ROUNDTABLE

Chinese Foreign Policy and Domestic Decisionmaking

Xiao Ren & Travis Tanner
Allen Carlson
Cheng Li
Mark W. Frazier
Introduction: Sixty Years of Foreign Policy in the PRC

Xiao Ren & Travis Tanner

October 1, 2009, marked the 60th anniversary of the founding of the People’s Republic of China (PRC). Within the Chinese system for numbering years, the number 60 is of particular significance because it represents the completion of a full cycle. In reviewing the PRC’s first completed cycle, it is clear that China has undergone profound economic, political, and social changes that have transformed the country from one of the poorest and most underdeveloped in the world into a rapidly growing, globally integrated power. This transformation has been so comprehensive that many observers have been stunned by China’s advancements and by the fact that a country can change so dramatically in such a short period of time.

As China sets its sights on the future and becomes an influential—if not yet driving—presence on the world stage, numerous questions and concerns regarding PRC’s foreign policy priorities persist. This roundtable features three essays examining different aspects of Chinese foreign policy decisionmaking. First, Allen Carlson explores how Chinese foreign policy elites view the various nontraditional security issues facing China (such as ecological/environmental security, terrorism, illegal immigration, transnational smuggling, economic development, population, and weapons proliferation). Second, Cheng Li explores the emergence and role of Western-educated Chinese returnees in the formation of strategic thinking and foreign policy in China. Finally, Mark Frazier examines the linkages between the national economy and Chinese foreign policy and the degree to which domestic demand for natural resources influences foreign policy decisions.

To place these three essays in perspective, this introduction overviews the first 60 years of PRC foreign policy and then looks ahead at China’s role in the world moving into the next cycle.
Six Decades of PRC Foreign Policy

Though not all researchers agree on the exact division, the past 60 years of foreign policy in China can generally be split into two distinct 30-year periods. 1949 marked the rise of the new revolutionary state, setting in motion the first 30-year period, which was characterized by drastic changes in China’s relations with the world’s two major superpowers, the United States and the Soviet Union (USSR). During this period from 1949 to 1979, ideology played a key role in top-level decisionmaking, and this led to a poorly institutionalized system in which a small, insular group of high-level leaders made foreign policy decisions. Additionally, Mao Zedong’s personal proclivities greatly influenced China’s foreign policy decisionmaking, with domestic political considerations frequently determining the shape and direction of China’s outward diplomacy. Although in its earliest days, the PRC adopted a strategy of “leaning to one side” and allied itself with the Soviet Union, this alliance did not last and was terminated just over a decade later. Isolation from the region and the world, an ideological focus on aligning with the world’s other developing countries, and deep-rooted mistrust of the world’s major powers thus came to characterize this period.

Two factors can be identified as the main causes of the dramatic change in the Sino-Soviet relationship. The first cause was the conflict between the Soviet Union’s aspirations to be in command of the entire “socialist camp” and China’s desire to defend its own national interests. The second was the ideological clash over the preferred socialist approach toward world affairs and over which nation more fully embraced a true understanding of Marxist-Leninist philosophy. These differences grew increasingly formidable and eventually became public when the two giants began to engage in fierce debate. Although China in the 1960s had an acrimonious relationship with both the Soviet Union and the United States, by the end of the decade, China regarded the former as an even bigger national security threat than it did the United States.

Against this backdrop, Beijing and Washington reconsidered their strained relationship and sought to alleviate tensions and improve interactions—a process that ultimately culminated in President Richard Nixon’s historic trip to China in February 1972. The two former adversaries came together to unite against their commonly perceived threat, the USSR. This fundamental turnaround greatly reduced China’s isolation.

The second period of 30 years (1979–2009) witnessed fundamental changes in domestic and foreign policy significant to China as well as to the world. In the late 1970s, following Mao Zedong’s death, Deng Xiaoping
instituted a range of economic and political reforms that altered the country’s trajectory and initiated a new era in Chinese foreign policy. This era, which continues today, is marked by an outward strategy that has enabled China’s emergence on the global stage. PRC leaders made economic modernization the top priority, and domestic and foreign policies were adjusted and aligned accordingly. China’s foreign policy thus became more pragmatic and less ideological. Throughout this period, China transitioned from a revolutionary power into a largely status quo power that engaged with the international community. Beijing embraced multilateralism and sought friends by strengthening bilateral ties with nations around the world regardless of differences in political system, ideology, and culture. Entry into the World Trade Organization (WTO) in 2001 turned out to be a key milestone in China’s development. Since 1989, “keeping a low profile, and getting something accomplished” (taoguang yanghui, yousuo zuowei), a famous Deng Xiaoping statement, has served as a guiding principle for Chinese decisionmakers when crafting foreign policy.

Unsurprisingly, Beijing has devoted considerable attention and resources toward building and maintaining a peaceful and stable international environment. China’s overarching strategy during this period has been to create and maintain stability in its immediate neighborhood (the Korean Peninsula, Japan, Southeast Asia, and Central Asia). Such a strategy is designed to achieve the PRC’s primary goals of creating and sustaining a market economy while also effectively engaging with the rest of the world.

During this most recent period, Chinese foreign policy decisionmaking has become increasingly complex and sophisticated. The leadership regularly seeks advice and input from varied sources, including think tanks, academic institutions, other parts of the central and provincial government, the Communist Party, and even, on occasion, foreign entities. At the same time, foreign policymaking has also become more institutionalized, with more actors, institutions, and procedures playing a larger role than ever before. Though the process is still not transparent, today foreign policy is formulated based on pragmatic considerations and ideology has been sidelined as a much less meaningful factor. As in other countries, personnel changes inevitably affect decisionmaking. However, the relatively robust degree of institutionalization that now exists limits their influence and policy fluctuations. The overall stability and continuity of domestic and foreign strategies has helped sustain China’s long-term development.
Looking Ahead: China’s Role in the World

On the 60th anniversary of the PRC’s founding, China now stands at a new starting point. With the country poised to overtake Japan as the world’s second-largest economy, the PRC’s “peaceful development” strategy has emerged as a new philosophy guiding China’s domestic and foreign policies. This position refutes the nationalistic discourses, which tend to be sensational and do not appreciate the formidable difficulties and daunting tasks China faces. At the same time, this strategy allows Chinese decisionmakers to actively pursue policies that are in the nation’s best interest.

China’s participation in the current international order demonstrates the PRC’s successful transition in the second half of the 60-year cycle from being a revolutionary state into an integrated power with global reach. The PRC has benefited significantly from the existing order, though it believes there is room for improvement. China’s growing international weight will allow Beijing to play a more significant role in shaping the international system in the future. Indeed, Beijing has already played an active leadership role in addressing international challenges. For example, the global financial crisis has demonstrated that institutions of global governance, such as the group of eight (G-8), that exclude China and other developing nations may be outdated. Looking ahead, China and the world will face many more serious challenges. The post–Cold War international environment is still sorting itself out, and the Asia-Pacific region, characterized by diverse cultural and political systems, competition for energy resources, border disputes, arms races, wealth disparity, and nationalism, is certain to offer China opportunities to take on an increasingly significant leadership role.

Some observers expect that China will continue growing in both economic and political strength until it not only influences global trade and political trends but actually becomes a driver and shaper of the international regime. Others argue that such linear forecasts are unreasonable and that it is impossible for China’s rapid growth rate to continue indefinitely. A slower growth rate, combined with the country’s many domestic challenges, such as income inequality, labor migration, an aging population, and environmental degradation, ensure that the PRC is still a long way from dominating the international system. Yet regardless of which future prediction is closer to the mark, the growing influence of China and other developing countries will likely result in the creation of new international partnerships and institutions designed to address future global challenges.
Times-Space Punctuation: Hong Kong’s Border Regime and limits on Mobility - Migration and Mobility.
By Alan Smart and Josephine Smart

Mongolia: Transmogrification of a Communist Party.
By Morris Rossabi

Marital Immigration and Graduated Citizenship: Post-Naturalization Restrictions on Mainland Chinese Spouses in Taiwan
By Sara L. Friedman

India in the Indian Ocean: Growing Mismatch between Ambitions and Capabilities.
By Harsh V. Pant

By Francis L.F. Lee, Zhou He, Chin-chuan Lee, Wan-Ying Lin and Mike Yao

Does the President’s Popularity Matter in Korea’s Local Elections?
By Byung Kwon Song
An Unconventional Tack: Nontraditional Security Concerns and China’s “Rise”

Allen Carlson

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EXECUTIVE SUMMARY

This essay assesses recent Chinese scholarship on nontraditional security (NTS) issues, develops a new conceptual approach to NTS, and identifies challenges facing the Chinese state with regard to three core NTS concerns.

MAIN ARGUMENT

With regard to China’s rise, a sole focus on the expansion of China’s capabilities is misguided. Rather, an analysis of the NTS issues to which Chinese analysts are increasingly attentive will provide a more comprehensive understanding of the threats China may pose to the economic and political foundations of the current international order.

China faces three core NTS challenges:

• China’s environmental problems have become increasingly acute since the late 1970s, as Beijing has sped up the pace of economic modernization and vastly expanded the need for fuel to power China’s growing economy.

• Infectious diseases, such as SARS and AIDS, combined with China’s weak public health system present a threat both to China and to the world.

• Beijing is concerned about acts that it labels “terrorism,” perpetrated by Uyghur and Tibetan actors.

POLICY IMPLICATION

It is primarily via the potential mishandling of the NTS issues considered here that China might come to pose a unique (albeit, mostly unintentional) threat to the region and the United States. The transnational nature of such challenges means that a Chinese policy failure on any one of these fronts would have destabilizing social, political, and economic repercussions reaching far beyond China’s borders.
Has China’s ability to challenge the current international order grown over the course of the last decade? Such a question is obviously among the most significant ones currently facing students of international relations, and, to a large extent, the answer to such a query depends on how one assesses the expansion of Chinese capabilities within the international arena during this period. Indeed, it is consideration of this issue that had led to the publication of a plethora of reviews of the strength of China’s military, the size of its economy, and the scope of its seemingly expanding political influence around the globe. This essay, however, proposes taking a different tack. Rather than beginning with a standard recitation of China’s apparent strengths and weaknesses on the world stage, this analysis gives pride of place to the way in which foreign policy and national security elites in China currently view the sources of Chinese security (and insecurity) within the international system. More specifically, this essay conducts a preliminary examination of what analysts within China’s foreign policy and national security establishment view as the most significant security challenges facing China today.

This essay is divided into four sections:

- pp. 52–58 observe that while a preponderance of Chinese analysis continues to focus on the preservation of China’s sovereignty and the perceived dangers of unipolarity and U.S. hegemony, a growing number of Chinese foreign policy elites have become increasingly more apprehensive about an expanding list of nontraditional security (feichuantong anquan) issues (NTS)\(^1\)

- pp. 59–60 utilize this budding Chinese fixation with NTS to inform the construction of a new approach to the concept

- pp. 60–63 explore the difficulties China faces in regard to three core NTS concerns

- pp. 63–64 conclude that the inclusion of NTS within the discussion of China’s rise rather starkly underscores its potential fragility and contingency, and argue that the failure of China to deal effectively with NTS may have a more detrimental impact on the stability of the current Asian security dynamic and Sino-U.S. relations than any of the issues

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that have been featured more prominently in the literature on China’s emerging international profile

THE EMERGENCE OF A NEW SET OF CONSIDERATIONS WITHIN ELITE CHINESE INTERNATIONAL RELATIONS AND SECURITY CIRCLES

For decades after the founding of the People’s Republic of China, Beijing’s main foreign policy and national security concerns were relatively static. Even as ideological winds blew in different directions and massive political changes unfolded, Chinese elites remained quite consistent in the manner in which they defined China’s place in the world and the core security challenges within such a relationship. China was seen as a country whose past historical greatness had been eclipsed by a “century of humiliation” at the hands of Western and Japanese imperialist aggression, and that was now in a position to re-establish itself on the world stage by stalwartly preserving Chinese sovereignty, independence, and territorial integrity. Although the shift in the late 1970s from Mao Zedong’s conflictual world-view to Deng Xiaoping’s view that a great-power war is unlikely should not be overlooked, Chinese elites during both the Mao and Deng eras generally viewed threats to China’s mission as emanating from the potential aggressiveness of hegemonic powers (particularly the United States and the Soviet Union) and internal challenges to national unity (mainly in Taiwan).

Despite such underlying continuities, a new set of security concerns has emerged within China over the last decade. An initial indicator of the scope of this trend can be found through a simple content analysis of articles appearing in Chinese national security and foreign policy journals during this period. More specifically, for the purposes of this essay, the present author utilized the comprehensive listing of such publications maintained by the China National Knowledge Infrastructure’s (CNKI) “China Academic Journals Full-text Database” and conducted a search of all articles appearing in this collection from the start of 1997 through the end of 2008 with any of the following terms in the title: feichuantong anquan (nontraditional security), xin anquan guan (the concept of “new security”), heping jueqi (peaceful rise), baquanzhuyi

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2 For more on the use of this resource, see Allen Carlson and Hong Duan, “Internet Resources and the Study of Chinese Foreign Policy,” in Contemporary Chinese Politics: New Sources, Methods, and Field Strategies, ed. Allen Carlson, Mary Gallagher, Ken Lieberthal, and Melanie Manion (Cambridge, England: Cambridge University Press, 2010).
(hegemonism), Taiwan wenti (the Taiwan problem), and ZhongMei guanxi (Sino-U.S. relations).³ Table 1 summarizes these findings.

