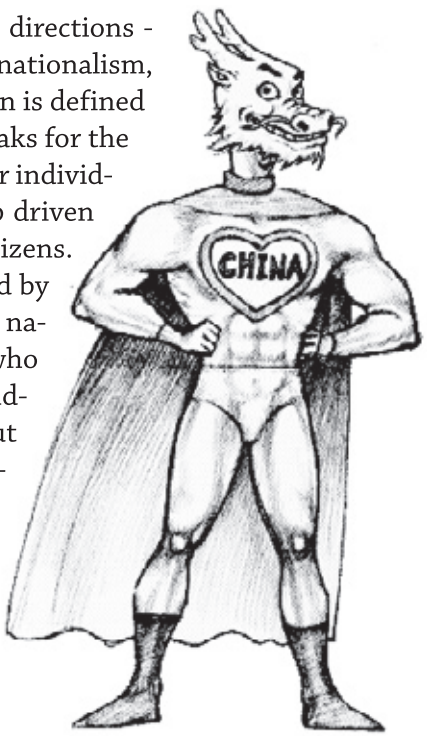
To make maximum use of nationalism, the communist state launched an extensive propaganda campaign of patriotic education in the 1990s. The campaign appealed to nationalism in the name of patriotism to ensure loyalty in a population that was otherwise subject to many domestic discontents. The core of the patriotic education campaign was *guoqing jiaoyu* (education in national conditions). Essentially, the CCP told citizens that China's national conditions were unique and not ready for adopting Western-style liberal democracy. The campaign taught that the current one-party rule should continue in order to maintain political stability, a precondition for rapid economic development.[8]

Many books on China's *guoqing* were published to present a unique picture of

China's history, culture, economic development and political system. One underlining theme in these books was that the Chinese nation had a glorious past but then suffered in modern history. China, the campaign propounded, stood up and began to prosper with increasingly higher levels of international prestige only under the leadership of the CCP. At the same time, there remained many constraints on China's development. The most important constraining factors included the relatively limited natural resources, an over-crowded population and a relatively underdeveloped economy due to modern turmoil and foreign imperialist exploitation. Under these circumstances, the leadership of the CCP was portrayed as indispensable. A Communist state, which would otherwise be hardly acceptable to the Chinese people after the collapse of communism in many parts of the world, was thus justified by China's unique national conditions. As a Chinese scholar observed, "From the viewpoint of the regime, discourse on *guoqing* and patriotism were two important instruments used to shore up the legitimacy of the regime in the post-Tiananmen years. Here, patriotism was used as a national call, while the peculiarity of the national situation offered a rationale for the call."[9] Therefore, the campaign redefined the legitimacy of the communist regime on the basis of providing political stability and economic prosperity. Communist leaders indicated that China's backwardness in economic development should share some blame for China's past humiliation and current weakness. Consequently, communist leaders have called upon the Chinese people to work hard to build a strong and prosperous China.

The Complexities of Chinese Nationalism

Chinese nationalism has been driven from two directions - top-down and bottom-up. The top-down driven nationalism, known as state nationalism, is state-led. The nation is defined as a territorial-political unit in which the state speaks for the nation and demands that citizens subordinate their individual interests to those of the state. The bottom-up driven nationalism, or popular nationalism, is led by citizens. It has a tendency to include liberal ideas and be led by liberal nationalists. Under liberal nationalism, a nation is understood as a composition of citizens who not only have a duty to support their state in defending national rights in the world of nation-states, but also to pursue greater individual rights of participation in the government.



Chinese liberal nationalists have a split personality. While they have identified with the Chinese state against foreign imperialism, they have pushed for more political participation in the Chinese political process. In the aftermath of

the Cold War, popular liberal nationalists supported the adoption of liberal democratic ideals as the best means of promoting China's national regeneration, symbolized by the erection of the "Goddess of Democracy," modeled on the US Statue of Liberty during the 1989 Tiananmen Square demonstrations. As noted by a Western reporter, "the pro-democracy demonstrations in Tiananmen Square began as a patriotic movement by students who wanted to strengthen China through political reform."[10] However, mainstream Chinese intellectual discourse shifted drastically, largely in response to the deterioration of China's relations with major democratic countries, particularly the United States, and the rising advocacy for the containment of China in the Western media in the 1990s. Liu Xiaobo, one of the last four hunger strikers to leave Tiananmen in 1989, was shocked by the change in people's attitudes toward democracy and nationalism only a few years after Tiananmen. He wrote, "History moves in such rapid cycles... advocates of Westernization who clamored for democracy and freedom on or before June 4 have instantly become nationalists rejecting Western hegemony."[11] With increased suspicions that outside forces were conspiring to prevent China from rising to the status of a great power, the popular nationalists who had once embraced images of liberal democracy became very critical of democratic powers, particularly the United States and Japan.

The leadership of the CCP was portrayed as indispensible.

Although liberal nationalists did not alter their opposition to authoritarianism, they joined other popular nationalists in the anti-American demonstrations in the front of the US embassy in 1999 and the anti-Japanese demonstration on the city streets in 2005. They were also present when young Chinese nationalists gathered all over the world during the Olympic Torch Relay in April 2008. Chinese popular nationalists, including liberal nationalists, share with the communist state the frustration that China's status as a rising power has generated in the recent years. Three aspects of frustration in particular have galvanized the minds of the Chinese government as well as the Chinese people.

First, many Chinese intellectuals, liberal and conservative alike, have been influenced by the conflict between China as a rising power and the United States as the sole superpower in the post-Cold War world. As one Chinese policy analyst suggested, "China's rise has led to the rapid development of the structural conflict between the United States and China. Many previously hidden issues have begun surfacing saliently...some new issues...have come up one after another."[12] Although many in the United States have claimed that the main points of friction with China are ideological differences on the issues of human rights, individual freedom and democracy, many Chinese intellectuals suspect that these criticisms only exist to mask an American geopolitical objective to constrain an increasingly powerful competitor. They believe that the United States will oppose a stronger and richer China, regardless of whether it is democratic or not.

Second, rapid economic growth has brought China to an unprecedented resource

vulnerability that could threaten China's sustainable development. In 2003, China overtook Japan as the second largest oil consumer while in 2004 China overtook the United States as the world's biggest consumer of grain, meat, coal and steel.[13] Noting the resource vulnerability caused by the need for exceptional consumption, Chinese Premier Wen Jiabao warned at a State Council meeting this year that the "tight energy supply had greatly hindered economic development."[14] This massive appetite for resources, however, has been met by what Chinese perceived as "unfair" competitive pressure from others, including the United States and Japan. Many Chinese cite the unusual intervention from the US Congress in the failed US$18.5 billion China National Offshore Oil Corporation (CNOOC) bid for UNOCAL Corp. in 2005 as evidence of strong-arm tactics over resources.

Third, accompanied by a media fixated on China's rise, the 2008 Summer Olympic Games in Beijing have brought not only the celebration of China's achievements but also intense international scrutiny of China's weaknesses. The scrutiny has focused on many of China's domestic and external challenges, including pollution, human rights, media freedoms, along with the issues of Tibet and Taiwan. China is now expected to take on more international responsibilities and work with the international community to find solutions in crises such as Darfur, Burma and North Korea. Beijing worries that any action it takes would not mute criticism from Western powers and any positive response would only invite more demands for China to take tougher stances against some of China's longtime friends. Beijing has become worried that China cannot match heightened foreign expectations and that its cooperation is generating "excessive responsibilities" which the government cannot or should not take.

Investing so much in the successful execution of the Games, the Chinese government and Chinese people have both been looking forward to the Olympics as an opportunity to demonstrate their modernity and a reinforcement of their engagement with the wider world. Hence, when the Western media portrayed China in their Olympic reports as a showcase for violent repression, censorship and political persecution by a regime that has failed to rise above the level of a police state, the Chinese people and government became frustrated at what they believed was a failure on the part of foreigners to understand them, giving forceful rise to the popular xenophobic nationalism.

The Foreign Policy Dilemma

Although the Chinese government has relied on nationalism to bolster its support since communism disappeared as a unifying principle, expressions of strong nationalist sentiment can also lead to protests against the communist government. The increasing assertiveness of popular nationalism has thus posed a daunting challenge to a communist government clinging to its monopoly on power.

In the aftermath of the Olympic Torch Relay protests, when chauvinistic outpourings on the internet became visible to the world and emotional and often violent

crowds across the country gathered outside of stores of the French supermarket chain, Carrefour, China's leaders confronted what is in many ways a familiar dilemma. While the government enjoyed the moment of unstinting support from nationalist citizens, it was concerned about the impact such protests could have on foreign attendance at the Olympics and the long-term consequences for China's economic modernization. The government had hoped to show the world how China has changed in the three decades since Deng Xiaoping launched economic reforms, but it would be difficult to present a friendly and progressive image to the world while Chinese people are indulging in xenophobic antics.

Torn between a desire to use popular nationalist sentiment for its own purposes and a fear of losing control over the outpouring of patriotic emotion, the Chinese leadership has taken a two-pronged policy. On one hand, they have tolerated and even encouraged the popular expression of nationalism to make their own policy positions more credible on the Olympic and Tibetan issues, which, in their view, are for vital national interests. On the other hand, they have been very cautious to prevent the nationalist sentiment of Chinese citizens from getting out of hand and causing a backlash in both domestic and foreign affairs. This two-pronged response has come from the realization that nationalism is a double-edged sword: both a means for the government to legitimate its rule and a means for the Chinese people to judge the performance of the state. If the Chinese government could not deliver on their nationalist promise, they would become vulnerable to nationalistic criticism.

Determined not to let nationalistic sentiment ruin any plans for a prosperous China to ride the wave of globalization, Chinese leaders began to describe nationalism as a force that must be "channeled" in its expressions. Signaling that the outburst by Chinese bloggers outraged over anti-China protests during the Olympic Torch Relay must be wound down, the official media walked a fine line in praising the patriotism of the Chinese people while also cautioning them not to place obstacles in the way of China's economic and social modernization. The Chinese people were urged to express their patriotic enthusiasm calmly, rationally and in an orderly and legal manner. Following the calls for moderation, the front pages of state-run newspapers carried stories urging Chinese people to heartily embrace foreign friends arriving in Beijing for the Olympics. The stories claimed that the best way for Chinese people to defend their country's honor was to build the economy, warning that in today's world of globalization, boycotts usually backfire.

Increasing assertiveness of popular nationalism has posed a daunting challenge to a communist government clinging to its monopoly on power.

