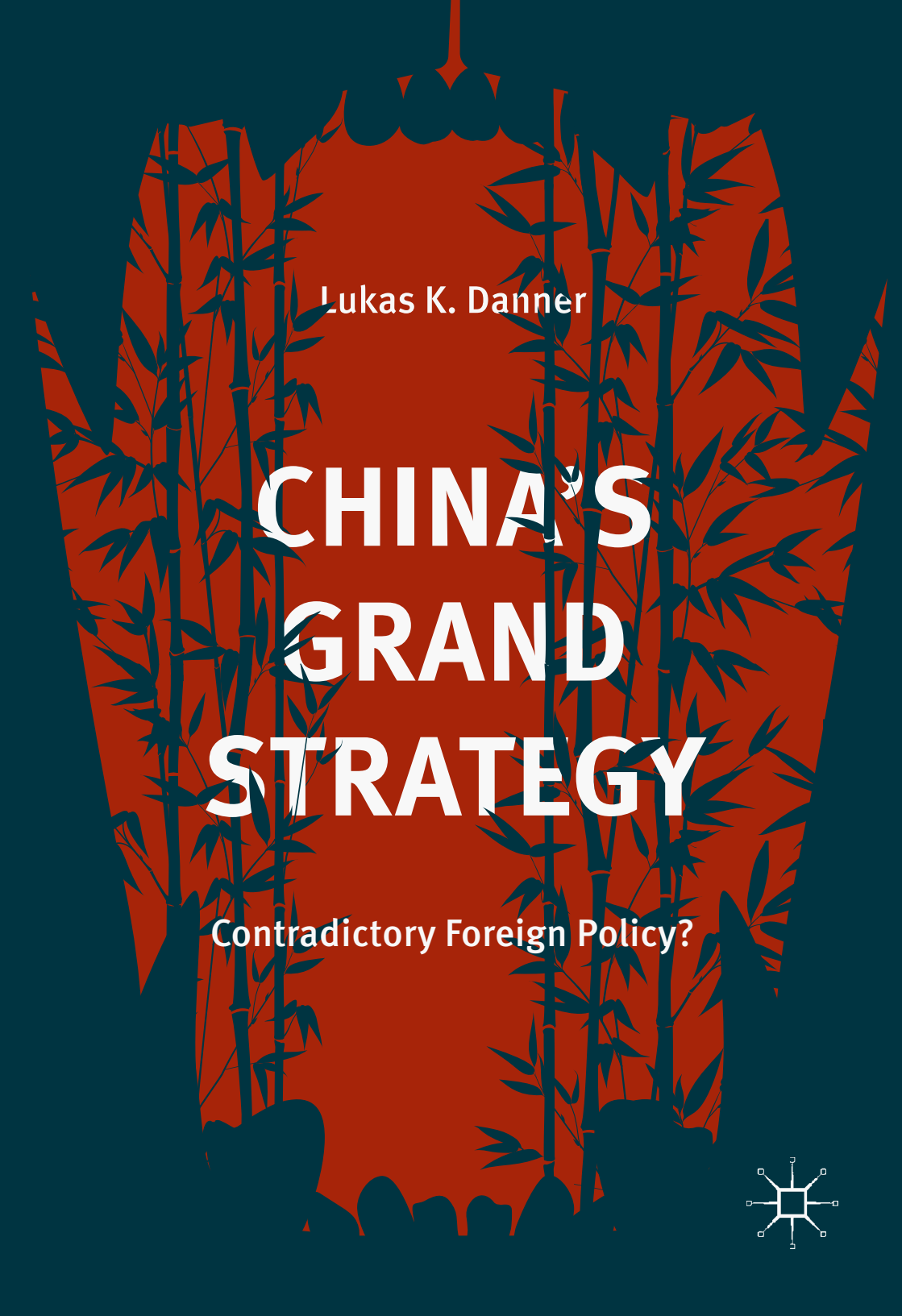
Lukas K. Danner
CHINA'S GRAND STRATEGY
Contradictory Foreign Policy?

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To my beloved wife, Shiran,
and my parents, Doris and Karl-Gerd

Preface

In the last few years, China's rise has certainly contributed to the onset of the perceived decline of the American-led, unipolar, post-Cold War international order. This book deals with China's 'grand strategy' or its international policy. The more China has grown, the more its grand strategy has come into focus in policy-making and academic circles. 'Peaceful Development' has been the chosen course for China's grand strategy as it sought to ascend the ranks of the great-power circle to which it belonged for millennia until the 'Century of Humiliation' and its aftermath. In the recent past, however, China has become more assertive in its actions and has begun to pursue its goals more aggressively and less introspectively than before. This book positions itself within the debate on the coherence of China's grand strategy that has resulted from these recent actions. Whereas most other explanations rely on power transition theory or other material explanations, this book attempts to solve the puzzle innovatively through a cultural inquiry focusing on China's preoccupation with gaining back the honor that it lost at the hands of the West and Japan during the 'Century of Humiliation.' In this endeavor, as with any scientific research, the aim is to be objective and systematic. Therefore, this book certainly does not represent an apologist effort to rectify China's sometimes aggressive behavior. Rather, it seeks to present an explanation of

China's grand strategy that makes sense to a Western audience without approaching it with the usual Western bias, in the hopes that it may possibly help to avert a serious conflict in the future.

Miami, FL, USA
November 2017

Lukas K. Danner

Acknowledgments

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Contents

List of Acronyms

AC	Arctic Council
ADB	Asian Development Bank
ADIZ	Air Defense Identification Zone
AFP	Agence France Press
AIIB	Asian Infrastructure Investment Bank
ALCOM	Alaskan Command
AP	Associated Press
APEC	Asia-Pacific Economic Cooperation
ASAT	Anti-Satellite
ASEAN	Association of Southeast Asian Nations
BBC	British Broadcasting Corporation
BFA	Boao Forum for Asia
C4ISR	Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance
CAA	Chinese Arctic and Antarctic Administration
CCP	Chinese Communist Party
CNSA	China National Space Administration
DC	Developed Country
DPRK	Democratic People's Republic of Korea
ECS	East China Sea
ECSPI	East China Sea Peace Initiative
EEZ	Exclusive Economic Zone
EFTA	European Free Trade Agreement
EU	European Union

FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GDP	Gross Domestic Product
HST	Hegemonic Stability Theory
IMF	International Monetary Fond
ISS	International Space Station
LDC	Less Developed Country
MoU	Memorandum of Understanding
NATO	North Atlantic Treaty Organization
NDB	New Development Bank
NORAD	United States-Canadian North American Aerospace Defense Command
NORTHCOM	United States Northern Command
OBOR	One Belt, One Road
OECD	Organisation for Economic Co-operation and Development
P5	Permanent Five Members of the UN Security Council
PD	Peaceful Development
PKM	Peacekeeping Mission
PKO	Peacekeeping Operations
PLA	People's Liberation Army
PLAN	People's Liberation Army Navy
PM	Prime Minister
PRC	People's Republic of China
PRIC	Polar Research Institute of China
RCEP	Regional Comprehensive Economic Partnership
REE	Rare Earth Elements
RMB	Renminbi
ROC	Republic of China (Taiwan)
ROK	Republic of Korea
SAG	Surface Action Group
SCS	South China Sea
SDR	Special Drawing Rights
SLoC	Sea Lanes of Communication
TPP	Trans-Pacific Partnership
TTIP	Transatlantic Trade and Investment Partnership
UN	United Nations
UNCLOS	United Nations Convention on the Law of the Sea
UNEP	United Nations Environment Program

UNSC	United Nations Security Council
USSR	Union of Soviet Socialist Republics (Soviet Union)
WB	World Bank
WTO	World Trade Organization
WWF	World Wildlife Fund for Nature

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Note on Chinese Names and Terms

Chinese terms and names are spelled using *Pinyin,* unless another transliteration using a different standard (for instance, *Wade-Giles*) is more commonly used and referred to. For example, *Hong Kong* instead of *Xianggang* for the big southern Chinese metropolis, or *Confucius* instead of *Kong Zi*.

Chinese names of authors, politicians, and historically important people are presented in the standard Chinese way of surname followed by given name. This is also done using *Pinyin* unless bibliographic information was recorded in the given book with another transliteration or unless the person in question is known better under a name transliterated using another standard. For example, *Deng Xiaoping* for the famous Chinese Communist leader, but *Sun Yat-sen* or *Chiang Kai-shek* for the equally famous Republican Chinese leaders.

CHAPTER 1

Introduction

China has attracted much attention in the last decades with its perceived rise as a potential successor to the United States as the global hegemon. As history shows us, seldom has there been a great-power that rose without going to a major systemic war, like the rise of France and the Napoleonic Wars, the rise of Germany and World Wars I and II, or the rise of Japan and World War II. Because of this, China's rise is perceived to potentially endanger international peace, too. Since the prevailing perspective in these countries and in the United States is based, particularly, on Western-centric assumptions, world politics experts in these societies often assume that in its process of ascendancy, China will inevitably clash against its immediate regional neighbors as well as with other extra-regional great-powers. Such a belief is compounded by mixed signals coming out of China over the last decade, that is, incoherence of grand strategy, where official pronouncements indicate a China that views itself like a peripheral country, trying to accomplish sustained economic development and other policy goals that are inconsistent with those of a great-power and rising regional hegemon. Yet, often deeds signal China's desire to assert its leadership position in the region and in the world.

This ostensible contradiction has prompted a number of world politics experts to question whether this is a purposive, strategic ploy on the part of China to confuse other international actors. Thus, the argument remains that conclusions about China's inevitable violent (or possibly peaceful) rise and its apparent purposive, tactical contradistinction between words and deeds for strategic gains are exceedingly superficial and simplistic.

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They overlook China's long social, political, historical, and philosophical traditions.

It is important to keep in mind that despite China's current reemergence as a great-power, it is an actor with a long and rich history of hegemony, great-power competition, and rivalry.[1] Over the millennia of existence as a politically organized unit, China has been the cradle of civilization in the Far East. As '[h]uman civilization presumably emerged twice on earth independently from each other—in China and in Europe,' (Van Ess 2013) this is a civilization quite distinct from the mind-sets originating and shaping up on the basis of the Western Judeo-Christian tradition. Therefore, the current grand strategy of China needs to be examined inevitably in a different light from other Western great-powers in order to make sense of its present and, possibly, future trajectory in global and regional politics.[2]

This book problematizes the current practical and intellectual contradictions in China's grand strategy with its distinctive civilizational past and its very own ancient socio-political and philosophical ethos. In pursuing this analytical angle, I attempt to identify ideational, philosophical, idiosyncratic, cultural, historical, and religious tenets that may demonstrate ultimately if and how the origin of China's grand strategy may produce a different evolution and projection from the way that the grand strategy of Western powers has evolved and manifested itself over time.

Consistent with the line of inquiry explained above and on the basis of grand strategy theory, this book aims to establish and trace the Chinese understanding of honor in international relations history as far back as still relevant for current historical collective memory (ca. 100-plus years), and the attendant grand strategy manifestations. For this purpose, R. Ned Lebow's cultural motive of *honor* is fundamental.[3] Thus, in what Thucydides already defined as the driving forces of international relations as *fear*, *interest*, and *honor*, this book focuses on honor as the most important factor in trying to explain the ambivalence in China's behavior ranging from peaceful to assertive.

The notion of grand strategy is at the core of the argumentation. The origin of this concept stems primarily from the history of the Western world. It is based largely on the experience of the European great-powers and the United States. Thus, it is imbued greatly by the Judeo-Christian tradition. Grand strategy can be defined as the general, long-term security and foreign policies of a territorial state. Grand strategy attends to the national interests of a state through the use of all means of statecraft available or at the disposal of a country, namely, economic, military, diplomatic, political, financial, and informational tools. While subscribing to

the assumption that national interest always means security and survival of the nation-state in question, in China's case additionally, the national interest is assumed to entail the preservation of its territorial boundaries and integrity, recovering territory regarded as lost, gaining the international acceptance and recognition as the only legitimate government to represent China internationally, and improving its status on the world scale (Teufel Dreyer 2012, p. 331).

To be clear, 'internal coherence' of any nation's grand strategy is defined here as 'the manner in which different policies within a grand strategy design support or undermine each other' (Papasotiriou 1992, p. v). In the case of grand strategy incoherence, the policy inputs, that is, 'military strategy, economic policy, diplomacy, and legitimacy' (Ibid., p. v) will then undermine each other. In China's case, its general grand strategy of 'Peaceful Development (or Rise)' and 'Keeping a Low Profile' contradicts the recently rising and bold assertiveness that it notably exhibits in the East and South China Sea. Yan Xuetong argues that there was a grand strategy shift from the previous grand strategy to one that he calls 'Striving for Achievement' (2014). Others argue that China exhibits a grand strategy along the lines of 'Selective Leadership,' alluding to the grand strategy notion advanced by Robert J. Art as 'Selective Engagement' (Chen 2014; Art 2009). Confucianism, which China has used historically as the official state ideology, contradicts China's current power politics, saber-rattling, and muscle flexing in the region, as well as several other historical instances. Similarly, 'Peaceful Development' contradicts the rising assertiveness of China. What is going to be explained is the *incoherence* of China's grand strategy. This means that it operates on two assumptions: first, it is assumed that China is not undergoing a change from one grand strategy to another[4]; and second, China (as well as any other great or rising power) actually has a grand strategy. In short, I accept the existence of a longitudinal Chinese grand strategy.

By definition, grand strategy utilizes all tools of statecraft at the disposal of the nation-state to reach strategic objectives in the military, diplomatic, and economic realms. Accordingly, grand strategy incoherence is seen when means are used to attain policy goals that are radically different from those that have been enunciated by key national policy-makers and leaders. In the military, diplomatic, and economic realms, strategic policy refers to the rational use of military, diplomatic, and economic tools in order to advance and protect a nation-state's national security interest in these three policy spheres.[5]

Grand strategy, as a theoretical framework, would prescribe that all means at China's disposal would be aligned to achieve vital, national interest objectives.[6] However, given the major incoherence in China's grand strategy design, its strategic policies may very well undermine its national interests. These contradictions constitute the puzzle that this book seeks to decipher and explain.[7] Given China's rising assertiveness in the aftermath of the Global Financial Crisis, I set out to explain China's grand strategy since 2009, that is, when contradictions in grand strategy manifestations rose dramatically. This argument's analytical framework combines grand strategy theory[8] with the approach championed by Lebow, that is, to take into account 'honor' as cultural driver in analyzing international relations.[9]

The Recent Debate on China's Grand Strategy

In the past couple of years, a heated debate on what China's grand strategy is, or should be, has flared up among academics and policy analysts. With the so-called rise of China, and with an allegedly rising assertiveness on China's part since 2008, its grand strategy has come into focus even more. The question on everyone's mind is whether China actually has a cohesive grand strategy, and whether incoherence could be a sign of either China being in the process of changing to another grand strategic course or not having a grand strategy at all.

The Chinese government has emphasized a grand strategy focusing on 'Peaceful Development,' a vision set out in two white papers in 2005 and 2011, previously articulated as 'Peaceful Rise.' 'Peaceful Development' was not a completely novel idea and strategists like Zheng Bijian (2005) have heavily borrowed from Deng Xiaoping's 24-character foreign policy doctrine of which the most prominently remembered phrase remains 'conceal one's capacities and bide one's time, keep a low profile.' The key internationally relevant goals of this grand strategy are defending Chinese territorial integrity, reunifying China, and resolving territorial disputes. Of lesser importance are following a policy of anti-hegemonism, maintaining an international environment favorable to economic growth in China and avoiding creating the perception that China is a threat to international security. Ultimately the goal is to rise to great-power status.

With the onset of the Global Financial Crisis 2008 and after, Chinese decision-makers seem to have somewhat changed their perception of its capabilities relative to a seemingly declining United States. China feels less

compelled to conceal its capacities and bide its time and is convinced that its time has come. This is what inspired the debate on China's rising assertiveness which in turn also influenced the present debate on the nature and course of its grand strategy.

There are several different viewpoints about China's grand strategy represented by different factions. First, some scholars believe that China either has no grand strategy and is still in search of one, or is merely acting pragmatically. Second, there is an argument that China does have a grand strategy but it is a contradictory one. Third, some observers have argued that it is not in China's culture to have one coherent grand strategy but rather to seek a middle way. And fourth, China may be shifting from 'Peaceful Development' to another grand strategy.

The first group of scholars think of China as either having no grand strategy or that its grand strategy is to be pragmatic. These scholars are grouped together since to 'be pragmatic' implies *ad hoc* adjustments and a lack of consistency, which means there is no 'grand strategy.' Many policy scholars believe that China is a pragmatic power practicing realpolitik. Opposed to this would be most theoretical scholars who argue that every great-power has a grand strategy—no matter if it is concealed or proclaimed, and no matter if it is contradictory or cohesive. Eric Hyer with his recent published book *The Pragmatic Dragon* (2015) would be a representative of this group.[10]

The second group believes that China does have a grand strategy but that it is contradictory. Barry Buzan recently published 'The Logic and Contradictions of "Peaceful Rise/Development" as China's Grand Strategy,' and Denny Roy equally aligned himself with this strand of the debate in 'China's Grand Strategy Not Absent, Just Contradictory.'[11] The contradictions that they see are, for example, China claiming to engage in foreign relations promoting international peace yet showing no hesitance in utilizing hard power capabilities in territorial disputes while continuously increasing its military budget.

The third strand of the debate emphasizes the distinctiveness of Chinese culture. While Western powers may have one single grand strategy, China has developed very differently in its long history and thus its worldview is not the same. Qin Yaqing may be said to be the spearhead of this group explaining such an argument in his recent 'Continuity through Change: Background Knowledge and China's International Strategy.'[12] Qin's approach highlights the cultural importance of China being inclined to

using the 'middle way' between two strategies, always having a grand strategy in flux.

The abovementioned 'From Keeping a Low Profile to Striving for Achievement' by Yan Xuetong is an example for the fourth strand, arguing that China should change, is in the process of changing, or has already changed its grand strategy from 'Peaceful Development' to something else.[13] In Yan's case, that is 'Striving for Achievement,' a more active international strategy. Wang Jianwei and Chen Dingding call for a lighter version of this calling it 'Selective Leadership,' that is, a grand strategic approach that is not quite as active as that suggested by Yan.[14]

Methodology and Chapter Framework

The nature of the incoherence of China's grand strategy will be analyzed using the focused comparative single-case-study method and looks at the nine most salient events since 2009.[15] For each grand strategy policy input (military strategy, economic policy, and diplomatic policy), the three most salient events were carefully chosen. A fourth grand strategy input, legitimacy (both internal and external), is evaluated for each of these events as well. Methodologically speaking, this study uses process-tracing in these within-case studies of the single deviant case of China's grand strategy.

Chapter 2 provides the background to China's understanding of honor and its historical memory with a special focus on the erstwhile tributary system and the so-called 'Century of Humiliation' (1839–1945). Chapter 3 introduces the theoretical framework and conceptual definition of grand strategy, as well as China's specific grand strategy of 'Peaceful Development,' which will be explained, tracing how it came into existence, how it evolved, and what it entails. Specific key features will be extracted from China's grand strategy to be used for analysis in the nine event case studies.

Chapters 4, 5, and 6 form the analytical and empirical core of the book, each analyzing three events related to the three grand strategy design inputs (diplomacy, economic policy, military strategy). Chapter 4 on diplomacy concerns itself with China's reaction to Russian aggression against the Ukraine (2013–present), China's engagement with the Arctic Council (2009–present), and the 'One Belt, One Road' major diplomatic initiative (2014–present). Chapter 5 on economic policy deals with the rare earth elements (REEs) export restrictions (2010–2015), the AIIB (2013–present), and China's FTA strategy (2009–present). Chapter 6 is on military strategy in which another three cases are tackled: the unilateral

proclamation of an air defense identification zone (ADIZ) over the East China Sea (2013), China's continued participation in UN peacekeeping missions (2009–present), and advances in China's space program (2009–present).

Each of these event cases in Chaps. 4, 5, and 6 will be described in depth using historical process-tracing. They will also be analyzed for alignment with or divergence from the 'Peaceful Development' grand strategy. The cases will be related to China's sense of honor and historical memory, and the relation to internal and/or external legitimacy will be established. Chapter 7 provides an overview of the findings with a special emphasis on the pattern that emerges from it: international interactions associated with internal legitimacy are usually conducted in a fashion that is perceived by the international community as assertive, whereas those actions aimed at external legitimacy use peaceful means and are perceived as perfectly aligning with 'Peaceful Development' grand strategy. The concluding chapter offers a discussion of the implications of the findings of the book for the related debate on China's grand strategy.