**TABLE 1**

Content Analysis Search of Articles with Specified Titles Appearing in CNKI’s China Academic Journals Full-text Database, 1997–2008

<table>
<thead>
<tr>
<th>Year</th>
<th>Feichuantong anquan (NTS)</th>
<th>Xin anquan guan (new security)</th>
<th>Heping jueqi (peaceful rise)</th>
<th>Baquanzhuyi (hegemonism)</th>
<th>Taiwan wenti (Taiwan problem)</th>
<th>ZhongMei guanxi (Sino-U.S. relations)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>7</td>
<td>21</td>
<td>91</td>
</tr>
<tr>
<td>1998</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>30</td>
<td>88</td>
</tr>
<tr>
<td>1999</td>
<td>1⁵</td>
<td>5</td>
<td>0</td>
<td>75</td>
<td>43</td>
<td>79</td>
</tr>
<tr>
<td>2000</td>
<td>5</td>
<td>5</td>
<td>0</td>
<td>21</td>
<td>137</td>
<td>85</td>
</tr>
<tr>
<td>2001</td>
<td>1</td>
<td>6</td>
<td>0</td>
<td>31</td>
<td>65</td>
<td>138</td>
</tr>
<tr>
<td>2002</td>
<td>5</td>
<td>11</td>
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<td>74</td>
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<td>2003⁶</td>
<td>17</td>
<td>13</td>
<td>8</td>
<td>12</td>
<td>55</td>
<td>79</td>
</tr>
<tr>
<td>2004</td>
<td>40</td>
<td>17</td>
<td>242</td>
<td>23</td>
<td>65</td>
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<td>93</td>
<td>13</td>
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<td>7</td>
<td>61</td>
<td>9</td>
<td>46</td>
<td>113</td>
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<tr>
<td>2008</td>
<td>35</td>
<td>12</td>
<td>39</td>
<td>6</td>
<td>43</td>
<td>83</td>
</tr>
<tr>
<td>Total articles, 1997–98</td>
<td>200</td>
<td>124</td>
<td>583</td>
<td>218</td>
<td>676</td>
<td>1,147</td>
</tr>
</tbody>
</table>


Note: The terms danji (unipolar) and duoji (multipolar) were not included in this content analysis. A separate survey of the same database, however, revealed that they only appeared 29 times. In other words, these terms were given significantly less attention than the terms listed here. ⁵ a = this article is: Fu Mengzi, “Cong jingji anquan jiaodu tan dui ‘feizhuangtong anquan’ de kanfa” [Some Views on Nontraditional Security from the Perspective of Economic Security], Xiandai Guoji Guanxi, no. 3 (1999); ⁶ b = according to Wang Yizhou, the Chinese Foreign Ministry first issued a set of guidelines for the study of NTS in 2003. See Wang Yizhou, “Thinking on China and Non-traditional Security,” in “China Facing Non-Traditional Security: A Report on Capacity Building,” Ford Foundation Program Report, December 2004.

³ These terms were selected because they encompass phrases that have long stood at the core of Chinese thinking about foreign policy and national security (“the Taiwan issue,” “Sino-U.S. relations,” “hegemonism”) and newer topics that are associated with a potential shift in Chinese thinking in this regard (including the much discussed concept of peaceful rise).
Four general trends are evident from the data contained in this table. First, NTS was not featured in Chinese elite writing prior to the turn of the century. Second, although there was a brief surge in writing about a peaceful rise in 2004–05, this spike was relatively short-lived, and its demise closely mirrors the shift away from this concept (first made famous by Zheng Bijian) in official Chinese discourse after 2005. Third, interest in NTS grew along with the more extensively chronicled rise of the concept of new security. While the frequency with which NTS is used has remained reasonably consistent since 2004, this term has attracted less attention in the literature than new security. Fourth, and perhaps of greatest interest, while many more articles on the Taiwan issue, Sino-U.S. relations and hegemonism were published during the period considered, the total number of articles containing these terms in their titles did not dwarf those encompassing “newer” approaches to security studies and international relations. Indeed, in 2004 there were 299 articles featuring new security concerns (NTS, the concept of new security, and the idea of peaceful rise), and only 167 traditional ones. Although that year may be seen as an aberration due to the flood of writings on peaceful rise, the ratio of new security articles to traditional security articles was furthermore generally even between 2005–08. Even if the peaceful rise term is removed from this analysis, attention to NTS and the concept of new security remains significant, though less prominent.

This content analysis lends credence to the claim that interest in NTS issues within China has grown and attained a prominent place within the discussion of Chinese national security and foreign policy interests. Moreover, evidence of such a trend extends beyond this single data set. For example, during the first half of this decade, many of China’s major foreign policy research institutes embarked on a series of NTS research programs. This trend was led by Wang Yizhou’s Institute of World Economics and Politics (Shijie Jingji yu Zhengzhi Yanjiusuo), coupled with a multi-year research project on NTS at the State Council’s Institute of Contemporary International Relations (Xiandai Guoji Guanxi Yanjiusuo) and work done at the Shanghai Institutes for International Studies (Shanghai Guoji Wenti Yanjiusuo, or SIIS) and the Shanghai Academy of Science and Technology (Shanghai Kexueyuan). This growth in interest was underscored in 2006 with the establishment of China’s first NTS research center, the Center for Non-Traditional Security and Peaceful Development Studies (Feichuantong...
In light of these developments, a closer study of Chinese thinking about NTS is clearly both warranted and overdue. The first step toward gaining a deeper understanding of the evolving Chinese approach to NTS is to call attention to the handful of common characteristics within the Chinese literature. On this score, a pair of preliminary framing observations have garnered virtually universal acceptance within Chinese writing about NTS. To begin with, Chinese analysts unanimously acknowledge that the NTS concept has roots in discussions that began outside China via the rise of the so-called Copenhagen School and debates about human security (ren anquan) and the concept of securitization (anquanhua). In addition, most Chinese scholars have noted that the space for the academic discussion of this concept grew out of earlier official and academic endorsements of the concept of new security.

Beyond such preliminary observations, Chinese writing about NTS is also united in faulting the tendency of traditional approaches to security to emphasize interstate relations, military conflict, and great-power confrontation. This propensity is characterized as being out of synch with the complex realities of the current international system, especially its high level of economic interdependence, questions of shifting polarity, and a broad array of transnational problems. As Li Bin noted in 2004, “Traditional security issues generally refer to a military threat” stemming from an external challenge to a state’s “sovereignty and territorial integrity,” whereas NTS encompasses two elements: threats to states’ sovereignty and territorial integrity from nonstate actors and “human’s security” (ren de anquan). This point of emphasis also stood out in each of the NTS articles published in China in 2008. For example,

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4 For a similar assessment, see Yu Xiaofeng and Li Jin, “Feichuantong anquan: Zhongguo de renzhi yu yingdai (1978-2008 nian)” [Nontraditional Security: China’s Cognition and Response from 1978–2008], Shi jie Jing ji yu Zheng zhi, no. 11 (2008). For more on Zhejiang University’s research center, see http://www.nts-pd.org/index.php. Much of this increasing institutional focus on NTS has coincided with significant support from international foundations and think tanks, including the Ford Foundation and the MacArthur Foundation. Official interest in NTS has also grown during this period, as indicated by a series of references to the term in leadership statements and policy papers.


Zhang Daqing observed in *Fujian Luntan* that nontraditional security looks beyond issues involving the military, governments, and interstate conflict to focus on “other security issues that seriously threaten (zhongda weixie) sovereign states’ survivability and developmental ability.”

Apart from this consensus on the general definition of what NTS is not, analysts also generally agreed that NTS constitutes a new and potentially dangerous challenge to China. As the SIIS scholar Yu Xintian noted in 2004, “the likelihood that China is hit by [a] nontraditional threat is fairly high. China is vulnerable to nontraditional threats due to its insufficient institutional and physical preparedness.” More recently, in 2007 Zhang Fei took special note of the need to come to terms with NTS due to China’s increased interdependence with the rest of the world, the changing nature of Chinese society, the underlying lack of strength (bu tai jianquan) of the country’s domestic institutions (tizhi), and factors involving domestic instability (bu an bu wending yinsu). In the same vein, Liu Weiqiang, a scholar in Nanjing University’s Public Administration Department, wrote in 2008 that it was imperative “not to underestimate (bu ke digu) the influence of the challenge NTS issues pose to China’s peaceful development.” Finally, Wu Xianming concluded, “Against the backdrop of globalization, research on NTS has already become a major research topic (zhongyang keti) in China at the start of the twenty-first century,” a topic that is central to China’s ability to attain its national security goals.

Though such commonalities are rather pronounced within the Chinese discussion of NTS, it is also clear that there are distinct differences between Chinese analysts over specific theoretical and empirical facets of the term. The most striking point of contention revolves around determining the specific scope of the NTS concept. Indeed, virtually all scholars who have written about NTS have identified a different list of issue areas that should be included within its scope. For example, Tang Guanghong, writing in *Taipingyang Xuebao* in 2004, noted that the main components of NTS are those involving

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7 Zhang Daqing, “Zhongguo ‘fei chuantong anquan’ zhi zhengzhi lixing sikao” [Thoughts on the Politics of China’s “Nontraditional Security”], *Fujian Luntan*, no. S1 (2008), 44. A more thorough survey of this period should include not only these articles but also this edited volume: Shanghai Shehui Kexueyuan Shijie Jingji yu Zhengzhi Yanjiuya, *Guojia anquan yu feichuantong anquan [National Security and Nontraditional Security]* (Shanghai: Shishi Chubanshe, 2008).


“low politics” such as “economic development, environmental pollution, population explosion, drug smuggling, illegal immigration, terrorism, and refugees.” In 2005, Zhang Mingming contended that NTS encompassed those issues outside the realm of the military and politics, including “economics, culture, technology, society, ecology and environment.” More recently, Zhang Yanjun concluded that NTS concerns were even more expansive, listing “economic security, financial security, ecological/environmental security, information security, resource security, terrorism, weapons proliferation, the spread of infectious diseases, transnational smuggling, the narcotics trade, illegal immigration, piracy, money laundering, etc.”

Beyond differences over the scope of the NTS concept, elites have also disagreed about the severity of the NTS threat facing China. Some writers view the challenges as acute and in need of immediate attention if China is to surmount them. Other scholars tend to categorize the threat as more systematic and long-term, constituting a challenge that can not be easily fixed but that does not stand out as particularly imminent. More broadly, there is some disagreement within the articles consulted for this publication regarding the degree to which China’s NTS challenges are more (or less) pronounced than those facing other countries. Whereas some writers seem to view China as especially vulnerable to a host of NTS-related difficulties, others appear to view the NTS phenomenon as a global one, and thus see China as only one of many nations being forced to cope with such a trend.

Finally, the literature also contains a note of dissonance regarding the policy approaches Beijing should take to most effectively meet NTS challenges. For the most part, disagreement regarding policy responses is more apparent from the varying points of emphasis within these works, rather than via explicit endorsement of one particular set of policies paired with the disparagement of another. Nonetheless, some of those writing about NTS have chosen to orient their policy prescriptions around the question

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12 Alongside such lists, there have been some incipient debates within this literature over how to theorize NTS. In this regard, see Yu Xiaofeng and Wang Jungli, “Fei chuantong anquan weihu de ‘bianjie,’ ‘yujing,’ ‘yuanshi’” [Nontraditional Security Keeping: “Boundary,” “Setting,” and “Paradigm”], Shijie Jingji yu Zhengzhi, no. 11 (2006). See also Jian Chuan, “Lun wo guo suo mianlin de feichuantong anquan weixie ji zhuoyao yingdai” [Research on the Realistic Nontraditional Security Threat and Main Strategies in China], Guizhou Shifan Daxue Xuebao, no. 6 (2008); and Zhao Zhongcheng, “Qianxi ‘feichuantong anquan’ wenti zai woguo biaoxian ji duice” [Analyzing the Manifestations of and Countermeasures Against the Problem of “Nontraditional Security” in Our Country], Lilun tapesuo, no. 3 (2008).

of multilateral cooperation and the development of stronger regional and international organizations. In contrast, other analysts concentrate on the internal difficulties China faces in terms of coping with emergent NTS threats. In the process, these analysts at least indirectly hint at the need for extensive political and economic reforms within China. Moreover, a minority of those who have taken up the study of NTS have advanced a more broadly skeptical thesis about the concept. More specifically, these elites fixate on the term’s “foreign” (guowai de) and “Western” (xifang de) origins and raise questions about the extent to which the concept of NTS may constitute a new attempt by the West to promote its hegemonic status and once again undermine China’s security by cleverly directing the attention of China’s leaders away from real, traditional security concerns.14

In light of such diversity, it is hard to argue that a debate about NTS has emerged in China because most of those writing about the issue have simply been speaking past each other as they promote contrasting conceptual statements and empirical claims. Indeed, Wang Yizhou, one of the earliest students of NTS in China, recently came close to arguing that the concept lacked utility when he suggested, “It seems that almost all issues can be included in the ‘big basket’ of NTS once they are regarded as serious enough.”15 In the same piece, however, Wang attempts to pull back from such a generalization by putting forward a research paradigm for NTS that places an emphasis on the development of “new concepts and ideologies,” especially by considering how to more accurately categorize the relationship between traditional security and NTS.