In response specifically to the anti-French sentiment, an official from the Ministry of Commerce went on state television to remind citizens that 99 percent of the embattled Carrefour's 40,000 employees in China were Chinese and 95 percent of the products it sells are made in China. The official *Xinhua News Agency* released a timely

exclusive interview with Carrefour Chairman Jose Luis Duran, in which he denied reports that his company supported Tibetan separatists, saying "calls for a boycott of the Beijing Olympics were acts with ulterior motives, and Carrefour would make its utmost efforts to support the Olympics." The Chinese government also commended the way Carrefour ran its Chinese business and thanked it for supporting the Beijing Olympics.[15] On the internet, where nationalist sentiment was once free flowing and millions of Chinese and their brethren abroad coordinated their collective actions, posts calling for consumer action against Carrefour and videos of protests were blocked. For a period, typing Carrefour into Chinese-language search engines returned blank pages explaining that such results "do not conform to relevant law and policy." Although these state-led propaganda and information-restricting actions did not stop popular nationalism, they did help channel it away from specific anti-foreign and anti-government expressions.

The leaders learned their lessons from the crises caused by the US accidental bombing of the Chinese embassy in 1999.

This was not the first time that the Chinese government used heavy-handed tactics to maintain control over anti-foreign nationalist expressions. Chinese leaders learned their lessons from the crises caused by the US accidental bombing of the Chinese embassy in 1999. The embassy bombing precipitated a highly emotional burst of nationalism. University students poured into areas surrounding the US embassy in Beijing and consulates in other cities, throwing eggs and stones to express their anger. The Chinese government implicitly encouraged or tolerated demonstrations for the first couple of days. However, the demonstrations that were initially allowed quickly spiraled out of control, not only threatening damage to Sino-US relations but also containing domestic criticism that the leadership was unwilling to confront the United States. Hu Jintao, then vice president, made a televised speech two days after the bombing in which, while extending government support to student's patriotism, he warned against extreme and destabilizing behavior. In the meantime, the *People's Daily* reported that various Western countries had issued advisories against traveling to China, hurting tourism and foreign investment. Meeting with a foreign visitor a few days after the bombing, President Jiang Zemin stated that life in China should return to normal and that in the name of economic necessity, it was time to turn a new page.

Following the mid-air collision between a US EP-3 plane and a Chinese jetfighter in the South China Sea on Apr. 1, 2001, Chinese leaders were determined to avoid a repeat of the anti-American demonstrations seen a year earlier. In response to rising nationalist sentiments, Chinese leaders used stern rhetoric and Beijing's public stand was particularly uncompromising on the demand that the spy plane crew would only be released after a formal apology by the US government. However, when Secretary of State Powell used the words "very sorry" for the missing Chinese

pilot and aircraft, Beijing accepted this as a close equivalent to an apology and released the crew on the next day.

In early 2005, Beijing again walked a tightrope during the anti-Japanese demonstrations. While Beijing halted all high-level meetings with Japan in response to the spasms of public outrage, the government ordered a stop to the demonstration in late-April when leaders discovered an internet call for even larger scale demonstrations on May 4th, the anniversary of the May Fourth Movement triggered by anger over the Versailles Treaty giving Japan control of parts of China's Shandong Province in 1919. To stop the demonstrations, the government sent a blizzard of text messages to mobile phone users in major cities warning against "spreading rumors, believing rumors or joining illegal demonstrations."[16] Several organizers of online petition drives and popular protests were detained. This seemingly contradictory strategy of talking tough but acting in a calculated manner shows that Chinese foreign policy has not been dictated by the emotional expression of nationalism on the streets.

Conclusion

A young Australian with a Chinese background, who was working for the Olympics in China for six months before the Games published a short essay that expressed his disappointment and fear of the surging public displays of Chinese nationalism. He wrote, "I am disappointed that many Chinese people seem to have abandoned the Olympic spirit in the name of patriotism... they are claiming sole ownership of these Games as theirs alone, to organize as they please so they can prove how far they have come." Although the Chinese government and popular nationalists have justified their sentiment as being sparked by international criticism over China's policies, the young Australian was scared that the nationalist sentiments came from "a place in which young people want not only to deconstruct the mainstream but fight it as well."[17] Indeed, the West's criticism of China caused Chinese protesters to label the entire edifice of Western liberal democracy as hypocritical. While the emotional expression of popular nationalism posed a dilemma for the Chinese government, it also heightened anxiety over the Olympics' impact on China, particularly China's move toward democratization, as the Seoul Olympics were for South Korea. The Chinese government's success in containing the strong nationalist sentiment that potentially threatens China's engagement with the outside world is a positive sign that Beijing wants the Olympics to go smoothly and further China's integration into the international economic and political system. Such international integration may help the diffusion of liberal ideas and eventually help promote democratization. But the very success of the government's control over nationalist expression also shows that hosting the Olympic Games has not been a transformational force to fundamentally change China's political dynamics.

Notes

[1] Gudrun Wacker, "Beijing is Haunted by Olympic Ghosts," *SWP Comments*, Apr. 9, 2008, p. 1.
[2] Rowan Callick, "Inflamed passions," *The Australian*, Apr. 26, 2008.
[3] Liu Ji, "Making the Right Choices in Twenty-first Century Sino-American Relations," *Journal of Contemporary China*, Vol. 7, No. 17, 1998, p. 92.
[4] "Angry China," *The Economist*, May 3-9, 2008, p. 13.
[5] See Yinan He, "History, Chinese Nationalism and the Emerging Sino-Japanese conflict," *Journal of Contemporary China*, Vol. 16, No. 50, p. 13.
[6] This part of discussion of Chinese nationalism is based mostly on my book, Suisheng Zhao, *A Nation-State by Construction: Dynamics of Modern Chinese Nationalism* (Stanford, CA: Stanford University Press, 2004).
[7] Michael Hunt, "Chinese National Identity and the Strong State: The Late Qing-Republican Crisis," in Lowell Dittmer and Samuel S. Kim, *China's Quest for National Identity* (Ithaca, NY: Cornell University Press, 1994, 63).
[8] A guoqing (national conditions) publication compiled by the CCP Beijing Municipal Committee stated that "Capitalist democracy is highly developed in the West. China can learn from it. Socialist democracy has only a short history and is not complete. Its improvement is constrained by the national condition. For example, direct elections suggest a high level of democracy; however, we have a large population, among which 1/6 are illiterate or semi-illiterate. In particular, the vast rural areas are very backward. In this case, it is hard to conduct direct elections… If citizens are preoccupied by their effort to make a living, they do not have enough time to participate in public political life. In this case, the broad democratic rights of our people are constrained by our backward economic and cultural levels and the consequent low levels of our citizen's democratic quality."
[9] Muqun Zhu, "Chinese Nationalism in the post-Deng China," *China Strategic Review*, Vol. 2, No. 2, March/April 1997, p. 69.
[10] Henry Chu, "Chinese Students Renew Emphasis on Patriotism," *Los Angeles Times*, June 2, 1999, p. 1.
[11] Liu Xiaobo, "Chinese Patriotism Driven by Inferiority Complex " (*Zibeigan qidong de aiguo zhuyi*), *Kaifang* (*Open Magazine*), No. 11, November, 1994, pp. 12, 16.
[12] Yuan Peng, "The Change and Influence of the China Policy Making Environment in the U.S" (*Mei dui hua jueche huanjing de bianhua ji yingxiang*), *Zhongguo Zhanlie Guancha* (China Strategic Review), No.8, 2006, p. 7.
[13] Arthur J. Hanson and Claude Martin, "One Lifeboat: China and the World's Environment and Development," *International Institute for Sustainable Development*, December 2006; "China emerges as global consumer," *BBC News*, Feb. 17, 2005, http://news.bbc.co.uk/2/hi/asia-pacific/4272577.stm.
[14] "Premier Gives Call for Saving Energy," *China Daily*, July 24, 2008, p. 1.
[15] "Carrefour chairman: Carrefour supports Beijing Olympics," *Xinhua*, Apr. 22, 2008.
[16] "China guards Japanese Embassy amid public anger," *International Herald Tribune*, May 4, 2005, see http://www.iht.com/articles/2005/05/04/asia/web.0504china.php.
[17] Keane Shum, **"**Why the Games bring out ugly side of the Chinese," *The Age,* July 30, 2008.

Untangling China's Energy Policy

by Zhang Libin and Jason Lee

A series of energy crises have put a spotlight on the glaring weaknesses in China's energy sector during the past year. Winter storms, China's worst in 50 years, aggravated existing coal shortages and transportation bottlenecks, leading to an electricity shortfall of over 70 GW (10% of China's total) and brownouts that swept through 13 of China's southern provinces.[1] Since then, record international oil and coal prices have strained Chinese petroleum refiners and power producers, resulting in gasoline and power shortages, and heavy profit losses for private and even state-owned enterprises. In the first quarter, each of China's "Big Five" major power generation groups suffered steep losses due to rising coal prices and rail transportation costs.[2] Similarly, Chinese national oil companies sustained sharp refining losses despite government subsidies and tax rebates on crude imports. First-quarter profits for Sinopec, China's largest refiner, fell by 69%.[3]

Surging demand growth from developing countries is one of the primary contributors to the international energy crunch. In China, however, market fundamentals only tell part of the story. Since 1949, China's energy management structure has experienced waves of inconsistent reforms, which has resulted in a succession of dysfunctional energy bureaucracies incapable of effectively allocating resources, protecting energy security and formulating a long-term national energy strategy. Today, China's energy industry remains in an awkward transition from plan to market, with the pace of government reforms fluctuating according to the stability of economic and domestic conditions.

During this year's 11th National People's Congress (NPC), China's leadership proposed another reshuffling of its energy bureaucracy in the hope of resolving these issues and improving the management of future crises. While efforts fell short of establishing a unified Ministry of Energy, this latest round of reforms is a positive first step toward finally building a healthy energy management system.

After the dissolution of the previous Ministry of Energy in 1993, China's energy institutions have undergone a series of restructurings that have decentralized authority among large state-owned enterprises and individual line ministries responsible for policies within their specific sectors. The emergence of pow-

erful state-owned companies has drastically improved the efficiency China's energy sector by separating the government's regulatory and policy-making functions from those of production and commercial operation; however this dispersion of power has also led to fragmented policy-making, and has hindered Beijing's ability to coordinate responses to major issues such as environmental degradation, skyrocketing energy demand and energy security.