Notes

1. See, for example, Pant (2011), Malik (2011), Huisken (2010), Fenby (2008).
2. This is contrary to the belief of some realists that a theory of realism may be applied through time and space, and without any regard for cultural values, norms, or beliefs. See, for instance, Waltz (2010 [1979]), or Mearsheimer (2003).
3. See Lebow (2009), pp. 43ff.
4. That is so, if one subscribes to the belief that China's grand strategy is in fact changing from one to another, as Yan Xuetong argues. I do not subscribe to this.
5. While this definition is broad, the research design with the case studies are going to select singular, most salient events of grand strategy manifestations which stay within this broad definition, however, representing narrow parts of it. In this way, the research becomes more feasible.
6. For the flexibility and definition of the concept of national interest, see Rosenau (1968), Hill (2013), or Clinton (1994), among others. Since this book subscribes to using the inherently realist concept of grand strategy, it also subscribes to a realist understanding of national interest as universally being security and survival of the nation-state. That does not mean that grand strategy goals cannot be different from country to country.

7. That is, if one subscribes to the belief that China's grand strategy is in fact changing from one to another, as Yan Xuetong argues. I do not subscribe to the notion of a transformation of China's grand strategy but, rather, to the peculiarity of its basic incoherence.
8. See Papasotiriou (1992). For further reading on grand strategy, see, for instance, Brands (2014), Dueck (2006), Freyberg-Inan et al. (2009), Kapstein and Mastaduno (1999), Kay (2015), Layne (2009), Lobell (2003), Lobell et al. (2009), Mahnken (2012), Taliaferro et al. (2013), or Taylor (2010).
9. See Lebow (2009), pp. 43–164, and pp. 505–570.
10. See Hyer (2015).
11. See Buzan (2014) and Roy (2014).
12. See Qin (2014).
13. See Yan (2014).
14. See Wang and Chen (2012).
15. For more information on case study methodology, see Eckstein (1975), George and Bennett (2005), Kohli et al. (1995), Lijphart (1971), or Van Evera (1997).

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CHAPTER 2

The Tributary System and the 'Century of Humiliation'

My main argument is that honor is a main driver for China's actions on the global stage. There is no doubt that economic interest and the search for wealth as well as security considerations also play an important role in China's foreign affairs, but turning one's eyes to the cultural driver, honor, may contribute to a better understanding of Chinese policy. My argument is based on the fact that China is not a Western country and that the more common analyses which focus on material facts, capabilities, and interests, that is, related to economy of security, would yield incorrect and largely Euro-centric explanations to something that should rather be explained through 'Chinese eyes': on the basis of Chinese assumptions, culture, and understandings of international politics—and not through the historical experience of the Judeo-Christian civilization on which most of all theories of international relations are based upon.

I put forward the argument that honor is an important socio-cultural factor that can enable one to explain and better understand an often-ambivalent behavior exhibited by China. In this line of argument which dates as early as Thucydides' history of the Peloponnesian War published around 400 BCE, honor is an important socio-cultural driver which may well lead to change in international relations (Thucydides 2009; Lebow 2009). Honor is a function of self-esteem (Lebow 2009, p. 64); self-esteem, in turn, forms and influences identity. Honor feeds status, standing, and prestige (Ibid., pp. 64ff.). What is being challenged by the present

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study is the common assumption of many 'international relations scholars [who] insist that survival is the overriding goal of all states, just as domestic politics explanations assert that it is for leaders. This is not true of honor societies' (Ibid., p. 70).

Naturally, honor is by far not the only driver which influences China's international behavior, and probably also not the most important. Nevertheless, I argue that it is the most important driver when attempting to understand China's *contradictory* behavior. Since most existing studies focus on material capabilities around the economy and army, I will focus on non-material aspects in order to explain China's grand strategy manifestations, first and foremost on prestige, status, reputation, and recognition within the cultural driver of honor. This is done to fill a void in the existing analyses of China's grand strategy but also undertaken in the belief that honor explains best the (perceived) contradictions that China often appears to exert. Many of the analyses of China's behavior which offers many inconsistencies and contradictions come to the conclusion that China can act unrationally, not in a way that would seem to benefit it economically or militarily, at times. To understand Chinese actions better, this paper argues to further illuminate the role of honor in its grand strategy to make better sense of it than if focusing solely on material aspects of 'traditional' rationality.

The present study also tries to prove wrong such assumptions as he mentions that 'if people are emotional creatures, they cannot thereby also be rational creatures' (Ibid., p. 182)—only the actor being a state, not a person.[1] Oftentimes, it is perceived that:

> emotion [is] a detrimental force that must be controlled, if not extirpated. (…) Emotion has been conceived as separate from reason and forceful not only with respect to the misuse of reason but also because it is able to wrest control of behavior away from reason. (…) [However,] newly emergent findings derived from neuroscience challenge much we had thought we knew about emotion and reason. (Ibid., 184ff.)

Insofar, in the following it will not be assumed that reason and emotion are opposites but rather that there can be 'emotion-driven' rationality.

Historical Roots: Honor, Legitimacy, and the Tributary System

Without doubt, honor is a cultural driver of utmost importance in China's long history. The concepts of *losing face* and *giving face* just stand as examples for such an honor-based society as China's.[2] This is not to say that the cultural drivers of economic interest and fear did not play a role at all—they did and continue to play a role. But honor may have a disproportionally high importance attached to it in China's case, especially what concerns principles of ordering within the so-called tributary system which was the intricate vehicle for Chinese international relations for centuries. In the tributary system, China was at the center of a hierarchy based on Confucian state ideology. This ideology put China internationally first in status and in control of assigning status to everyone else in the system. This was usually done by rewarding those kingdoms (or at times nomadic tribes) in the system which coopted China's state ideology and civilizational achievements the most.

Looking at the institutional set-up of China's tributary system and the rites involved in it, as well as the underlying, for the most part, Confucian ideology, the cultural driver of honor is the centerpiece. First, as many analyses have confirmed,[3] *hierarchy* (rather than the Western concept of *anarchy* which the modern Westphalian international society was, and is, based on) is the ordering principle within the tributary system as status is deeply ingrained in this institution because of Confucian ideological influence. As it was set up, the Chinese empire was at the top of this hierarchical construct. The states and nomadic ethnic groups surrounding the Chinese empire which were the tributaries to it were then ranked in a hierarchical order. This was usually based on how well the state or ethnic group in question was able to imitate the Chinese model with Chinese culture, especially its Confucian state ideology. For the most part, Korea was usually second to China in the tributary hierarchical order.[4] The rank in which a tributary was placed, of course, was not published by the state authorities, but rather it manifested itself subtly in the cycle in which that tributary was 'allowed' to visit the emperor in Beijing, or whatever the capital was in the particular dynastic time period.[5] Status as an end sought for by the cultural factor of honor is more than obvious in this instance.

Second, internally, China sought recognition and reputation enhancement from the surrounding states and ethnic groups through the tributary

system as, inherent in the tributary system and its name, they would come to the emperor and perform rites in recognition of the Chinese empire's dominance and geopolitical influence. The *koutou* is perhaps the most well-known rite and metaphorically full of meaning, involved with such a ceremonial visit of a tributary to China: the delegate of the foreign royal, chief, or spiritual leader would have to kneel down to the ground and tip it with his forehead three times. Practically, this rite showed the subjugation of the state or nomadic group whom the particular delegation represented.

As the Chinese empire was obviously not a parliamentary monarchy but more of a hereditary authoritarian-style, yet bureaucratically meritocratic (and insofar said to be 'modern') monarchic state form, legitimacy for imperial rule was achieved not with elections but with, for example, the tributary system. International relations, albeit taking place on the international level, were therefore also critically important for domestic politics in imperial China. The Chinese government sought prestige externally for its own internal legitimization, that is, legitimizing its state ideology by way of subtly imposing it on others, as well, and by having quasi-vassal states show the prestige through tributary delegations to its own population,[6] for example, the relationship of Ming China to the Goryeo Korea right after the ascendance of the Ming Dynasty in an effort to establish legitimacy quickly (Shih 2012).

The fact that all these tributaries regarded the Chinese state ideology as ingrained in the tributary system so highly and bowed before the emperor gave the imperial family and administration prestige, recognition, and reputation, which translated to legitimacy vis-à-vis its own population domestically. Because of this, honor, and with it, prestige and reputation, on the international level, is historically intrinsically important to domestic rule in China.

Third, externally, China also *gave* status, prestige, reputation, and recognition to the tributaries through this system. For example, and most significantly, they bestowed royal titles on the leaders of the tributaries (Twitchett and Fairbank 1978, p. 237).

With requiring them, more or less, to adopt Confucian ideology in a subtle way, the Chinese also gave their neighbors a powerful state ideology at hand which they could use to legitimize their own rule at home and hierarchically organize their societies. Here, legitimacy plays a role, as well, not just for the tributaries which were of course thankful to use Chinese state ideology in their own countries. The Chinese state ideology

was legitimized to them and their populations because the Chinese were regarded as the most advanced civilization known to mankind in Asia, and their prowess was proof that this system and ideology has led them to achieve a great deal as the regional hegemon in Asia.[7]

This third argument on the relationship between legitimacy, honor, and tributary relations can even be taken further. For China, legitimacy—both internal and external—heavily relied on the tributary system. And even though the tributary system institutionalized the hegemony of China over much of East Asia, and put the other states in it under suzerainty, China was actually—despite the fact that the distribution of capabilities were by far in favor of China—acting quite sensibly with appreciating the 'junior partner' states, Korea and Japan, as well as the Turkic nomads to its north and west.[8] Kang mistakenly reads from literature relying on Chinese sources that 'a key element of the tribute system was the explicitly unequal nature of the relationship' (Kang 2010, p. 57). This is so, because for domestic purposes the Chinese used a 'carefully chosen vocabulary (…) to suggest Chinese superiority' (Yun 1998, p. 2).[9]

But outside of the domestic Chinese arena this was perceived differently because the Chinese did not talk to their neighbors condescendingly; for example, 'the Mongol tribes often 'thought of the tribute system as a tribute paid to them'' (Yun 1998, p. 3; partial quote from Serruys 1967, p. 21). And at times, for instance, Korea saw the relationship with China as being on an equal footing.[10] So, even though China was aware of its hegemonic status in East Asia, it did not abuse it excessively, and—for the most part—merely employed it for legitimacy purposes, for example through historiographical dynasty histories for internal legitimacy. But in their position that the tributary system saw the Chinese in, there was some leeway for great-power management[11] as happened concerning the management of the relations between Korea and Japan: 'the identical status assigned to the rulers of Yi Korea and Ashikaga Japan under the Ming tribute system seems to have facilitated the establishment of formal relations between the two neighbors on the basis of 'equality'' (Kim 1980, p. 15; also quoted in Kang 2010, p. 60).

Thus, one can conclude, that the tributary system was not just important in terms of saving the other's face but also for political purposes, that is, legitimacy.

Revitalizing the Honor-Based Logic of Regional Order: An Explanation for Current Chinese Great-Power Assertiveness

Even though China felt as a victim of over a hundred years of colonization and forced opening, it still places high emphasis on honor. The main outlet for this, the tributary system, does not exist anymore since the fall of the last Chinese dynasty, but it is still observably part of Chinese politics and international relations. We can arguably attribute this to cultural trajectories.

On the one hand, China can be said to have the underlying complex[12] acquired by the 'Century of Humiliation.' As an unwillingly acquired part of its (political) culture, it has become one of the dictating cultural influences in its post-imperial, especially post-World War II history. On the other hand, China had arranged its imperial international relations for centuries through different dynasties under its self-created tributary system which institutionalized China's primacy in East Asia, helped advance its Confucian state ideology and assimilate adjacent states therewith, as well as lock this prestigious status in through economically speaking good and bad times. The purpose of the tributary system, as described above, was not to conquer everything that surrounded China but—most importantly—to use it for external and internal legitimacy by giving and receiving status. This institutional political culture, its purpose (legitimacy through prestige), and its processes (symbolic gestures to receive and give status, prestige, recognition, reputation) continue via said historical memory to this day. It is part of China's culture, or cultural driver of honor, and therefore relevant to explain its grand strategy manifestations.

For the external legitimacy, to reiterate, China can be said to have an 'implanted gene' of acting as the regional hegemon in Asia.[13] This comes from its long-ranging history as the central authority in its tributary system in hierarchically organizing nations and states surrounding itself with China at the pinnacle of it. However, China also has an acquired, deep-seated trauma, condition, aversion, or complex which many refer to as the 'Century of Humiliation.' As such, China saw itself humiliated by the Western great-powers and Japan. The latter have acted toward China without respect to its centuries-long status, partly colonized it, conquered it, and imposed the abandonment from its isolationist international policy during the course of the nineteenth century. Now, China is trying to climb back up to where it—speaking from its own perception—

rightfully belongs, in order to overcome this acquired trauma. As mentioned above, there were several obvious actions China has taken in the past decade or so which are clearly identifiable as attempts to increase its reputation, like the Confucius Institutes, the Olympics, the continued participation in UN peacekeeping missions, the aircraft carrier fleet/blue water navy build-up, or the Asian Infrastructure Investment Bank (AIIB). All of these speak to China's external reputation enhancement, that is, external legitimacy. The latter example will be further explained below.

In order to illustrate this theoretical basis on two timely examples, the foundation of the AIIB, as well as the declaration of an Air Defense Identification Zone (ADIZ) over the East China Sea will be further explained in the light of abovementioned deliberations: regarding the AIIB, much like the tributary system has been an institutionalization of China's status, contributing to its prestige, reputation, and recognition, the AIIB should be localized similarly. Also, much like the tributary system contributed to its internal and external legitimacy in history, the AIIB can do something of that sort—at least for external legitimacy purposes.

China's heavy investment in neighboring countries with no strings attached has been happening more and more in recent years—and such investment is not just limited to its neighborhood but is also prevalent in resource-rich African countries, for example. While it may have significantly increased China's external legitimacy by adding to its reputation, this is mainly true when it comes to the governments of positively affected recipient countries. On a more negative note, it also has raised eyebrows with local populations: China tends to bring its own workers from China and often the heavy investments may only benefit the recipient countries in the long term, while short-term job creation and the like is not part of the equation in China's investment. Thus, the outside spectator can get the impression that China's altruistic-seeming investments in its neighbors' or trading partners' infrastructure are merely out of self-interest to obtain easier access to resources and trade or they may be earmarked for future access of its own military in the case of airports and seaports. So, this case needs to be seen in a qualified manner.

Leaving aside an evaluation of China's investments and foreign aid in terms of benefit of whom to whom, seen on the whole the case of the AIIB did contribute to China's external legitimacy, especially also because many European nations joined the AIIB as founding members as it was being proposed by China: first, Luxembourg joined, then others followed,

including the European heavyweights UK, Germany, and France. Naturally, this gave enormous legitimacy to China's AIIB project. Not only the Europeans contributed to this but also major US allies, such as South Korea or Australia. The United States had been quietly trying for its Asia-Pacific allies not to join the AIIB, but only succeeded in holding Japan back. Even Taiwan, another major ally of the United States in Asia, applied to join as founding member, though, rejected because it is seen as an inherent province by the Chinese mainland and not separate nation that could be a founding member of the AIIB. Winning such a diplomatic struggle for prestige against the current global hegemon came with an increase in external legitimacy, too.

What concerns the declaration of an ADIZ over the East China Sea (ECS), given that it was unilaterally proclaimed by China and partially over Japanese-controlled maritime territory, this was surely among the most militarily assertive actions of China in the recent years. At the same time, it was also likely the closest to crisis China came with Japan—and the United States as the main Japanese ally. Certainly, China also engaged in very assertive island-building exercises in the South China Sea, with the difference that none of the adjacent states in the South China Sea is a great-power. The closest US territory, Guam, is thousands of miles away—even further than the Ryukyu Japanese islands—although a US presence around the South China Sea and the Malacca Strait is not unusual as part of important sea lane protection. The island-building in the South China Sea—compared to the ADIZ proclamation in the East China Sea—was though a *de facto* physical claim to this maritime territory (besides China's historical claim). Still, next to the actual proclamation of an ADIZ over the East China Sea, which is a *de jure* proceeding, island-building is considered a *technically* lesser action.

The main counterpart in this case was the neighboring Japanese arch-enemy (though with it the United States as a contractually close ally would be sucked into a military conflict if China acted too aggressively against Japan to the extent of use of force). This sort of assertiveness is taken to another level when we deal with China, not against minor or middle powers in the South China Sea but against the world's superpower and an East Asian great-power to be reckoned with.

It is clear that the case of the ECS-ADIZ relates to internal legitimacy much more than external legitimacy because China could not count on an improved reputation or recognition from other nations when acting so assertively. Closely following the rule of territorial integrity and

sovereignty relates mostly to internal legitimacy for China. Ever since the (quasi-)colonial experience from the mid nineteenth century to the mid twentieth century and beyond (given Hong Kong's late return in 1997), that is, the 'Century of Humiliation,' this sort of obsession with sovereignty has been ingrained into China's collective memory.

The Century of Humiliation and the Destruction of the Honor-Based Regional Order by Western International Society

The more tragic, far-reaching consequences came from the Chinese empire's decline starting in the early nineteenth century, which made it easy prey for the Western great-powers, later joined by Japan. The First Opium War in the late 1830s between China and the United Kingdom rang in the so-called 'Century of Humiliation'[14]: a series of wars and imposed treaties, usually ending conflicts that China lost to a European power, or Japan, followed. They stipulated high reparations that China had to pay and often also forced China to leave its isolationist stance and open itself to trade with the Europeans in specified harbor cities which were each assigned to certain powers, for example, Hong Kong to Great Britain. The First Sino-Japanese War (1894–1895) in which China suffered a rather quick naval defeat and which resulted in the Treaty of Shimonoseki, Treaty of Maguan in Chinese, and the eventual colonization of Manchuria by Japan, later on, which together with a German colony in Shandong, or the British crown colony in Hong Kong were major humiliations to the Chinese empire. After the monarchy was driven out and the Chinese Republic had been established in 1911 and 1912, respectively, another period of chaos ensued for China with warlords controlling some areas of its territory and the struggle between the Republican and Communist factions later, more or less, enabling the conquest by Japan of especially the eastern Chinese seaboard. The 'Century of Humiliation' then ended, depending on how one defines it, with China driving the Japanese out of the mainland, that is, in the year 1945, or with the end of the Chinese Civil War which followed the end of the Second World War in China, that is, in the year 1949.

This 'Century of Humiliation' has left deep marks in the Chinese collective memory. It has created a type of victim mentality and perhaps even a conditioned aversion to interaction with the West, in general.[15] During

this 'Century of Humiliation,' China had to give up its tributary system and way of conducting and shaping international relations and open itself to international society and Western-based norms, like the fundamental cornerstone of the modern Westphalian international society of state sovereignty.

For China, this experience of the 'Century of Humiliation,' and how it became part of political rhetoric,[16] spurred the development not only of a victim culture but also of a victim ideology. In a sense, the humiliating actions of the Western powers and Japan were utilized by the Chinese leadership, whoever was in power after 1912 and onwards, in order to unite the multitude of ethnicities on China's territory into a nation—or at least it was attempted.[17] Sun Yat-sen—as the Republican founding father of China—had the vision of a multiethnic China in one republic. Under Mao Zedong, conceivably, class was the uniting factor throughout ethnicities. Nevertheless, the 'Century of Humiliation,' even after it ended, was still part of the Chinese rhetoric and continues to play a part in China's international relations until today. For example, in the white paper on China's 'Peaceful Development' it appears in the fourth paragraph already: 'In the mid-19th century, Western powers forced open China's door with gunboats. Internal turmoil and foreign aggression gradually turned China into a semi-colonial and semi-feudal society' (China 2011).

It becomes more or less clear from this white paper excerpt that in one way or another China has developed a kind of complex around this experienced humiliation which has not been overcome and became part of China's political culture. Certainly, the mere mention in a white paper on the general international policy for the twenty-first century is a proof that China is dwelling on this traumatic episode of the nineteenth and twentieth centuries. Many scholars agree with this viewpoint as Zhu Zhiqun writes, for example: 'To understand China's foreign policy today, one has to understand the so-called "[C]entury of [H]umiliation" in Chinese history. (…) Chinese leaders and the public today are often reminded that only the CCP was able to "save China" and end the "[C]entury of [H]umiliation"' (2013, p. 119f.).

Besides the development of a victim ideology, China may be said to have also developed a sort of conditioned aversion to Western norms and the West in general, along with its arch-enemy Japan. This would explain why sometimes China does—situationally—not act like a rational actor, too, or—in other words—act on the basis of 'emotion-driven' rationality. The aversion stems, of course, from the humiliation that conquest and

colonization were for China, that is, the violation of China's sovereignty and territorial integrity. Nowadays we witness a China that has been, since decades, obsessed with enforcing its territorial integrity very strictly. One example is the fact that China will not engage in foreign relations with a country that does not accept Tibet and Taiwan as inherent parts of China's territory. Also in its engagement with other nations, China holds the non-interference into internal affairs very dearly and does not accept others to interfere in its own internal affairs in turn, either. In short, the history behind the 'Century of Humiliation' (and the victim mentality which was created from it) 'helps to explain why the Chinese are obsessed with issues regarding sovereignty, national unification, and territorial integrity' (Zhu 2013, p. 119f.).