Although this call is commendable, Wang only responds with a series of probing questions and fails to lend particular substance to his insightful appeal for a reformulation of the concept. As a result, he too appears to have fallen prey to many of the same difficulties that have beset other NTS scholars in China to date. The question then becomes: Is it possible to build on such concerns in a manner that allows one to avoid the very pratfalls that have hampered Chinese analysts?

14 On this score in particular, see Yu and Li, “Feichuantong anquan.” Yu and Li have taken note of the difference within the literature between those who see NTS as a geming (revolution) in security studies and those who see it as a xianjing (trap) designed to obfuscate true Chinese security interests. See also Wu, “Quanqiuhua Beijing xia Zhongguo feichuantong anquan yanjuan yanjiu de xianzhuang yu qushi.”

REFRAMING THE NTS CONCEPT

Although it will be difficult to move beyond the tendency to use the term “nontraditional security” to cover a plethora of issues that are similar only to the extent that they have normally not been considered within the field of security studies, this task can be accomplished. Success in this endeavor hinges on distinguishing between NTS and traditional security concerns, while concurrently specifying a set of concrete criteria for determining which issues should fall under the NTS rubric. The differences between NTS and traditional security concerns can be effectively clarified through a three-fold modification of the NTS approach.

First, and most fundamentally, NTS should encompass issues whose origins are transnational and whose potential effects also stretch beyond any one state’s international borders. In this sense, a development that might be related to a nation’s security, but whose nexus lies solely within the boundaries of a single state, would not lie within the concept of NTS. For example, a case of domestic terrorism, such as the Oklahoma City bombing in the United States or the occasional bus bombings in Chinese cities, would not qualify as an NTS concern. Rather, the impact of any given security trend must extend across at least two states, and will likely be regional in scope. As an illustration, one can contrast a localized cluster of cancer cases in a given state or province (such as the “cancer villages” in China or upstate New York’s notorious “love canal” neighborhood) with international infectious disease vectors (such as patterns of HIV/AIDS transmission along trucking routes in central Africa).

Although this criterion represents an initial starting point for the project of more coherently specifying the NTS concept, it is only a first step. In light of the high levels of social interconnectivity and economic interdependence that now exist in most corners of the globe, most potential candidates for inclusion within the NTS sphere would seem to have a transnational component. In order to further develop the concept, one must determine at what critical juncture the level of transnational ties within any given bundle of issues merits inclusion within an NTS research framework.

In this regard, a second step toward refining the NTS concept involves adding the qualification that only those issues around which a clearly eclectic institutional architecture has arisen should fall within the range of the concept. In other words, a transnational security threat must be accompanied by a substantive level of web-like ties (ones that encompass multiple levels of governance, societal actors, and international institutions) designed to regulate, control, or extinguish the challenge itself. For example, an intricate
set of overlapping global, regional, and national governmental organizations, NGOs, and social movements has emerged in response to the HIV/AIDS crisis in various regions around the world. In contrast, it is less clear that similar responses to cancer have taken root throughout the international system. In another vein, a plethora of state and nonstate actors have come into existence in response to various global environmental issues, but such a trend is less pronounced with regard to questions of the protection of cultural diversity. Attention to such multi-leveled governance has featured quite prominently within the work of students of international relations, and as such is not especially original. However, scholars such as John Ruggie and James Rosenau, who have pioneered such work, have generally not extended their observations into the realm of national security. Yet, by making such a move, it is possible to further underscore the extent to which the NTS concept advanced in this essay is both distinct from conventional security studies and conceptually coherent.

Third, the non-conventional use of military force should be a key component of attempts to address the transnational and multi-level issue areas specified in the preceding paragraphs. The inclusion of such a criterion has the advantage of limiting the potentially endless scope of this approach. For example, although it is clear that many economic and cultural affairs may fit within the first two criteria for consideration as NTS issues, cases in which there is no readily apparent military (broadly construed) involvement in the policymaking process designed to influence such trends do not qualify as NTS concerns as the concept is defined in this essay.

A PRELIMINARY APPLICATION OF THE NTS FRAMEWORK TO CHINA’S CURRENT INTERNATIONAL SITUATION

When applied to China, the guidelines created by this framework suggest the relevance of three particular issues within the long, relatively disjointed list of challenges that have already been tabulated within China and in the secondary literature. Each of these issue areas has been the subject of extensive analysis, but none of them have been considered together as forming a new frontier within China’s changing security environment during the last decade.

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16 I have also given serious consideration to including a fourth concern, that of international piracy/smuggling, but for now have set this issue aside, as it seems somewhat less prominent than the three issues discussed in the following paragraphs.
The first of these NTS concerns is environmental degradation/energy security. A focus on the nexus between these two problems is particularly warranted in China in light of the rapid changes that have occurred over the last few decades and the magnitude of the difficulties that such developments now pose for Beijing. Although spatial constraints prevent even a superficial discussion of the environmental/energy security dynamic China faces, it is imperative to note that these two concerns have developed in lockstep with one another. To illustrate, while China has a long history of environmental problems, these difficulties have become increasingly acute since the late 1970s as Beijing has sped up the pace of economic modernization and vastly expanded the need for fuel to power China's growing economy. Moreover, over the last two decades, China's environmental woes have become ever more deeply intertwined with the opening of the country's economy, while the impact of these problems has been felt within the Asian region and beyond. Beijing's efforts to confront such difficulties also have a decidedly transnational hue, as the World Bank, other international organizations, and international NGOs have played key roles in recent attempts to stem the tide of environmental pollution within China. In addition, local-level government within China has often been at the center of implementing (and at times subverting) the environmental directives that have come from Beijing. Finally, the People's Liberation Army (PLA), though not a primary player in the creation of China's environmental policies, is often the actor of last resort in coping with environmental tragedies. A prominent example of such activity is the army's ongoing involvement in responding to natural disasters within China.

At the same time, the People's Liberation Army Navy (PLAN) has emerged on the frontlines of Beijing's efforts to protect the sea lanes in the South China Sea through which so much of China's foreign oil flows. Indeed, the PLAN's mission along China's southern maritime flank would appear to have as much, if not more, to do with the protection of resource flows as it does with conventional power politics. In this sense, an NTS-framed consideration of the environmental/energy security threats China faces should place the PLAN at the center of a reconceived naval mission, alongside a reinvigoration of the military's role in responding to environmental crises.

The second issue area this NTS framework implies is the intersection between China's weakened public health system and the threat of the spread of infectious disease within China and across its borders. Once more, this problem is not new, nor is it specific to China. Nevertheless, it appears to have been one of the driving forces behind the initial growth in NTS studies within Chinese elite circles. In the wake of the SARS (Severe Acute Respiratory
Syndrome) outbreak that occurred in the winter of 2002–03, and, more importantly, in the context of China’s ongoing battle against AIDS, containing the spread of communicable illnesses has assumed a new urgency. As with environmental degradation, disease vectors have little regard for national boundaries. Beijing’s efforts to confront such difficulties have involved many international and domestic actors. In addition, the Chinese military has been directly involved in dealing with a wide range of public health issues and the spread of infectious diseases, particularly in the case of SARS.

The issue that forms the final cornerstone of China’s NTS challenges involves the rise of international terrorism, or, more directly stated, the events (and actors responsible for them) that Beijing has designated as “terrorist.” Even though China has not been the target of a major terrorist attack of the kind perpetrated against the United States in 2001, this essay takes up this issue because the threat of terrorism has become more prominent within China since the early 1990s as the use of political violence by those discontented with the Chinese government has grown. This is especially the case in China’s far west, particularly Xinjiang. It is also possible to place the Tibet issue within a similar analytical frame, particularly in the aftermath of the March 2008 demonstrations that began in Lhasa and then quickly spread throughout much of the Tibetan plateau. The struggle between the Chinese state and these actors is long-standing, but once more has taken on new importance since the late 1990s. This contest also has a decidedly transnational component and is integrally linked to ongoing developments in Central Asia (especially the creation and growth of the Shanghai Cooperation Organisation), and the broader U.S. war on terrorism. Moreover, although political authorities in Beijing and Urumqi play an important role within the Chinese fight against terrorism, it is the Chinese military (including both the PLA and the People’s Armed Police, or PAP) that has taken the lead in this battle.

Each of these issues is interesting in its own right, given that most of the work on China’s foreign relations and national security has left them unexamined (or at least underexamined). Yet, these issues also constitute some of the most intractable problems confronting the Chinese state. Their multifaceted nature, and their incompatibility with much of the great power-oriented literature on China and the conventional levels-of-analysis approaches to international relations theory, is fascinating. These are issues that are neither internal nor international in nature. In fact, they transcend such a divide, both in their origins and in the policy efforts being made to cope with them. Finally, a policy failure on any of these fronts could seriously jeopardize Beijing’s ability to govern, have a sweeping impact beyond China’s borders, and potentially reshape
fundamental aspects of China’s relationship with the rest of the international system. In other words, these issues are of central importance to China and the world. Although they have been treated as relatively small (even invisible) matters within the majority of work on China’s rise, they should be given pride of place within the study of this phenomenon.

**CONSIDERING THE IMPLICATIONS OF NTS FOR CHINA’S RISE**

This brief survey of NTS concerns suggests a number of broad implications relating to the nature of China’s global rise. To begin with, the addition of NTS issues to such a discussion implies that many of the current debates about China’s rise are misguided. In fact, the policy choices espoused and strategic options outlined in this literature appear to have very little to do with some of the most basic and pressing empirical realities confronting China. Simply stated, it appears that the most immediate national security and long-term strategic choices Beijing is contemplating do not involve either balancing against the United States or bandwagoning with it, or even some sophisticated combination of the two (such as soft-balancing). Each of these strategies is out of step with the NTS challenges Beijing faces. This is not to say that China is weak because of NTS concerns, as some outside observers have contended. Rather, China’s increasing interdependence with the international system—a trend that has been at the center of the country’s economic and political rise—has been accompanied by a broad array of intractable transnational difficulties that China is now only beginning to confront.

Although this essay acknowledges that this claim resonates with a number of recent studies that question the applicability to the China case of theoretical arguments about great-power relations within mainstream international relations theory and security studies, the contributors to this literature have not carried their analysis of China’s rise far enough. In brief, even in this ground-breaking work there is a tendency to define China’s rise through issues such as the rate of China’s military modernization, the expansion of Beijing’s participation in international organizations, the development of Beijing’s ties with Washington, the degree of success of China’s diplomatic initiatives in Asia, the amount of volatility in cross-strait relations, or the level of China’s foreign trade balance. In contrast, based on the preliminary research presented in this article, the key to coming to terms with China’s rise does not lie in developing better arguments about Beijing’s handling of security and foreign policy issues. Rather, a better understanding
of China’s rise is to be found through the study of the daunting NTS concerns facing China’s leaders.

Indeed, one of the potential extensions of the observations made in this article is that despite growing interest in NTS within China, Beijing has not, to date, been particularly successful in overcoming these mounting NTS threats. Indeed, the possibility of failure runs through all three of the main issue areas identified in this article. To begin, it appears that with limited exceptions, development continues to trump environmental concerns, China’s dependence on foreign energy resources continues to grow, and an impending environmental threat still looms on the horizon. Second, while Beijing successfully dodged a lethal bullet when the SARS epidemic was contained in the spring of 2003 and Chinese anti-AIDS efforts have gathered momentum over the last several years, China’s public health system has come under new pressures and left Beijing more exposed than ever to the threat of infectious diseases. Third, although Beijing’s policies of promoting economic development and clamping down on dissent in both Xinjiang and Tibet temporarily reduced the rate of regional attacks against the Chinese state through the later part of the 1990s and at the start of this decade, the limits of such policies have recently been exposed. Most pointedly, as events showed in Tibet in 2008 and in Xinjiang in 2009, Beijing’s policies seem to have done little to address the underlying causes of Tibetan and Uyghur discontent.

In closing, it is important to emphasize that these observations are not intended to lend credence to the claims that others have made about the impending collapse of China, but rather to call attention to nodal points within China’s current security situation that indicate a degree of underlying fragility in the country’s meteoric rise. In developing these claims, this essay suggests a new answer to the series of questions about China’s rise that have garnered so much attention over the course of the last decade. China might come to pose a unique (albeit, mostly unintentional) threat to both the region and the United States primarily via the potential mishandling of the nontraditional security issues considered here rather than via the PLA’s much hyped military modernization. In short, it is Beijing’s potential to disrupt the relatively fragile economic and political foundations of the current international order through maladroit policymaking that is of the greatest importance when we consider how China could threaten the international system.
Shaping China’s Foreign Policy: The Paradoxical Role of Foreign-Educated Returnees

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This essay examines the intriguing role of Western-educated Chinese returnees in the formation of China’s foreign policy and strategic thinking.