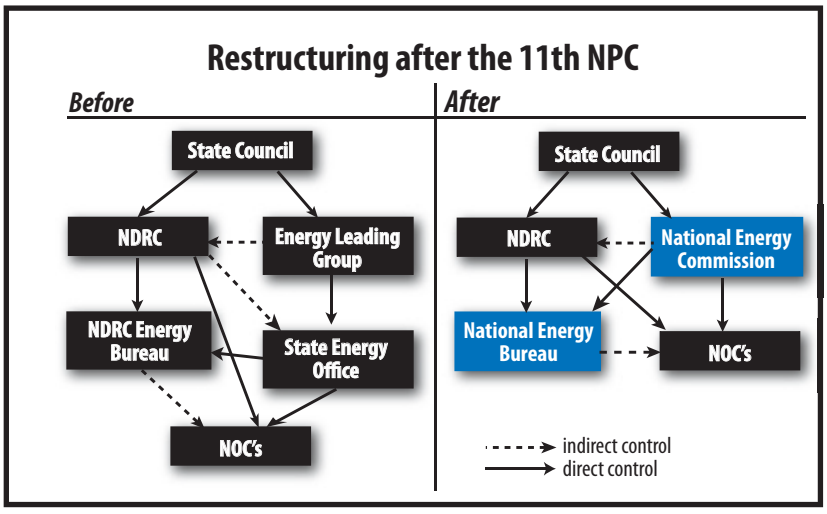
Recognizing the need for a stronger governing structure, Beijing began consolidating the government's energy-related duties with the establishment of the Energy Bureau under the National Development and Reform Commission (NDRC) in 2003. However, with an initial staff of only 30, the bureau was never given the manpower, resources, or authority to succeed.[4] When widespread energy shortages gripped China in the following years, China's leadership created the National Energy Leading Group (NELG) and State Energy Office (SEO) in 2005 to implement a nationwide energy strategy.[5] However, these organizations never developed into truly functional policy-making bodies, and struggled to coordinate the competing interests of other ministries and major state-owned energy companies.[6]

Without a strong independent voice to coordinate policy-making, responsibilities have remained scattered over multiple government ministries, with each sharing the same bureaucratic rank. Of these, the NDRC and its relevant bureaus play the most prominent role, with responsibility over, among other things, energy development planning, energy prices and approval of domestic and international investment projects. Other ministries with energy-related functions include, but are not limited to, the Ministry of Land and Resources, which reviews and grants licenses for mineral and petroleum exploration; the Ministry of Commerce, which sets quotas and issues licenses for the import and export of oil and refined products; the Ministry of Water Resources, which oversees hydropower development; and the Ministry of Finance, which promotes energy development goals through tax credits and subsidies.[7]

Many observers believed that the 11th NPC represented a golden opportunity to reinstitute a single integrated energy authority. The damage caused by the winter storms stunned China's top leadership, and with the drafting and consideration of a basic *Energy Law*, there seemed to be momentum for bold political reorganization.[8] However, in a familiar reprise of previous reforms, efforts to establish a unified Ministry of Energy were derailed to a certain extent by influential bureaucrats concerned by overlapping jurisdictions, and from large state-owned energy enterprises that feared additional layers of authority over their operations.[9]

In a compromise with these vested interests, two new government organs, a National Energy Administration (NEA) and a National Energy Commission (NEC), were proposed to replace the existing bureaucratic structure. According to the Plan for Restructuring the State Council, the NEC will replace the NELG as the government's high-level energy advisory and coordination body, and research broader energy development and security issues. Meanwhile, the NEA will assume overall administrative and policy-making control over China's energy industry, merging the functions of all energy-related departments under the NDRC, the SEO, and the office in charge of the administration of civilian nuclear power.[10] In terms of hierarchy, the NEA will be elevated to vice-ministerial status but still report to the NDRC; however, in order to ensure a certain level of independence, the NEA will have its own Communist Party committee, as well as offices located away from the main NDRC complex in Beijing.[11]

After an extended consultation process, the State Council finalized the function, orga-



nizational structure, and staffing of the NEA in late-July. According to the plan, staffing at the NEA will expand to 112 – almost double the 57 that worked at the original NDRC Energy Bureau – who will then be divided among nine departments, including those responsible for administering the oil and gas, coal, power and renewable energy industries. During a conference to mark the establishment of the new regulatory body, Zhang Guobao, vice chairman of the NDRC and newly-appointed head of the NEA, stressed that the agency would avoid getting bogged down by project approvals and focus its efforts on macro-level tasks such as researching and drafting long-term energy policies, and amending key laws and regulations.[12]

While the core structure and function of the NEA will bear a strong resemblance to the previously overwhelmed NDRC Energy Bureau, it will be strengthened with additional authority over several vital areas. First, the agency will obtain administrative control over China's refining industry and strategic oil reserves, including the building and releasing of such reserves, and supervising the management of commercial reserves.[13] The NEA will also establish a department for energy cooperation that will approve major overseas investments, and more importantly, negotiate and sign cooperative agreements and contracts with foreign governments and institutions.

The most critical development, however, is the integration of the NEA into the decision-making process for price adjustments to energy products such as electricity and petroleum. In the past, the Pricing Department of the NDRC exercised sole control over price adjustments, which hamstrung the original NDRC Energy Bureau when attempting to resolve price disagreements between the coal and power producers. Under the new system, the NEA will have the power to propose price adjustments subject to NDRC and State Council approval; conversely, the NDRC will consult with the NEA if it wishes to make adjustments.

These improvements notwithstanding, the NEA will likely face considerable obstacles down the road. One concern is that the agency may lack the manpower to satisfy its ambitious mandate. NEA staffing will double that of its predecessor, but can 112 bureaucrats realistically handle the demands of overseeing an industry totaling over RMB 10 trillion in assets? Another consideration is that the NEA may not have the political strength to balance the interests of the various stakeholders in China's energy sector. As a new agency that lies at the intersection of countless interests and overlapping jurisdictions, the NEA desperately needs all the bureaucratic heft it can muster. With only vice-ministerial status, however, the NEA does not formally outrank the line ministries and certain large state-owned companies such as CNPC and Sinopec, which are bureaucratically equivalent to a full ministry and whose general managers carry vice-ministerial status. Here, the appointment of Zhang Guobao as director of the NEA may prove essential: as executive vice minister of the NDRC, Zhang carries full ministe-

rial status and the authoritative weight of the NDRC.

In the end, much may depend on the leadership ability of the NEC to support the NEA in coordinating disparate viewpoints. Few specifics are presently known on the membership of the group or the extent of its functions, however, one thing is eminently clear: it will need to play a more active role than the largely symbolic NELG, which according to media reports, met only twice during the length of its entire tenure.[14]

This latest bureaucratic restructuring will improve the government's ability to manage China's energy industry, but much remains undone. Critics will be disappointed by yet another round of incremental changes, and using history as a guide, these concerns are understandable if not expected. In a culture that emphasizes harmony, compromise and consensus, government reforms in China are a drawn out process, and this "Commission and Bureau" model is another reminder of that reality. That being said, this new structure gives good reason for optimism. With concentrated and expanded regulatory functions, increased institutional independence and credible political strength, the government may have finally created a legitimate foundation for the eventual transition to a full energy ministry and a brighter energy future.

Notes

[1] "China Aims to Curb Power Shortages," *Wall Street Journal*, Jan. 24, 2008.

[2] China's "Big Five" power generation groups include Huaneng, Huadian, Guodian, China Investment Power and Datang.

[3] "Sinopec Net Plummets in Spite of Subsidy," *Wall Street Journal*, Apr. 28, 2008.

[4] "China's Crisis Hit Energy Bureau Lacks Tools for Job," *Radio Free Asia*, Dec. 16, 2004.

[5] "Leading small groups" are ad hoc supra-ministerial coordinating and consulting bodies formed to build consensus on issues that cut across the government, party and military systems when the existing bureaucratic structure is unable to do so. These groups provide a mechanism for top decision-makers to exchange views-both formally and informally, and to develop recommendations for the Politburo.

[6] For more on this, see Erica S. Downs, *China. Energy Security Series 67.* (Washington: Brookings Institution, 2006).

[7] Kong Bo, "Institutional Insecurity," *China Security,* Vol 2, No. 2, Summer 2006, p.71; Michael E. Arruda, "China Energy Sector Survey Part II: The Energy Institutions," *China Law & Practice,* December 2003/ January 2004.

[8] See, for e.g., "China to Set Up Energy Ministry in March – Report," *Xinhua*, Nov. 13, 2007; "Hu's Superman Tales on Streamlining Plan," *South China Morning Post*, Jan. 14, 2008; "Ministry of Energy to be Established Next Year in March, End Multi-Management Situation," (*wo guo mingnian sanyue jiang chengli nengyuanbu yao jieshu duotou guanli jumian*), *Dongfang Zaobao*, Nov. 15, 2007.

[9] "China Reshuffles Energy Sector – Little Change Seen," *Reuters,* Mar. 11, 2008, http://www.alertnet.org/thenews/newsdesk/PEK252960.htm.

[10] See, for e.g., "National Energy Administration 'Three Laws' Plan Emerges, Establishes Nine Departments," (*guojia nengyuanju de 'sanding' fang'an chulu xiashe jiu ge siju*), *Caijing*, June 27, 2008; "Energy Management Reshuffle Starts," *China Daily,* July 7, 2008.

[11] Decision of the First Session of the Eleventh National People's Congress on the Plan for Restructuring the State Council, promulgated by the National People's Congress on Mar. 15, 2008.

[12] "Newly Established National Energy Administration Oriented Toward Macrolevel Management," (*xin zujian de guojia nengyuanju dingwei hongguan guanli*), *Xinhua,* Aug. 1, 2008.

[13] Primary Responsibilities, Structure and Staffing of the National Energy Administration, State Commission Office for Public Sector Reform, approved by the State Council on July 29, 2008.

[14] "Newly Established National Energy Administration Oriented Toward Macrolevel Management," (*xin zujian de guojia nengyuanju dingwei hongguan guanli*), *Xinhua,* Aug. 1, 2008.