In all this, it is inherently implied that by the term and concept of the 'Century of Humiliation,' China has had to endure a fatal blow to its status as the regional hegemon in Asia. Along with the loss of status, it lost reputation, recognition, and prestige of course. The 'Century of Humiliation' was an attack on China's honor, especially concerning the honor it was able to project with its prestige and status internationally. This was clearly missing after China was forced to open up, become part of the existing Western-based international society, and the ensuing demise of the tributary relations China had used as a basis to gaining prestige since centuries. All of the sudden, China saw itself humiliated and without an 'outlet' for its international relations in terms of honor, which, as discussed above, is inherently connected to legitimacy—externally and internally—throughout China's history. China found itself in a honor vacuum, thus legitimacy vacuum and, overall identity crisis, if one will.

Summary

Based on the example of the ADIZ elaborated on above, it is possible to argue that China is a perfectly rational actor in the international system by all (Western or Eastern) standards of measurement, that is, mostly acting with economic interest and security in mind. However, in certain circumstances, honor—mostly for internal legitimacy purposes—influences China to leave the course of *ratio* and enter into unreasonable clime, or at least follow an 'emotion-driven' rationality. The aforementioned features of China's behavior toward foreign powers are critical in relation to honor driving international relations of China vis-à-vis internal legitimacy. In the end, this explains why sometimes China diverges from its grand strategy,

and why most of the time it does not. The example of the AIIB can be seen as a perfectly good example of China sticking to its grand strategy of 'Peaceful Development' and one in which the cultural driver of honor relates to external legitimacy, that is, China gaining prestige and recognition from the international community of states by joining its development project as founding members—especially traditional US allies, such as Western European nations, South Korea, or Australia.

As argued above, the cultural driver of honor explains this grand strategy incoherence. Whether one calls this a *variable* or a *constant* is up for argumentation. Most scholars would argue that culture is a constant rather than a variable, since it is highly resistant to change or changes only slowly. Assuming that it is honor which is of critical importance in explaining China's grand strategy design incoherence, then it is not too far-fetched to say that it can be considered an intermediate variable, since there are situations in which China—predictably—diverges from its grand strategic course and acts in a way that can be *perceived* by other nations as irrational (in the utility-maximizing sense) by others. It can certainly be argued, too, that since the humiliation trauma has been ingrained in China's culture, it is part of the constant, and, therefore, when China predictably diverges from its grand strategy, it is only natural that it would do so because it is in its identity. This means China will constantly diverge from its grand strategy in certain situations, that is, not all the time. But since this trauma is underlying in China's international policies, and only triggered sometimes, when honor and grand strategy do not fit certain conditions (especially when its territorial integrity may be endangered), it may be valid to still consider it a constant rather than variable.

Notes

1. In this respect, I will assume that emotions are 'collectivized' and that through identity-based structures and culture, emotions are intersubjectively shared. These, in turn, are translated into the state and/or the decision-making structures of the state.
2. See, for example, Ding and Xu (2015).
3. See, for example, Kang (2010) or Kang (2003).
4. See, for example, Chun (1968).
5. The capital was never a constant in Chinese history. What concerns the capital in the last five dynasties, the last imperial capital was Beiping, today's Beijing, during Qing dynasty under Manchu rule. In the Yuan Dynasty

under Mongol rule, it was referred to as Khanbalik. During the Tang, Song, and Ming Dynasties, there were two capitals (either chronologically one after the other, or synchronously with different administrative regional tasks), Chang'an and Luoyang, Bianjing and Lin'an, and Beijing and Nanjing, respectively.

6. It is historically unclear whether China actually colonized surrounding states via the tributary system and exerted suzerainty over them, or whether the tributary system was merely an economic exchange of goods in which the showing of submission and the status of China as supreme and the others in a ranking below it are merely symbolic gestures.
7. The fact that parliamentary monarchy and Western liberal democracy became *en vogue* with the global hegemonies of Great Britain and the United States, respectively, may be an analogy that comes to mind instantly, when talking about other states adopting the Confucian state ideology during medieval times from the Chinese (regional) hegemon. In the same way, a parliament and elections gave more legitimacy to modern nation-states in the West as the Confucian state ideology have more legitimacy to states or state-like entities in the East.
8. It is disputed by some scholars that China actually held suzerainty over the tributary states in its system, especially those that would subscribe to the argument that the tributary system was merely either symbolic or economic in nature.
9. See, for example, Chung (2006).
10. See Shih (2012).
11. Hedley Bull defines great-power management as an institution of international society with which 'dangers and inevitable frictions of international political life can be minimized by the recognized managerial role of the great-powers. Great-powers promote order both by managing relations between themselves (through diplomacy, conferences, missions, joint interventions), but also by developing shared understandings of responsibility and by exploiting their own unequal power over subordinate states within their spheres of influence and alliance systems' [(2012), p. xiv].
12. *Complex* may be the best-fitting description for the psychological effect the 'Century of Humiliation' has on China's general foreign and security policies. Other psychological concepts that are less well-fitting are those of *trauma*, *condition*, and *aversion*. If one defines this 'Century of Humiliation' as something that is only relevant at certain times and is something that is 'triggered' by certain situations, then it should be referred to as *aversion*. In a way, this remains to be seen until resolution by the below following case analyses. *Complex*, *trauma*, and *condition* will refer to a more constant influence on state behavior which is continuous, not situational. *Complex* may be the most suiting because it refers to the highest constancy, whereas

trauma or *condition* could also equally refer to that but there may or may not be some situational element, and they have a slightly derogatory ring to them, especially *trauma*. Hence, I chose *complex* in reference to the 'Century of Humiliation's' influence on China's state behavior.

13. For an in-depth account of legitimation in imperial China, see Chan (1984).
14. Besides this term, this period is sometimes referred to as 'Century of National Humiliation,' or '(One) Hundred Years of (National) Humiliation,' too. See, for example, Wang (2012).
15. For more information about how China's victim mentality came into existence and was molded by its leadership, see, for example, Callahan (2004), Gries et al. (2009), He (2007), Wang (2008, 2012).
16. For more information on how politics shaped this process, see, for example, Wang (2016).
17. Especially what concerns Japan, some Chinese leaders have had favorable—or at least not antagonistic—views of Japan during some time periods. At times, Japan was seen as an East Asian fraternal nation with which China should cooperate. Sun Yat-sen held this view, but also Mao Zedong initially. Still, nowadays the relationship with Japan is mostly antagonistic, particularly what concerns politics and societal relations.

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CHAPTER 3

China's Peaceful Development Grand Strategy

In general, the theoretical framework operates on the basis of the theory of grand strategy. In its origin, grand strategy is a fundamentally realist concept, functioning according to the assumptions of the international relations theory of realism.[1] Given the Eurocentrism of this theory of international relations, its later combination with the cultural drivers makes it applicable to China's grand strategy. Still, the realist basis is useful because China no longer operates in its own international system, which it dominated and was able to form by its own norms, rules, and values, but rather operates in the modern, so-called Westphalian international system, which is dominated by the United States and the Western great-powers.

The realist part of the concept will be kept as is, that is, that grand strategy serves the state's national interest and has as its end mainly the security and survival of the state, by (in a neorealist understanding) also increasing its economic capabilities, which relates to the cultural drive of interest. However, this drive is combined with the cultural motive of honor and the attendant ends of increasing prestige, standing, and recognition.

The Concept of Grand Strategy

Originally, Liddell Hart had described grand strategy as the "higher level' of wartime strategy above the strictly military, by which the nation's policymakers coordinate all of the resources at their disposal—military, economic, diplomatic—toward the political ends of any given war' (Hart 1954, p. 31; as quoted in Dueck 2006, p. 9).

L. K. Danner, *China's Grand Strategy*,
https://doi.org/10.1007/978-3-319-65777-6_3

Other definitions of grand strategy may be 'broad-based policies that a state may adopt for the preservation and enhancement of its security' (Nordlinger 1995, pp. 9–10; as quoted in Dueck 2006, p. 9), '[a] political-military 'means-ends' chain, a state's theory about how it can best 'cause' security for itself' (Posen 1985, p. 13; as quoted in Dueck 2006, p. 9), '[a] state's overall plan for providing national security by keeping national resources and external commitments in balance' (Kupchan 1994, p. 3n4; as quoted in Dueck 2006, p. 9), or '[t]he full package of domestic and international policies designed to increase national power and security' (Christensen 1996, p. 7; as quoted in Dueck 2006, p. 10). John Lewis Gaddis defines grand strategy rather broadly as

> the calculated relationship of means to large ends. It's about how one uses whatever one has to get to wherever it is one wants to go. Our knowledge of [grand strategy] derives chiefly from the realm of war and statecraft because the fighting of wars and the management of states have demanded the calculation of relationships between means and ends (…). But grand strategy need not apply only to war and statecraft: it's potentially applicable to any endeavor in which means must be deployed in the pursuit of important ends. (Gaddis 2009)

Colin Dueck in *Reluctant Crusaders* defines grand strategy in a narrower way, finding that '[i]f, for example, it is used to refer to the pursuit of *all* national ends in international relations by *all* means, it is difficult to see what distinguishes grand strategy from foreign policy in general' (Dueck 2006, p. 10; italics added). He argues that if there were no conflict between nations there would be no need for strategy, which is why grand strategy is the 'calculated relationship of ends and means, (…) in the face of one or more potential opponents' (Dueck 2006, p. 10). Dueck's second narrowing of the definition is that military instruments must be seen as more central to grand strategy than economic or diplomatic ones such as 'foreign aid, diplomatic activity, even trade policy,' because there would be no analysis of grand strategy if there was no possibility of armed conflict (Dueck 2006, p. 10). Non-military instruments, though, are still 'elements of a grand strategy [but] only insofar as they are meant to serve the overall pursuit of national goals in the face of potential armed conflict with potential opponents' (Dueck 2006, p. 10).

Dueck goes on to explain how grand strategies may change through either culture of a nation; that is, a state-level explanation, or through

changes in the distribution of power on the international level; that is, focusing on the systemic level of analysis. Dueck adds to this an 'alternative 'neoclassical realist' model of strategic adjustment, showing how cultural and power-based variables interrelate in the formation of strategic choice' (Dueck 2006, p. 9).

Overall this is a concept that is mostly employed by realist schools, but because it incorporates many statecraft tools, the economic aspect of grand strategy makes it attractive to liberal and neo-Marxist schools of international relations as well, as does the cultural aspect to other schools than just realism. Concerning the longevity and persistence of grand strategy, as Lobell asserts, it 'involves long-term planning, over decades and perhaps centuries' (2003, p. 3).

In *Sanctions as Grand Strategy*, Brendan Taylor shows how major international actors have used sanctions in the cases of North Korea (DPRK) and Iran. First, he identifies three schools of thought regarding sanctions: one concludes that they do not work as an effective tool, another concludes the exact opposite, and a third that thinks of sanctions as symbolic. Taylor concludes that 'sanctions scholars have also yet to adequately acknowledge the utility that great power policymakers continue to derive from using these instruments of statecraft for the express purpose of influencing one another in the context of executing and advancing their respective grand-strategic objectives' (Taylor 2010, p. 109). Besides focusing on the differences in how major international actors *used* sanctions strategically, his analysis shows that most of the sanctions did not work in the Iran and DPRK cases, which, combined with the abovementioned conclusion of using sanctions toward achievement of grand strategy, is the so-called ''sanctions paradox': Why do policymakers continue to employ [sanctions] despite their outwardly dubious utility in influencing target actor behaviour?' (Taylor 2010, p. 109).

Christopher Layne argues in an edited volume on *Rethinking Realism in International Relations* 'that with respect to the study of great powers' grand strategies, neorealism (structural realism) and neoclassical realism are complementary—not competing—approaches' (Layne 2009, p. 103). This is also 'because neorealist theory cannot explain why the United States is pursuing a strategy of extraregional hegemony in East Asia' (Layne 2009, p. 104). Layne thus quotes from *Neoclassical Realism, the State, and Foreign Policy* that '[o]ver the long term, international political outcomes generally mirror the actual distribution of power among states [, whereas i]n the shorter term, (…) the policies states pursue are rarely

objectively efficient or predictable based on a purely systemic analysis' (Lobell et al. 2009; as quoted in Layne 2009, p. 105). The conclusion there is that through 'examining great powers' internal decision-making processes and the domestic social, economic, and political constraints on policymakers, neoclassical realism explains *why* great powers adopt particular grand strategies' (Layne 2009, p. 105). While Layne's research objective is to analyze the United States' grand strategy toward China rather than that of China itself, he still asserts that China's rise to great-power status has

> important geopolitical effects[:] First, as [China gains] relative power, [it is] more likely to attempt to advance [its] standing in the international system. Second, [its] growing power fuels [its] geopolitical ambitions, and, as [it] seek[s] control over the external environment through expansion, [its] external interests and commitments expand and begin to collide with those of other great powers. (2009, p. 115)

He predicts that, according to the balance-of-power theory, strict defensive realism, and offensive realism,

> a rising China will build up its military capabilities and—broadly speaking—emulate the United States in its sphere. Balance-of-power theory and offensive realism also predict that China will seek to expand its influence in the international system and to reorder the 'hierarchy of prestige' to reflect the changed distribution of power in its favor. Finally, balance-of-power theory and offensive realism predict that the geographical scope of China's political and economic interests will expand and that this will cause a corresponding extension of its geopolitical and military footprint. (2009, p. 116)

To apply grand strategy to the Chinese case, therefore, seems quite fitting because 'Chinese strategic doctrine tends to draw on a cultural-historical experience that emphasizes patience and thinking in terms of *decades*, not months or years' (Kay 2015, p. 111; italics added), which goes hand in hand with Lobell's assertion regarding the long-term nature of grand strategy. China has historically been a regional hegemon and great-power, and arguably has now reacquired such a status, or at least is in the process of doing so.

Grand strategy is a strategic concept that applies above all to great-powers and hegemons, simply because smaller powers do not have the combined capabilities to influence world order according to their wishes.

China is such a great-power and regional hegemon, which qualifies it for grand strategy application.

Also, smaller powers do not easily decide to wage war against other powers, but being able to wage war is an important aspect of the concept of grand strategy; that is, the concept does not apply only to peacetime or only to wartime, but both; it needs to be applied to a power that has credible capabilities with which they can engage in military activities to defend their borders, help defend allies, or use them toward revisionist goals. China has shown that this is the case for itself, having 'defended' its borders against India in the 1960s, for example, or having attacked Vietnam in 1979 for retaliatory purposes, even if the latter expedition backfired. This indicates that China is a power that does not rule out military action, but recently has focused on other competitive areas such as economics, information, and diplomacy while obviously still modernizing their conventional and nuclear military capabilities, with a short-term focus on asymmetric military capabilities.

Defining 'Internal Incoherence'

To be clear, the 'internal coherence' of any nation's grand strategy is defined here as 'the manner in which different policies within a grand strategy design support or undermine each other' (Papasotiriou 1992, p. v). A grand strategy design receives policy inputs from diplomacy, military strategy, and economic policy (Ibidem, v). When they pull in different directions—that is, when the proclaimed grand strategy and the singular policy inputs do not go 'hand in glove' but contradict each other—the outcome is grand strategy design incoherence.

The primary example of the internal incoherence of Chinese grand strategy is the fact that the general grand strategy of China as 'Peaceful Development/Peaceful Rise' and 'Keeping a Low Profile' (sometimes mistakenly translated into English as 'Hiding One's Capabilities') contradicts the—apparently now in the making—'Striving for Achievement' grand strategy, or simply put, China's throwing its weight around. Confucianism, which China has used historically as an official state ideology, contradicts the power political muscle-play of China both today and also in many historic instances.

In terms of Chinese grand strategy, in the period since 2009 we have continuing manifestations of the actual proclaimed grand strategy of 'Peaceful Development' (PD), as well as increasing manifestations of

power politics on the part of China against the United States, Japan, Vietnam, the Philippines, and India. Some elements of economic policy will, therefore, have been in line with PD, but there are other elements that undermine this grand strategy. Any sort of power political economic policy, like that of artificial currency undervaluation as China practices it, would therefore undermine its proclaimed grand strategy, even while serving the national interest in some way. The same trend is evident in the other two policy inputs of diplomacy and military strategy.

Defining Peaceful Development as China's Grand Strategy[2]

China's PD grand strategy was developed over decades starting with Deng Xiaoping's foreign policy doctrine, which in turn was influenced by what Zhou Enlai had described as 'Peaceful Coexistence' in the non-alignment movement at the Bandung conference in the mid-1950s. Deng then shaped the following foreign policy doctrine during his tenure as the People's Republic of China's (PRC) leading political figure:

> [冷静观察] *Lengjing guancha* (making cool observations)
> [稳住阵脚] *shuozhu zhendi* (securing its position)
> [沉着应付] *chenzhuo yingfu* (calmly coping with issues)
> [韬光养晦] *taoguang yanghui* (concealing its capacities and biding its time)
> [善于守拙] *shanyu shuozhuo* (good at maintaining a low profile)
> [决不当头] *juebu dangtou* (never claiming leadership)
> [有所作为] *yousuo zuowei* (making a difference).
> (Shen 2012, p. 7; quoted from Gong et al. 1998; Wang 2012)

From this doctrine it becomes clear that China has so-called anti-hegemonism as one of its main themes of foreign policy. At least until China became strong (which it was not yet during Deng's tenure), its capabilities and strengths were to be hidden. Conversely, this means Deng intended for its weaknesses not to be hidden; this is something we still find prominent today, as China keeps insisting that it is still in fact a developing nation and not yet a developed country (DC). Internationally, Deng saw China as keeping a low profile so as to not distract from domestic economic development. The centrality of the security and survival of China as a nation-state is shown by the second sentence in this doctrine. Finally, Deng saw China as being a rational actor, as exemplified by the first and third sentence in the doctrine.

Deng's foreign policy doctrine then was taken as a basis for PD, which was at first called 'Peaceful Rise' but was changed because it was perceived as threatening by some nations and media outlets. Jiang Zemin continued in this tradition. Zheng Bijian further developed this doctrine and coined the policy of 'Peaceful Rise' (和平崛起 *heping jueqi)* and popularized it in the West in a *Foreign Affairs* article in 2005. This was mainly a move by the then policy advisor to President Hu Jintao to counter the growing fears over China emerging as a great-power, especially on the part of the adjacent nation-states in what China calls the first and second ring. Generally, China's unmanaged rise has caused conflict, just like the unmanaged fall.[3] As Roy explains, 'China is probably more sensitive to this phenomenon than any other rising power in history' (Roy 2013, p. 153). The comparison of China with Germany as a rising power is one of the most frequently used.[4] The word *rise* seems to have been an issue with some of China's neighbors, as it was indeed perceived as slightly threatening.[5] Therefore, the name of the grand strategy was changed to PD (和平发展 *heping fazhan)*.[6]

It is clear that while Deng's foreign policy doctrine served as the main basis for the current PD in the beginning, not all of its four-letter combinations can still be said to be followed completely. For example, keeping a low profile and hiding one's strengths cannot be said to be strictly followed anymore, in a time where China throws around its weight in claiming territory in the East China Sea (ECS) and South China Sea (SCS), builds up a blue-water navy, or hosts the Olympics. There is also evidence that China does attempt to exert its power; for example, concerning leadership of the Global South.[7]

After having first published a white paper on 'China's Peaceful Development Road' (中国和平发展道路 *zhongguo heping fazhan daolu*) in 2005, a follow-up policy report was issued in 2011 entitled 'China's Peaceful Development.'[8] The key foreign policies of the latter were as follows:

> Promoting the building of a harmonious world, (…)
> Pursuing an independent foreign policy of peace, (…)
> Promoting new thinking on security, featuring mutual trust, mutual benefit, equality and coordination, (…)
> Actively living up to international responsibility, (…)
> Promoting regional cooperation and good-neighborly relations.
>
> (China 2011)

The main aims of these policies were found to be 'promot[ing] development and harmony domestically and pursu[ing] cooperation and peace internationally,' (China 2011) and to be specifically achieved through the following:

> Accelerating the shifting of the model of growth, (…)
> Further exploiting China's domestic resources and its market strengths, (…)
> Accelerating the building of a harmonious society, (…)
> Implementing the opening-up strategy of mutual benefit, (…)
> Creating a peaceful international environment and favorable external conditions.
>
> (China 2011)

In a recent article, Barry Buzan identifies some key components of China's PD grand strategy:

> Maintaining the exclusive rule of the communist party;
> Maintaining high economic growth;
> Maintaining the stability of Chinese society;
> Defending the country's territorial integrity, including reunification and territorial disputes;
> Increasing China's national power relative to the United States, other great powers and China's neighbours, and achieving a more multipolar, less US-dominated, world order (anti-hegemonism);
> Maintaining favourable regional and global conditions for China's development;
> Avoiding having others perceive China as threatening.
>
> (Buzan 2014, p. 101)

Buzan's identified components of China's PD grand strategy are partly domestic. Usually, a grand strategy focuses on the international rather than the domestic level. However, many observers believe that it is especially true for China (but also in general) that the domestic and international levels are heavily intertwined.[9] Christensen argued that China (as well as the United States) has used a particular grand strategy to mobilize domestic support and gain legitimacy.[10] Ye Zicheng believes that China's grand strategy is constrained by the domestic problems it is facing.[11] Layne argues that grand strategy, besides focusing on the structural level, necessarily needs to take the domestic level into account.[12]

As much as PD may be both domestic and international, what needs to be added to Buzan's identifiers for this grand strategy is what is inherently included in it, perhaps without explicitly stating it (apart from catching up relative to the other powers): China's ambition to rise to great-power status and to become a truly global power. After all, the chosen grand strategy of 'Peaceful *Rise*,' which was later changed to PD, entails this. With rising nationalism and its increasing embrace by the Chinese Communist Party (CCP), regime legitimacy has increasingly been decoupled from pure economic growth domestically, but has also grown more intertwined with the rising reputation of China in the world. Projects like the building of a blue-water navy, the creation of a 'string of pearls,' financing more and more infrastructure projects as part of foreign aid to developing countries, investment in supposedly more developed countries in North America and Europe, hosting the Olympics and World Expo, and claiming territory more assertively in China's surrounding seas all exemplify this trend. It is true, as Zheng put it, 'China's development depends on world peace' (Zheng 2005, p. 24); however, the CCP's regime stability increasingly does not depend on economic growth or development anymore, but rather on nationalism and legitimacy that is coupled with China's status, prestige, reputation, and the conversion of its perceived, increased relative power into realization of its goals—of its grand international strategy.