**MAIN ARGUMENT**

Some widely perceived contradictions in China’s foreign policy and Sino-U.S. relations might be attributable to the paradoxical roles played by Western-educated returnees. These contradictions include: (1) the gap between the Hu Jintao administration’s pronounced commitment to “all directional diplomacy” and the actual excessive emphasis placed on China’s relations with the U.S.; (2) the tension between broad Sino-U.S. cooperation, on the one hand, and the widespread view among Chinese elites concerning a “U.S. conspiracy against China,” on the other; and (3) the irony that a sustained, three-decade effort on the part of the U.S. to help promote educational exchanges has instead led to a relationship still rife with misunderstanding.

**POLICY IMPLICATIONS**

There are several ways for U.S. policymakers to better engage with this emerging power’s political and intellectual elites:

- By initiating an empirically grounded overall assessment of the effectiveness and limitations of the U.S. approach to China over the past three decades

- By promoting a policy discussion of whether sweeping educational exchanges between the two countries can truly contribute to mutual reassurance

- By becoming more cognizant of the sometimes fractious policy and political debates in China, especially the views of influential opinion leaders

- By encouraging more exchanges between NGOs so as to enable Chinese professionals to come to the U.S. for one- or two-year periods as observers or trainees
The study of politics is the study of influence and the influential. This is true not only of domestic politics but also of foreign policy. For outside observers, a sophisticated understanding of a given country’s domestic circumstances—the interactions among its political leadership, primary bureaucratic institutions, and larger socio-economic forces—is enormously helpful when analyzing the country’s foreign policy process and possible decision outcomes. One of the most daunting challenges in the case of China is that the number of influential actors in Chinese policy formation is no longer limited to a handful of top leaders. A variety of domestic constituencies—different factions, regions, industries (including some major state-owned companies), the military, interest groups, think tanks, civil society organizations, socio-economic forces, commercialized media outlets, and foreign or joint-venture firms—are all striving to exert greater influence over China’s foreign policy.

One fast-growing new elite group that deserves particular attention is foreign-educated Chinese nationals who have returned to their homeland. Foreign-educated returnees, known as the “sea turtles” (haigui), are a diverse lot. They differ in terms of foreign experience, professional expertise, political affiliation, and world-view, as well as the ways in which they influence the Chinese foreign policymaking process. Some currently serve as advisors to top leaders; a few hold national leadership positions as ministers of the State Council of the People’s Republic of China (PRC) or as senior officials in the Chinese Communist Party (CCP); many work in think tanks or universities; and some are considered political dissidents or radicals who exert influence on China’s domestic and foreign policy discourses primarily through new media such as the Internet. As a group, these returnees’ influence on Chinese foreign policy has grown increasingly salient over the course of the past decade.

Despite the intuitive importance of this new policymaking driver, very few scholars, either in China or abroad, have made the haigui the focus of empirical studies. Instead, broad generalizations about the returnees, such as the notion that U.S.-educated returnees tend to be in favor of friendly, constructive relations with the United States, are anecdotally assumed rather than empirically verified. This essay aims to highlight the dynamic and complicated impact returnees are having on Chinese strategic thinking and foreign policy.

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1 In Chinese, the words for “returnee” and “sea turtle” have the same pronunciation.
An understanding of the role of this new and distinct elite group in the Chinese foreign policy establishment is essential to the United States for two main reasons. First, China is rapidly becoming a global economic powerhouse, and PRC government policies—including monetary, trade, industrial, environmental, energy, and security policies—will likely have a large impact on the entire world, including the United States. Because of their overseas training and relative familiarity with these issue areas on the global scale, leaders and advisors with returnee backgrounds may begin to prove more influential than their “homegrown” counterparts in the formation of PRC policies. Second, policymakers, China watchers, and the general public in the United States need to assess the effectiveness and limitations of U.S. approaches to engaging China in both the recent past and the present day. There has been a long-standing premise in U.S. policy toward China that if the United States is able to educate the young generation of Chinese elites, it will eventually influence China’s political development. Seeing as Western-educated political elites in China are likely to become even more prominent when the next generational transition of power takes place in 2012, the time has come for the United States to evaluate the results of three decades of educational exchanges across the Pacific.

This essay is divided into three sections:

averse

1. pp. 68–72 discuss the background and impetus of the rise of returnees in the Chinese foreign policy establishment

2. pp. 72–81 reveal three main channels through which returnees exert influence

3. pp. 81–85 argue that some commonly perceived contradictions in China’s foreign policy and Sino-U.S. relations may be attributable to the paradoxical role played by returnees

CONTRIBUTING FACTORS TO THE GROWING INFLUENCE OF RETURNEES

The official Chinese definition of a returnee (liuxue huiguo renyuan) is someone who was born in China, left to study overseas as a student or visiting scholar for over one year, and then returned to China to work on either a

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As Jonathan D. Spence observed, for many Western internationalists, China often offers a hope—a “chance to influence history by the force of personality.” See Jonathan D. Spence, To Change China: Western Advisers in China, 1620–1960 (Boston: Little, Brown Publishers, 1969), 292. Some scholars argue that this educational endeavor “would do a far better service than guns and battleships in keeping a peaceful world.” See Bu Liping, Making the World Like Us: Education, Cultural Expansion, and the American Century (Westport: Praeger Publishers, 2003), 86.
temporary or permanent basis. According to this definition, returnees do not include foreign-born ethnic Chinese or Chinese immigrants to foreign countries who return without having studied abroad. Two main situational factors have contributed to the growing influence and power of returnees in present-day China.

The Largest Foreign-Study Movement in Chinese History

The first contributing factor is the unprecedented, large-scale study-abroad movement initiated by Deng Xiaoping three decades ago. Since Deng’s landmark decision to send a large number of students and scholars to study abroad in 1978, approximately 1,620,700 Chinese nationals have studied in foreign countries, with a large percentage (approximately 37%) studying in the United States. In the year 2010 alone the total number of Chinese students who will study in the United States is expected to reach 100,000. In recent years China has witnessed a tidal wave of returnees, with some 497,400 foreign-educated Chinese students and scholars having returned to the PRC by the end of 2009. Many others are still pursuing their studies abroad, with an increasing proportion expected to return to China.

The strong presence of returnees in Chinese decisionmaking circles is not a new phenomenon. In fact, returnees have played an important role in the Chinese government ever since the founding of the Republic of China in 1911. The founders of the Nationalist and Communist parties, Sun Yat-sen, Chiang Kai-shek, Chen Duxiu, and Li Dazhao, all studied overseas prior to the 1911 Revolution. Tang Shaoyi (the first premier of the Republic of China), Liang Tunyen (minister of foreign affairs prior to the 1911 Revolution), and Hu Shi (minister of foreign affairs in the Republic era) were all returnees from the United States, where they studied with the support of the Boxer Rebellion Indemnity Scholarship. In the short-lived cabinet of Sun Yat-sen after the

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4 *Renmin ribuo* [People’s Daily], January 7, 2003, 10.
6 See “2010 nian zhongguo fumei liuxue zongshu jiangda shi wan” (The Total Number of Chinese Students Who Study in the United States is Expected to Reach 100,000 in the Year 2010 Alone) — http://edu.qiaogu.com/info_21391/. The total number of students who came to study in the United States in 2009 was approximately 98,000. See “Jinnian mei liuxue renshu jiang chuang xingao” (This Year’s Total Number of Chinese Students Who Study in the United States is Expected to Break the Record) — http://news.sina.com.cn/o/2010-03-03/031117154305s.shtml.
7 “2009 nian Zhongguo chuguo liuxuerenyuan zongshu dadao 22.93 wan.”
1911 Revolution, fifteen of the eighteen ministers and vice ministers were returnees, a stunning 83%.

In the latter half of the twentieth century, several of the most prominent figures in Chinese politics had participated in the study-abroad movements of the 1920s and 1930s, including Zhou Enlai, Deng Xiaoping, Liu Shaoqi, and Chiang Ching-kuo. Experience overseas allowed the first three to develop the Communist ideals and political skills they would later use to help the CCP seize power. Chiang, for his part, used his experience abroad to become the second president of Taiwan. Deng and Chiang both rose to preeminent leadership positions and implemented ambitious economic reforms. The so-called third generation of PRC leaders was dominated by technocrats who had studied in the Soviet Union or Eastern Europe in the 1950s. Among their ranks were Jiang Zemin, Li Peng, Luo Gan, Li Lanqing, and Wei Jianxin, all of whom later served on the Politburo Standing Committee.

The current wave of returnees is undoubtedly the largest foreign-study movement in Chinese history, and it continues to gain momentum, partly because a rapidly emerging Chinese middle class can afford to send their children abroad and partly because the state is steadily increasing funding for postgraduate education abroad. According to the PRC’s Ministry of Education, 130,000 Chinese citizens left to study abroad in each of the last three years (2007–09). In the same period, the China Scholarship Council provided full scholarships to at least 5,000 students each year to pursue advanced degrees abroad. In 2009, the fund offered scholarships to 12,000 students, half of whom enrolled in graduate programs for master’s or doctoral degrees overseas. An overwhelming majority of these students opted to study in either Western countries or Japan.

Collective Leadership and the Growing Importance of Think Tanks

The end of strongman politics and the emergence of a collective system of leadership have prompted officials to seek legitimacy for their policies through “scientific decisionmaking” (kexue juece). Prominent think tanks populated by returnees serve as the primary venues for this kind of research.

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9 See “Zhongguo liuxue renshu meinian jin shisan wan ren” [Some 130,000 Chinese Citizens Left to Study Abroad Every Year], February 11, 2009—http://news.china-b.com/lxdt/20090211/14484_1.html.

Just as the current wave of returnees has many precursors, think tanks (zhiku or sixiang ku) are by no means new to China. Quite the contrary, one could argue that they have played an important role in Chinese society since the time of Confucius. However, during much of the PRC’s history, and especially during its first three decades, the role and influence of think tanks largely depended on the preferences and characteristics of the country’s paramount leader. Mao Zedong did not value modern science and technology, disregarded rationality in the affairs of state, and held intellectuals in low esteem. Major decisions during the Mao era, such as the launching of the Cultural Revolution, the movement to shift China’s national defense industry to the so-called interior third front, and the initiative to pursue rapprochement with the United States in the early 1970s, were largely made by Mao alone.

Although Deng Xiaoping greatly improved the economic and socio-political status of intellectuals during his reign, he felt no need to consult think tanks when making decisions. Indeed, his most significant decisions—i.e., to open China to foreign investment, to send a large number of students to study in the West, to normalize Sino-U.S. relations so as to contain the former Soviet Union, and to establish special economic zones in southern China and then in Shanghai’s Pudong District—have all been attributed to Deng’s visionary thinking and political courage. In his final years Deng preferred to listen to his daughters’ gossip rather than read expert reports.

When Hu Yaobang and Zhao Ziyang were in charge of political and economic affairs for both the party and the government in the 1980s, they were the “patron saints” of a group of liberal intellectuals affiliated with government think tanks and sometimes with the Central Committee of the CCP. Some of these scholars later lent their support to the 1987 liberal movement and the 1989 Tiananmen uprising. As a consequence of these two events, which brought about the fall of both Hu and Zhao, many liberal intellectuals, including Yan Jiaqi, Su Shaozhi, and Wu Guoguang, sought amnesty in the West.

Although certain think tanks were closed as a result of the Tiananmen Square incident, the think tank system survived and even became more institutionalized over the ensuing two decades. This has largely been attributed to the fact that China’s growing integration with the world economy required more scholars with professional expertise, especially in the areas of international economics and finance. Without a doubt, Jiang Zemin, Zhu Rongji, and their generation of technocratic leaders paid more attention to the role of think tanks than did their predecessors.

It has been widely noted that in the early 1990s Jiang often received advice from scholars at Shanghai-based institutions such as Fudan University,
the East China University of Political Science and Law, the Shanghai Academy of Social Sciences, and the Shanghai Institute of International Studies. Indeed, over the course of the 1990s several prominent young scholars with experience in the field of foreign studies moved from Shanghai to Beijing, where they worked closely with Jiang in areas such as policy planning, propaganda, Taiwan affairs, and foreign relations. For example, Wang Huning, former dean of the law school at Fudan University, later served as a personal assistant to Jiang. It is believed that Wang was a principal contributor to the development of Jiang’s so-called theory of the three represents.\footnote{In contrast to the Marxist notion that the Communist Party should be the “vanguard of the working class,” Jiang’s theory claims that the CCP should represent the “developmental need of the advanced forces of production,” the “forward direction of advanced culture,” and the “fundamental interests of the majority of the Chinese people.”} In the 1980s and early 1990s, former premier Zhu Rongji also relied heavily on the advice of scholars, including several young returnee economists at Tsinghua University’s School of Economics and Management, where Zhu served as dean for many years.

Following in Jiang’s footsteps, Hu Jintao turned the Central Party School (CPS) into a prominent think tank when he served as the president of the school in the late 1990s. For over a decade, the CPS has functioned as a leading research center for the study of China’s domestic political reform and international relations. Wang Jisi, then director of the Institute of International Strategic Studies of the CPS and now dean of the School of International Studies at Peking University, played a crucial role in the development of Hu’s theory of “China’s peaceful rise.”\footnote{For a detailed discussion of the theory of China’s peaceful rise, see Zheng Bijian, China’s Peaceful Rise: Speeches of Zheng Bijian 1997–2004 (Washington, D.C.: Brookings Institution Press, 2005).} As China becomes a global power, the first-hand foreign knowledge returnees boast is proving a valuable asset in the foreign policy establishment.