Zhang Libin *is a partner and chief representative of the Beijing office of Baker Botts L.L.P.*

Jason Lee *is a Fulbright Scholar researching Chinese energy policy.*

Energy Security and China's UN Diplomacy

Trevor Houser & Roy Levy

The run-up to the 2008 Olympic Games hasn't been quite the coming out party Beijing had hoped for. Groups critical of various aspects of Chinese government policy, both inside and outside the country, have taken advantage of the exposure provided by the Olympics to voice their grievances before a global audience. One of the most vocal has been a coalition of NGOs, student groups and Hollywood celebrities concerned about the human rights situation in Sudan. The UN estimates that over 200,000 people have been killed and 2.5 million people displaced in the Darfur region since violence began in 2003. The US government has characterized attacks by the Janjaweed militia against residents of Darfur as "acts of genocide" and has pressed for action at the UN. Human rights groups criticize the UN Security Council (UNSC) for moving too slow and point to Beijing, which holds a permanent seat and a veto, as the principal impediment. In the public discourse surrounding it, it is widely assumed that Beijing protects the government in Khartoum to safeguard Chinese investments in Sudan's oil sector and ensure a reliable supply of oil to the PRC. Activists seeking more aggressive action on Sudan have therefore targeted, in the words of Mia Farrow in a *Wall Street Journal* op-ed, the "one thing that China may hold more dear than their unfettered access to Sudanese oil…the Olympics.[2]

Trevor Houser *is director of the Energy and Climate Practice at the Rhodium Group and visiting fellow at the Peterson Institute for International Economics. He is author of* Leveling the Carbon Playing Field: International Competition and US Climate Policy Design *(Washington: Peterson Institute, 2008).* **Roy Levy** *is a Dobrich New American scholar at the Colin Powell Center for Policy Studies at The City College of New York.*

China Security, Vol. 4 No. 3 Summer 2008, pp. 63-73
World Security Institute

This belief that China's growing appetite for natural resources has turned the country into a protector of rogue states has called into question a key assumption of Sino-US relations over the past two decades: that integrating China into the global economy would make the country a more "responsible stakeholder" in international affairs. Indeed, it was very much this logic that led the International Olympic Committee to award the games to Beijing in the first place. Developments in Iran and Burma, as well as Sudan, have led some US policy-makers and pundits to question whether a more globally engaged China will be a constructive force. A key to examining this is how Beijing's behavior in the UNSC has evolved over time as the country's economic interests have expanded. We find that, contrary to popular belief, the degree of consensus between China and the United States at the UNSC has increased over the past 20 years, and that when China diverges, it is out of a belief in the sanctity of national sovereignty, rather than a hunger for natural resources. In fact, this position on sovereignty is undermining, rather than enhancing, Chinese energy security.

China's Historic Security Council Priorities

In 1971, China's seat as one of the five permanent veto-wielding members of the UNSC (P5) transferred from the Republic of China in Taipei to the PRC in Beijing. In the three and a half decades since, Beijing's number one objective within the UN has been to use its position on the Security Council to isolate and marginalize Taiwan. As Beijing considers Taiwan to be part of the PRC, the government has historically sought to defend the sanctity of national sovereignty and support international norms of noninterference from within the UN. For its first decade on the Security Council, Beijing refused to participate in any discussion of or lend any financial support to UN peacekeeping missions, considering them unjustified meddling in the internal affairs of a sovereign state. China's opposition to an interventionist international system was driven out of a concern that it could be used against Chinese interests in the future, not just in Taiwan, but Tibet and Xinjiang as well, where separatist movements were gaining attention abroad.[3]

During the Cold War, China's opposition to the use of coercion under Chapter VII of the UN Charter was of little relevance. Cold War politics usually constrained the Security Council from imposing sanctions or deploying troops. The end of the Cold War brought in a new era for UNSC activism and a new opportunity to test Chinese leadership in international affairs.[4] With the collapse of the Soviet Union, US foreign policy began to focus more on intra-state risks (e.g. political strife, terrorism and human rights concerns) and less on state-to-state conflicts. Addressing these risks through the Security Council would require the type of infringement of national sovereignty that China had traditionally resisted. And the notion of the lone remaining superpower reshaping the world to its liking by way of the UNSC did not sit well with many in Beijing. At the same time, the end of the Cold War coincided with the beginning of China's economic opening to the outside world, which would

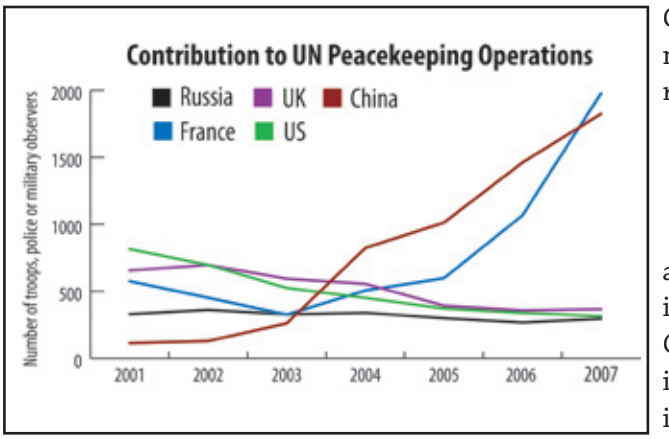
dramatically reshape China's international interests by going forward in a way that could require a more interventionist approach.

Economic Integration and Evolving Interests

Since the end of the Cold War, China has become deeply integrated into the global economy. Rich endowments of well-educated, productive and low-cost labor attracted a flood of foreign investment in manufacturing following China's opening. In 1990, inbound investment in China totaled US$10 billion per year.[5] By 2007, that number had grown to $87 billion. As Chinese manufacturers started selling to consumers in the US and Europe, China's share of global trade grew four-fold and exports as a share of the Chinese economy increased from 14 percent to 41 percent.[6] Foreign policy officials in the West have hoped that this dependence on external markets and foreign capital would align Beijing's interests with Washington and Brussels in ensuring the geopolitical stability necessary for an open international trading system.

Yet, while China relies on the United States and Europe for export markets, the imports required to produce goods for sale to the West come from other parts of the world. Rapid expansion in demand for energy and natural resources in particular has meant China's imports have grown almost as fast as its exports. Since 2003, for example, China's annual purchase of raw materials has increased from $73 billion to $240 billion.[7] The profitability of selling oil, copper and iron ore to China, coupled with a sense of insecurity in Beijing over the country's growing dependence on imported natural resources, has prompted Chinese companies to invest abroad, up from $3 billion in 2003 to $19 billion in 2007. With so much of China's natural resource imports coming from, and outbound investment going to, countries of concern to the United States and Europe, some policy-makers in Brussels and Washington are rethinking the notion that a more globally integrated China will be a China more aligned with their interests.

While the export and inbound investment portions of China's economic balance sheet bode well for UNSC cooperation in addressing risks to international peace and stability, the import and outbound investment side of the ledger could cut two ways for China. Having economic interests in a country at risk of collapse makes it tougher to stand on the sidelines and remain committed to the principle of noninterference. At the same time, if coercive actions taken by UNSC under Chapter VII, such as imposing sanctions, would cut off the existing trade or investment flows, a principled



Chinese defense of sovereignty may now have an economic rationale as well.

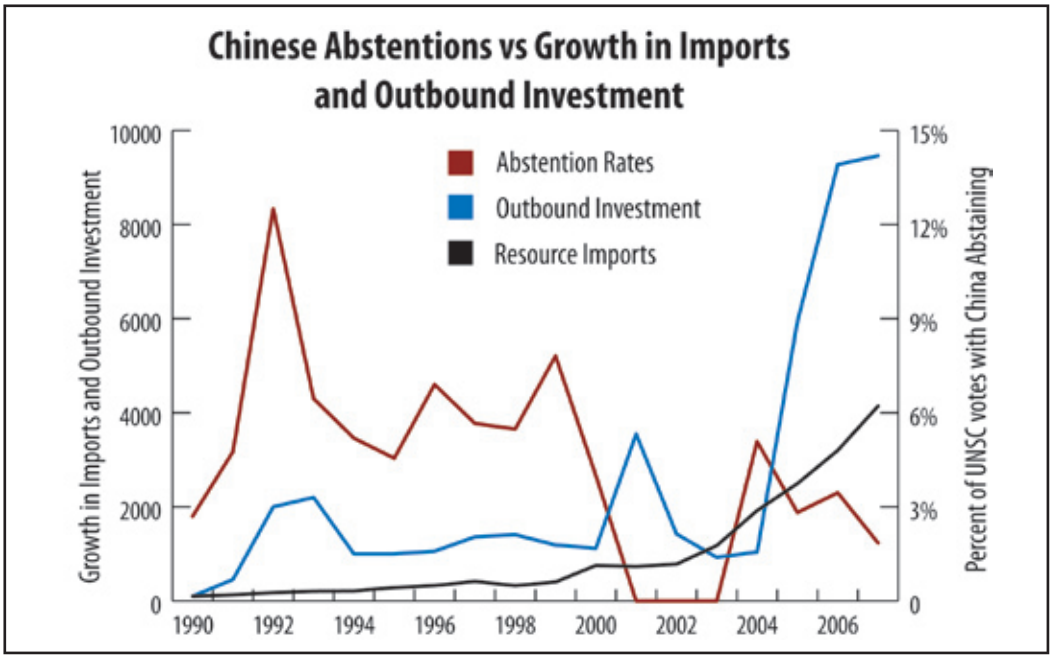
Tracking China's Actions at the UN

There are a number of ways to assess how growing economic integration has impacted China's behavior at the UN in general, and in regard to intervention in particular. The most visible, perhaps, is China's involvement in UN peacekeeping missions. Here, China has come a long way from its outright refusal to vote for or fund peacekeeping operations in the 1970s.[8] Beijing's first vote in favor of peacekeeping came in 1981, regarding the continuation of the UN mission in Cyprus.[9] In 1990, China for the first time lent its own troops to a UN peacekeeping mission and in 1992 and 1993 sent 800 military engineers to Cambodia. Over the past six years, however, there has been a sea change in Chinese involvement in peacekeeping. In 2001, China had 113 troops, military police and observers participating in UN missions, while the United States had 815. But by 2004, China was the largest contributor among the P5 and by 2007, China had 1,825 military personnel in the field compared to the United States at 315.[10]

More active participation in peacekeeping missions suggests that Beijing now believes promoting peace and security in the developing world through the UNSC, is in its direct interest. But as the majority of peacekeeping missions take place with the consent of the host country, at least tacitly, this says little about whether growing economic integration has changed China's view of noninterference. To address that, Beijing's voting record on the full range of coercive measures allowed under Chapter VII, from trade sanctions to arms embargos to military invasion need to be examined. This analysis uses the UN's Bibliographic Information System,[11] and identifies more than 1,200 UNSC resolutions put to a vote between Jan. 1, 1990 and May 1, 2008. Of these, roughly one-third invoked powers granted to the UNSC under Chapter VII of the UN Charter.