Some scholars argue that when it comes to China's grand strategy, one should differentiate not just between domestically and internationally relevant policies but also between two identities that China developed, as first an ambitious great-power and second as a representative of the underdeveloped Global South.[13] This book is mainly concerned with international-level interactions and foreign affairs, and it understands grand strategy rather internationally in that this is what leads foreign and security policies and gives it reason. Of course, grand strategy may very well have domestic sources and policies catering to international projection.[14] But the manifestation of a grand strategy should not be measured by looking inside a country, but rather by looking at how a particular country engages with other nations. Also, this book subscribes to the perhaps conservative view that a country can only have one grand strategy. However, it does acknowledge that one grand strategy can manifest itself in different or even contradictory, ways and therefore perhaps can lead some observers to mistakenly think that there must be two grand strategies.

In fact, even Zheng Bijian in *China's 'Peaceful Rise' to Great-Power Status* talks of 'three grand strategies—or "three transcendences"' (Zheng 2005, p. 21):

> The first strategy is to transcend the old model of industrialization and to advance a new one. (…) The Chinese government is trying to find new ways to reduce the percentage of the country's imported energy sources and to rely more on China's own. The objective is to build a 'society of thrift.' (…)
>
> The second strategy is to transcend the traditional ways for great powers to emerge, as well as the Cold War mentality that defined international relations along ideological lines. China will not follow the path of Germany leading up to World War I or those of Germany and Japan leading up to World War II, when these countries violently plundered resources and pursued hegemony. Neither will China follow the path of the great powers vying for global domination during the Cold War. Instead, China will transcend ideological differences to strive for peace, development, and cooperation with all countries of the world.
>
> The third strategy is to transcend outdated modes of social control and to construct a harmonious socialist society. (2005, p. 22)

In fact, only the second of what Zheng calls grand strategies or transcendences can be called a grand strategy, according to the traditional definition as utilized in this analysis. The first and third strategies are more domestically relevant policies and may fall under those points that Buzan relates to China's regime security (maintaining CCP rule, high economic growth, social stability).

Judging by a triangulation of sources (and secondary literature) of the 2011 white paper on PD, Zheng's *Foreign Affairs* article, and Buzan's recent article in the *Chinese Journal of International Politics*, the following components of PD shall be discarded as lessor only indirectly relevant in an international context for the purpose of this book's analysis:

- 'Maintaining the exclusive rule of the communist party;
- Maintaining high economic growth' (Buzan 2014, p. 101) ('transcend the old model of industrialization' (Zheng 2005, p. 22))
- 'Maintaining the stability of Chinese society' (Buzan 2014, p. 101) ('transcend outdated modes of social control' [Zheng 2005, p. 22])

Conversely, these internationally relevant components of PD shall be used to analyze whether China diverged from it:

- 'Defending the country's territorial integrity, including reunification and territorial disputes;
- Increasing China's national power relative to the United States, other great powers and China's neighbours, and achieving a more multipolar, less US-dominated, world order (anti-hegemonism);
- Maintaining favourable regional and global conditions for China's development' (Buzan 2014, p. 101) ('China will transcend ideological differences to strive for peace, development, and cooperation with all countries of the world' (Zheng 2005, p. 22); 'Actively living up to international responsibility' (China 2011))
- 'Avoiding having others perceive China as threatening' (Buzan 2014, p. 101) ('transcend the traditional ways for great powers to emerge' (Zheng 2005, p. 22).
- Rising to great power status: increasing China's international reputation and prestige.

These components of China's grand strategy will facilitate the examination of singular cases of manifestations in the following section for convergence and divergence within the defined timeframe.

Theoretical Framework: Culturalizing Grand Strategy

As existing attempts to explain the phenomenon of contradictions within China's grand strategy are unsatisfying, there is a real need for a new approach to analyzing it. As Beach and Pedersen write, 'when the purpose of analysis is to craft a sufficient explanation of a particular outcome, we almost always need to combine mechanisms into an eclectic conglomerate mechanism to account for a particular outcome' (Beach and Pedersen 2013, p. 35). The two frameworks for analysis can be fused in such a way that it still makes sense to employ both at the same time, through a single synthesized framework. Lebow's framework at its core is comprised of the three cultural drives (or motives) of honor, interest, and fear.[15] The concept of grand strategy with all its ingredients will build the basis for the synthesized framework. Its Western-centric origin is not of concern, since the cultural drives of honor, interest, and fear in the Chinese case in particular will add the necessary nuance and detail to neutralize the Eurocentrism of the theory of grand strategy in its classic form.

As mentioned above, the fact that grand strategy is an originally realist concept does not necessarily mean that cultural components cannot be considered along with it; this kind of analysis actually has been done in the past quite successfully.[16] This has been especially important when realism and other materialist explanations have failed to predict and explain phenomena that may be better explained by an approach taking intangible dimensions into account, as Colin S. Gray notes in his review of Ken Booth's *Strategy and Ethnocentrism*:

> [C]apabilities often are not reliably self-explanatory. Even if we believe that we know what an identified adversary is doing or has acquired, can we be certain that we understand his motives? Moreover, given the less than completely rational and orderly world of policy- and strategy-making, it is distinctly possible that a foreign power has seriously mixed motives, and is functioning in a quite muddled fashion, opportunistically rather than with laser-like malevolent intentions. (2013, p. 1293)

In the same article, Gray also emphasizes that historical memory may play a very important role in the making of grand strategy:

> [E]thnocentrism is as much a condition as a problem. In theory, the condition can be treated through education, if that is on offer in the classroom or in the field, survivably we trust, but this strategist believes that as a practicable matter it cannot be much ameliorated. We are what we are, and in the main we have strategic cultural DNA inherited from our tribe's unique strategic historical experience, somewhat common though the experience will be with that of a few other societies. Of course, culture does not work monocausally upon group behavior, but it is always likely to feature as a potent conditioning source of attitudes for the guidance of current behavior. (Gray 2013, p. 1292)

In the same vein, Ken Booth elaborates more upon the relationship between strategy and culture, saying that

> one's cultural heredity can prevent an individual or group from seeing (or seeing as acceptable) certain options which might nevertheless be rational in an objective sense. The *kamikaze* pilot is a good example. (…) Secondly, culture is important because it shapes the ends which create the problem to which rational thinking has to be addressed. If an outsider cannot understand or sympathise with the reasonableness of particular ends, he may not appreciate the rationality of the means. (Booth 1979, p. 64)

Similarly, Booth agrees with the argument here that legitimacy plays a preeminent role and is defined in conjunction with culture. Legitimacy is a concept 'which is both subjective and contextual' (Booth 1979, p. 68).

Fear and the attendant search for security (and survival) will be mainly associated with the grand strategy design component of military strategy. Honor and the attendant search for prestige, status, and recognition will be mainly associated with the grand strategy design components of diplomacy and legitimacy. Also, (economic) interest and the attendant search for wealth is inherently connected to the grand strategy design component of economic policy. That is not to say that the same cultural drive cannot interfere with non-associated policy inputs of grand strategy design. To find out to what extent this happens or not will also be part of the analysis of this case, as well as how this could contribute to the internal incoherence of China's grand strategy design.

As explained above, honor and its manifestations occupy an important place in China's international politics, which can in many ways be said to exceed the importance attributed to fear or economic interest. The latter two cultural drives and their respective outcomes of security and wealth should rather be seen as a result of having attained prestige, status, and recognition. They will, however, help to reinforce honor and the attainment of prestige in the end.

Preliminarily, the problem with the Chinese grand strategy case seems to be that the Chinese government has attached its legitimacy to economic growth and success without any moral component, which is something Yan Xuetong has recently criticized, calling for a 'humane authority' in China (Yan 2011). Similar to wealth, China is gaining in military power, modernizing its military, acquiring aircraft carriers, building a blue-water navy, and aiming to achieve parity with the United States and Russia in nuclear weapons. This inspires fear rather than reverence in the surrounding nations, and even in the global community. Again, the above translation of prestige into Chinese as literally meaning awe- or fear-inspiring shows the absolute importance of honor, prestige, status, and recognition.

Very similar to the noble family that acquired 'te' by financing the poor and needy in Van Ess' example for gaining prestige, China can be accused of the same strategy in terms of its acting as a spearhead of the developing world (the Third World) through foreign aid against the current global hegemon, the United States. This leads to internal as well as external legitimacy or recognition through the developing nations, elevating the

external status and recognition for China, as well as legitimizing the ruling party's governing mandate at home, as manifested by rising nationalism. As far as China's relations and grand strategy regarding the great-powers (United States, European Union [EU], Russia, Japan, India), it might be the case that China does not see a way other than arousing fear in its equals, the other and still higher-ranking great-powers, and therefore enhancing its prestige through being feared by them.

Following the above analysis of the driving cultural forces in China's experience, honor and its search for prestige, status, and recognition should be considered the most important cultural motivation behind China's international relations. This is historically connected to China's internal and external legitimacy, which only goes to reinforce its importance. Material factors, such as military and economic capabilities, as one would respectively associate with the motives of fear and interest, are to be considered less important.

The following analysis of the six most salient case studies of China's behavior on the regional and international stage since 2009 will be evaluated with respect to motives and catering toward the national interest and proclaimed grand strategy. Close attention will be paid to analyzing the validity of the hypotheses that it is the driver of honor and to increase prestige, status, and recognition, which eventually leads to the internal incoherence of Chinese grand strategy design, as suspected.

Core Argument: Honor in International Relations Equals Legitimacy for China

As demonstrated above, the tributary system and China's distinctive history as the relatively unchallenged hegemon in East Asia set the tone for China's international relations. Undoubtedly economic interest and the search for wealth, as well as military considerations and fear, play a role in China's foreign affairs. There is a plethora of arguments regarding the tributary system and its purpose. As shown above, for some it was an economic exchange; for others, it was a political alliance against the Mongols or other ethnic groups not organized in the form of a centralized state. But there surely can be no doubt that the tributary system served its symbolic purpose (whether or not that was its foremost purpose) of ordering China's surrounding neighbors hierarchically and giving status to those with which China conducted international relations.

But, as shown above, this also leads back to honor and the search for prestige. On the one hand, in Chinese ancient culture it was regarded as honorable to show that one was able to acquire wealth. On the other hand, it is certain that the military deterrence of China mattered, since the Chinese empire was an unmatchable adversary compared to many of its adjacent neighbors in terms of size of territory, population, advancement of civilization, or economic output. Having a centralized state apparatus and hereditary monarchy, along with the mostly Confucian (and some Legalist) state ideology, honor and prestige mattered greatly as a way to legitimize rule. Additionally, economic interest with wealth and fear with security certainly were two very important pillars contributing to this attainment of honor and prestige. In a system where there was no other legitimation, especially for the initial setup of a particular dynasty, this was crucial.

The theoretical argument aims to establish that honor played a big role not only in China's diplomatic history in the past but also now in its current affairs. There are clear signs of this in recent decades, such as the publication of an important policy advisor, Zheng Bijian, indicating that China sought great-power status in 2005; China's soft power initiative spearheaded by the creation of Confucius Institutes; how China presented itself during the Olympic opening ceremony in Beijing in August 2008; the rising assertiveness on China's part as a suggested consequence of changing perceptions of its rising versus a declining American superpower in the light of the global financial crisis which started in the developed countries, most prominently the United States; China's introduction of an aircraft carrier fleet to build up a blue-water navy; its space program; its ever-rising military budget and military modernization as a whole; and, most recently, the Chinese proposal and eventual founding of the Asian Infrastructure Investment Bank. At first glance, it may not be too far-fetched to posit that some of these endeavors of the Chinese government were not undertaken solely to increase its GDP on the wealth side, or increase its security on the fear side. All of these examples have in common that they are aimed to increase China's prestige, reputation, recognition, and status.

However, in China's foreign affairs, honor's relation to legitimacy needs to be divided into internal and external legitimacy. One could easily fall prey to the misperception that foreign affairs are only related to external legitimacy; that is, China's reputation, recognition, and status as perceived by the international community. However, China currently is still a

centralized state with an authoritarian state form, no longer monarchic-hereditary, but still authoritarian, with a 'Frankensteinian' ideology, which attempts to balance China's ancient history, culture, and imperial state ideology with the amalgam of Marxist, Maoist, and Deng Xiaoping's thought, the latter of which is said to have largely withered away with China's embrace of state-directed capitalism. There are at least two developments one can identify in China's internal legitimacy: first, as an authoritarian state without the backing of a clear-cut, defined state ideology, China legitimized itself via its economic growth for much of the last few decades. The Chinese government has been quick to realize that this trend of economic growth in the double-digit or high single-digit range cannot carry on indefinitely. It still strives for economic growth, which as established through Chinese culture is related to the creation of prestige, but it has set out to diversify it. On the other hand, China has generally not reinforced nationalistic tendencies in its population and has shied away from exacerbating these tendencies. In the last few years, they have loosened the reins on controlling nationalism; the state has actually appealed more to it and has tried to make the best use of such tendencies in the Chinese population. Also, there have been more and more references to China's ancient culture (Legalist, Daoist, and Confucian classics) and less than before to Communist ideology.

Second, the Chinese government, in the absence of legitimation by its own population, has increased its accommodation of some of its popular nationalistic demands, most prominently its historic enmity with Japan, which translates into its foreign affairs. Some of China's foreign affairs will therefore not speak to external legitimacy and China's search to increase its reputation internationally, but actually to internal legitimacy and the Communist government's search to stay in power via legitimizing itself to increase its domestic approval. The recent two-year Ice Age between China and Japan from 2012 to 2014, ending with the reluctant yet icy handshake between Xi and Abe in early November 2014, is an example of this. Another example may be the declaration of an air defense identification zone over the ECS, including the Senkaku/Diaoyu Islands. China's export restrictions on rare earth elements (REEs), which mainly struck Japan in 2010, as well as China's support of Russia in the Ukraine-Russia crisis since 2014, are two more examples in which the Chinese government cared more about internal than external legitimacy. The latter three shall be examined in the case study groups below.

To reiterate, in terms of external legitimacy, China can be said to have an 'implanted gene' of acting as the regional hegemon in Asia. This comes from its long-ranging history as the central authority in its tributary system in hierarchically organizing the surrounding nations and states, with China at its pinnacle. However, China also has an acquired, deep-seated trauma, condition, aversion, or complex that many refer to as the 'Century of Humiliation.' As such, China saw itself humiliated by the Western great-powers and Japan. The latter have acted toward China without respect to its centuries-long status, partly colonized it, conquered it, and imposed the abandonment of its isolationist international policy over the course of the nineteenth century. Now, China is trying to climb back up to where it believes it rightfully belongs to overcome this acquired trauma. As mentioned above, there have been several obvious actions China has taken in the past decade or so which are clearly attempts to increase its reputation, like the Confucius Institutes, the Olympics, and the aircraft carrier fleet/blue-water navy build-up. In the following case studies, examples in the post-2008 era which are connected to external legitimacy will be analyzed: first, China's One Belt, One Road (OBOR), which is a major diplomatic initiative to engage with neighboring regions in Central, South and Southeast Asia, Eurasia, the Middle East, East Africa, and Europe; second, China's proposal for the founding of the AIIB since 2013, as well as its eventual establishment; and third, China's continued participation in UN PKMs during the analyzed time period. All of these within-cases speak to China's focus on international reputation enhancement and, therefore, external legitimacy, at least at first glance.

A third group of within-cases will also be analyzed in the case study groups below. These will be cases which the Chinese government used toward external as well as internal legitimacy promotion. Such cases could be said to be, first, the engagement of the Arctic Council and eventual assumption to it as a permanent observer nation; second, the conclusion of several FTAs with developed nations in the West; and, third, the development of China's space program and advances in it within the past couple of years.

Therefore, it is possible to argue that China is a perfectly rational actor in the international system by any (Western or Eastern) standards of measurement; that is, mostly acting with economic interest (wealth) and fear (security) in mind. However, in certain circumstances, honor, whether for internal or external legitimacy, makes China leave the course of *ratio* and enter an unreasonable climate. These aforementioned features of China's

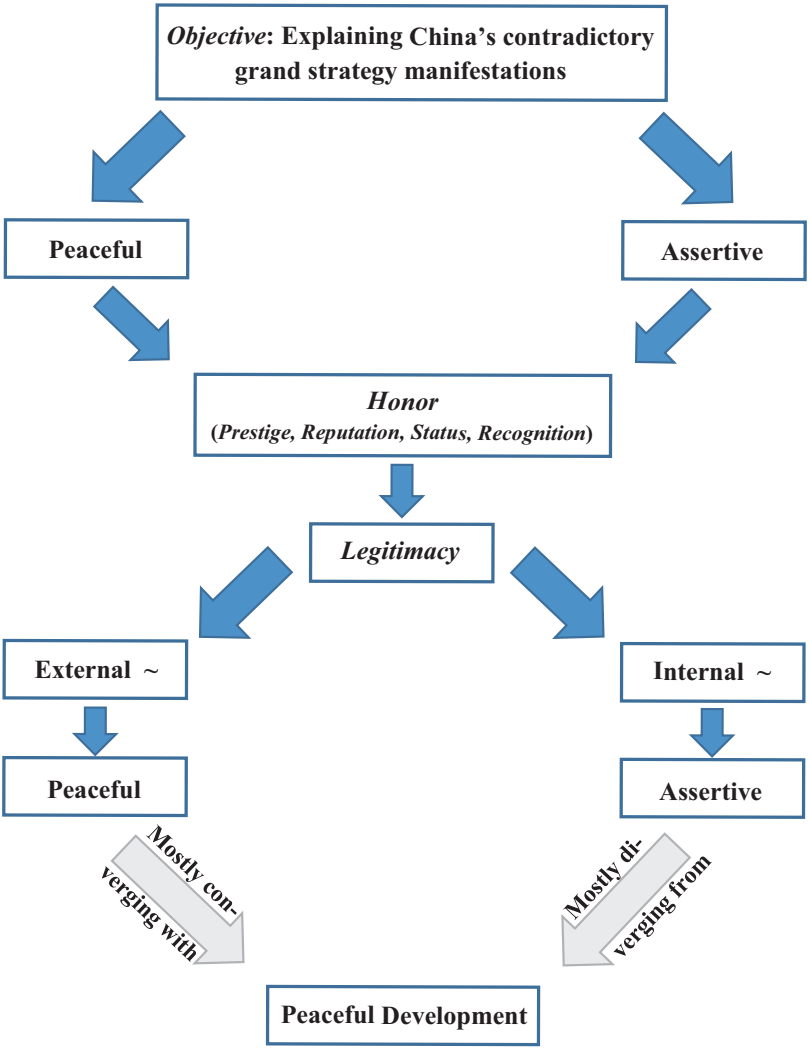

Fig. 3.1 Core argument

behavior toward foreign powers are critical in relation to honor as driving international relations of China vis-à-vis external legitimacy. In the end, this explains why China sometimes diverts from its grand strategy, and why most of the time it does not, as visualized below in Fig. 3.1.