**RETURNEES’ MAIN CHANNELS OF INFLUENCE**

China’s foreign-educated returnees exert influence on the country’s foreign and domestic policymaking through many different channels. Three distinct groups—namely, decisionmakers in the party and government, expert advisors to top leaders, and opinion leaders who shape the media discourse on world affairs and China’s foreign policy—tend to be especially active.
Returnees as Decisionmakers

The percentage of returnees working at the highest levels of party leadership is still very small. Returnees usually serve in administrative fields such as education, finance, trade, and foreign affairs. In the 17th Central Committee of the CCP, formed in 2007, returnees occupied 11% of seats, 5% higher than their representation in the 16th Central Committee in 2002 (see Table 1). In contrast to the 15th Central Committee, in which most returnees were trained in the former Soviet Union or other Eastern European countries, an overwhelming majority of the returnees in the 17th Central Committee were educated in the West or Japan. Western-educated returnees include several prominent decisionmakers, such as Wang Huning, secretariat member and director of the CCP’s Central Policy Research Center (visiting scholar at University of Iowa and University of California, Berkeley, 1988–89); Zhou Ji, then minister of education (PhD in engineering, State University of New York at Buffalo, 1984); Liu Mingkang, chairman of the China Banking Regulatory Commission (MBA, London University, 1987); Cao Jianming, procurator-general of the Supreme People’s Procuratorate (visiting scholar at Ghent University of Belgium and the University of San Francisco, 1988–1990); and Lu Yongxiang, president of the Chinese Academy of Sciences (PhD in engineering, Aachen Industrial University, 1981).

**TABLE 1**

*Foreign-Educated Returnees in the Membership of the 16th and 17th Central Committees of the CCP*

<table>
<thead>
<tr>
<th>Membership</th>
<th>16th Central Committee (2002)</th>
<th>17th Central Committee (2007)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of returnees out of total membership</td>
<td>Percentage</td>
</tr>
<tr>
<td>Full member</td>
<td>9/198</td>
<td>4.5%</td>
</tr>
<tr>
<td>Alternate member</td>
<td>13/158</td>
<td>8.2%</td>
</tr>
<tr>
<td>Total members</td>
<td>22/356</td>
<td>6.2%</td>
</tr>
</tbody>
</table>
Li Yuanchao, member of both the Politburo and the Secretariat and director of the CCP Organization Department, has recently launched a major program to promote returnees to political leadership. Li may not meet the definitional criteria of a returnee himself—he spent only a few months at Harvard University’s Kennedy School of Government—but this brief experience abroad seems to have had a lasting effect. It is interesting to note that Li and Wang Huning are now in charge of personnel and propaganda in the powerful Secretariat of the CCP Central Committee, two very important areas in the daily administration of the Chinese government.

Two ministers in the State Council who are not CCP members—Wan Gang, minister of science and technology, and Chen Zhu, minister of health—both spent many years in the West. Wan received his PhD in physics from Technische Universität Clausthal in 1991 and worked as a senior manager at the Audi Company in Germany for over a decade between 1991 and 2002. Chen received his doctoral degree in medicine from Université Paris 7 in 1989. He is one of the world’s leading hematology experts and holds memberships in several prestigious academies, including the Academy of Sciences for the Developing World, the United States National Academy of Sciences, and the French Academy of Sciences. The presence and growing power of Western-educated elites in the Chinese leadership is an important indicator of increased openness and the political progress in the country.

Returnees have already dominated the financial leadership of the country for quite some time. Senior decisionmakers in the Chinese financial administration who are returnees include: Zhou Xiaochuan, governor of the People's Bank (visiting scholar, University of California at Santa Clara, 1987–88); Jiang Jianqing, chairman of the Industrial and Commercial Bank of China (visiting scholar, Columbia University, 1995); Guo Shuqing, chairman of China Construction Bank (visiting scholar, Oxford University, 1986–87); Xiao Jie, director of the State Administration of Taxation (visiting scholar in Germany, 1987–89); Xie Fuzhan, director of the State Council's Research Office and former director of the State Statistics Bureau (visiting scholar, Princeton, 1991–92); Liu He, deputy office director of the Central Financial Leadership Group (MPA, Harvard's Kennedy School of Government, 1994–95); Yi Gang, vice governor of the People's Bank and new director of the State Administration of Foreign Exchange (PhD in economics, University of Illinois, 1986); and Zhu Min, executive vice president of the Bank of China (MPA, Princeton University, 1988; PhD in economics, Johns Hopkins University, 1993). The first four—Zhou, Jiang, Guo, and Xiao—also currently
serve on the 17th Central Committee as members or alternates. Xie is a member of the 17th Central Disciplinary Inspection Commission, Liu is often portrayed as “China’s Larry Summers” by the media, Yi is a leading candidate to succeed Zhou Xiaochuan, and Zhu was recently appointed to be an advisor of the International Monetary Fund (IMF) and is expected to be influential within the institution.

This author’s 2005 study of Western-educated returnees at the vice ministerial level or above shows that in terms of the destination country for studying abroad, the United States is ranked first for Chinese leaders in both the categories “foreign study in general” and “foreign study resulting in an advanced degree” (see Table 2). There is a considerable gap between the total number of Chinese students who studied in the United States and the number who studied in England, which is ranked second in both categories.

### TABLE 2

*Foreign Countries in Which Chinese Leaders Studied*

<table>
<thead>
<tr>
<th>Country</th>
<th>Foreign study in general</th>
<th>Foreign study resulting in an advanced degree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percentage</td>
</tr>
<tr>
<td>United States</td>
<td>29</td>
<td>43.9%</td>
</tr>
<tr>
<td>England</td>
<td>13</td>
<td>19.7%</td>
</tr>
<tr>
<td>France</td>
<td>4</td>
<td>6.1%</td>
</tr>
<tr>
<td>Germany</td>
<td>4</td>
<td>6.1%</td>
</tr>
<tr>
<td>Japan</td>
<td>4</td>
<td>6.1%</td>
</tr>
<tr>
<td>Canada</td>
<td>3</td>
<td>4.5%</td>
</tr>
<tr>
<td>Australia</td>
<td>2</td>
<td>3.0%</td>
</tr>
<tr>
<td>Sweden</td>
<td>2</td>
<td>3.0%</td>
</tr>
<tr>
<td>Denmark</td>
<td>1</td>
<td>1.5%</td>
</tr>
<tr>
<td>Ireland</td>
<td>1</td>
<td>1.5%</td>
</tr>
<tr>
<td>New Zealand</td>
<td>1</td>
<td>1.5%</td>
</tr>
<tr>
<td>Singapore</td>
<td>1</td>
<td>1.5%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>1</td>
<td>1.5%</td>
</tr>
<tr>
<td>Total</td>
<td>66</td>
<td>100.0%</td>
</tr>
</tbody>
</table>


*Note:* All countries are counted when a leader studied in more than one country.
Returnees as Think Tank Scholars

The dominant role of foreign-educated returnees in China’s think tanks, especially in the areas of economic issues and foreign affairs, is truly remarkable. Tsinghua University and Peking University (Beida) are now home to some of the most influential think tanks in the country. There are, for example, more than two dozen prominent research centers and institutes at Tsinghua, including the Center for China Studies (CCS), the Center for the Study of Contemporary China (CSCC), the National Center for Economic Research (NCER), the Institute of International Studies (IIS), and the Institute of International Strategic and Development Studies (IISDS). The most important resources for think tanks, of course, are research scholars and thinkers. For this reason it is not surprising that research centers and institutes are often “built around a single, strong-minded individual,” as Barry Naughton recently observed in his study of China’s economic think tanks.13 Hu Angang (CCS), Hu Zuli (NCER), Li Qiang (CSCC), Yan Xuetong (IIS), and Chu Shulong (IISDS) are good examples, and they are all returnees who either received their PhDs from foreign universities or spent many years abroad as visiting scholars. To a great extent, these individuals are the face, brain, and soul of their respective think tanks. The CCS, headed by Hu Angang, a returnee from the United States, has been particularly active in contributing to policy changes in the Chinese government over the past few years. The center was established jointly by Tsinghua University and the Chinese Academy of Sciences in 1999 with the mission to serve as a think tank for the highest-level decisionmaking circles in the country. The CCS’s broad mission is to forecast China’s long-term development and to influence governmental policies.

In the last decade the CCS has issued roughly one thousand “reports on the state of China” (guoqing baogao), with some of them submitted directly to the State Council. Hu was among the first Chinese scholars to advocate the concept of “green GDP growth.”14 According to proposals, China should not measure development merely by “black GDP numbers” but should also factor in the enormous costs of environmental degradation in order to measure “green GDP growth,” a more accurate gauge of real development. Hu’s proposal for greener development in China has found a receptive audience in the leadership of Hu Jintao and Wen Jiabao and their “scientific model of development.” This new development strategy was formally adopted at the

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fifth plenum of the 16th Central Committee of the CCP, during which the Hu-Wen administration called for a 20% reduction in energy consumption per unit of output, a 10% reduction in industrial pollution, and a 33% reduction in the industrial use of water over the next five years.

The dominance of returnees in think tanks is most strikingly reflected in the faculty of the China Center for Economic Research (CCER) at Beida. All of the 24 faculty members studied abroad and have doctoral degrees, mainly from universities in the United States. These U.S.-educated economists have almost entirely redesigned the curricula and research methods of the fields of economics and management at Beida to be more in line with the U.S. model. The CCER has also been a key resource for China’s economic decisionmakers in the last decade. In addition to publishing academic journals, the CCER is known for regular internal reports and policy briefs submitted to various agencies within the Chinese government.

Lin Yifu (also known as Justin Lin), founder and director of the CCER, is himself a legendary figure. Born in Taiwan in 1952, he attended both National Taiwan University and National Chengchi University. In 1979, when he was in military service at Jinmen, Lin decided to defect to the mainland. It was reported that Lin swam to Xiamen using two basketballs for flotation. From 1979 to 1982, he studied political economy at Peking University, receiving a master’s degree in economics. He then attended the University of Chicago to continue his doctoral studies in economics. Lin returned to the PRC in 1987 and worked at the State Council’s Research Institute of Rural Development for seven years. As a deputy director of the institute, Lin led several important research projects, and his scholarly work contributed significantly to China’s process of market liberalization. In 1994 Lin founded the CCER with five other instructors at Peking University and served as director of the center until 2008, when he was appointed senior vice president and chief economist of the World Bank.

In the recently established “super think tank,” the China Center for International Economic Exchanges (CCIEE), four distinguished returnee scholars—Jiang Zhenghua, Li Yining, Liu Zunyin (Lawrence J. Lau), and Qian Yingyi—have assumed top leadership posts. Qian Yingyi received his master’s degree in statistics from Columbia, an MBA from Yale, and a PhD in economics

Qian’s presence in the leadership body of the CCIEE is highly symbolic: a scholar and a foreign-educated returnee can stand on equal footing with ministers of the State Council and the CEOs of China’s flagship banks and companies.

Returnees now regularly help to shape the research agendas and research methods employed in the fields of economics, management, international relations, and demography, and are leaders in China’s intellectual and policy discourses. Many of these think tank members hold concurrent academic positions in research institutions in China and abroad, thereby very closely linking Chinese institutions with their peers overseas. They help to facilitate international academic exchanges and collaborative projects, which greatly improve the quality of think tank work in China and broaden Chinese perspectives on issues of global significance.

Returnees as Opinion Leaders

Returnees in think tanks and academic institutions not only provide policy recommendations and advice to the Chinese leadership but also influence the foreign and domestic policy discourse through serving in the media as anchors, talk show hosts, columnists, and commentators. Lang Xianping, an economist based in Hong Kong who was born in Taiwan and educated at the University of Chicago, is a household name in China because of his popular talk show. Going by Larry Lang, he discusses issues relating to China’s role in economic globalization, often in a comedic, slightly irreverent fashion. Yang Lan, who holds an MPA from Columbia, has her own studio both in the Phoenix TV broadcast headquarters in Hong Kong and in Beijing’s CCTV (China Central Television) building. Last year Yang interviewed many U.S. leaders, including former president George H.W. Bush, Secretary Hillary Clinton, and former secretary of state Henry Kissinger.

Returnee opinion leaders vary significantly in terms of their views, values, and strategic thinking regarding China’s foreign relations. It is notable, however, that several of the last decade’s best-selling books in the PRC, especially in recent years, took ultra-nationalistic and anti-U.S. positions. It happens that most of these books were written by returnees. For example, Wang Xiaodong, a co-author of both China Can Say No (1996) and China Is Unhappy (2009), studied in Japan for several years early in his
According to the Chinese media, *China Is Unhappy* sold 600,000 copies in its first month of publication.

Fang Ning, a returnee from the United States and a prolific writer and deputy director of the Institute of Political Science at CASS, is another best-selling author who has been extremely critical of U.S. foreign policy for over a decade. In 1995, through the popular newspaper *China Youth*, Fang and two of his colleagues conducted a public opinion survey of young people in China on their views of the world. This was considered both the first large-scale open public opinion survey and the first one on attitudes regarding international affairs. One of the survey’s most astonishing findings was that approximately 75% of some 120,000 respondents were very critical of the United States.