Over the past six years there has been a sea change in Chinese involvement in peacekeeping.

One of the most striking trends in the UNSC voting data is the rarity with which China has exercised its veto compared to the other P5 countries. In fact, Beijing has only used its veto four times since joining the UNSC. Between 1971 and 2006, the United States vetoed 76 resolutions, the United Kingdom 24, France 14 and Russia 13.[12] China traditionally prefers working aggressively behind the scenes to convince



other UNSC members to drop, or at least modify the language of, resolutions it finds objectionable rather than publicly taking a stand by using a veto. If the other members insist on putting the resolution to a vote, China will generally abstain. During the period tracked, China abstained from votes on 35 Chapter VII resolutions, the most of any P5 member.

That said, overall China's abstention rate has declined over the past two decades. During 1990-1995, China abstained, on average, from 6 percent of the Chapter VII votes each year. Between 2002-2007, that declined to 2 percent while Russia abstained at an increasing rate. This increase in consensus between China, the United States, France and the United Kingdom occurred despite tough issues like Iran, Sudan and Burma all hitting the UNSC agenda and corresponds with a period of dramatic growth in both Chinese resource imports and outbound investment.[13] At the most aggregate level, therefore, it would appear that the original geopolitical rationale for integrating China into the global economy is holding up just fine. But given the relatively small number of cases (only 28 countries were the subject of Chapter VII resolutions during the period in question) and the variety of factors affecting China's position on each, a case-by-case assessment was needed.

This analysis is refined by comparing China's voting record with its level of bilateral trade with the country in question to look for any correlation, either positive or negative, between China's economic ties to a country and its willingness to vote for Chapter VII measures regarding that trading partner in the UNSC (See appendix, which maps out the 28 countries that were the subject of Chapter VII resolutions between 1990 and 2008).

It is worth noting that despite the amount of media focus on China's trade and

investment with countries subject to UNSC scrutiny (e.g., Iran, Sudan and Myanmar), Beijing's bilateral economic ties with these regimes are far less important than those with the United States, Japan and Europe. China's trade with none of the 28 countries that were the subject of Chapter VII resolutions since 1990 amounted to more than 1 percent of China's global trade at the time the resolution was put to a vote. Iran is by far China's most significant trading partner to be brought before the UNSC, yet in 2006, bilateral trade with Iran amounted to 0.82 percent of China's total, compared to 19 percent for Europe, 15 percent for the United States and 12 percent for Japan. But even China's trade with small regional neighbors like Singapore and Thailand more than doubled its trade with Iran. This shouldn't come as much of a surprise. Countries that have run enough afoul of the international community to be the subject of UNSC resolutions are not likely seen as reliable trade and investment partners, even in Beijing.

That said, while small in relative size, China's economic relationship with several of the 28 countries at question is still an important consideration for Beijing. Iran's 0.82 percent of China's global trade in 2006 amounted to over $14 billion dollars, hardly a trivial sum. In addition, Iran, Sudan, Angola and Myanmar account for a larger share of China's energy trade than goods trade overall. On the other end of the spectrum, China's bilateral trade with 10 of the 28 countries targeted by Chapter VII resolutions, mostly in the former Yugoslavia and Africa was less than $10 million at the time the resolutions were considered. Yet while there is significant difference between a $10 million and $14 billion per year trade relationship, there is no clear correlation, either positive or negative, between a country's bilateral trade with China and Beijing's willingness to support UNSC action against that country. In 2007, Beijing vetoed a resolution that would have imposed sanctions on Burma but supported a resolution imposing sanctions on North Korea, even though trade with the two countries was similar. Nearly 40 percent of the abstentions and vetoes cast by China since 1990 have been on resolutions concerning the Balkans, a region China has very little economic interest in. China voted yes on resolutions concerning its two largest trading partners yet to be brought before the UNSC, Angola and Iran, despite the fact that they account for a significant share of China's oil imports. And while China has abstained from six resolutions concerning Sudan, another large oil supplier, since 2004, it also abstained from two in 1996, when bilateral economic relations were far less significant than they are today.

There is no clear correlation between a country's bilateral trade with China and Beijing's UNSC action that country.

China's position on Chapter VII issues at the UNSC is still largely shaped by a need to isolate Taiwan and a desire to support principles of national sovereignty and nonintervention, rather than a need to protect resource-supplying countries from international sanctions. China exercised a veto or abstained from voting in resolutions

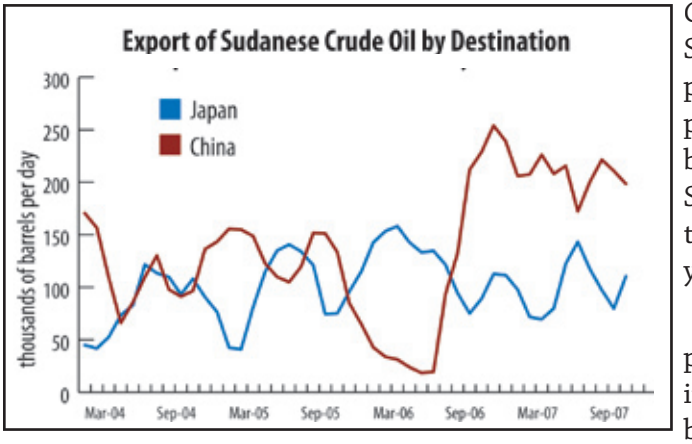
regarding 17 of the 28 countries that have been subject of Chapter VII action since 1990. Of those 17, three were directly related to the country in question's recognition of Taiwan (Haiti, Guatamala and Macedonia). Another two dealt with extraditions or international terrorism (Libya and Afghanistan). The remainder (with the exception of Resolution 678 authorizing the first Gulf War) were concerned with ill treatment of its citizenry or opposition political parties. While Beijing has shown a willingness to support a more active role for the UN in brokering ceasefires and keeping the peace, it clearly continues to view the relationship between a government and its people an issue of national sovereignty in which the international community has no business meddling. It is likely this, more than a hunger for Sudanese oil, that shapes Beijing's position in the UNSC when it comes to Darfur. And defense of Khartoum's right to deal with domestic affairs as it sees fit may actually be hurting rather than helping Chinese economic interests and energy security.

The Case of Sudan

China's growing energy needs and Beijing's concern about the national security implications of relying on international markets to meet those needs, has garnered considerable attention in the West in recent years. There is a common perception that the government's response has been to instruct Chinese oil companies to "lock up" energy resources around the world by offering rogue states investment with no strings attached, and that Chinese activity is making other energy consumers less secure. This belief is based on a misunderstanding of the nature of both Chinese oil companies and international oil markets,[14] yet it is particularly pronounced in the case of Sudan and leads people to assume that Beijing protects Khartoum in the UNSC to ensure Chinese energy security.

Chinese investment in oil production in Sudan began in 1996, after most Western companies left the country in the face of US government and shareholder pressure.[15] While the production contracts were signed during a state visit to Beijing by Sudanese President al-Bashir in 1995, their structure (Chinese companies produce and sell the oil but transfer a share of the profits to the host government, known as equity agreements) is largely the same as those the Sudanese signed previously with international oil companies. By the end of 1999, China National Petroleum Corporation (CNPC) was producing oil in Southern Sudan through the Greater Nile Petroleum Operating Company. CNPC's output from Sudan reached 80,000 barrels per day (bpd) in 2000, growing to over 200,000 bpd by the end of 2007.[16] This was the first large overseas oil investment by a Chinese company and remains the most productive overseas asset held by a Chinese oil company to this day. While CNPC certainly received encouragement from Beijing in investing in Sudan, in the hopes that boosting overseas production by Chinese firms would make China as a whole more energy secure,

Beijing's relationship with Khartoum is currently undermining Chinese energy security.



CNPC needed no prodding. Sudanese production was profitable when oil was at $25 per barrel. But at $140 per barrel, CNPC's profits on its Sudan operations are likely in the ballpark of $1 billion per year.

Yet, despite being hugely profitable for the companies involved, overseas investment by Chinese firms has failed to deliver meaningful benefits to Chinese consumers. In 2007, total overseas oil production by Chinese companies totaled 620,000 bpd. Only half of this was shipped back to China, accounting for less than 10 percent of the 3.25 million bpd China imported in 2007. The rest was sold on the open market. In 2006, while Beijing was being criticized for placing oil demand over human rights, CNPC was selling the majority of the crude it produced in Sudan to Japan rather than taking it back to China.[17] And the oil that was sold to the domestic Chinese market was sold at prevailing international prices leaving Chinese consumers with neither meaningful energy security nor a buffer against rising oil prices.

In Beijing, there is now an active debate about whether overseas investment by Chinese oil companies will ever be a successful means of securing the country's energy supply, and whether it is a worthwhile strategy given the cost in terms of China's image and reputation.[18] While having oil investments in Sudan does not change Beijing's vote in the UNSC, it does make China vulnerable to public charges of complicity in the violence taking place in Darfur. Activists have been successful in linking the situation in Darfur to the 2008 Summer Games, labeling them the "genocide Olympics," and pressuring prominent government officials to boycott the opening ceremonies. Ironically, while growing oil demand is assumed to shape China's attitude towards Sudan, Beijing's relationship with Khartoum is currently undermining Chinese energy security.

All of the oil produced by Chinese oil companies in Sudan comes from the southern half of the country and is shipped to the Port Sudan in the Northeast by pipeline. And while the international community is focused on the crisis in Darfur, a much larger storm is brewing between the north and the south of Sudan.[19] Between 1983 and 2005, the Southern People's Liberation Movement (SPLM) and the National Congress Party (NCP) in Khartoum were engaged in a civil war that claimed 2.5 million lives. The Comprehensive Peace Agreement (CPA) that brought that war to a close in January 2005 is now fraying, in large part due to disagreements over oil revenue and the increasingly likely resumption of violence. If civil war erupts, or if the south votes for independence in a referendum scheduled for 2011, CNPC will

find itself in a bind. Despite having all its assets in the semi-autonomous region of South Sudan, controlled by the SPLM, neither CNPC nor the Chinese government has a direct relationship with SPLM leadership. In 2007, SPLM Chairman Salva Kiir visited Beijing in his capacity as the vice president of the Government of National Unity. In a meeting with Chinese leadership, he warned that unless the Chinese government and Chinese companies started engaging directly with the SPLM, any fissure in north-south relations would spell trouble for Chinese oil interests in Sudan.[20]

While pumping 200,000 bpd in Sudan does little to enhance Chinese energy security, taking it suddenly off the market (as well as the 300,000 bpd of crude produced by other companies in Sudan) would create a price spike in oil markets that wouldn't just impact China, but all other energy consumers as well. Unfortunately, Beijing is constrained in its ability to hedge against this through talks with subnational actors like the SPLM by a policy that values the sanctity of national sovereignty above all else.