As argued above, the cultural driver of honor explains this grand strategy incoherence. Whether one calls this a variable or a constant is left for argument. Most scholars would argue that culture is a constant rather than a variable, since it does not change, almost never changes, or changes slowly. Assuming that it is honor that is of critical importance in explaining China's grand strategy design incoherence, then it is not too far-fetched to say that it can be considered an intermediate variable, since there are situations in which China predictably diverges from its grand strategy course and acts in a way that can be perceived as irrational by others. It can certainly be argued, too, that since the humiliation trauma has been ingrained in China's culture, it is part of the constant and, therefore, when China predictably diverges from its grand strategy, it is only natural that it would do so because it is ingrained in its culture. This means China will constantly diverge from its grand strategy in certain situations, not all the time. But since this sense of trauma underlies China's international policies, and is only triggered when honor and grand strategy do not fit certain conditions, it may be valid to still consider it a constant rather than a variable.

In terms of hypotheses, the following four will be analyzed below: first, grand strategy is internally incoherent if policy diverges from or is incongruent with China's standard of national honor. Second, grand strategy is internally coherent if policy is consistent or congruent with China's sense of national honor. Third, China will tend to use peaceful means if its goal is enhancing external legitimacy. And, fourth, China will tend to use assertive means if the goal is enhancing internal legitimacy.

Notes

1. Defensive and offensive realists see the international system as anarchic. They focus on states that they see as unitary, monolithic actors. This is different from liberal International Relations scholars who see the state as permeable, meaning that interest groups within a state as well as organizational processes are of relevance to them. Realists tend to see the national interest of a state rather than multiple interests of different groups within it. For realists, the national interest can usually be defined as survival and

security of the state for defensive realists, and power maximization for the sake of security for offensive realists. Realists see their grand theory of international relations as universally applicable through time and space, with no need to take culture, values, or the like into account. This may also be due to the theoretical parsimony of realism, that is, the striving for as few variables as possible to explain or predict something.

2. This is part of a paper presented at the 56th Annual Meeting of the International Studies Association in New Orleans, February 18–21, 2015.
3. World War I, for example, may be said to have been partly caused by the rising German power and the falling Austro-Hungarian Empire. The rising Japanese Empire may be said to have caused conflict during the First and Second Sino-Japanese Wars, and Germany during World War II in Europe. For a good account of this phenomenon, see, for example, Kliman (2014).
4. Well-meaning analysts usually call China a 'Neo-Bismarckian giant'; that is, a great-power that engages its neighborhood, reassuring it of peaceful intentions—much like that practiced by the Prussian (and later Imperial German) Chancellor Otto von Bismarck in the latter third of the nineteenth century. A few analysts see China going in the direction of Germany under Wilhelm II, though.
5. See, for instance, Roy (2013).
6. For a good summary of the course of the course of 'Peaceful Rise' rhetoric of the last few years, see Luttwak (2012), pp. 273–276.
7. See, for example, Pu (2012). For background on this debate, see Kawashima (2011).
8. See China (2005) and China (2011).
9. See, for instance, Christensen (1996), Layne (2009), or Ye (2011).
10. See Christensen (1996).
11. See Ye (2011).
12. See Layne (2009).
13. See, for instance, Pu (2012), or Richardson (2012).
14. See, for instance, Shih and Huang (2015).
15. As explained above, the drives of habit and reason will be omitted from this analysis, as habit is not emphasized very much anyway by Lebow, and reason is a Eurocentric cultural drive that does not really apply to China's case.
16. See, for example, Booth (1979), or Johnston (1998).

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CHAPTER 4

Diplomatic Case Studies

China's diplomacy during the given time frame (2009–2017) has been involved in many incidents that could be used for analysis. The chosen case pertaining to the diplomatic policy in China's grand strategy design and its internal legitimacy is one of the most salient and memorable in the time frame. In this case, China has made an exception to the otherwise 'golden rule' of sovereignty in the case of Russia's annexation of the Crimean Peninsula, as well as the support for secessionists in eastern Ukraine. It came as a surprise to many that China did not take Ukraine's side, since Russia violated Ukraine's territorial integrity by annexing Crimea and sending troops (disguised as vacationing soldiers traveling privately) to eastern Ukraine. Also, the chosen case in relation to China's external legitimacy is the massive diplomatic initiative engaging with Eurasia called One Belt, One Road (OBOR). Naturally, since this initiative is directed outward, it is mostly relevant to external legitimacy. However, it has a dimension of relevance to internal legitimacy, insofar as it can be understood as an economic stimulus for the Chinese economy and insofar as receiving external legitimacy benefits China internally (as noted in the preceding chapter [Chap. 3] on China's historic tributary relations with its neighbors). Another case that was chosen based on mixed legitimacy is that of China's engagement with the Arctic Council (AC) and the eventual approval of its permanent observer status therein. Internal legitimacy in this case is visible in the economic importance of the Arctic Sea and the potential resources it houses, as well as the prestige associated with a presence there—far away from China itself; external legitimacy could be found

L. K. Danner, *China's Grand Strategy*,
https://doi.org/10.1007/978-3-319-65777-6_4

in China's interest to engage diplomatically and peacefully with existing international institutional and legal structures, that is, being a responsible international player.

Another salient internal legitimacy case in the time frame is the 'Ice Age' in Sino-Japanese relations beginning with Japan's acquisition of the majority of the Senkaku/Diaoyu Islands in mid/late 2012 and ending with the icy handshake between Xi and Abe in late 2014. This case is related to the eventually chosen case of the Air Defense Identification Zone (ADIZ) proclamation over the East China Sea (ECS) (see Chap. 6), which may be considered China's reaction to Japan's acquisition of most of the Senkaku Islands from private owners.

Another important case for external legitimacy during the analyzed time frame was China's decision to leave the path of only negotiating bilaterally over territorial issues concerning its borders. In this case, the territorial disputes in the South China Sea (SCS) were triggered by China's generous claim extending to the shores of Brunei and Singapore, thousands of miles away from its southern coast and southernmost island province of Hainan.[1] In and of itself, this assertive claim relates only to internal legitimacy, but more generally, stepping away from the 'bilateral-negotiations-only' assertion is an issue of external legitimacy, since China cooperated according to and with the international community (even though there were no results at the time).

Also, the agreements regarding environmental protection between China and the United States in late 2014 were among the external legitimacy cases in diplomatic policy: China struck a deal with the United States in emission cuts in the run-up to the Lima and Paris environmental conferences. Moreover, China's offers to help with the refugee crisis in the Middle East was a possible case in this context.

The case of losing diplomatic control over North Korea, the Democratic People's Republic of Korea (DPRK), is another good example of a case that negatively affects external legitimacy. On the one hand, when a torpedo of the DPRK destroyed a South Korean submarine in 2010 (the so-called Cheonan sinking incident), the Republic of (South) Korea (ROK) pressured China to condemn DPRK's behavior and renounce its backing of the DPRK as an ally. China did not give in to this demand, which cost it external legitimacy with the international community. On the other hand, while standing with the DPRK in 2010 still seemed coherent with past alliance behavior (albeit irresponsible for an ambitious great power), in recent years—and especially since the late 2011 death of

Kim Jong Il and the assumption of leadership by Kim Jong Un in early 2012—the DPRK has appeared to get further out of control. This is the case even for the Chinese, who essentially represent the DPRK's only trade partner. This situation is exemplified by the recent supposed hydrogen bomb testing and expedition of nuclear ambitions in the DPRK and the Chinese reaction that followed, renouncing such behavior. Also, DPRK, which had properly applied to become a founding member of the AIIB foundation, was turned down by the Chinese, who ironically cited their underdeveloped state as a reason (despite the fact that this would make the DPRK the perfect member and beneficiary of infrastructural investment under the AIIB program). Thus, the Chinese leadership, which changed from Hu Jintao/Wen Jiabao to Xi Jinping/Li Keqiang just a few months after Kim Jong Un assumed leadership of DPRK, may have made the decision to rid itself, at least diplomatically, of the North Korean comrades to gain more external legitimacy.

Nevertheless, the most salient cases selected were the diplomatic reaction to the Ukraine crisis and the OBOR initiative. The reasons for the selection of these cases are that they clearly fall at the international level, involving less domestic politics than the other cases, as well as receiving the most media attention.

The Retreat from the Non-interference in Internal Affairs Paradigm

Russia has historically been both a competitor and a strategic ally to China. The resolution of territorial disputes with Russia is relatively recent, albeit the creation of an independent Mongolia and the retaining of northeastern territories bordering Heilongjiang province are still a dart in China's eye. Even during ideological convergence in Cold War times, and to a certain extent also today, Russia and China's relations continue to be both cooperative and sometimes conflict-breeding.

China's strong emphasis on territorial integrity, sovereignty, and non-interference of one country in another's internal affairs has been a hallmark of its foreign policy approach as well as an important factor in its 'Peaceful Development' (PD) grand strategy. Upholding this norm, sometimes said to be the Golden Rule in the Law of Nations, means that China has to act accordingly and also be persistent in its international behavior and reactions to other countries' interference with each other's internal affairs and violation of each other's territorial integrity and sovereignty.

Against this background, it was a surprise to many observers that China reacted as it did in the Russo-Ukrainian conflict over Crimea, as well as the eastern Ukrainian provinces around the cities of Donetsk and Lugansk. China quietly took the side of Russia in this international maneuver, in which Crimea joined the Russian Federation as a new republic and the eastern Ukrainian provinces were undecided about the same, short of full autonomy from Kiev.[2] Thus, China's reaction to this incident (i.e., not persisting in its stand that non-interference in others' internal affairs is paramount in international law) is a major divergence from its grand strategy. Some of the analysts that often suspect a 'China threat' for neighboring countries were already predicting a major shift in China's policy, to result in China emulating this Russian model of acquiring claimed territory. China was thus compelled to publicly announce that it would not do so.[3]

Course of Events

As explained earlier, China has a long tradition of taking the side of countries that have been the victims of sovereignty infringement, especially with regard to the non-interference in internal affairs and the territorial integrity of any country. Sean Kay writes on China's history concerning this kind of behavior:

> Chinese officials also view American intervention in other countries—for instance, during the Kosovo and Iraq wars—with concern that the United States is setting new precedents regarding sovereignty with possible implications for Taiwan, Tibet, and Xinjiang Province. Conversely, China was not impressed with Russia's illegal annexation of Crimea, which grossly violated Ukrainian sovereignty. (2015, p. 125)

Thus, China taking Russia's side in the Ukraine Crisis came as quite a shock to many observers of China's international behavior over the last several years, particularly in light of China's emphasis on territorial sovereignty in its own grand strategy. China's behavior makes a balance-of-power kind of impression, in which the West and East confront each other again as adversaries, just as they did during the Cold War. Moreover, a Sino-Russian deal to which both parties agreed during a May 2014 visit, in which China secured large quantities of oil and gas from Russia in addition to other areas of economic cooperation, could give the impression

that China received a pay-off for taking Russia's side, ultimately taking advantage of economic sanctions imposed on Russia in the aftermath of its annexation of Crimea. This impression was prevalent at least the first couple of months after the crisis; a few months later, there came news of China investing heavily in Ukraine and 'Kyiv [increasing] its agricultural trade with Beijing by more than 50 percent' (Sieren 2015).

> We hope relevant parties will exercise restraints and make efforts to ease the situation rather than further escalate it. The relevant conflicts must be resolved through diplomatic means on the basis of taking into account the interests of all parties. We advocate the establishment of the mechanism of international contacts to seek a political solution under the framework of law and order. (…)
>
> Respecting the sovereignty and territorial integrity of each country is an important principle that the Chinese diplomatic policy has been constantly upholding, which will not change (China 2014).

As mentioned above, after the Crimean annexation by Russia, China was able to strike a gas supply deal with Russia in May 2014, likely meant to counter or at least alleviate the sanctions set on Russia by the West, in addition to economically benefitting China:

> The effects of U.S. policy have been all too apparent as Russian-Chinese cooperation has accelerated rapidly since March 2014. With regard to overall political relations, during his state visit to Shanghai in May, Putin gushed that bilateral interactions had become the 'best in all their many centuries of history.' Striking also was the Russian president's frequent use of the term 'alliance,' albeit not with reference to military ties. In addition to this positive rhetoric, it was during the May trip that Russia and China finally signed their mammoth 30-year, $400 billion gas deal. After more than ten years of inconclusive negotiations, it seems that Western sanctions helped break the impasse by pushing Russia to accept China's price terms (Brown 2015).

This move could be interpreted as China taking advantage of Russia's weakened economic position due to the economic sanctions on it. However, as presented in the media, the particular timing of the closing of the deal with Russia (during the height of international pressure and shaming campaigns on Russia) does give the impression of China taking Russia's side in this conflict.

In late February 2015, the Chinese ambassador to Belgium, Qu Xing, 'call[ed] on the West to "abandon its zero-sum mentality" [and] (…) said the West should take "the real security concerns of Russia into consideration"' (Boren 2015). Furthermore, he found:

> that the nature and root cause of [the] Ukraine crisis was the game between Russia and western powers, including the United States and the European Union. 'There were internal and external reasons for the Ukraine crisis. Originally, the issue stemmed from Ukraine's internal problems, but it now was not a simple internal matter. Without external intervention from different powers, the Ukrainian problem would not develop into the serious crisis as it be *(sic!)* [.]' (…) On the one hand, China and Ukraine are traditional friendly countries. China has always pursued the principles of non-interference, respect for sovereignty and territorial integrity of Ukraine. And on the other hand, China acknowledges that the issue involved complicated historical elements (Sun 2015).

The Chinese ambassador's allusion to the paradox between pursuing non-interference and territorial integrity and certain historical elements is particularly striking in this *Xinhua* article.

Until recently, the situation left two powerful actors, the EU and Russia, continuing to fight over Ukraine's allegiance without any real success. Neither the EU nor Russia can now be said to have the whole of Ukraine under their sphere of influence. True to the proverb of 'When two people quarrel, a third rejoices,' China seems to have actually emerged as a winning actor from the Ukraine Crisis. On the one hand, as mentioned, Russia came as a junior partner to a deal with the Chinese, with a planned cooperation concerning oil and gas access for the Chinese at favorable prices, among other points. On the other hand, it was not only the Russians who were forced to decrease their prices; 'Ukrainians have had to offer favorable prices, [too,] sometimes giving discounts of up to 50 percent on purchases from agricultural companies' (Sieren 2015), of which China took advantage.[4]

Relating the Case to Honor and Legitimacy

As presented above, the obsession with sovereignty, territorial integrity, and non-interference in others' internal affairs stems from China's experience with the intrusion of the Western powers (plus Japan) in its territory—the so-called 'Century of Humiliation.'

Part of the 'Century of Humiliation' is the fact that China does have a long-term goal of recovering territories that it considers to have previously been parts of China. These territories include India's Arunachal Pradesh (what China calls 'South Tibet') the now-Russian parts of the Manchurian northeast, today's Republic of Mongolia (what China calls 'Outer Mongolia'), the Japanese-controlled Senkaku Islands (or 'Diaoyu' Islands in Chinese), and—perhaps the most comprehensible claim—Taiwan. Naturally, the 'Chinese-ness' of these territories and islands is a matter of debate. Even Taiwan—seemingly the clearest case of cultural and historical closeness to China—has had a history of separation from the mainland and colonization by other powers, such as the Netherlands and Japan. To argue that Arunachal Pradesh ('South Tibet') rightfully belongs to China because it was once under Tibetan influence is even more far-fetched, to say nothing of the question of whether the northern part of Tibet should be an inherent part of China in the first place.

That China should suddenly show overt support to a big power (Russia) against a relatively weak one (Ukraine) in annexing a peninsula (Crimea) with strong historical and cultural influence from the nearby annexing aggressor does give a sense of China readying itself to become one such aggressor, with Taiwan first in line for annexation. China's 'problem' regarding these lost territories is the fact that the 'Century of Humiliation' left China weak and left its former territories in the hands of major powers (Russia, India, Japan) or at least with guarantees of protection from major powers (Russia, United States).

How, then, can we explain China's long-lasting preoccupation with non-interference in other countries' internal affairs? China was—and still is—a country that is clearly more on the pluralism side (putting a premium on state sovereignty) than the solidarism side (putting a premium on transnational convergence such as human rights) of an international society spectrum. As such a pluralist state, it is natural for China to emphasize and jealously protect its sovereignty, particularly in light of its own experience of relinquishing some of that sovereignty to infringing great powers (e.g., granting Hong Kong as a British colony).

Furthermore, China has historically been more used to being the aggressor (i.e., infringing on others' sovereignty, such as by claiming suzerainty over adjacent states via its tributary system). Given its paradoxical development during the mid-nineteenth to mid-twentieth century, it was left with little choice but to defend its own borders in the weak position it held following the Japanese occupation of World War II and the

ensuing civil war between the *Guomindang* (GMD; Chinese Republican Party) and Communist Party of China (CCP) followers. Hong Kong and Macao would be marks of the 'Century of Humiliation' for much of the Cold War, and Taiwan remains so today. With rising ambitions (i.e., the rise to great power status via PD), China is behaving more and more assertively. Moreover, the (apparent) paradigm change in the course of the 2008 Global Financial Crisis may also be reflected in China's stance on non-interference, as seen in the Ukraine case.

Compared to the Russo-Ukrainian case—in which the annexed Crimean Peninsula has a two-thirds majority of Russians, allowing Russia to reference the right to self-determination of peoples—high numbers of Han-Chinese ethnic minorities (or majorities) in other states adjacent to China's territory are not seen. The historical aspect (i.e., the fact that Crimea has changed hands a couple of times and that, even though it was part of Ukraine in recent decades, Russia has a historical claim to Crimea as well) may have been more important than the ethnic aspect in determining China's initial reaction to the case. Regarding its own former territories, China argues mostly in terms of history and former ownership in its Qing dynastic times, when China reached its biggest territorial extents, and the CCP sees itself (more or less naturally) as the legal successor of this empire. The SCS is a good example of this, since the archipelagos affected are uninhabited, and therefore, there cannot be a claim based on the self-determination of peoples.[5] Speculatively, China's behavior in the Crimean case, which is not in line with its previous stands on non-interference, can thus give the impression that China is getting ready to adjust its standpoint more to its growing power status and territorial ambitions in its neighborhood.

Naturally, the first step in regaining honor and legitimacy would be to lay the groundwork to regain the territory that was 'lost' to neighbors at the end of imperial times, which China sees as a humiliation to this day. For its domestic population, internal political legitimacy would be enhanced if China could regain these lost territories. The second step is related to China's relations with Russia. China suffered semi-colonial encroachment from Russia in its northeast area during the late nineteenth and early twentieth century, as well as Russia's later support for an independent Outer Mongolian buffer state. Relatedly, China was always considered the 'junior partner' in the alliance between Mao and Stalin from in the early 1950s until the Sino-Soviet split. With the energy deal that China and Russia closed in the course of the Crimean annexation and continuing

secessionist conflict in eastern Ukraine, China has suddenly become the 'senior partner' next to Russia. This symbolic switch of positions is another alleviation to the 'Century of Humiliation' trauma, thanks to Russia's admission of China's status and prowess (albeit from a position weakened by the Western sanctions).

Convergence with or Divergence from the PD Grand Strategy

Even though the annexation of Crimea by the Russian Federation and the ongoing secessionist efforts in eastern Ukraine are not directly related to China's own territory, China had never previously allowed any power to interfere with any other state's internal affairs—including its own—and thus to violate the 'golden rule' of territorial integrity and sovereignty. In this context, not objecting to Russia's intervention in Ukraine may be considered counterproductive to China's own standpoint on sovereignty and territory. In international law, it is very important to act consistently. By not taking a clear stand against the violation of territorial integrity, China arguably makes itself vulnerable to such actions, as the Russian claim was based on the Russian ethnicity of the Crimean population. This would expose Chinese Xinjiang, Tibet, and Inner Mongolia. Therefore, China diverged from its PD grand strategy regarding the factor relating to the defense of territorial integrity (see Table 4.1 for an overview of divergences and convergences in this case).

In the conflict between Russia and Ukraine, taking either side may not directly be considered an increase or decrease in China's national power. However, even though this issue does not have a *direct* effect on China's national power, one could argue, in light of the energy deal with Russia, that China taking advantage of the conflict did increase its national power. That is, China leveraged the situation, first, to come to terms with Russia on below-market-price access to natural resources in the neighboring state, and second, to diversify its energy resources acquisition through this deal. Brown writes:

> At present, around 80 percent of China's energy is imported from the Middle East and West Africa. This represents a major strategic vulnerability since, in the event of conflict, the United States would use its naval superiority to control the Malacca Straits and cut off the supply of these vital resources. Closer ties with Moscow help reduce this problem since Russia, along with Central Asian states, can provide oil and gas supplies via more easily protected overland pipelines (Brown 2015).