Fang is one of the most prominent thinkers of the so-called new left (*xinzuopai*). He is likely also the scholar who first developed the now-ubiquitous concept “harmonious society.” In an article published in 1997, Fang argued that the fundamental flaw in the conventional understanding of socialism is the expectation that socialism will afford higher productivity than capitalism. According to Fang, this catch-up mentality led to the failure of Stalin’s Soviet Union and Mao’s China (and perhaps, ultimately, Deng’s and Jiang’s modernization programs, as well). In Fang’s view, socialist countries’ focus on productivity was actually the “pitfall of the catch-up” (*ganchao de xianjing*). In Fang’s view, socialism should not share with capitalism the goal of a high degree of productivity. Instead, socialism should set out to create a harmonious society leading ultimately to complete harmony between man and nature. According to Fang, “socialism is eventually a form of harmony.” It certainly does seem that Fang’s concept of harmonious society laid the philosophical foundation for Hu Jintao’s new development strategy, and one may reasonably suspect that Hu even adopted the very phrase from Fang.

The 1999 book *China’s Road in the Shadow of Globalization*, co-authored by Fang Ning, Wang Xiaodong, and Song Qiang, was one of the

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18 Song Qiang, Wang Xiaodong et al., *Zhongguo keyishuobu* [China Can Say No] (Beijing: Zhonghua gongshang lianhe chubanshe, 1996); and Song Xiaojun, Wang Xiaodong et al., *Zhongguo bugaoxing* [China Is Unhappy] (Nanjing: Jiangsu renmin chubanshe, 2009).


20 Approximately 75% of respondents chose the United States when answering each of the following three questions: “Which country is the most hostile toward China?” “Which country has influenced China the most?” and “Which country do you dislike the most?” Ibid., 60.


22 Ibid.

most influential and representative works of the “new left” perspective on international affairs.\(^\text{24}\) The book was published at a time when Chinese leaders, public intellectuals, and the general public were enthusiastic about China’s upcoming accession to the World Trade Organization (WTO). Despite this, the book offers a very critical account of economic globalization. Fang’s most famous line regarding globalization is that “capital flows all over the world, but profits only go to the West.”\(^\text{25}\) Fang argued that economic globalization would increase economic disparity in the world, causing more conflicts and wars in the future. He also believed that the international division of labor and comparative advantage would make developing countries such as China more dependent on the West. To avoid this “trap of development,” Fang argued that China should more aggressively develop its heavy industry and high tech sectors. The book also argues, implicitly if not explicitly, that U.S. policy toward China had the malicious intention of dividing the PRC by supporting independent movements in Taiwan, Tibet, and Xinjiang.\(^\text{26}\)

In 2003, Fang further developed his critique of globalization in a new book, *The Era of New Imperialism and China’s Strategy*. He challenged Deng’s notion of “peace and development” in international relations and argued that the new American imperialism was the defining characteristic of the world. According to Fang, the era of new American imperialism has five components: military dominance, political power, cultural imperialism, the imposition of democratic ideology, and preemptive attack. Fang argued that no matter how obedient China may be, American imperialists will never change their strategy to contain China. In Fang’s view, the only way for China to break U.S. encirclement is to develop military technology.\(^\text{27}\) Fang’s ultra-nationalistic views and especially his direct appeal to the Chinese youth have made him an “intellectual mentor of the angry youth generation.”\(^\text{28}\) The recent global financial crisis, his fans argue, has proved many if not all of Fang’s predictions.\(^\text{29}\)

\(^\text{24}\) Fang Ning, Wang Xiaodong, and Song Qiang, *Quanqiuhua yinyingxia de Zhongguo zhilu* [China’s Road in the Shadow of Globalization] (Beijing: Zhongguo shehui kexue chubanshe, 1999). Wang and Song also authored *China Can Say No*.

\(^\text{25}\) Zhang, *Hou Jiang Zemin shidai de Zhongguo xinzheng zhinang*, 58.

\(^\text{26}\) The cover of the book is a map of China showing how the outside world’s anti-China forces intend to divide the country.

\(^\text{27}\) Fang Ning, *Xin diguozhuyi shidai yu Zhongguo zhanlue* [The Era of New Imperialism and China’s Strategy] (Beijing: Beijing chubanshe, 2003).


Fang’s suggestion of a U.S.-led anti-China conspiracy is echoed in another best-selling book, *Currency Wars* by Song Hongbing. Another returnee from the United States, Song became a celebrity in the PRC almost overnight after publishing the book. His blog is now the most popular blog for public intellectuals across the country. Song went to the United States in the early 1990s and received a master’s degree in information engineering and education from American University. He also worked as a senior consultant for Fannie Mae and Freddie Mac. In Song’s view, U.S. pressure on China to appreciate the yuan was part of a grand conspiracy to prevent China’s rise. The book is not widely regarded as a serious academic study, but its successful prediction of the global financial crisis made Song Hongbing more credible than many other U.S.-educated economists who had long painted a rosy picture of economic globalization.

**CONTRADICTIONS IN SINO-U.S. RELATIONS AND RETURNEES’ PARADOXICAL ROLES**

Returnees’ dynamic, diverse, and complicated inputs into the Chinese discourse on foreign affairs—especially China’s relations with the United States—can arguably explain three major contradictions in China’s foreign policy posture in general and Sino-U.S. relations in particular: between vision and implementation, means and end, and objectives and outcomes.

“All Directional Diplomacy” and “Counting On No One But the United States”

Each generation of Chinese leaders has its own foreign policy legacy. Jiang Zemin placed great emphasis on building a good relationship between China and the United States. Under Jiang’s leadership, China’s diplomacy was mostly oriented around “major powers diplomacy” (*daguo waijiao*), with a particular focus on the United States. Despite many unfortunate incidents and perceived slights by the United States, such as the accidental bombing of the Chinese embassy in Yugoslavia, the Cox report accusing China of technological espionage, the U.S.-led opposition to Beijing’s bid to host the 2000 Olympics, the crisis in cross-strait relations due to the victory of a pro-independence party in Taiwan’s presidential election in 2000, and the hectoring of China over human rights, Jiang never changed his strategic thinking. Some public

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intellectuals felt China made too many concessions to the United States in order to gain entry into the WTO, and Jiang was sometimes criticized for being too soft on U.S. leaders.\textsuperscript{31}

When Hu Jintao rose to power in 2002 many expected that he would be much firmer than Jiang in protecting China’s national interests. His pronounced “all directional diplomacy” was seen as a strategic departure from Jiang’s “major powers diplomacy.” Improving China’s relationships with neighboring countries, especially with Southeast Asian countries, seemed to be Hu’s foreign policy priority. His visits to Vietnam and Russia soon after succeeding Jiang seemed to be in line with this new approach. In his second term, however, Hu has been very actively engaged in seeking a good relationship with the United States. In 2009 alone, Hu met with President Barack Obama four times. Other senior Chinese leaders are also frequently visiting the United States. Although most Chinese leaders do not use the concept of a group of two (G-2) to refer to China and the United States, they all state that the Sino-U.S. relationship is the most important bilateral relationship in the world today. For many Chinese there is only one other country in the world that should count, the United States, because it is more powerful than the PRC. This borderline excessive interest in the United States is evident in many respects, one of which is that China’s foreign policy lobby now disproportionately concentrates on the United States.

There are several possible reasons why “all directional diplomacy” has yielded few concrete results. Probably the most important is the fact that U.S.-educated returnees have dominated China’s foreign policy establishment. It is in the best interest of these people—and within their expertise—to promote all sorts of engagement and exchanges with the United States. Returnees from elsewhere are not strong enough to compete for attention and priority. Chinese experts on certain countries and regions, including India, Indonesia, Pakistan, the Middle East, South America, and Africa, are woefully small in number, especially considering China’s aspiration to become a great power.

The “Best Period in Sino-U.S. Relations” and the “U.S. Conspiracy against China”

Such an emphasis on the importance of China’s relations with the United States does not necessarily contradict the theory of a “U.S. conspiracy against

China” (meiguo yingmolun). It is, however, ironic that Chinese leaders and public intellectuals assert two contrasting views of U.S.-China relations simultaneously (and often in the same breath). The first assumption is that this is the “best period in Sino-U.S. relations” since the 1989 Tiananmen Square incident, if not since the founding of the PRC. The second is the strangely incompatible and widely held belief that the “U.S. conspiracy against China” continues to mar relations between the two countries.

To a certain extent, these contrasting views and their possible policy implications reflect the growing diversity and sophistication of the Chinese foreign policy establishment. In recent years, foreign policy questions have been debated more openly both by the Chinese public and in scholarly circles. For example, Shi Yinhong and Yan Xuetong, two distinguished returnee scholars of international relations who serve as advisors to Chinese policymakers, have expressed sharply different views on how the Chinese government should handle the possible independence of Taiwan.32 This diversity notwithstanding, it is fair to assert that there is a lack of mutual trust between the United States and China, that many Chinese worry (often with the goading of U.S.-educated returnees) about a U.S.-hatched conspiracy against China, and that U.S. concerns over the “China threat” remain enduring obstacles to arriving at harmonious Sino-U.S. relations.

**U.S.-China Education Exchanges: Areas for Improvement?**

The popularization among Chinese leaders and public intellectuals of a theory asserting that the United States is conspiring to undermine China’s development should give the United States pause. The notion should also encourage U.S. scholars and policymakers to pursue creative solutions to reducing Chinese misunderstandings of U.S. intentions. Three decades of U.S. help in training China’s best and brightest has of course been driven, at least partially, by self-interest. Policymakers in China and the United States had different agendas when planning these far-reaching educational exchanges. For Deng Xiaoping, the primary goal was to “make up for the years lost” during the Cultural Revolution, a decade in which China was

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32 Shi Yinhong, “Taiwan wenti shangde yanzhong weixian he zhanlue bixu” [Severe Danger and Strategic Necessity in Dealing with the Taiwan Issue], in Zhanglue yu guanli [Strategy and Management], no. 1 (2004): 101–6; and Yan Xuetong, “Wuli erzhi taidu fail duli de libi fengxi” [Pros and Cons on the Use of Force to Deter the Legal Independence of Taiwan], in Zhanglue yu guanli [Strategy and Management], no. 3 (2004): 1–5.
almost completely cut off from the international academic community.\textsuperscript{33} Today, it is clear that Deng’s goal has been fulfilled.

For the United States, educational exchanges with non-Western countries have long been considered by some decisionmakers to be an excellent form of cultural diplomacy.\textsuperscript{34} In the words of one former president, “just as war begins in the minds of men, so does peace.”\textsuperscript{35} Education, U.S. policymakers reasoned, could be made a vital channel through which to train the future leaders of foreign countries about American values and ideas.\textsuperscript{36} This also reflects the long-standing view of U.S. foreign policy toward China that by educating China’s young generation, the United States will eventually influence China’s development.\textsuperscript{37} As Jonathan Spence has observed, for many Western internationalists, China offers a hope—a “chance to influence history by the force of personality.”\textsuperscript{38} This educational endeavor “would do a far better service than guns and battleships in keeping a peaceful world.”\textsuperscript{39}

Given that a significant number of U.S.-educated returnees continue to believe in a U.S. conspiracy against China, the United States cannot say that its goal for U.S.-Chinese educational exchanges has been realized. There are many possible reasons for this misunderstanding. One explanation may lie in the way that Chinese nationals have studied in the United States. Among the returnees who serve in government, most were visiting scholars for one year at educational institutions rather than degree candidates. An overwhelming majority of returnees spent all of their time in the United States at educational institutions, with very few remaining afterward to gain work experience.\textsuperscript{40} As Wang Jisi recently observed:

Chinese scholarly works on U.S. domestic politics and society are woefully inadequate…The lack of understanding of American politics, spiritual life, and mindset leads to misperceptions of U.S. international strategy in general and its China policy, in particular.

\textsuperscript{33} David Zweig, Chen Changgui, and Stanley Rosen, China’s Brain Drain to the United States: Views of Overseas Chinese Students and Scholars in the 1990s (Berkeley: Institute of East Asian Studies, 1995), 7.
\textsuperscript{36} Bu, Making the World Like Us, 7.
\textsuperscript{37} Zhang Hongjie, Jituo de yidai: Qinghuaren he Beidaren liumei koushu de gushi [A Generation of GRE and TOEFL: Oral Accounts of the U.S.-Educated at Qinghua and Beijing Universities] (Shenyang: Chunfeng wenyi chubanshe, 1999), 3.
\textsuperscript{38} Spence, To Change China, 292.
\textsuperscript{39} Bu, Making the World Like Us, 86.
\textsuperscript{40} Among the 61 Western-educated returnees in China’s ministerial level of leadership, only one, Yi Gang, the vice governor of People’s Bank of China, spent substantial time in the United States after finishing his PhD.
A daunting task is how institutions and scholars of American Studies can be encouraged to look below the surface and fully grasp what is happening in the “heart” of America. ⁴¹

One possible remedy is for both the United States and China to encourage more exchanges enabling Chinese post-degree professionals to come to the United States for one or two years as observers or trainees in various fields. Instead of being confined to educational institutions, participants would experience real work environments, such as local governments, courts, law firms, media outlets, public relations firms, NGOs, neighborhood communities, foundations, and think tanks.