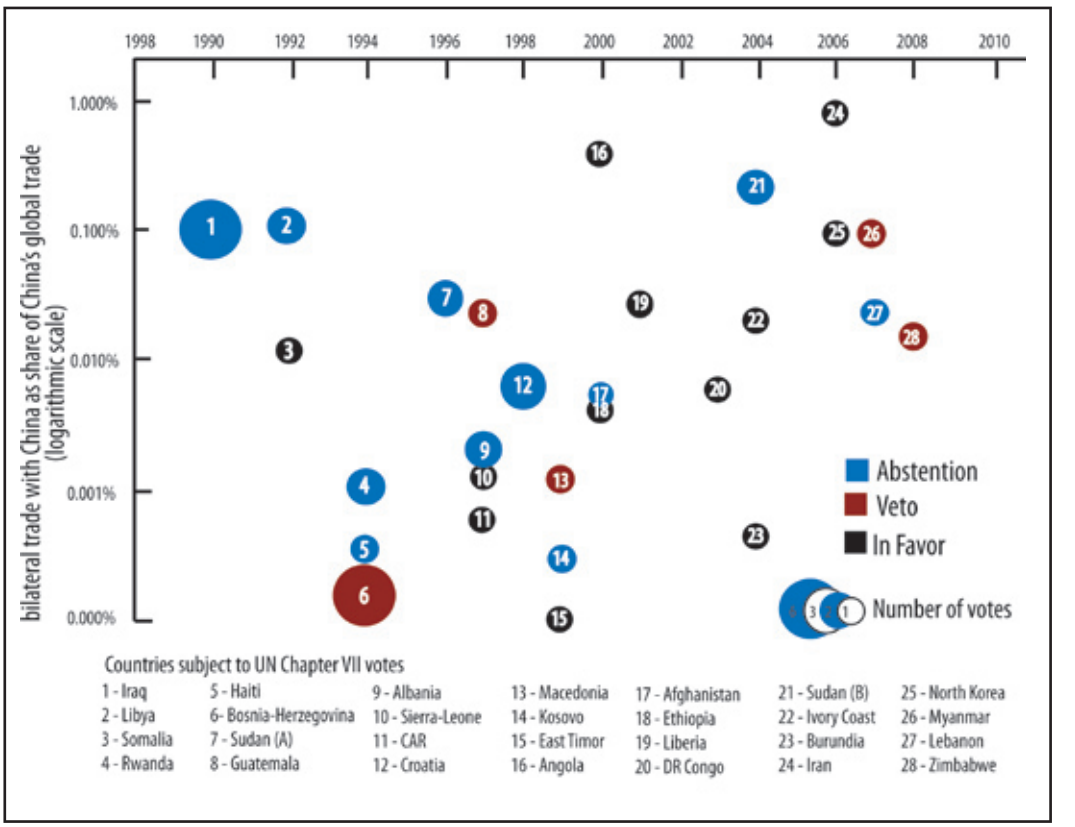
Implications for China's International Behavior

As China's global economic interests expand, Beijing will find it difficult to maintain its traditional approach to questions of sovereignty and nonintervention. Unlike the 1970s and 1980s when China existed in relative autarky and had little exposure to turmoil in other parts of the world, China now has a direct and growing stake in ensuring stability and prosperity in Asia, Africa and Latin America. This is particularly true when it comes to natural resource producers, as China will certainly remain dependent on the rest of the world to supply it with the energy, raw materials and agricultural goods it needs to continue growing. Given the scale of current, let alone future, Chinese resource demands, it will be impossible for the country to achieve a meaningful degree of security through direct acquisition of mineral deposits or oil fields elsewhere in the world. Instead, Beijing will need to continue to rely on open, rules-based markets abroad to meet social and economic objectives at home. That means taking a more proactive role in identifying potential sources of instability worldwide and taking a leadership role in addressing them, either through the UNSC or another international group. China has already demonstrated an ability to take on such a role in regard to North Korea. In dealing with Iran, Beijing clearly realizes that a nuclear-armed Tehran poses a greater threat to Chinese energy security through the instability it would create in the Middle East than the loss of some natural gas deals as the result of sanctions.[21] Even on Sudan, US officials have remarked that Beijing has been more helpful than many expected in addressing the situation in Darfur (though less helpful in shoring up the CPA).[22]

As China emerges as a global power, Chinese citizens will also begin to expect their government to look beyond narrow economic interests and work to actively address humanitarian challenges in other parts of the world. This is already beginning to manifest in Chinese contributions to peacekeeping missions in Africa and disaster

relief aid to Southeast Asia. Through this process, Chinese peacekeepers are getting exposed to international human rights norms and are bringing those concepts back home.[23] Having a permanent seat on the UNSC helps legitimize Chinese leadership in the eyes of its citizens and Beijing will be well-served by demonstrating that the Security Council can be an effective tool in preventing genocide and humanitarian crises.[24]

Appendix 1: China's Participation in Chapter VII Actions



Note: The x-axis is the year in which the first Chapter VII action was authorized by the UNSC. For vetoes and abstentions, the size of the bubble indicates the number of subsequent resolutions concerning the same country that also received a veto or abstention from China. The y-axis is total Chinese trade with the country in question as a share of China's global trade during that year, on a logarithmic scale. Direct Chinese investment would be a useful secondary indicator for economic exposure, but reliable Chinese outbound investment data is only available from 2003 forward.

Notes

[1] The authors would like to thank Jamila El-Gizuli, PhD student of Political Science at the Graduate Center of the City University of New York, for her extremely helpful insight and analysis during the course of our research.

[2] Ronan Farrow and Mia Farrow, " 'The Genocide Olympics,' " *Wall Street Journal*, Mar. 28, 2007.

[3] For a discussion of China's historic behavior at the U.N. Security Council, see Pang Zhongying: "China's Changing attitude to UN Peacekeeping," *International Peacekeeping*, 12:1 pp. 87-104, Mar. 1, 2005; Yitzhak Shichor, "China's Voting Behavior in the U.N. Security Council," *China Brief,* No. 18, (Sept. 6, 2006); Stefan Staehle, "China's Participation in the United Nation Peacekeeping Regime," MA Thesis, George Washington University, P. 67, May 21, 2006

[4] John Hillen, *Blue Helmets : The Strategy of U. N. Military Operations*, (Dulles, VA: Brassey's Inc., 1998).

[5] National Bureau of Statistics of China, *China Statistical Yearbook,* 2007, http://www.stats.gov.cn/english/statisticaldata/yearlydata/.

[6] U.N. Comtrade Database and National Bureau of Statistics of China, *China Statistical Yearbook*, see http://comtrade.un.org and http://www.stats.gov.cn/english/statisticaldata/yearlydata/.

[7] National Bureau of Statistics of China, *China Statistical Yearbook*, 2007.

[8] Yin He, "China's Changing Policy on UN Peacekeeping Operations," Institute for Security and Development Policy, *Asia Paper*, July 2007.

[9] S/RES/495(1981), Dec. 14, 1981, see www.unbisnet.un.org.

[10] U.N. Department of Peacekeeping Operations, "Monthly Summary of Contributions (Military Observers, Police and Troops)," http://www.un.org/Depts/dpko/dpko/contributors/95-05.htm.

[11] See http://www.un.org/depts/dhl/unbisnet/index.html.

[12] Yitzhak Shichor, "China's Voting Behavior in the U.N. Security Council," *China Brief,* No. 18, (Sept. 6, 2006).

[13] All U.N. Security Council voting records retrieved from the U.N. Bibliographic Information System, see http://www.un.org/depts/dhl/unbisnet/index.html. For trade data from the United Nations Comtrade database, see http://comtrade.un.org/.

[14] For a discussion of China's energy security strategy and the role of state-owned oil companies, see Trevor Houser, "Roots of Chinese Oil Investment Abroad," *Asia Policy,* No. 5 (January 2008) and Erica Downs, "Energy Security Series: China," (Washington, DC: Brookings Institution, 2006).

[15] International Crisis Group, "China's Thirst for Oil," *Asia Report,* No. 153 (June 9, 2008).

[16] Data provided by the consultancy WoodMackenzie, see http://www.woodmacresearch.com/home/index.html.

[17] China General Customs Administration and Japan Customs, Ministry of Finance.

[18] Linda Jakobson, "The Burden of Noninterference," *China Economic Quarterly,* (Q2, 2007); Richard McGregor, "Chinese Diplomacy 'Hijacked' by Companies," *Financial Times*, March 17, 2008.

[19] Andrew Natsios, "Beyond Darfur: Sudan's Slide Toward Civil War," *Foreign Affairs* (May/June 2008).

[20] Interview with SLPM government officials in Washington, DC, July 2008.