Table 4.1 Divergence from or convergence with PD in the case of the legal non-persistence on the norm of territorial integrity in the case of the Crimean annexation and Russia-backed encroachments in eastern Ukraine

Factor in PD	*Convergence/Divergence*
Defense of territorial integrity	*Divergence* (not objecting to Russia's intervention into Ukraine contradicts China's own standpoint)
Increase of national power	Convergence (no direct effect on China, but energy deal with Russia, and more FDI into Ukraine)
Anti-hegemonism	Convergence (siding with Russia versus the West)
Maintenance of favorable economic markets	Convergence and *Divergence* (Convergence: China and Russia's deal; divergence: antiquated East-West thinking may translate negatively to economic relations)
International responsibility	*Divergence* (China sided, at least at first, with the aggressor side of this conflict; neutral in UN)
Avoidance of 'China threat' misperception	*Divergence* (threat perception by others increased because of alignment with the Russian aggressor)
Improving China's international reputation	*Divergence* (no improvement in China's reputation, rather damage because of contradicting itself)

Moreover, the deal switched the roles of the two countries compared to post-World War II, when China was inferior to the Soviet Union, to a situation in which China is far superior, at least economically, to Russia.

Anti-hegemonism, or balance-of-power theory, would prescribe that one should side with the weaker side in a conflict. By siding with Russia versus the unified West (i.e., the European Union and the United States), China did follow this principle. However, China's action as interpreted as going against the United States would already meet the conditions of converging with anti-hegemonism, but it is more than clear that China converged here. Also, in this case, since Ukraine is thousands of miles away from China's borders and can be said to be even on a different continent entirely, it would be hard to accuse China of having hegemonic ambitions in that sphere.[6]

In the case of keeping the international markets favorable, this action was both convergent and divergent to the goal of maintaining a favorable economy at the same time. China converged insofar as it struck an energy deal with Russia in the background of the crisis, among other stipulations of closer cooperation. This brought China better prices and a diversified supply route, as mentioned above. In addition, China gained greater access in Ukraine—arguably at the expense of Russia—concerning foreign direct investment (FDI) and acquisition of agricultural products (e.g., wheat). However, China diverged insofar as its actions may have aroused an impression of East-West confrontation, which may translate to economic relations (as it has for Russia already). Certainly, China is seen to be expecting this reaction by hedging its energy supply through the deal with Russia, despite the fact that its own diplomats paradoxically called for less thinking by the West along the lines of Cold War mentality.

At first glance, it is difficult to dispute that China was encouraging conflict by subtly backing Russia in this case. This may certainly be considered irresponsible by any standard of measurement. Perhaps a consistently neutral position would have served China best in this matter, and perhaps it was trying to make up for this misstep afterwards by sweeping into Ukraine, funneling in FDI, and importing agricultural products from there. Nevertheless, at second glance, as Brown writes:

> [A]lthough undoubtedly carried out using aggressive means, Russia's intervention in Ukraine was actually defensively motivated. The February 2014 revolution in Kiev brought to power a radically pro-Western government that explicitly sought to reorient Ukraine away from Russia's sphere of influence. This was perceived by Moscow to be an unacceptable threat to national security, especially because it was believed it would eventually lead to Ukrainian NATO membership. Were this to have occurred, the Alliance would have gained the strategically important Crimean Peninsula, as well as a 1,200-mile frontier with Russia's European heartland. To eliminate this danger, Russia permanently seized Crimea and is using the separatist movements in Donetsk and Lugansk to prevent Ukraine's successful integration with the West (Brown 2015).

Be that as it may, a Chinese endorsement of such aggressive means cannot be said to be responsible behavior on the international stage, when the supposedly 'offensive' actions of the Ukrainian people (protesting the pro-Russian government and then peacefully voting for a pro-Western government) were non-violent in nature, whereas the Russian actions of forcibly

annexing Crimea and overtly supporting eastern Ukrainian secessionist efforts both involved the use of military power. Thus, even at second glance, China's reaction in this case is a clear divergence from its PD grand strategy.

Both aligning with Russia and selfishly taking advantage of the situation of the Russian ally contribute to China being perceived as a threat in this situation. Naturally, to align with authoritarian Russia rather than democratic Europe or the United States is in itself a factor in this perception of China as a threat. Beyond this, however, the unrelenting what Luttwak calls 'state autism' in the aftermath of striking the energy deal with Russia and exploiting investment vacuums in Ukraine also fail to make China appear as a benign future, and potentially regional, hegemon.[7] On top of this, endorsing such aggressive means as a unilateral annexation does not help to present a peacefully rising China, which itself has territorial ambitions in the surrounding seas and borderlands. Since China's response did not succeed in avoiding others' perception of China as a threat, it thus diverged here from the PD grand strategy.

Whereas internally the presentation of China as the senior partner next to junior partner Russia may have given China more prestige with its own population, it may actually have decreased its international reputation. Along with the perceived future threat coming from China, this move was thus more or less counterproductive. Therefore, China diverged from the PD grand strategy on this count as well.

Alternative Explanations

It is possible to argue that China is engaging in raw-power politics without any attached values and opted to take Russia's side in this case despite its rather consistent stance on the issue of non-interference. We have seen China increasingly augment the international market on energy resources in the last few years, acting in a neomercantilist fashion. The Russian energy deal combined with the later heavy investments in Ukraine paint an equally 'beggar thy neighbor' picture, which can be described as selfish or, according to Luttwak, 'autistic.'[8] As such, the premium would be on 'interest' in this case. Nevertheless, this may be an all-too-Eurocentric way of arguing.

It is also possible to conceive this step in the political arena by China as having been brought on by the Sino-Russian agreement that was released only days after China taking Russia's side. A similar agreement between

Mao and Stalin in the early 1950s placed China, having just overcome years of Japanese occupation and the ensuing civil war, as junior partner to Russia (i.e., seeking Russia's help). This time, China took advantage of Russia's suffering under a Western embargo and, in general, its dependence on the export of natural resources. In effect, China has now become the senior partner. The premium in such an explanation would be placed on 'economic interest.' Even so, the satisfaction of looking down on Russia in this situation comes after *centuries* of competition because of border disputes and Russian interest in Manchuria. In this respect, from China's perspective, Russia is not really different than the Western powers or Japan, and 'honor' may play a role even in this explanation.

Finally, it is possible to speculate that China may be preparing itself to annex territories that it historically considers as its own parts. We have seen such attempts in the ECS and SCS, and it could be possible for them to happen on land as well. For the most part, these territories are in today's North India, the Russian Far East, and the Mongolian Republic, although Taiwan would be the first step before anything else could be considered for annexation. The Russian argument for including Crimea into its federation was related not only to the ethnicity of the local population but also to historical claim. The Russian Far East and Taiwan would best fit such an argument, if China considered doing the same. For North India and Mongolia, China could only claim to act on behalf of two of its many minorities, the Tibetans and Mongolians, in addition to historical claims and the 'belonging-together' of North Tibet and South Tibet and of Inner and Outer Mongolia. If we subscribe to this speculation, we can reason that this now-inconsistent behavior may or may not become more consistent and be followed by greater Chinese assertiveness in the future.

Summary

China's inconsistent behavior in the Ukraine Crisis mostly pertained to internal legitimacy. The biggest surprise to the international community was that China, for the first time, did not stick to its 'golden rule' of non-interference in internal affairs, that is, putting sovereignty and territorial integrity on a pedestal. Standing up to the 'West,' and the United States in particular, is certainly according to the will of many hypernationalists within China, whether it is for the right reasons or not. Internally, securing an energy supply from Russia can certainly be said to be rational behavior

on the part of China, even if it is inconsistent with foreign and security policy.

With the subtle backing of Russia in Ukraine, China diverged from its PD grand strategy. Only the very marginal gains that it could get from more trade with Ukraine in the aftermath and the favorable conditions with Russia could partially rectify China's behavior to be still in line with PD grand strategy. More energy resources add to Chinese power, and the diversification in supply make it less vulnerable to possible sanctions by the West in the event of more Chinese aggression in the ECS and SCS—especially if Japan-claimed maritime territory is annexed, which would entangle the United States in a conflict.

Besides the cultural driver of interest—which may have driven China to be opportunistic and evaluate the energy deal with Russia as more important than the non-interference principle, and which would arguably be more related to fear—honor played a critical role here as well, as China now finally appeared as the senior partner in dealings with Russia. First, Russia and, later, the Soviet Union (as part of the Western great powers conglomerate) had territorial ambitions in the Chinese northeast, as still evidenced today by Russian buildings in Manchuria's capital of Harbin. Czarist Russia annexed some of these more remote territories when the last Chinese (Manchu-led) Qing dynasty was weak during the late nineteenth century, trying to gain access to southern ports from there.[9]

Second, when China became communist in the aftermath of the civil war and struck a deal with the Soviet Union in 1950 for an alliance and friendship that was to last 30 years, China was clearly the junior partner with the big bear as the senior partner. China naturally was still in shambles from ridding itself of the Japanese occupiers and the ensuing protracted civil war of communists versus republicans, whereas the Soviet Union had had time since the end of World War II in 1945 to consolidate internally and regroup. This alliance between Stalin and Mao would not last long, and China began to abandon its Soviet comrade in the early 1970s for the United States, mostly since the latter seemed to be the weaker of the two; therefore, China switched sides, acting according to anti-hegemonism. So, to now appear as the senior partner coming 'to the rescue' of the Russian Federation, which was in turn weakened by Western sanctions, would seem to carry much satisfaction for China in light of the historic Russian superiority. Therefore, rising in status against Russia and 'locking in' that status with an energy deal serves as a 'correction' to what

historically had gone wrong during the 'Hundred Years of Humiliation' era, as well as during the Cold War to some extent.

Third and finally, as mentioned above, the internal status and prestige gained from standing up to the 'West,' and the United States in particular, is also closely connected to honor and the search for prestige, status, reputation, and recognition.

Engaging the Arctic Council

China has been showing an increased interest in further involving itself in Arctic affairs even before the analyzed time frame (2009–2017). Since 2000, China has been active with an *ad hoc* observer status in the main organization concerned with the Arctic region, that is, the Arctic Council (AC). Later it applied for a permanent observer status, as interest intensified. This intensifying interest is also related to global warming and the melting poles. In China's view, this also creates opportunities in terms of mining for natural resources on the Arctic Ocean seabed, as well as possibly shorter shipping sea lanes of communication (SLoCs), next to scientific exploration of the Arctic and the effect climate change has on China's own environment.[10] Most recently, the SLoCs through the Arctic to Europe or the United States were even being considered for the OBOR diplomatic initiative as an additional maritime route besides the traditional one through the Malacca Strait, Indian Ocean, and Suez Canal.

Course of Events

The AC was established in 1996 by those states that possess territory above the Arctic Circle, the so-called Arctic Eight, that is, Denmark (for its autonomous constituent country Greenland), Iceland, Norway, Sweden, Finland, Russia, Canada, and the United States. Prior to this, these states were only loosely cooperating as signatories of a 1991 treaty, the Arctic Environmental Protection Strategy. The establishment in 1996 was marked by the signing of the Declaration on the Establishment of the Arctic Council, often referred to as the Ottawa Declaration, where it was signed on September 19, 1996. It specified the member-states as the eight Arctic nations and a number of non-state organizations representing indigenous peoples, such as the Inuit Circumpolar Conference. More importantly for China, it stated that '[o]bserver status in the Arctic Council is open to: (a) non-Arctic states; (b) inter-governmental and

inter-parliamentary organizations, global and regional; and (c) non-governmental organizations that the Council determines can contribute to its work' (Council 1996) The first biannual meeting followed in 1998 in Iqaluit, Canada. It should be noted that China was not present at the signing of the Ottawa Declaration in 1996; however, Germany, Japan, Poland, the Netherlands, and the UK were present—despite their Arctic outlier position. Insofar, China may have been a bit late to the great Arctic game (Council 2017).

It was not until 2007 that China officially started to participate in the meetings of the AC as a so-called ad hoc observer state. At the time, there were already several states with permanent observer status, namely the UK, the Netherlands, Germany, Poland (all admitted in 1998), France (admitted 2000), and Spain (admitted 2006) (Council 2017). This is in addition to several non-state organizations that also occupied permanent observer status, such as the Global Arctic Program of the World Wildlife Fund for Nature (WWF; since 1998) or the United Nations Environment Program (UNEP; since 1998) (Council 2017).

Still, China has been showing interest in the Arctic as a region already prior to diplomatically engaging with the AC: in terms of governmental organizations and agencies, China has the Polar Research Institute of China (PRIC) which was established in 1989, as well as the Chinese Arctic and Antarctic Administration (CAA) which was founded in 1981 under the previous name Chinese Antarctic Administration of the State Antarctic Research Committee (Administration 2017a; Poles 2017). The renaming of the latter, that is, the inclusion of the Arctic in what was prior only concerned with the Antarctic—in itself—is another indicator of the growing importance of the Arctic for China. The CAA is part of the State Oceanic Administration of the Ministry of Land and Resources. In 1994, China began using the icebreaker *Xuelong*, or Snow Dragon in English, which it had purchased from Ukraine in the prior year. The *Xuelong* has stayed its only icebreaker since then, though, recently the construction of a domestically built icebreaker, which is to be ready in 2019, was announced (Liu 2016). In late 2009 already, Wei Wenliang, the Secretary of the Party Committee at PRIC, stated there was a plan to combine the *Xuelong* with the new icebreaker and with other ships which are also able to navigate the Arctic into a modern polar research fleet. Seven research expeditions to the Arctic have been undertaken in 1999, 2003, 2008, 2010, 2012, 2014, and 2016 (Poles 2017; Xinhua 2016; Sun 2014)—first in intervals of four

to five years (the second interval probably lengthened out in order to have the icebreaker be in the Arctic during the Olympic Summer Games in Beijing), then in steady intervals of two years. Prior to the engagement with the AC, China had also set up an Arctic research station, the Yellow River Station, in July 2004 in Ny-Ålesund on Norway's Svalbard (previously known as Spitsbergen) archipelago (Administration 2017b).

In July 2010, China's Ministry of Foreign Affairs published a speech entitled 'China's View on Arctic Cooperation' (China 2010). In it, the Chinese government takes stock of the current state of engagement with the Arctic region but also the AC and its constituent members:

> China is now an ad hoc observer to the Arctic Council, and is applying for the observer status of the Council. China has Arctic scientific cooperation and governmental dialogue with Norway, and relevant cooperation with Canada and United States. China has Arctic scientific cooperation with Russia, but no governmental dialogue yet. China is looking forward to enhance cooperation with relevant parties, in particular Arctic States (China 2010).

Furthermore, the explanation of China's profound attention to the Arctic region is also laid out in this speech:

> The first reason is China's geographical location. China is separated from [the] Arctic by only one country, Russia. The most northern part of China is around 50 degree[s] of [N]orth latitude. As a country located in [the Northern] hemisphere, China is seriously affected by [the] climate and weather in [the] Arctic.
>
> The second reason is scientific research requirement. [The] Arctic is a unique place for global climate research and environment assessment. Airspace and outer space observation in [the] Arctic is important for over[-] Arctic flight and satellite.
>
> Third, potential impacts on China. In case the Arctic shipping routes open someday, global shipping, energy activities and trade will be affected. We feel we are part of the world, [and such] changes will affect China (China 2010).

Naturally, this is not a comprehensive list of why China is engaging the AC and interested in having a piece of the pie in the Arctic—or at least sharing a piece with one of the Arctic Eight. Kimie Hara and Ken Coates have summarized China's Arctic interest into four points: China 'is influenced

by environmental changes in the Arctic; it is drawn by the business opportunities arising from the opening of the Arctic passages and better access to Arctic resources; and it is also committed to maintaining good [Arctic] governance' (Hara and Coates 2014, p. 4). Additionally, fishing rights in an ice-free Arctic Ocean may also be of business interest to in the medium and longer terms.

As mentioned above, China started attending the AC in 2007 as an *ad hoc* observer state, and, quickly thereafter, lobbied for acceptance of an application as permanent member. Though, 'China has participated in Arctic Council ministerial meetings between 2007 and 2009' (Chen 2012, p. 364), the permanent observer status was not easily granted. China's first application to become a permanent observer to the AC was declined in 2009 at the AC biannual meeting in Tromsø, Norway (Lanteigne 2014). The second application followed at the next biannual meeting in Nuuk on Greenland under the chairmanship of Denmark. At the time, '[t]he observer question was complicated enough that China's application, along those of other potentials, was deferred again (…) while the specific criteria for formal observers was *(sic!)* drafted for the following ministerial gathering at Kiruna' (Lanteigne 2014, p. 37). In fact, it was noted that the reservation in the AC was coming not so much from the United States or the Nordic countries but from Russia and Canada, as Marc Lanteigne writes: 'Canada and Russia (…) were concerned about a farrago of new observers outnumbering the members and permanent participants in the Council. (…) By contrast, the Nordic members, including Denmark, Iceland and Norway, were more open to the idea of observer status for China' (2014, p. 36).

During the entire process of China's applications to permanent observer status and while the observer rules were being redrafted by the AC, China began intensifying relations with those nations in the AC which are founding (permanent) members. It began FTA talks with Iceland and Norway—although both of these FTA negotiations faced a hiatus when they were frozen: In the case of the Sino-Icelandic FTA talks, it was Iceland's application to EU membership in July 2009. Since a new government came to power after the general elections in April 2013, Iceland announced that it would retract from the process of becoming an EU member-state the same year. In the meantime, FTA negotiations with China had been reopened, and the resulting FTA was signed on April 15, 2013 (China 2017a). The negotiations between Norway and China for an FTA had already been opened prior to those with Iceland; however, the awarding of

the Nobel Peace Prize to Chinese dissident Liu Xiaobo stalled the process, since the Nobel Peace Prize is celebrated annually in Norway's capital, Oslo. China decided to sever relations with Norway as a result of this award decision for about seven years until relations were normalized again in December 2016, and it was decided that negotiations for the FTA would resume in mid-2017 (China 2017b).[11] China's engagement with Iceland also brought about a Sino-Icelandic Arctic research facility near Akureyri, construction of which began in 2016, and the opening of a Confucius Institute in 2008 (Hanban 2017; Hafstað 2016). These are but a few examples of how China tried to court the Arctic Eight—another being the improvement of Sino-Russian relations amid the Ukraine Crisis of 2013 which has been discussed above which may or may not have eased known Russian concerns of China's accession to permanent observer status.

In 2013, China's request for permanent observer status was finally accepted during the biannual meeting in Kiruna under the chairmanship of Sweden—perhaps partially due to these immense diplomatic courtship efforts. As during the 2011 biannual AC meeting in Nuuk, Greenland, there had been no final decision, and rather than denying permanent observer applications, the AC made the rather elegant decision to, instead, completely overhaul the rules and regulations for observer states (and governmental and non-governmental organizations) and unify the applications. Interestingly, the AC had given the permanent observer status not just to China at the time of the 2013 Kiruna meeting, but also to Italy, Japan, India, the Republic of Korea, and Singapore at the same time. From the long stalling process and the fact that others also were given the same status, it could be assumed that the AC were concerned with the weight that China would bring to the table—considering its military and economic might.[12]

In early 2017—a couple of years after the OBOR diplomatic initiative had been pitched by President Xi—talk started that China may possibly be adding the Arctic sea route in addition to the existing maritime Silk Road to Europe via the Malacca Strait, Indian Ocean, and Suez Canal, and the one added to New Zealand/Oceania along the Pacific shoreline. Li Xiguang of Tsinghua University was being quoted by the *South China Morning Post* as having said that 'Beijing's strategy does not stop at belt and road. (…) The full name of the strategy will be 'One Belt, One Road, One Circle,' and the circle refers to the Arctic Circle' (Huang 2017). And indeed, China issued a statement entitled 'Vision for Maritime Cooperation

under the Belt and Road Initiative' on June 20, 2017, which mentioned several important policy objectives in regard to the Arctic, as well as the plan to include '[a]nother blue economic passage (…) envisioned [to lead] up to Europe via the Arctic Ocean' (Xinhua 2017b). Next to the well-known pillars of China's Arctic strategy, the participation in the AC was also re-affirmed: 'China will actively participate in the events organized by Arctic-related international organizations' (Xinhua 2017c) under the statement's 'IV. Cooperation Priorities, (…) 4.2 Ocean-based prosperity' (Xinhua 2017c). During President Xi Jinping's visit of Moscow (on the way to the G-20 meeting in Hamburg) on July 4, 2017, China agreed with Russia to develop the so-called Ice Silk Road via the Northern Sea Route which follows along Russia's northern shore—making the expansion of the maritime silk road official (Xinhua 2017b).

Furthermore, on July 20, 2017, the *Xuelong* departed for the eighth Arctic expedition, the first one to attempt a full 'circumnavigation of the Arctic rim' (Xinhua 2017a).

> Lin Shanqing, deputy director of the State Oceanic Administration, said the expedition is another milestone in the country's polar exploration efforts[:] 'Usually, Arctic expeditions are carried out once every two years. Starting this year, we plan to increase the frequency of expeditions' (Xinhua 2017a).

This newly increased rhythm of Arctic expeditions—one per year instead of one every two years—along with the production of the new icebreaker which is to be ready in 2019 also demonstrate the importance the Chinese government attaches to the region. And China is set to continue to place a big emphasis on the AC in the future, too, as can be deduced from recent visits by the Chinese President and top diplomats to the regions: 'Xi visited Alaska and Finland, while a senior (…) delegation was just in Iceland and a Norwegian leader visited Beijing for the first time since relations soured in 2010 over the Nobel Peace Prize awarded to Chinese dissident Liu Xiaobo' (Moriyasu 2017a).