At a time when tensions, prejudices, misunderstandings, and wars abound in the world—and when policymakers and the general public in the United States are concerned about their country’s own educational “open door policy”—we must evaluate whether or not sweeping educational and professional exchanges between two profoundly different countries can truly contribute to mutual reassurance and maybe even mutual trust. Phenomena such as Western-educated Chinese nationals assuming leadership positions in their own country, the growing political influence of returnee-led think tanks, and the widely different views among opinion leaders with foreign educational backgrounds all reveal how much the formation of China’s foreign policy has changed. The self-confidence of returnees in helping shape their country’s foreign policy parallels the Chinese public’s aspiration for great-power status in today’s world. A more thoughtful and fact-based scholarly debate about the role of returnees in China’s peaceful rise, and about whether their experiences abroad can help returnees propel China in this direction, would be well worth initiating. ❮

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China’s Domestic Policy Fragmentation and “Grand” Strategy in Global Politics

Mark W. Frazier

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EXECUTIVE SUMMARY

This essay examines the linkages between China’s national economy and foreign policy over the past 30 years, and assesses the claim that Chinese foreign policy has undergone an important shift in which domestic demand for energy and other raw materials heavily influence foreign policy decisions.

MAIN ARGUMENT

Assessments of Chinese foreign policy intentions and goals often conclude that the need to gain more reliable access to oil and other natural resources is a central aim of Chinese foreign policy and overall strategic considerations. This essay argues that the coherence of China’s economic goals and the coordination needed to achieve them are eroding as multiple competing interests within the Chinese polity emerge to pursue and protect power and resources. This fragmentation of economic policy into multiple competing agendas has to be understood alongside assessments that resource needs drive Chinese foreign policy. The essay first surveys how shifting economic priorities have influenced Chinese foreign policy over the past 30 years. A second section discusses China’s shift from an export-led, resource-dependent growth model to one that is more balanced toward domestic consumption. The essay concludes by noting that China’s search for a rebalanced economy and for a new growth model creates opportunities and constraints on Chinese foreign policy.

POLICY IMPLICATIONS

• While China’s domestic economic goals have always been an important factor in foreign policy, Chinese diplomatic initiatives globally and its policies toward oil-producing states are driven by a far more complicated convergence of factors than a simple narrative of “oil diplomacy” would suggest.

• China’s pluralized political economy makes such rebalancing much more difficult politically, given the potential winners and losers in this process. Those who now urge China to make a shift away from an export-heavy growth pattern are likely to grow increasingly frustrated unless they understand that the central leaders do not possess the instruments to quickly transform the Chinese economy.

• Given that China, like no other economy, has benefitted from the institutions of the global economy, China has a strong interest in maintaining these institutions and their liberal principles, even as the Chinese government seeks to play a stronger role in their operation and governance.
The connections between China’s domestic economic policies and external relations are obvious but easily exaggerated. The image of the “ravenous dragon” in an urgent global pursuit of energy and natural resources posits that China’s quest for raw materials to fuel power plants and factories at home drives its foreign policy decisions. While the label “ravenous dragon” wrongly suggests that China’s leadership is constrained in foreign policy choices by the country’s resource demands, careful assessments of Chinese foreign policy intentions and goals frequently conclude that the need to gain more reliable access to oil and other natural resources is a central aim of Chinese foreign policy and overall strategic considerations. Without stable energy and raw materials supplies, China’s economic growth is imperiled, and by extension, the central policy goal of the Chinese Communist Party (CCP) to prevent domestic turmoil and challenges to its rule is also jeopardized. A 2005 *Foreign Affairs* article by David Zweig and Bi Jianhai opened with the statement that “an unprecedented need for resources is now driving China’s foreign policy.”

Economic policies are clearly not the only domestic drivers of foreign policy in China. Nationalism, perceived threats to sovereignty and security, and simple bureaucratic conflict among the civilian and military foreign policy establishments, among others, have been and will remain important sources of foreign policy behavior in China. Moreover, the relative weight of the domestic economy in foreign policy orientations and decisions has fluctuated over the 60-year history of the People’s Republic of China (PRC). However, since the reforms, the expansion of GNP has been a central tenet of China’s “calculative strategy” to enhance its relative power in world politics. Foreign policy decisions reflect this strategy of building national power and capabilities through national economic growth.

This essay argues that the coherence of China’s economic goals and the coordination needed to translate them into foreign policy preferences are eroding as multiple competing interests within the Chinese polity emerge.

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1. A recent special report in the *Economist* uses this title but then argues that the image itself is largely overstated. “A Ravenous Dragon,” *Economist*, March 15, 2008.
to pursue and protect power and resources. The greater importance of the national economy in the setting of foreign policy, and the fragmentation of economic policymaking among multiple power centers, means that Chinese foreign policy is both influenced by multiple economic interests but also less committed to long-standing conceptions of sovereignty and non-interference and more willing to view conventional and non-conventional security challenges in terms of their impact on China’s economic objectives at home.

The essay is organized as follows:

〜 pp. 90–97 provide an overview of how economic priorities have influenced Chinese foreign policy over the past 30 years

〜 pp. 97–99 discuss China’s attempt to shift from an export-led, resource-dependent growth model to one that is more balanced toward domestic consumption

〜 pp. 99–101 identify the foreign policy implications both of this attempted shift in growth models and of China’s relations with the United States and the world

THE PRIMACY OF ECONOMIC GOALS IN FOREIGN POLICY

China’s foreign policy preferences for the past 60 years can be divided into three phases that correspond to Stephen Krasner’s classification of how states relate to international economic regimes.5 During the Maoist period (1949–76), and especially after the Sino-Soviet split in 1959, China’s economic priorities and foreign policy clearly placed the PRC in the role of a “breaker” or steadfast opponent of both Soviet- and U.S.-led international organizations and economic regimes. After 1979, China’s pursuit of economic growth, including exports and inward FDI, as well as improving relations with the United States, meant that China played the role of a “taker,” more or less accepting the existing rules of the U.S.-led global capitalist order. With certain notable exceptions, such as proliferation and human rights conventions, China acquiesced to the rules of and sought membership in most international economic and security regimes. Over the past decade, China has shifted its orientation to behave much more along the lines of what might be called a “shaper,” or a state with the power to influence international regimes to reflect its preferences and interests. It is important to note that China’s position as a shaper falls well short of Krasner’s category of a “maker”—a state that possesses the power and

willingness to create and enforce rules for new international regimes. China has benefited from the status quo of liberal-oriented international economic institutions to such an extent that the PRC will continue to defend the core principles of these institutions, even as it seeks to modify them so that it can assure that Chinese interests continue to be met. But in large part, China’s shift from the role of a taker to a shaper reflects an increasing sense that the country’s economy is vulnerable to common challenges in global economic and security relations. A more detailed discussion of the shifting economic priorities of China over the past 30 years of reform—as China has moved from being a taker to a shaper—can better highlight the linkages between domestic priorities and their influence on foreign policy. The discussion that follows is summarized in Table 1.

### Table 1

<table>
<thead>
<tr>
<th>Period</th>
<th>Economic policy slogan</th>
<th>Referents</th>
<th>Connection to foreign policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979–92</td>
<td>“reform and opening”</td>
<td>rural reforms; FDI</td>
<td>use peaceful international environment to expand economy</td>
</tr>
<tr>
<td>1993–2001</td>
<td>“socialist market economy”</td>
<td>deepening of FDI; state enterprise reform; production and investment over consumption</td>
<td>join international regimes without hampering domestic growth</td>
</tr>
<tr>
<td>2002–present</td>
<td>“scientific development” and “harmonious society”</td>
<td>(re)balance toward domestic consumption; energy security</td>
<td>shape international regimes to promote continued economic growth; ensure supply of energy and raw materials</td>
</tr>
</tbody>
</table>

**First-Generation Reforms**

During the first stage of reform, roughly from 1979 to 1992, economic priorities derived from the broad “reform and opening” (gaige kaifang) policy framework. In the 1980s, this meant the rapid increase in agricultural productivity through de-collectivization and rural industrialization, together with controlled experiments in FDI in special economic zones. As numerous studies have shown, there was no coherent strategy by which China
transitioned from the planned economy. Policymakers made incremental changes and adaptations of local experimental policies, and political conflict at the elite levels centered on the pace of reforms. In terms of foreign policy, the period was one of broad pursuit of improved relations with the United States and the Soviet Union, but not at the expense of core principles such as sovereignty and non-interference when it came to Western and U.S. criticisms of the Chinese government’s conduct domestically and abroad. During this period, economic priorities did not really influence or constrain Chinese foreign policy preferences and choices; rather, the benign and improving international environment of the final stages of the Cold War era was a given, and these positive external conditions permitted Chinese leaders to determine economic policies without the constraints of national security priorities. This period represented a complete reversal of the Maoist era’s Third Front strategy in the 1960s, when national security conditions were perceived as so dire that CCP leaders initiated heavy industry projects far away from coastal areas that might be attacked in the event of hostilities with the United States or the Soviet Union.

The primacy of economic growth based on reform and opening survived even the direst days of China’s foreign relations and international standing following the violent crackdown on nationwide mass protests in Chinese cities in June 1989. Deng Xiaoping led a coalition of pro-reform leaders within the CCP who thwarted attempts by hard-liners to roll back and reshape China’s economic reforms. From the hindsight of twenty years later, the setback that China suffered in foreign policy terms from the 1989 crackdown appears fleeting. In part, the CCP’s continued commitment to reform and opening, in particular the wave of foreign investment that spiked in the early 1990s, showed that the CCP leadership was committed to economic goals and the furtherance of a benign international environment. While concern about unbridled American hegemonic behavior increased with the fall of the Soviet Union and the unequivocal demonstration of U.S. power projection during the 1991 Gulf War, the benefits derived from China’s economic reforms and deepening linkages with the United States and other economies were not worth sacrificing by changing China’s foreign and security policies.

As economic priorities and the targets of reform shifted from the rural to urban sectors, and as reform challenges grew more complex and politically costly in terms of state enterprises and the state banking system, China’s

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foreign policy problems also proved much more complicated than before. Still, the pursuit of reform kept Chinese foreign policy anchored in ensuring that international conditions and China's pursuit of national interests in world politics did not undermine the successful formula of foreign investment and export-led growth. At the 13th Party Congress in fall 1992, party leaders declared that China's central economic priority was the creation of a "socialist market economy." The pace of state sector reforms that followed in the 1990s made clear that the CCP under Jiang Zemin's leadership placed greater emphasis on the second half of this expression than on the first. The rapid growth of coastal areas and the massive inflows of foreign capital and management into cities such as Shanghai in the 1990s deepened the foundations for China's economic growth model based on foreign investment and exports to advanced economies in North America, Europe, and Japan. Even as foreign policy crises emerged over Taiwan, the North Korean nuclear program, and the inadvertent bombing of China's Belgrade embassy by U.S. warplanes, few took seriously the notion that China would retreat from the reforms, or would place new restrictions on U.S. or other foreign investment. China's negotiations to join the World Trade Organization (WTO) continued on a more or less steady path throughout the 1990s in the face of all of these crises. It would be an exaggeration to claim that China's economic priorities constrained options for the Chinese leadership in dealing with these incidents, but it is clear that the foreign policy establishment within the PRC government was able to operate on two tracks, or to compartmentalize diplomatic and security problems from China's foreign economic relations.

But even during this period, signs emerged that the ability to separate economic priorities and needs from foreign policy concerns could not go on forever. One watershed in particular was 1993, the year that China became a net importer of oil. Another came in 1997 with the Asian financial crisis, which showed that China's currency valuation had direct consequences for its trading partners and could become a foreign policy matter. As China's trade surplus with the United States ballooned in the late 1990s to the “unacceptable” (or so it was said at the time) level of over $40 billion, calls arose from the United States and from China's other trading partners to redress these unsustainable imbalances between consumption, investment, and savings that generated current account surpluses in China and deficits in its trading partners. China's trade and exchange rate policies, and its economic growth model more generally, found a regular and high-ranking place on the agendas of bilateral summits and other diplomatic exchanges.
Second-Generation Reforms

Following China’s accession to the WTO and a generational change in leadership in the CCP in 2001 and 2002, a crucial shift in foreign policy took place. David M. Lampton characterized this change very well with the observation that “China began to use a different vocabulary in its interactions with the world, its behavior and interests began to change, and it sought to shape events, particularly in its region but also beyond, rather than assume its more traditional reactive posture.” At the same time, the new Chinese leadership began a search for a more balanced growth model that emphasized efficient uses of energy and more balanced, consumption-driven growth. Yet as the discussion in the following section points out, the Hu Jintao administration has been much less successful in achieving this outcome than it has been in adjusting its foreign policy stance.