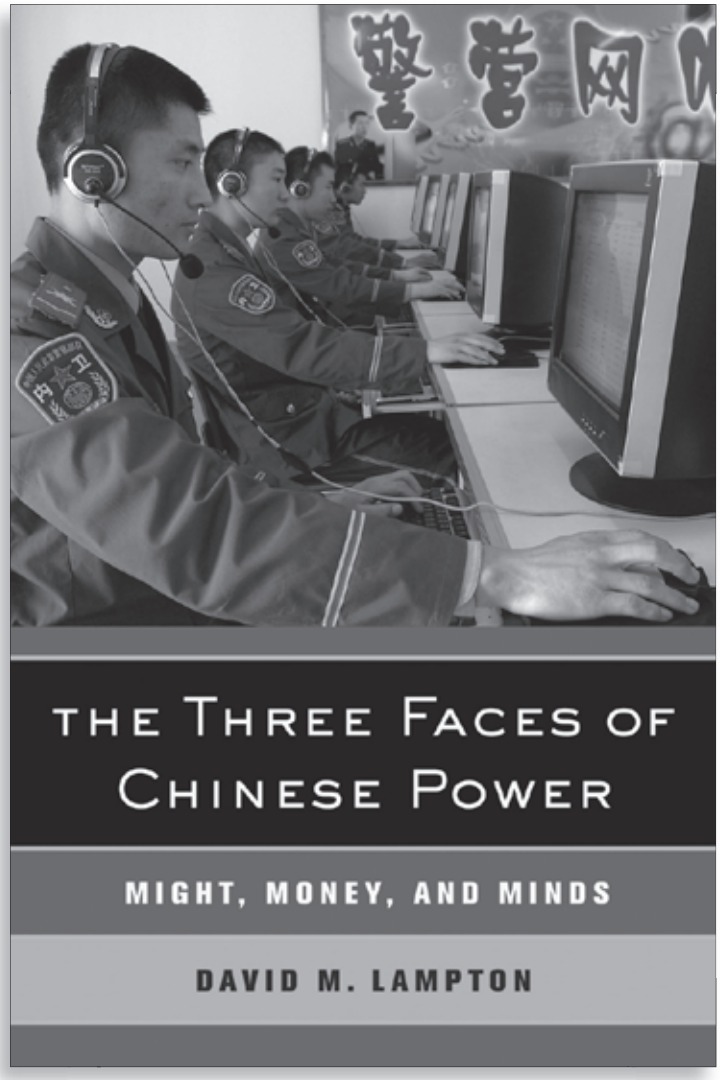
[21] Stephanie Kleine-Ahlbrandt and Andrew Small, "China's New Dictatorship Diplomacy; Is Beijing Parting With Pariahs?" *Foreign Affairs*, Vol. 82, Iss. 1 (January/February 2008).

[22] "U.S. Envoy Defends China Role in Darfur," *China Daily*, Apr. 12, 2007.

[23] Bonny Ling, "China's Peacekeeping Diplomacy," International Relations and Institutions, *China Rights Forum*, No. 1, 2007.

[24] Paul Taylor, "The United Nations and International Order," The Globalization of World Politics: *An Introduction to International Policy, 2nd Ed.* (Oxford: Oxford University Press, 2001, pp.351-2).

"A comprehensive framework for intelligent thinking about the implications for the United States and the world of the rapid expansion of China's economic and military power." —J. Stapleton Roy, former United States ambassador to China



DAVID M. LAMPTON

The Three Faces of Chinese Power

Might, Money, and Minds

"By learning more not only about China, but from China, America is more likely to sustain a constructive relationship with the rising China. Lampton insightfully provides us with the much-needed guidance."

—Zbigniew Brzezinski, Center for Strategic and International Studies

$21.95 paperback, $55.00 hardcover
at bookstores or www.ucpress.edu

UNIVERSITY OF CALIFORNIA PRESS

Emerging Trends in Violent Riots

Yu Jianrong

In the early morning of June 22, a young girl's body was discovered in a river in Guizhou province's Weng'an County. Her death was initially ruled a suicide by the local authorities, but the family of the deceased 17 year old protested that she was murdered by relatives of government officials. The crime, they said, was being covered up by the local authorities. At the outset, the conflict was limited to the family and the police, but once the perception of an abuse of power by the Chinese elite spread, tens of thousands became enraged. Four days after the girl's body was found, over 30,000 rioters in Weng'an torched both the local public security bureau and the county government office building, along with nearby government vehicles.[1] The events that transpired after the initial discovery of the dead girl touched upon some of the most sensitive issues currently rankling Chinese citizens.

Catalyzing the actions of the rioters was a more profound sense of social discontent, reflecting a present crisis of governance in China. After three decades of rapid economic development, China's political system is increasingly incapable of harmonizing relations between the disparate interest groups that exist in the market economy. The government's failure to establish a just and equitable adjudication system to arbitrate between them has engendered widespread social despair. These deficiencies have led to accumulated grievances, "priming" the public, so that otherwise

Yu Jianrong *is professor and director of the Rural Development Institute's Social Issues Research Center at the Chinese Academy for Social Sciences in Beijing, and is a visiting scholar at Harvard University.*

China Security, Vol. 4 No. 3 Summer 2008, pp. 75-81
World Security Institute

isolated incidents are precipitating devastating violent anger-venting riots.

While incidents of mass social unrest in China can usually be classified as rights-protection struggles, social disputes or protests against organized crime,[2] the riots in Guizhou were part of a new and troublesome trend. Unlike the established categories of social unrest, this new breed of riot lacks a specific grievance. They are precipitated by accidental conflicts between private citizens, but they quickly escalate into large and often extremely violent mobs, with most rioters having little connection to the causal incident. Bystanders join in the violence to vent their own resentment at unfair practices of local government. As news of the incident spreads through modern communication channels, mobs can quickly swell to over 10,000 people.

Old Grievances, New Violence

The first characteristic that distinguishes anger-venting riots from other instances of social unrest is the rapid escalation to violence. Rights-protection activities usually show a degree of restraint since the protestors are invested in the outcome and inciting violence is unlikely to achieve their aims. Anger-venting riots are often devoid of specific issues, or quickly become divorced from the original issue. These riots devolve into behavior such as smashing, looting and burning. Caught up in the action, participants commit acts that are out of character.

The events that transpired in Dazhu, Sichuan in 2007 are an example of this behavior.[3] A female employee was found murdered at the Laishide Hotel. During the police investigation, the family of the deceased engaged in a heated confrontation with the hotel's owners. Afterwards, the family, accompanied by a crowd of several hundred people, returned to the hotel to demand a verdict on the investigation. With the issue still unresolved two days later, it mushroomed into widespread riots with over 10,000 people descending on the Laidshide Hotel, smashing and burning property.

China's political system is increasingly incapable of harmonizing relations between the disparate interest groups.

Similarly, 2004 riots in Wanzhou began when two pedestrians collided while crossing the street.[4] A porter surnamed Yu accidentally struck a female surnamed Zeng with the pole balanced on his shoulders. Both Zeng and her husband retaliated with violence, the latter claiming that he was a civil servant and therefore not to be trifled with. The crowd of onlookers grew indignant at the couple's abusive behavior and, perceiving police bias in the handling the event, quickly started large-scale rioting.

The second characteristic of these riots is their lack of organization and leadership. Unlike a political or economic protest, the vast majority of participants have no direct stake in the outcome of the incident. Those involved are usually observers, even passersby, simply reacting to perceived injustices. They take advantage of the situation to display frustration about their own personal grievances, expressing dis-

satisfaction with social injustice, or some other abstracted reason for venting their anger. For example, a 2005 incident in Chizhou, Anhui province, began after a young man was struck by a car carrying a well-connected businessman from nearby Anqing.[5] An altercation ensued in which bodyguards of the businessman emerged from the car to "beat the skinny young man senseless, leaving him bleeding from his mouth and ears."[6] Upset by the scene, citizens called the police but once again, perceived police bias in the handling of the conflict – in this case protecting ostensibly affluent and well-connected assailants – incited a crowd of onlookers to violently pursue mob justice. By 6pm the crowd had grown to roughly 10,000 people with no unified leadership or agenda. Uncoordinated acts of violence included flipping over the car driven by men who had assaulted Liu, pushing a police car to block the entrance to the police station, setting on fire two unrelated government vehicles and looting a nearby supermarket. Unlike rights-protection struggles, the Chizhou incident had no specific social grievance to redress and no representatives with whom the police might negotiate in order to bring the violence and destruction to an end.[7]

A third characteristic of this trend in unrest is the effective use of modern technology, particularly text messages and the internet. These play an important role in inciting and inflaming unrest. Historically, social discontent was expressed through folk songs, popular rhymes, political jokes and gossip. Today, the ubiquity of affordable mobile phones and the internet has made news dissemination much more convenient, effective and influential. While these forms of communication can act as outlets for venting public anger and indignation in a constructive way, they may also further aggravate tense situations. Because these irrational rantings reach so many people, they can easily lead to collective angst and panic, which may in turn lead to collective violent action. This characteristic is illustrated by the Zhejiang Province Rui-an incident of 2006.[8]

On the morning of Aug. 18, a 29 year old teacher at the Number 3 Middle School in Rui-an city leapt from a building in an apparent act of suicide. The woman's husband and in-laws attributed her death to work-related pressures. The police investigation concurred. However, the students of Number 3 Middle School rejected this conclusion. Rumors circulated on the internet that Dai had been murdered by her husband's family and that they had used their wealth to bribe the police. Two days after her death, several hundred students from her school organized

a protest calling for a proper investigation. On Sept. 5, the Criminal Investigation unit of Wenzhou city completed an autopsy report confirming that Dai had committed suicide probably due to a mental disorder. People rumored to be involved in bribing investigators were surrounded by a crowd. But a convoy of more than 20 police vehicles with special units used tear gas to disperse the crowds. Rumors of police complicity circulated via text messages and the internet, along with appeals for further protests. By the second day after the autopsy results were released, several thousand citizens responded to these appeals, organizing groups to launch protests at the town hall and police station. In this case, internet and cellular communication aided in exacerbating the public's sense of injustice to a degree sufficient to spark random, violent rioting.

A Crisis of Confidence

While there is a diverse range of discontents driving social unrest in China, judicial corruption and unfairness are the most widespread grievances. At the heart of the matter is a loss of faith in the government's ability to adjudicate and harmonize frictions between different interest groups. In the last decade the Chinese public's declining confidence has exhibited new features. First, mistrust has expanded from skepticism in particular public servants to dissatisfaction with the larger political system. Historically, the Chinese public's social discontent was directed at specific government employees, blaming the various social problems on the corruption and incompetence of local state and party officials. The effectiveness of local government, however, has deteriorated to the point of failing to provide the necessary public goods and services, and has even become a vehicle of state violence. As such, the public no longer makes a distinction between isolated public employees and the body of local government. Both are seen as culpable and both are perceived as the enemy.

Closely related to this is the distrust that is also moving "upstream" in terms of level of government. This problem is particularly evident in the countryside.[9] A decade ago, peasants only questioned the illegal behavior of village level cadres, while maintaining hope in county level or higher governments. Now many peasants believe both village and county governments are irredeemable and principally to blame for their troubles. Some even regard provincial level government as the chief culprit. Although many peasants currently maintain hope in the central government, they are growing doubtful about its ability to handle these issues.[10]

While currently maintaining hope in the central goverment, many peasants are growing doubtful about its ability to handle these issues.