Relating the Case to Honor and Legitimacy

The element of prestige and honor in the case of the AC can be said to come from at least two different angles: the fact that two of the main players in the AC are the erstwhile superpowers—the United States and Russia—to whom China had to look up to for the longest time as the

'junior partner' surely is one reason for China to go to these lengths in lobbying to become a permanent observer in the AC. The Eagle and the Bear have long been throwing their shadows over the Middle Kingdom, especially during the so-called 'Century of Humiliation,' having made some of China's territory their colonial possession. Interestingly, now it could go the other way: China could share some of the benefits of their territory with its former Western intruders. This would go toward achieving the goal of finally being viewed as a full-fledged great power at the same eye level as not only Russia but also, and especially, the United States.

Alternatively, showcasing China's capability with the deployment of the PLAN ships to regions as far as the Arctic Sea comes with an impressive amount of prestige as well. Historically, China has always looked outward in times of good economy and low domestic or foreign threat perception. The prime example here is, almost naturally, Zheng He with his seafaring adventures and considerable naval fleet during the Ming Dynasty (1368–1644). His travels are supposed to have led him as far as East Africa and the western American shore, and some assert they have even gone further than that: 'One theory has it that some of Zheng's fleet passed through the Arctic Ocean in their wooden vessels and discovered Greenland and Iceland' (Moriyasu 2017b). Having Chinese ships go as far as the Arctic Sea may certainly evoke such historic comparisons, that is, alluding to the glorious times in Chinese history—those of conquest and flourishing trade. And one could make the argument that this is a particularly grand achievement given that many—including Chinese themselves—have asserted that '[t]he Chinese are not a seafaring nation in the correct acceptance of the word' (Mee 1908, p. 895).

Convergence with or Divergence from the PD Grand Strategy

On the one hand, China is definitively not an Arctic nation—irrespective of the 'near Arctic country' and 'Arctic stakeholder' rhetoric that the government attempts to rectify its suspicious interest in the polar territories and seas. On the other hand, it is China's right under the UNCLOS to use future shipping routes, for example, but also mine the deep seabed of the Arctic Sea in cooperation with one of the Arctic nations to which the maritime territory in question would belong, or, unquestionably, conduct research in the Arctic region. Still, China's activity and eagerness arouse suspicion in one or the other observer of the situation, as this is much different from China's activity in the SCS or ECS, which are relatively close

Table 4.2 Divergence from or convergence with PD in the case of China's Arctic Council diplomacy

Factor in PD	*Convergence/Divergence*
Defense of territorial integrity	Convergence and *Divergence* (Convergence: perfectly in line with UNCLOS; divergence: China is not an Arctic power)
Increase of national power	Convergence (indubitably presents an increase to national power in terms of future benefits for resources)
Anti-hegemonism	Convergence and *Divergence* (Convergence: counterweight to major powers in the AC, that is, Russia and the United States; divergence: own ambitions paired with not being an Arctic state)
Maintenance of favorable economic markets	Convergence (access to resources and use of quicker sea lanes of communication to Europe)
International responsibility	Convergence (adhering to accession process to permanent observer status and UNCLOS regarding Arctic Sea)
Avoidance of 'China threat' misperception	Convergence & *Divergence* (Convergence: China exercises its rights under the UNCLOS and diplomatically engages AC; divergence: ulterior motives and neomercantilist resource hunger suspected)
Improving China's international reputation	Convergence (interest in the Arctic and prestige associated with the capabilities needed)

to the Chinese mainland still and to which at the very least historical claims can be fabricated, even if not in compliance with the UNCLOS. Therefore, China is both converging and diverging from the PD grand strategy in terms of defending one's territorial integrity, depending on one's viewpoint (see Table 4.2 for a summary of this case's convergences and divergences).

Regarding China's increasing national power, the case of engagement of the AC and possible benefits, mostly of economic nature, for the future, presents a rather clear-cut convergence with PD. Should the promises of the Arctic seabed hold true, then China will have a lot to gain—or at least partake in the gains thereof—in natural resources and savings in time for soon-to-be ice-free shipping routes through the Arctic Sea.

Whether the Chinese accession to the AC as permanent observer state is indeed a manifestation of China's own ambitions to become a suprare-gional hegemon (if one subscribes to the fact that China is already a regional hegemon in Asia) or whether the application to get a permanent observer status could be seen as merely getting up to par with Russia and the United States—countering the American hegemon and the historically founded Russian territorial ambitions—is also an assessment of viewpoint. The Nordic countries which welcomed China into the fold of permanent observer states may actually see it as the latter; that is, in the interest of balance of power, they were delighted to accept China as a permanent observer.

The Arctic Sea potentially houses a great source of oil, gas, and miner-als underneath its deep seabed. These will become able to be mined with the melting of the ice caps in the middle to far future—depending on the speed of the Arctic Sea becoming ice free. Insofar, China will observe its PD grand strategy as it attempts to maintain a favorable economic climate. The same can be said for other future benefits associated with an ice-free Arctic, that is, faster shipping routes via the Northern Sea Route and the Northwest Passage which may either shorten the distance and time needed to send goods via container ships or provide a viable alternative to the cur-rently overused SLoCs to Northeast America via the Panama Canal and SLoCs to Europe via the Malacca Strait and Suez Canal. The latter is an alternative that China has been actively looking to address, as it is, first, said to worry (overly much) about becoming encircled in a naval blockade by its enemies estimating the weak spot in this being the Malacca Strait, and, second, concerned about pirate activity in the area of the Arabian Sea, Red Sea, and Horn of Africa. Furthermore, fishing rights—assuming that the prospectively ice-free Arctic Sea will be operated under the UNCLOS' 'High Seas' designation—present another layer of future economic benefits.

In pursuing—and eventually achieving—permanent observer status in the AC, as well as regularly participating in meetings related to the AC since 2007, China has proven itself as an internationally responsible power. Albeit its intentions are oftentimes questioned in Western media, China's conduct in the process of becoming a permanent observer state of the AC was by and large impeccable. Therefore, China was fully in compliance with its own PD grand strategy.

As mentioned, China's suddenly intense interest in the Arctic and the AC is often perceived as arousing suspicion due to the fact that China is

well over 1000 miles away from the Arctic Circle alone. The 'China threat' theory and to whom it applies is usually focused on China's neighboring states, especially in Asia, since these are more prone to be immediately affected by a rising China. In this case, one needs to look beyond those boundaries to see whether China was perceived as a threat by the Arctic Eight, for example. In a mid-2016 workshop held at the University of Alaska Fairbanks in which the Arctic Eight participated alongside the United States Northern Command (NORTHCOM), Alaskan Command (ALCOM), and the U.S.-Canadian North American Aerospace Defense Command (NORAD), one workshop scenario was specifically addressing the concern that China's interest in the Arctic brings along:

> The Sino-Russian energy cooperation in the Arctic continues to grow, Chinese oil companies have invested significantly in Russian oil infrastructure allowing them access to significant oil reserves at reduced prices. China's requirement for rare earth minerals has resulted in the development of an ice-breaker fleet of eight ships. Consistent with China's claim to be a near Arctic nation, in the last decade, they have routinely sent navy warships through the Bering Sea into the Arctic Ocean. This, in addition to unauthorized exploration and research, has significantly strained relations in both the US-Canadian and European Arctic regions as these nations contend that China is in violation of international law. (…)
>
> Event 1: A Chinese Surface Action Group (SAG) escorts a mineral mining vessel through the Bering Strait and toward the Northwest Passage. It is believed that the mining vessel will conduct illegal mining in another country's EEZ.
>
> Event 2: A Chinese mineral mining vessel, escorted by a Chinese warship, is conducting illegal mining research in the Norwegian EEZ.
>
> Event 3: The vessels from Event 1 meet up with the vessels in Event 2 in the Norwegian EEZ. The Norwegian Navy steams toward the Chinese vessels and all Chinese vessels sail to waters off of Iceland.
>
> Event 4: The Chinese vessels regroup in Icelandic waters and are now sailing toward Norway in a known aggressive military formation (Workshop 2016, p. 12).

The fact that a workshop like this would probe an exercise like this and rate the document as 'unclassified' thereafter, would suggest that there is a certain level of threat perception involved with China's interest in the Arctic. Nevertheless, China has not demonstrated any cause for concern and has, thus far, relied on cooperation with the Artic Eight. The document

also notes as a key observation that 'China's intentions in the Arctic are largely driven by (…) long-term considerations' (Workshop 2016, p. 14) which suggests that in the near-to-midterm, there is nothing to seriously worry about in the opinion of AC founding members and their militaries. Nations in the SCS, such as Indonesia or Vietnam, which perhaps still have the advantage that China needs to 'play nice' due to the importance of the Malacca Strait and the important SLoCs leading through the Indian Ocean and SCS via the said strait, may have to worry about prospectively ice-free Arctic SLoCs such as the Northern Sea Route to Europe—giving China a viable alternative. This may lead to a China that would be able to act with less inhibitions about what concerns its territorial claims in the SCS and, in turn, risen levels of threat perception in those immediately neighboring states. Thus, the assessment on whether China converges with or diverges from its PD grand strategy on the count of reducing perception of itself as threatening is dependent on a number of factors, such as time and viewpoint.

Concerning China's international reputation, the process which ended in becoming a permanent AC observer state was certainly beneficial for it. It earned China much attention in the Western media and at home. The fact that the world could witness Chinese scientific engagement

Alternative Explanations

Alternative explanations are rather hard to come up with in the case of China's engagement of the AC. It is seemingly far-fetched to imagine that China could just be interested out of scientific interest, as it sometimes claims. Of course, the asserted reasons for the research undertaken within the Arctic Circle is to measure the impact of climatic changes from there on the environment of the Chinese mainland. Given the importance that improving environmental conditions takes domestically in China, the explanation for that sort of rhetoric emanates from the internal legitimacy realm.

That an economic explanation would help in this case, is more feasible, though. Still, the prestige factor seems a better way to understand the initial and present interest in becoming a permanent observer of the AC *per se*, as the economic benefits are not to be expected in the near term yet and will heavily depend on the willingness to cooperate of one of the AC members. Nevertheless, much of the economic benefits that mining in the Arctic Sea promises leads back to the energy hunger associated with

China's economic growth and the necessary natural resources required to fuel it. Insofar, this economic explanation is related to internal legitimacy, too. The same would go for savings gained from quicker shipping routes using the SLoC in the Arctic Sea, that is, the Northern Sea Route and the Northwest Passage.

Summary

The application for permanent observer status in the AC by China, and the interest associated with it which China has been displaying since 2007, is a case of mixed legitimacy, while mostly conforming to PD grand strategy. Prestige and honor play a role in the motivation of China's application to AC permanent observer status insofar as that the ultimate accession to the AC shows determination on the part of China on a number of points: On the one hand the case shows a partially negative motivation in the sense that China does not want to be shut out by other major powers from diplomatic institutions that it may not have access to. In the past, China has been taken advantage of, especially during the 'Century of Humiliation' years during which it was internally disunited and, thus, helpless to the intrusion of the West and Japan. As a result, China carries with it a trauma that the West would somehow decide to exclude it at the decision table in present and future, for example, concerning the Arctic.

On the other hand, there was also a dimension of positive motivation in this case, that is, it clearly demonstrated the self-understanding of China as a truly global power—reflected in this entire process of engaging with the AC. Due to the fact that China does not hold territory within the Arctic Circle, or anywhere near it, accession to the AC as permanent member shows that it now feels ready to be active in international affairs—outside of its well-known Asian neighborhood. Additionally, this sort of diplomatic engagement helps others perceive China as an internationally responsible actor who actively contributes to global governance. Picture sequences of a Chinese icebreaker by the name of 'Snow Dragon' moving through meter-thick Arctic ice may call into mind the more glorious times in Chinese history and remind one of the famous Ming seafarer Zheng He—sometimes naturally or incidentally—sometimes invoked by the Chinese government, as, for example, during President Xi Jinping's keynote speech at the May 2017 Belt and Road Forum in Beijing (Xi 2017). So, concerning the overall motivation, one could argue that it was a mixed

legitimacy case (related to internal as well as external legitimacy) compelled by the cultural driver of honor in search of prestige.

It is undeniable that in the long term, once the Arctic Sea would become mostly ice free, there are economic considerations that China will be keen to secure for itself: fishing rights, mining rights for minerals and fossil fuels, as well as savings from shortened shipping routes via Arctic SLoCs (especially the Northern Sea Route and Northwest Passage). Furthermore, in the prospective scenario of an ice-free Arctic Sea, these SLoCs also become relevant for China's military interests, as in offering an alternative route in the case of a naval blockade along the Malacca Strat. But, as mentioned, these considerations that are associated with the cultural drivers of economic interest in search for profits and fear in search for security are secondary in this case due to the fact that they are merely a possibility for the future at this point in time, whereas the accession to the AC as permanent observer came instantly in advancing China's prestige.

The One Belt, One Road Major Diplomatic Initiative

Since late 2013, President Xi Jinping has been promoting the idea of the OBOR initiative, sometimes referred to as the OBOR strategy.[13,14] This major diplomatic initiative became a concerted effort of the Chinese National Development and Reform Commission, the Ministry of Foreign Affairs, and the Ministry of Commerce. The full name of this diplomatic initiative, which is typically referred to as OBOR, is 'Silk Road Economic Belt and Twenty-First-Century Maritime Silk Road.' Geographically, the historical Silk Roads—land-based and maritime—are kept as they were during imperial times with some additional corridors; examples include China (Tibet)-Pakistan-Indian Ocean, or China-Myanmar-Bangladesh-Indian Ocean.[15] 'The Belt and Road routes run through the continents of Asia, Europe and Africa, connecting the vibrant East Asia economic circle at one end and developed European economic circle at the other. The (…) Belt focuses on bringing together China, Central Asia, Russia and Europe' (Xinhua 2015b). On the other hand, the maritime route 'is designed to go from China's coast to Europe through the South China Sea and the Indian Ocean in one route, and from China's coast through the South China Sea to the South Pacific in the other' (Xinhua 2015b).

Worth mentioning are some reservations from the scholarly and policy community about the OBOR initiative; while it is designed with a decades-long trajectory, it is still quite recent, having begun in late 2013 and been put into government documents in early 2015. As the renowned Chinese scholar Chen Dingding correctly assesses,

> the OBOR initiatives (*sic*) are not guaranteed to succeed and in many ways they might actually fail if the Chinese government does not play its cards right. And there is some evidence that the government might not be handling its cards right at the moment (Chen 2015).

It should be noted that, although the most common designation is the OBOR *initiative*, Chen is not entirely wrong in using the plural *initiatives*. As Reeves points out, besides the OBOR being *one* diplomatic initiative, 'the concept also calls for the establishment of a[n FTA] between China and (…) ASEAN[.] As such, the strategic concept is a concerted effort to expand China's economic relations within a "one bank, two belts, three corridors, one FTA" framework' (Reeves 2015, p. 22).

Course of Events

The first part of the concept for the OBOR—the land-based, traditional Silk Road for the twenty-first century—was first mentioned by President Xi while traveling to neighboring Kazakhstan in September 2013. 'In a speech delivered at Nazarbayev University, Xi suggested that China and Central Asia cooperate to build a Silk Road Economic Belt. It was the first time the Chinese leadership mentioned the strategic vision' (Xinhua 2015b). This, of course, makes sense insofar as the Kazakhs are landlocked and the first country through which the Silk Road extends as seen from Beijing.

Just one month later, in October 2013, the second, sea-based part of the OBOR vision was completed while Xi Jinping was visiting Indonesia, a crucial friend for China to have in the event of a sea blockade in the future:

> President Xi proposed building a close-knit China-ASEAN community and offered guidance on constructing a 21st Century Maritime Silk Road to promote maritime cooperation. In his speech at the Indonesian parliament, Xi also proposed establishing the Asian Infrastructure Investment Bank

(AIIB) to finance infrastructure construction and promote regional interconnectivity and economic integration (Xinhua 2015b).

Again, the choice of Indonesia does not seem random but rather perfectly logical. It is an island-nation and is situated on the south side of the Strait of Malacca. Indonesia, is extremely important to China in terms of its reliance on commercial trade and delivery of resources such as oil via the major sea lanes from Europe, Africa, and the Middle East to Northeast Asia. Associated with the Malacca Strait in particular is China's constant fear that other countries, especially the United States, could decide to enforce a sea blockade at this hotspot, which would have detrimental consequences for its energy security and economic performance. As such, it makes perfect sense to use an official visit to Indonesia to announce the Maritime Silk Road of the OBOR initiative, since this is also the first country passed through via the sea route when leaving Chinese sovereign (maritime) territory, which extends to the southernmost parts of the SCS (i.e., Indonesia's shores).[16]

The next important date in the chronology of the OBOR was another month later in November, when, for the first time in China, and for the first time not directly through a speech of President Xi but through a CCP party organ, '[t]he Third Plenary Session of the 18th Central Committee of the Communist Party of China called for accelerating infrastructure links among neighboring countries and facilitating the Belt and Road initiative' (Xinhua 2015b). Whereas the initial focus had been on economic cooperation, the infrastructural aspect was more highlighted now. At another domestic event, President Xi fused these two aspects (infrastructure and economic advancement), calling for the OBOR 'to promote connectedness of infrastructure and build a community of common interests' (Xinhua 2015b).

The first bilateral agreement associated with the OBOR was between China and Russia and followed a few months later, in February 2014, when 'Xi and his Russian counterpart, Vladimir Putin, reached a consensus on construction of the Belt and Road, as well as its connection with Russia's Euro-Asia Railways' (Xinhua 2015b). Interestingly, this was in the midst of the Ukraine Crisis, just a few weeks before Russia's move to annex Crimea in March 2014 and the abovementioned Sino-Russian agreement in May 2014. Strategically, gaining Russia's cooperation in the OBOR was very important, as Russia has historically enjoyed a high level

of influence over Central Asia and extended influence in the Middle East and Eastern Europe, all of which are integral parts of the OBOR.

In March 2014, in his second annual report on government work, Prime Minister (PM) Li 'called for accelerating Belt and Road construction (…) and for balanced development of the Bangladesh-China-India-Myanmar Economic Corridor and the China-Pakistan Economic Corridor' (Xinhua 2015b). In this instance, the perhaps unaltruistic posture also comes to bear, especially because it is a report meant less for the outside world than for domestic legitimacy, in which Li spoke of '[u]shering in a new phase of China's opening to the outside world and ensuring its high standard performance' (Xinhua 2014c).[17]

In the second instance after the February bilateral agreement with Russia, China agreed to a specific project with its neighbor state Kazakhstan in May 2014. The project, a logistics terminal (which is fitting with the theme of the Silk Road as a trade route) was to be

> jointly built by China and Kazakhstan [and] went into operation in the port of Lianyungang in east China's Jiangsu Province. The terminal, with a total investment of 606 million yuan (98 million U.S. dollars), is considered a platform for goods from central Asian countries to reach overseas markets (Xinhua 2015b).

At around the same time, the first specific multilateral manifestation of the OBOR—the AIIB, which will be further discussed below as an economic policy case—began to come about. Whereas China's general diplomatic preference is bilateral negotiation and agreement, this multilateral aspect of the OBOR is noteworthy and likely will act as a catalyst for projects in the decades to come.

Next, at the occasion of the November 2014 Asia-Pacific Economic Cooperation (APEC) summit, which was hosted by China and took place in Beijing,

> President Xi announced that China will contribute 40 billion U.S. dollars to set up the Silk Road Fund. (…) Xi announced that the fund will be used to provide investment and financing support for infrastructure, resources, industrial cooperation, financial cooperation and other projects in countries along the Belt and Road (Xinhua 2015b).

This marked the second multilateral instance in which the OBOR was promoted and announced, although only a minority of APEC countries—some Southeast Asian states (Indonesia, Malaysia, Vietnam, Singapore, Thailand, Philippines) and Russia—even qualify for the OBOR initiative.[18]

In early December 2014, 'Thailand approved a draft memorandum of understanding between Thailand and China on railway cooperation' (Xinhua 2015b), marking the third specific bilateral agreement in the OBOR and the first with a state that does not share a direct border with China (although, if one subscribes to the Chinese understanding of the SCS, they do share maritime borders). Nevertheless, despite China pushing for a better sea route with the maritime Silk Road in OBOR, the improved railway connection with Thailand may be seen as a hedging strategy by China against the worst-case scenario of a US-led maritime blockade of the Malacca Strait. In such a case, shipments from the Middle East could be delivered on either Burmese or Thai Indian Ocean ports and forwarded by rail to China, possibly via Laos. Later in December 2014, '[t]he Central Economic Work Conference sketched out priorities for the coming year, which include[d] the implementation of [the] Belt and Road initiative' (Xinhua 2015b).[19]

In early February the following year, at a special OBOR meeting, Zhang Gaoli, a high-ranking CCP official (who, among other functions, is also part of the Politburo Standing Committee), 'sketched out priorities for the Belt and Road initiative, highlighting transportation infrastructure, easier investment and trade, financial cooperation and cultural exchange' (Xinhua 2015b). As far as the implementation and coming together of the OBOR in its entirety, Zhang

> highlighted the importance of environment protection and social responsibility in building the Belt and Road. Countries along the routes should increase communication and consultations and give full play to multilateral, bilateral, regional and sub-regional cooperation mechanisms and platforms to seek common development and prosperity, Zhang said (Xinhua 2015a).