The failure to rebalance the economy, together with the confident and, to some observers, assertive foreign policy, has meant that China’s foreign policy behavior is widely perceived as tightly linked to the support of its heavily export-driven growth model. In the words of a prominent China-watcher, China under Hu Jintao was “seeking diplomatic balance and flashing the economic card.” The pursuit of diplomatic balance, or improved relations with regional powers and smaller states around the world, as a supplement to China’s more important but more complicated relations with the United States, the European Union, and Japan, reflects in the eyes of many analysts a strategy to gain secure access to energy and natural resources. The clearest evidence of this is in “oil diplomacy,” in which China provides the governments of oil-producing states various forms of political and economic support in exchange for access to oil. As Randall Schriver noted in his overview of Chinese strategy, “China’s foreign policy is increasingly driven by what it perceives as its requirement to establish secure access to energy. A survey of various Chinese diplomatic initiatives would suggest that China may perceive the issue as a zero-sum equation.” Schriver worries that this zero-sum perception among Chinese policymakers about access to energy resources will seriously dampen prospects for cooperation with the United States.

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However, others have stressed that the pursuit of energy security with oil-producing states serves both strategic as well as economic objectives.\(^{11}\) Political-commercial relations with Middle East states, for example, serve both China and the oil-producing states as hedges against the United States. The benefits of these deepened ties with China apply to U.S. rivals, such as Iran, as well as to traditional U.S. allies and friends in the Persian Gulf, such as Saudi Arabia. The more important point is that large segments of the public and most politicians in the United States and China perceive that the foreign policy decisions of the other government toward the Middle East are motivated entirely in terms of the pursuit of “locking up” access to oil and natural gas from the region. This mutual perception creates a competitive dynamic and zero-sum views of relations with Middle East states. Yet few commentators or other opinion leaders point out that the U.S. and Chinese governments have limited ability to translate their preferential access to the Middle East’s oil into benefits for their domestic consumers because the United States and China price their petrol products for the global market.

In sum, both the ravenous dragon metaphor and the calculative strategist perspective make unwarranted assumptions and inconsistent predictions about China’s foreign policy behavior. The first suggests that the quest for resources will engulf Chinese foreign policy strategy and decisionmaking, and the second assumes that a coherent “grand strategy” can be discerned from the increasingly pluralized foreign policy community in China. Both frameworks also offer contradictory predictions of future Chinese foreign policy behavior. For example, a resource-obsessed Chinese government might become increasingly assertive in its quest for raw materials, but the same resource-driven view also might lead one to predict a much more interdependent, cooperative China that has strong incentives to pursue multilateral means to ensure a stable supply of energy and raw materials. The calculative strategic view rightly predicts that Chinese foreign policy will include deepening relations with states that possess energy and other raw materials, but this framework offers no specific predictions for how Chinese power will be used to ensure the stable supply of oil and other natural resources. China might use its coercive and financial power to compel supplier states to provide Chinese corporations with preferential access to natural resources, and at preferential prices. Alternatively, under the calculative strategic perspective, Chinese policymakers may deploy different strategies that emphasize multilateralism and institutional channels to resolve disputes over resource competition.

An interesting test of Chinese foreign policy decisionmaking with respect to countries acting as resource suppliers to China suggests that the PRC’s long-standing foreign policy preferences and practices trump resource considerations. A recent study of China’s stance on United Nations Security Council (UNSC) resolutions dealing with coercive measures such as trade sanctions and arms embargos has concluded that China’s position (in UNSC votes taken between 1990 and 2008) reflects a continued commitment to “the principles of national sovereignty and nonintervention, rather than a need to protect resource-supplying countries from international sanctions.”12 Trevor Houser and Roy Levy argue that if Chinese foreign policy were really as focused on energy supply as some have said, China’s votes and other stances within the UN should be a reflection of whether the country that was the potential target of UNSC measures possessed energy or other natural resources that China needed. But the statistical results do not bear this out. Even in the critical case of Sudan, the authors argue that China’s abstention on six resolutions on Sudan since 2004 cannot be attributed to the provision of Sudanese oil to China, because most of the oil produced in Sudan by Chinese firms is sold on world markets and never makes it back to Chinese consumers.13

It is also clear that China’s oil diplomacy and support of resource-acquisition contracts by its large corporations are creating negative assessments in many of the countries that have hosted Chinese foreign investment or that have acted as resource suppliers. As Lampton notes of China’s deepening purchases of commodities from around the world, “there are ever-present dangers of nationalist reaction, instability in the supplier state, price volatility, and transport interruptions from distant locations.”14 Resentment of Chinese resource acquisition has become highly politicized in states as varied as Australia, Russia, and Zambia. No clearer example of the backlash that Chinese outward FDI in energy sectors has created can be found in CNOOC’s failed bid to purchase Unocal in 2005, which set off a political reaction in Congress that eventually led to the cancellation of the deal.

Understanding the connections between China’s domestic economy and its foreign policy can be usefully explored through the political debate within China over how to rebalance China’s economy away from the pattern of energy-intensive, export-oriented growth toward a more balanced approach reliant on domestic consumption and a reduction in the export and manufacturing

13 Ibid., 69–70.
14 Lampton, The Three Faces of Chinese Power, 93.
share of the economy. The next section examines how China’s search for a new growth model under the slogans of “harmonious society” and “scientific development” can have foreign policy effects that are as yet little understood.

**HARMONIOUS SOCIETY IN A HAZARDOUS WORLD?**

The phrase “scientific development” is in part an effort by the Hu Jintao leadership team to distance itself from the rapid but unbalanced growth strategies undertaken during the Jiang Zemin era in the 1990s. In macroeconomic terms, scientific development can be seen as the effort to rebalance China’s economy by increasing consumption and reducing investment as a share of GDP. In microeconomic terms, the goal is for firms to use less energy per unit of output and for households to increase their consumption by reducing their savings. China’s partners have long called for China to make these shifts, in hopes that China’s structural trade surpluses would be reduced.

The problem with China’s search for a more balanced growth model is that powerful political interests and beneficiaries of the status quo are strongly aligned to defend the old growth model. Consumers and many small service-sector enterprises, including foreign-invested firms, stand little chance of organizing politically against the competing preferences of producers and the state sector monopolies or duopolies. Health care and pension service providers that could thrive as China’s society ages, or green technology firms that might offer more efficient energy alternatives to the status quo, are not likely to organize successfully to dismantle barriers to markets that are favorably regulated to support China’s dominant state firms. Such firms can be found in sectors ranging from steel to telecommunications, including energy, and their performance is closely monitored by the State-owned Asset Supervision and Administration Commission (SASAC). China’s fiscal response to the global financial crisis, a 4 trillion yuan stimulus package announced in November 2008, rewarded the beneficiaries of China’s old growth model—local governments, infrastructure companies, and large state-owned enterprises (SOE)—while doing little to reduce the dependence of China’s economy on investment.

Even before the global financial crisis, the leadership of the CCP was in pursuit of a more balanced approach to economic growth. The debate over rebalancing the economy can be seen in several dimensions, including in the identification of factions within the CCP; the policy trajectory in domains such as the rural sector, healthcare reform, and welfare spending; and public
opinion as found in internet forums and other media. Competing factions labeled by Cheng Li as “populist” and “elitist” have balanced against each other within the major organs of the party and government.\(^{15}\) Hu Jintao and Wen Jiabao deployed a political strategy to portray themselves as allied with the common folk, and succeeded in introducing the abolition of the agricultural tax and the expansion of rural medical cooperatives. But the shift away from an economic growth model predicated on high savings and low consumption, and in which Chinese firms export to developed country consumers, will require structural changes and coordination with China’s trading partners. As in any structural adjustment, the alignment of potential winners and losers who stand to gain or suffer losses from the adjustment process will determine the depth and direction of economic change.

The debate over retaining the old growth model versus finding a replacement coincides with an increasing fragmentation of interests in a complex economy. The energy sector provides one of many examples. Multiple actors with different interests compete for policy preferences. Each of the three national oil companies (CNPC, CNOOC, and Sinopec) has different interests in the domestic pricing and regulation of petroleum and related products. The global recession that brought oil prices down to below $40 per barrel by the end of 2008 posed serious problems for China’s “go-out strategy.” The Chinese government urged its state-owned firms to invest in energy projects under this strategy, but these projects will become money-losing ventures if oil prices drop below a certain level. While it might be easy to conclude that the go-out strategy is facilitated by the drop in asset prices of foreign energy companies that are in distress, this is a misconception of how Chinese or any other multinationals operate in the global economy. The best analysts on China’s energy sector firms have argued convincingly that even here, where state power and subsidies have considerable influence, these firms remain motivated by commercial goals.\(^{16}\) Any asset that firms purchase has to create value for the firm and its shareholders by providing profitable streams of revenue. “Locking up” oil or other resources does little for Chinese energy firms in terms of profits, since they can do little to control the price at which oil and commodities are established in world markets. Nor do these Chinese firms take into consideration the interests of the Chinese consumer.

\(^{15}\) Cheng Li, “China’s Fifth Generation: Is Diversity a Source of Strength or Weakness?” Asia Policy, no. 6 (July 2008): 53–93.

The same logic applies to the financial assets being purchased by the China Investment Corporation (CIC), China’s sovereign wealth fund that has been the focus of considerable media attention as the manager of a large chunk of China’s $2 trillion in foreign exchange reserves. Managers of the CIC and the regulators at the State Administration of Foreign Exchange (SAFE) are under intense scrutiny and pressure to generate returns that would preserve and increase the value of the foreign exchange under SAFE’s management, at a time when the value of the dollar is falling. Owning large or even controlling stakes in foreign financial institutions does little for CIC’s goal if those financial institutions decline in value. As in the energy sector, the commercially driven motives of powerful state-owned entities trump any preferences or pressures that might emanate from the Ministry of Foreign Affairs or even the Chinese military establishment.

Some of China’s foreign policy stances that are of most concern to the United States, such as ties with Iran, do have an economic component, given Iran’s energy oil and gas resources. But the ability of energy firms in China to lobby the State Council or the Ministry of Foreign Affairs for favorable foreign policies is easily exaggerated. Even less plausible is that China’s energy interests can influence the strategy and doctrines of the People’s Liberation Army, including its naval forces. China’s defense establishment will continue to define national security interests in terms of reliable access to energy and to focus on secure sea lanes for the transport of oil and other commodities. However, China’s energy firms, arguably the best-organized and most influential business sector within party and government circles, do not hold sway over the foreign policy and military establishments in China. If this is not the case for China’s energy firms, it is even less likely that the country’s electronics, steel, telecommunications, or other sectors have much influence on the foreign policymaking process.

CONCLUSION

The complex ties between China’s domestic economic priorities and its foreign policies do not fit neatly with either the ravenous dragon or the farsighted strategist image of Chinese foreign policy. As the preceding discussion has emphasized, Chinese foreign policy is not simply driven by the interests of oil companies or state-owned commodities corporations. This argument oversimplifies a far more complex and conflicting set of interests, in the same way that an analogous argument asserting that powerful American corporations can dictate U.S. foreign policy fails to account for observed
foreign policy behavior. While domestic economic priorities have always influenced Chinese foreign policy, the fragmented policymaking process means that powerful domestic actors compete among each other but do not determine foreign policy decisions. This lack of cohesion among multiple economic interests could give foreign policymakers a certain degree of flexibility in making choices.

China’s shift from being a taker to its new and still unclear role as a shaper in international regimes coincides with internal debates in China over a new growth model and with a pluralization of decisionmaking in foreign policy. China’s most assertive moves in international politics have come in the realm of foreign economic relations: China has been central in the emergence of the group of twenty (G-20) as the primary forum for discussion of changes to the global monetary and financial regulatory regime. China has also been much more assertive in the past on the agenda for trade liberalization at the Doha Round. China has made common cause with India to shape the agenda for international talks to reduce greenhouse gas emissions. Yet in all of these cases, which could be examined in greater detail as an extension of the discussion offered here, the evidence suggests that Chinese foreign policymakers are showing a greater willingness to address challenges that require multilateral solutions and a loosening of China’s traditional commitment to sovereignty and non-interference. Even as the PRC pursues incremental reforms to international economic institutions, China’s foreign policy will remain focused on the imperative of preserving the core framework of these institutions, which have brought greater benefits to China than to any other developing country.

The as yet unsuccessful rebalancing of China’s economy toward a consumption-driven growth model creates new opportunities and constraints for the United States. U.S. policymakers, who have long urged China to make a shift away from an export-heavy growth pattern, should continue to express concern at China’s lackluster efforts to rebalance its economy; yet they should also understand that China’s pluralized political economy makes such rebalancing much more difficult politically, given the potential winners and losers in this process. Moreover, the United States and China share common interests in ensuring reliable global supplies of energy and natural resources, as well as alternatives to conventional energy sources. While bilateral dialogues (official and otherwise) on energy and resource consumption may establish a certain level of mutual confidence, the fact remains that the vast majority of the public and most politicians continue to cast the energy strategies and foreign policies of each country in zero-sum terms. Such mutual misperceptions are
not likely to change anytime soon. However, for their part, U.S. policymakers would do well to question the assumption that Chinese foreign policy has been transformed by China’s resource needs, or that each of the country’s foreign policy decisions reflects a part of some grand strategic calculus. China’s foreign policy has been informed by domestic economic priorities for much of the 60-year history of the PRC, but these priorities have become less coherent, and less achievable, as China’s policymaking process has grown increasingly fragmented and contentious. The PRC’s foreign policy goals and behavior will continue to reflect some of this incoherence in China’s domestic political economy. ✦
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