Lastly, the public expresses doubt in the justice and equity of the legal system. Legitimacy is an acknowledgment of the power and ability to rule. This legitimacy should be underpinned by a sound legal system and judicial equity. The most direct

means for various interest groups and harmful social elements to undermine the State legitimacy is through the justice system. Those elements can use the protection provided by members of the judiciary to commit illegal acts. Or, persons within the judiciary can abuse their positions for personal benefit. These realities have had a huge impact on the public's view of the law. It's not uncommon to hear people refer to "official-gang partnership" or "police-bandit kinship" to express their despair at the national legal system.

The above three features of a growing crisis in confidence of state legitimacy are symptomatic of profound social discontent. In all of the aforementioned riots, the intervention of representatives of the State public security apparatus not only failed to convince enraged onlookers that justice would be served, but often further incited discontent in the State's inability or unwillingness to fairly adjudicate the conflict.

Responding to Unrest

While the government cannot prevent isolated events from triggering mass discontent, it can ameliorate the consequences with early warning mechanisms, better handling techniques, freer dissemination of information and increased accountability.

The first key to preventing violence in the streets is to address the complaints of citizens early on. Currently, the State Bureau of Letters and Calls is meant to fulfill this role; however, local governments often go to great lengths to hide poor conditions in their prefectures. For instance, a local county government office in Henan province ordered lower level officials to travel to Beijing to bribe the State Bureau of Letters and Calls (*guojia xinfang bumen*). The purpose of their mission was clear: to get the Bureau to block as many complaints from getting to the central government as possible.[11] The effectiveness of this method is impressive. During the first three months of 2007, 25 missions (involving a total of 65 people) from a single county in Hunan set off for Beijing to register complaints. Only one of them made it to the books. Forty-one missions (involving a total of 55 people) from the same country embarked on a trip to the provincial government to register complaints, with only seven of these entering the books.[12] This suggests that the National Complaints Bureau and the Hunan Complaints Bureau are rife with corruption, and as a result, the Central Government's policy-makers are denied access to information. As such, the local government lacks an early warning mechanism for social discontent which makes it impossible to preemptively halt the deterioration of social order.[13] For sound policy-making to occur, a fast-response mechanism sensitive to public input and opinions must be implemented.

In order to learn from the political situations that lead to rioting, independent investigation committees should be formed. These committees must operate independently from the government yet still have the authority to command the participation of all relevant parties in their investigations. They should arrive at an impartial

evaluation of the incident in question, something that is currently improbable, if not impossible, under the current system.

When directly addressing the problem of violent riots, the government must first establish a social and political information collection network to coincide with a scientific evaluation system. Currently, many local governments collect data on unrest, but that information is rarely circulated, leaving researchers with little to work with. The government would also benefit by releasing this data so that experts can establish analysis models, which can, in turn, can provide social and political stability information indices to decision-makers and the public. Through this collection and analysis, public opinion will be better understood, interventions will become more efficient, and social disturbances can be more easily avoided.

Furthermore, China's community policing system must be strengthened. The 2005 French riots demonstrated that when police forces and the communities in which they patrol do not identify with each other, an antagonistic relationship could develop.[14] The Chinese government is aware of this problem. By the end of June 2007, the public security departments across China had set up over 56,000 community police offices, containing almost 100,000 community policemen; and roughly 88,000 village police offices, containing an equal number of village policemen. The creation of these village police offices has not only increased communication between the people and law enforcement, it has improved public opinion of police forces and has even decreased the number of riots.[15]

Mass events such as violent riots need to be adjudicated according to existing laws. The *Emergency Response Law of the People's Republic of China* took effect in November of 2007. Among other important issues, the law mandates that in a time when public safety is breached, select government departments and public security organs are entrusted with "the use of force to isolate persons in the conflict using weapons or violent means to continue the disturbance." The law also contains a number of restrictions, thereby increasing accountability and preventing the abuse of power. It identifies and protects the rights and legitimate interests of citizens, legal personnel and other organizations. The law makes clear government culpability in regard to riots. Personnel directly responsible might face dismissal, removal or other administrative sanctions, and some might even be criminally liable.[16] The problem, however, is the insufficient flow of information. The local governments are utilizing legal loopholes or blocking complaints and other information from reaching higher-level governments. Reliable information about social conditions should be seen as strategic resource, while the development of scientific information systems can guide the government in addressing social unrest. Only in this way can the combustible public

Local governmeents are utilizing legal loopholes or blocking complaints and other infromation from reaching higher-level governments.

discontent generated by the spread of rumors be avoided.

In addressing social unrest, a balance must be achieved. On one hand, the government must better manage and make better use of resources to preserve social stability. On the other hand, if the government exerts excessive control, the public will lose trust in their leaders. As long as there continues to be little understanding of social unrest in China, attempts at broadly addressing the issue will continue to be ineffective. The Chinese government, like any other government, cannot completely avoid all incidents of social unrest. It can, however, work to create a mature political society in which citizens can trust their government to protect with impartiality and dispense justice fairly.

Notes

1 Ding Buzhi, "Causes of Wen'an Riot," *Southern Weekly*, July 1, 2008, Page 1.

2 See Yu Jianrong, "Social Conflict in Rural China," *China Security,* Vol. 3 No. 2, Spring 2007.

3 Ren Luo and Chen Kai, "Reflections on the Dazhu Incident in Sichuan: Local Government Busy with Term Changes Missed the Good Opportunity to Handle the Situation," *Outlook News Weekly*, Mar. 1, 2007.

4 Fan Weiguo, "A Temporary Worker in Wanzhou, Chongqing Pretended to be Social Servant and Beat Other People, Triggering off a Mass Event," *Beijing Youth Daily*, Oct.20, 2004.

5 Wang Jilu, "An Investigation of the Chizhou Mass Event in Anhui: an ordinary car accident turned into riot," *Southern Metropolis Daily*, July 1, 2005.

6 Edward Cody, "A Chinese City's Rage At the Rich And Powerful," *The Washington Post*, Aug. 1, 2005.

7 Wu Zhihong and Tang Fuxian, "The Riots in Chizhou," *Chizhou Daily*, June 27, 2005.

8 Pan Shengfan and Chen Haifeng, "Follow-up of a Female Teacher Falling from a Building in Rui'an: depression caused suicide," *Wenzhou Dushibao*, Sept. 10, 2006.

9 Wu Shujie, "Analysis of Hierarchy in the Political Crisis of Legitimacy in the Process of Modernization," *Theory and Reform*, Issue 4, 2003.

10 Zhou Zuohan and Zhang Yinghong, "The Review of China's Rural Study From the Reform," *Contemporary World & Socialism*, Issue 3, 2007.

11 Zou Yongkun, "The Tides of Letters and Calls of Compl aints from the People and the Path Selection of the Dispute Resolution Mechanism of China," *Journal of Jinan University (Philosophy & Social Science Edition*), Issue 1, 2006.

12 Huang Huo, "The Risks of Institutional Flaws," *Outlook Magazine*, Issue 4, 2007.

13 Ding Shuimu et al, *Theory and Practice on Social Stability* (Zhejiang: Zhejiang People's Publishing House, 1997) pp. 282-283.

14 Zhang Jun, "The Analysis of French Riots," *Etudes Francaises*, Issue 4, 2007.

15 Yu Jianrong, Review to Guizhou Wen'an Riot, *Nanfengchuang Magazine*, Issue 15, 2008.

16 *The Emergency Response Law of the People's Republic of China* , ratified by National People's Congress, October, 2007, see http://www.gdemo.gov.cn/zt/tfsjydf/.

Bringing Chinese Perspective to Washington

The mission of *China Security* is to improve the understanding of China amongst Western policy practitioners and the public by providing Chinese experts' authoritative analysis on critical traditional and non-traditional security issues that impact China's Strategic Development and its relations with the United States and the world.

Editorial Policy

China Security presents ideas from a wide range of intellectual traditions that cover both theoretical and policy-oriented research relevant to China and its security. As an independent journal, *China Security* provides a peer-reviewed forum for research publication that enhances the communication of concepts and promotes a creative dialogue within China and across national boundaries.

The articles in *China Security* do not represent any consensus of opinion. While readers may agree or disagree with the ideas presented in any one brief, it is our purpose to present a diversity of views rather than identifying with a particular body of beliefs. The analyses, interpretations and conclusions expressed in *China Security* are solely those of the individual authors and should not be attributed to the World Security Institute China Program, *China Security*'s Editorial Board or any individuals or organizations.

Manuscript Types

Analytical Piece

A referenced article that provides an analytical description, discussion and prescription of solutions for any major challenge or trend in China. We welcome authors to provide new thinking about practical policy recommendations. Opinion pieces will not be accepted. Article length should be 3,000-7,000 words. We welcome papers written either in Chinese or English. Translated pieces will be subject to final review of the authors.

Rebuttals

If you wish to rebut a previous article published in one of our *China Security* issues, please follow the guidelines outlined above. Proper footnoting and referencing are required.

Book and Literature Reviews

Submissions should review recently published books or other forms of literature (monographs and journal articles) on topics related to the contents of *China Security*.

Style and Content

China Security uses AP style. The best guide to what we are looking for, in terms of both substance and style, is what we have already published. Prospective authors should examine issues of *China Security*. We rely on authors to ensure the veracity and originality of their statements. Unless otherwise informed, we assume any article submitted to *China Security* is exclusively for *China Security,* and that any article accepted for publication in will not be published elsewhere simultaneously in any form without our knowledge.

Edit/Review

All submitted manuscripts are reviewed by our editors. Whenever possible, we provide authors the publication status of their article within two weeks. Accepted submissions will be reviewed by our editors and external reviewers and authors will be notified about revisions within approximately four weeks of submission. Papers sent back to authors for revision should be returned within two weeks. Acceptance is contingent on an author's submission of complete and consistent data, an accurate reference list, and conclusions consistent with results demonstrated in the study. Inconsistencies and inaccuracies found after acceptance may warrant return of the manuscript for resubmission. The decision to publish a manuscript is solely the responsibility of the editors and Editorial Board. *China Security* keeps the names of authors and reviewers confidential during the peer review process to ensure objective and fair assessment of submissions.

Call for papers

China Security welcomes unsolicited manuscripts and article proposals written in Chinese or English. Each quarterly issue of the journal focuses on a specific topic, but is open for submissions on other timely subjects related to areas of China's security. All articles should be supported with footnotes.

Submissions should be sent via email to:
publications@wsichina.org
or mailed to:

China Security
Editor
China Program
World Security Institute
1779 Massachusetts Ave. NW
Washington, D.C. 20036