In his third annual government work report in March 2015, PM Li Keqiang gave assurance that 'China will move more quickly to strengthen infrastructure with its neighbors, simplify customs clearance procedures and build international logistics gateways' in the coming year (Xinhua 2015b).[20] Taking stock of the OBOR initiative thus far, Li found that:

> China has been participating actively in establishing multilateral mechanisms and writing international rules. We have made steady progress in developing relations with other major countries, entered a new phase in neighborhood diplomacy, and made new headway in our cooperation with other developing countries. Notable progress has been made in conducting economic diplomacy. Progress has been made in pursuing the Silk Road Economic Belt and 21st Century Maritime Silk Road initiatives; preparations have been made for establishing the Asian Infrastructure Investment Bank, and the Silk Road Fund has been set up. China is engaging in more exchanges and cooperation with other countries, and is increasingly recognized as a major responsible country on the international stage (Xinhua 2015c).

Working against the vagueness of the OBOR thus far, Li sought to define it in further detail, stating that the government:

> will work with the relevant countries in developing the Silk Road Economic Belt and the 21st Century Maritime Silk Road. We will move faster to strengthen infrastructure connectivity with China's neighbors, simplify customs clearance procedures, and build international logistics gateways. We will work to build the China-Pakistan Economic Corridor and the Bangladesh-China-India-Myanmar Economic Corridor. We will make China's interior and border areas more open to the outside world, promote the innovation-driven development of economic and technological development zones, and upgrade both border and cross-border economic cooperation areas. We will work actively to develop pilot free trade zones in Shanghai, Guangdong, Tianjin, and Fujian, and extend good practices developed in these zones to the rest of the country so that such zones become leading reform and opening up areas, each with its own distinctive features (Xinhua 2015c).

Following the move from the proposal and planning stage of the OBOR to the first manifestations as described above, the Western media started to report more on the initiative as well. As comparisons associated with reporting on the OBOR to the post-World War II US Marshall Plan grew in number:

> Chinese Foreign Minister Wang Yi dismissed [such] comparisons of the initiative to the U.S.-sponsored Marshall Plan. The initiative is 'the product of inclusive cooperation, not a tool of geopolitics, and must not be viewed with an outdated Cold War mentality,' Wang said, adding that China's diplomacy in 2015 will focus on making progress on the Belt and Road initiative (Xinhua 2015b).

In March 2015, the OBOR was first put into a proper government programmatic document. The three government agencies working on it were:

> [t]he National Development and Reform Commission, Ministry of Foreign Affairs and Ministry of Commerce[, which] jointly released an action plan on the principles, framework, and cooperation priorities and mechanisms in the Belt and Road Initiative after President Xi Jinping highlighted the strategy the same day while addressing the opening ceremony of the 2015 annual conference of the Boao Forum for Asia (BFA)[, offering further] insight in the China-initiated program's vision and endeavors (Xinhua 2015b).

While giving the OBOR initiative more structure and detail, the document still left the necessary wiggle room for interpretation and maneuvering in the future; nevertheless, it was intended to function as a roadmap for the development of the OBOR as an umbrella diplomatic initiative. The established powers' concern that China was suggesting to rewrite the currently liberal, US-led international order by the OBOR initiative, which could turn out to be a revisionist agenda, was addressed insofar as the document mentioned that it would be:

> in line with the purposes and principles of the UN Charter. (…) [It] is harmonious and inclusive. It advocates tolerance among civilizations, respects the paths and modes of development chosen by different countries, and supports dialogues among different civilizations on the principles of seeking common ground while shelving differences and drawing on each other's strengths, so that all countries can coexist in peace for common prosperity. (…) It will abide by market rules and international norms, give play to the decisive role of the market in resource allocation and the primary role of enterprises, and let the governments perform their due functions. (…) It accommodates the interests and concerns of all parties involved, and seeks a conjunction of interests and the 'biggest common denominator' for cooperation so as to give full play to the wisdom and creativity, strengths and potentials of all parties (Commission 2015).

While this is naturally meant to sound non-threatening to the stakeholders of the current international order, it shows the way of handling international relations that is practiced in Association of Southeast Asian Nations (ASEAN); that is, the finding of the 'biggest common denominator.' In line with this, the document also included the kind of rules and

norms that China likes to uphold, such as 'the Five Principles of Peaceful Coexistence: mutual respect for each other's sovereignty and territorial integrity, mutual non-aggression, mutual non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence' (Commission 2015).

The necessary wiggle room mentioned above can be seen in statements on the geographical dimension of the OBOR initiative, in that '[i]t covers, but is not limited to, the area of the ancient Silk Road. It is open to all countries, and international and regional organizations for engagement, so that the results of the concerted efforts will benefit wider areas' (Commission 2015). Although unlikely, this technically implies that Oceania and Latin and North America could become part of the OBOR. Arguably, this statement might have been included simply to avoid making the OBOR initiative seem like an exclusive club that locks out nations with which China has friendly relations. The document still does not give a timetable of what is to be done when; instead, it focuses mainly on emphasizing the OBOR initiative's message of bringing together the European, African, and Asian continents via better infrastructural and logistical connection.

Relating the Case to Honor and Legitimacy

The factor of honor, and by extension status, prestige, recognition, and reputation, is deeply ingrained in the OBOR as it relates to both internal and external legitimacy. The OBOR calls to mind the far-reaching influence that the Chinese Empire enjoyed for centuries in ancient, medieval, and early modern times. The Silk Road—both on land and on sea—stood as a symbol of the civilizational advancement of China at the time. Much of this erstwhile splendor is related to the nature of the traded luxury products from China, such as porcelain, tea, spices, or silk. As such, this calls into mind the prestige associated with China's advancement at the time. Thus, the function of the OBOR is twofold. On the one hand, it will ameliorate opinions of adjacent states' decision-makers away from seeing China as a threat and toward seeing China as a regional hegemon that is both interested in the benefits to its own population and interested in helping others to develop. On the other hand, it promotes the rise in status that China is seeking to achieve, as this project is essentially unprecedented in Eurasia.

The external legitimacy sought through the OBOR works not only to enhance China's reputation outside the spheres of the Middle Kingdom (especially immediate neighbors) but also to internally strengthen the foothold of the CCP with the domestic population. Overcoming the 'Century of Humiliation' is central to the CCP's strategy to use nationalism for its rectification of home rule. In essence, if the OBOR becomes a long-term success and sustainably improves China's international reputation and prestige, this would be a return to the role imperial China enjoyed before the onset of the First Opium War in 1939, in which it was able to actively steer international affairs, mainly with its tributary system vehicle.

Importantly, the OBOR initiative not only means that China is willing to engage the international community responsibly (in a way that is half-altruistic and half-selfish) but also that China is aiming to return to the *status quo* from before the First Opium War and the subsequent 'Century of Humiliation' and start dictating the rules and norms of international relations again rather than merely having to follow them. After all, from the Chinese viewpoint, '[n]ations in the "Confucian zone" of civilization are supposed to accept China's natural leadership, not attempt to resurrect old empires or align with a foreign hegemon such as the United States' (Pillsbury 2015, p. 205). While to some, especially the erstwhile aggressors associated with the humiliation complex (i.e., Japan and the West), this may seem like an action of a revisionist power, to many nations of the Third World, especially those that do not necessarily have to fear the rise of China as direct neighbors, this may be seen as a good thing in terms of external legitimacy. More importantly, internally, China gains prestige with its own population in going against the world order, as it was established first by the British global hegemony and then further advanced by the US global hegemony after World War II. Thus, while being mainly a case of external legitimacy, the case of OBOR also contains a layer of internal legitimacy, which is associated not only with the OBOR's promised economic stimulus for the Chinese market but also, and importantly, with its diplomatic dimension and the prestige it brings.

Convergence with or Divergence from the PD Grand Strategy

If China can make inroads into the infrastructure of potentially weak developing states in China's periphery, helping them economically in general and (depending on how far the OBOR initiative will go) possibly integrating the region further, this can help to keep peace in Asia, especially

Table 4.3 Divergence from or convergence with PD in the case of China's OBOR diplomacy

Factor in PD	*Convergence/Divergence*
Defense of territorial integrity	Convergence (infrastructure investment helps keep peace and regime stability affecting China's unity)
Increase of national power	Convergence (leading economic growth in the region can act as a sort of 'buy-off' coming from China)
Anti-hegemonism	Convergence and *Divergence* (Convergence: OBOR as challenge to the US-led world order; divergence: nations in China's neighborhood fearing influence)
Maintenance of favorable economic markets	Convergence (economic stimulus for own economy, via construction abroad and more exports)
International responsibility	Convergence (investing in infrastructure of neighbors shows international solidarity)
Avoidance of 'China threat' misperception	Convergence and *Divergence* (Convergence: investment is something positive; divergence: suspicions about China's regional hegemonic ambitions)
Improving China's international reputation	Convergence (very ambitious program; hints at China's glamorous times in history)

around China's borders. Ultimately, this may add stability to governments of weaker states, which in turn can help China to maintain national unity and have safer border security. Following from this, China clearly converged with its PD grand strategy here (see Table 4.3 for a visualization of convergences and divergences).

The OBOR would put China at the center of a thriving region, which would certainly give China leverage over the participant states. What kind of power increase will be involved remains to be seen. International power is traditionally defined as making another state do what you want them to do when it is different from what they initially wanted (first and second faces of power), as well as shaping other nations' initial preferences and ideas via institutions or ideologies.[21] The OBOR would be an increase in power according to the first face of power (i.e., via buying nations off and/or threatening to take away economic inducements). Depending on the extent of the OBOR, it may also turn out to be a power increase according to the second face of power (i.e., via agenda setting). Lastly, in

the event that the OBOR turns out to have the sort of subtlety of the medieval tributary system or modern-day US-American orthodox capitalism and democracy, China may also gain power via the third face of power (i.e., shaping other nations' initial preferences and ideas).

The factor of keeping favorable economic markets is an important one in the case of the OBOR. As Reeves writes, the OBOR:

> [I]s equally reliant on economic exchange as a means of increasing stability. In its wider application, the One Belt, One Road concept includes China's provision of finance through the 2015 establishment of the Asian Infrastructure Investment Bank (AIIB) and China's trade and investment schemes toward Central and South Asia through the Silk Road Economic Belt and Maritime Silk Road, respectively (Reeves 2015, p. 15).

Since a number of investments in the region are associated with this initiative—investments which can not only help China's neighbors but also help China's own economy as a kind of economic stimulus—this can be considered to perfectly converge with the PD grand strategy.

At first glance, trying to create more economic growth for and investing in neighboring states shows international solidarity on the part of China, and thus international responsibility as one of the preeminent powers in Asia. Ultimately, it remains to be seen how self-serving the OBOR will be to Chinese interests; nonetheless, if it becomes anything like the US Marshall Plan (which is the expectation of many), then this also converges with the PD grand strategy in terms of being a so-called responsible stakeholder.

On the one hand, the extent of the OBOR does raise some eyebrows in the eyes of decision-makers, particularly in Vietnam, the Philippines, Japan, and India, and perhaps even in Russia, where Putin had his own vision of a Eurasian free trade zone that would be in competition with China's. 'The U.S. is already very suspicious of China's long-term strategic intentions in the South China Sea and many European countries are also uneasy about China's expanding influence into the EU' (Chen 2015).

Those who view the OBOR critically fear that China is planning to establish a quasi-tributary system over vast parts of Asia and therefore a modern-day suzerainty over many weaker states. Such an attempt to lead so many states, even reaching into the hinterland of Europe, where China has no historically precedented foothold (excluding the Mongol conquests of the twelfth and thirteenth centuries), would call for China to grasp hegemony and therefore be perceived as threatening. This would, therefore, naturally be divergent from the PD grand strategy.

On the other hand, rather than seeking to 'flex its muscles' by suggesting the OBOR initiative, China may intend to go specifically against the 'China threat' misperception, as outlaid in the PD grand strategy. The fact that investing so heavily in the region can be interpreted as altruistic behavior (even though China is likely to benefit more than the OBOR participant nations) may ameliorate some foreign decision-makers' perception of China rising and should, therefore, be considered as converging with the PD grand strategy.

Clearly, the OBOR increases China's reputation, since it is a very ambitious program aimed at unifying many nations in the pursuit of economic growth. Moreover, the OBOR hints heavily at the more glamorous times of China's history, when the Silk Road on the land route and the Maritime Silk Road were major trading paths and the Middle Kingdom was the nation with the highest GDP globally.

Alternative Explanations

There is little doubt that honor—and by extension status, prestige, reputation, and recognition—plays a determining role in the development and eventual realization of the OBOR. Naturally, China has been undertaking such infrastructure and other development projects bilaterally in negotiation with individual nations, and most likely it would have continued with this practice of bilateral projects with or without OBOR. As such, OBOR can be seen as a skillful diplomatic move in pooling projects that would have happened either way.

Since the OBOR calls on the historical memory of tributary relations and Silk Road trade, the four different deeper meanings of the tributary system suggested by scholars can be partially considered as alternative explanations. The tributary system has been described as (1) simply an economic trading place, (2) merely a symbolic diplomatic exercise without a tangible purpose besides the symbolic status-giving and -receiving gestures, (3) an expression of the *realpolitik* in a system in which China guaranteed security in exchange for suzerainty over adjacent kingdoms' territories, and (4) an alliance (implicitly against the constant threat of freely roaming nomads) on the basis of real equality which was interpreted and communicated domestically in different ways by every kingdom involved.

Otherwise, economic interest and security concerns certainly matter here, too. Making the periphery more secure by helping it develop

economically, and therefore giving back to the respective governments of adjacent nations, will contribute to China's own domestic security and survival as a nation-state, especially because the CCP is preoccupied with the Tibetan, Uyghur, and Mongolian peripheral autonomous regions.

Summary

The case of the OBOR shows mostly converging behavior, with only minor doubts on the points of anti-hegemonism and the perception of China as a threat. Overall, the more outward-focused OBOR initiative met all factors of the PD grand strategy, and therefore China did not diverge from it. Since this grand strategy manifestation perfectly converges with the PD grand strategy, and since it is mostly meant to be outward-looking and peaceful, it is not too far-fetched to say that the lion's share of the OBOR is related to honor and external legitimacy. However, as mentioned earlier, there are minor layers of internal legitimacy as well.

These layers of internal legitimacy may be divided into two types. One the one hand, there are the economic benefits China will likely gain from the OBOR in the short term, as well as those to be gained in the long term. On the other hand, there is the international diplomatic prestige to be gained, which will also have effects at the domestic level through maintaining and creating jobs and projects for Chinese construction companies for the necessary infrastructural work over the next decades of the OBOR. This kind of altruistic-seeming economic stimulus for China's own market was typically undertaken in the past in bilateral projects that functioned as quasi-foreign aid by China to the recipient country. All the OBOR really does—albeit impressively and with much pomp and circumstance—is to harness China's diplomatic actions into a larger cross-regional initiative. Related to this short-term gain for China is the general longer-term advantage of maintaining a beneficial regional and global market for Chinese exports on which China still heavily depends. In theory, better infrastructure and more trade, especially with China, will help to develop the recipient country as well, making them wealthier and thus increasing the potential for China to export more to that neighbor.

In addition, the diplomatic international prestige that China has been and is bound to receive externally from the generous OBOR initiative also has effects at the domestic level. This engagement with the international community is a reflection of China's risen status as a great power, and the prestige and recognition associated with the positive feedback from the

affected states certainly embolden the pride in the hypernationalists among the Chinese. The whole concept of the OBOR also is very intelligently crafted by the CCP to avoid including any of the so-called others of the past decades (i.e., either the United States or Japan). It does include some European nations that were aggressors within the time frame of the humiliation complex; however, from the geographical illustrations of the OBOR, it can be seen that this is not emphasized much, since the most prominently marked European end points are Athens, Venice, Rotterdam, and Moscow. If one takes into account '"historical memory," which only lasts about a hundred years' (Kang 2010, p. 167), then it is reasonable to narrow down the archenemies of China to the United States and Japan. Finally, yet another connection of the international to the domestic is along the lines of the prestige and status which the tributary system helped internally legitimize China in the Middle Ages. Likewise, not only an economic boost from the OBOR to the Chinese market but also a boost in stature vis-à-vis the West and Japan is likely to be welcomed in terms of legitimacy on the home front.

Nevertheless, it is external legitimacy that is central to the OBOR, which is surely the main reason why the initiative is peaceful and perfectly converges with the PD grand strategy while still serving some domestic purposes. Also, this helps to overcome the humiliation complex, since China is aiming to restore its pre-1839 splendor. The fact that the Chinese appear overly generous with the OBOR and promise billions as rewards to both adjacent and remote nations certainly fits the definition of being (or aiming to become) a regional, if not supraregional, hegemon. The abovementioned fact that neither Japan nor the United States is (so far) part of the concept also additionally supports this objective. The recognition with which participant nations acknowledge Chinese leadership (and monetary buy-offs) is clearly related first and foremost to honor and external legitimacy, although the cultural drivers of fear (more peripheral security for China) and interest (economic stimulus for home economy and possibly more exports to more developed neighbors) are present here as positive side effects.

In the same vein of external legitimacy, there is a strong reference to the 'good times' in China's imperial history of tributary relations and a Silk Road trade system in which China made huge profits with luxury goods. The choice of the name for the OBOR initiative shows clearly that it is, at least partially, a project with an aim of increasing status. Other such undertakings (for instance, the geo-economic counterpart to the United States'

Trans-Pacific Partnership [TPP], the China-led RCEP [Regional Comprehensive Economic Partnership]) are much more neutral and less loaded with history; as such, they are perhaps less intended than the OBOR to cater to the needs for honor and status.

In sum, there is little to be said regarding the negative or assertive side of the OBOR, apart from some hypersensitive doubts of neighboring states about China aiming for hegemony or being a threat. Clearly, if such goals exist, then the CCP is making a statement by wanting to secure the approval of relevant nations via buying them off with promised rewards rather than forcing them with military threats into doing what China wants. Given that all of this activity (buy-offs, infrastructure projects as foreign aid, bilateral agreements with peripheral nations to increase security, etc.) has increased in the past decade and would have occurred with or without the OBOR initiative diplomatic umbrella project, one can argue with relative certitude that this diplomatic move is meant to increase stature and therefore mainly external legitimacy.

Notes

1. See Luttwak (2012) for an in-depth account of this.
2. See, for example, Tiezzi (2014a), or Tiezzi (2014b).
3. See Zhang (2015).
4. For further reading on China's involvement in Ukraine, see, for example, Baggiani (2015) or Blank (2015).
5. Tibet is the only clear case of Han-Chinese population which China claims as its inherent territory. An exception to this is the 'detour' claim of arguing that 'South Tibet' should be part of the Tibetan Autonomous Region of China, or possibly that 'Outer Mongolia' should be part of the Chinese 'Inner Mongolia' province.
6. In the event that China goes against the United States or its allies in East Asia, Southeast Asia, or South Asia, conforming to anti-hegemonism may also carry an accusation of China's own implicit regional hegemonic ambitions.
7. See Luttwak (2012).
8. See Luttwak (2012).
9. Russia—connected to its long-standing obsession with gaining access to ice-free ports—Port Arthur (today's Lüshunkou district of Dalian city) was annexed during that time in history, and a railway from the Russian homeland all the way to Port Arthur was built to gain access to this ice-free sea haven. Incidentally, the recent annexation of Crimea is equally connected

to the Russian search for ice-free sea ports much like this late nineteenth-/early twentieth-century case.

10. For a comprehensive analysis of China's strategy toward the Arctic, see Abel (2012).
11. See Chap. 5 for more information on these FTAs.
12. The EU had also applied for permanent observer status during the 2013 Kiruna meeting of the AC. In a sense, the EU would have been a good counterweight to China, but likely due to the restrictive stance on fishing rights in Brussels, this was not a viable option for the AC. Instead, India alone, along with Japan and South Korea, was the better alternative in this case.
13. Unless otherwise stated, this chapter will refer to OBOR as a diplomatic initiative, since the term *strategy* in the context of diplomacy might be confused with the security concepts of grand strategy, tactics, and so forth.
14. An earlier version of this subchapter was published in parts in Danner (2016).
15. Here, too, one cannot help but think of the Chinese equivalent of the Russian obsession with ice-free seaports; that is, the possibility of facing a hypothetical traumatic experience in the form of a U.S.-initiated naval blockade on the Malacca Strait, which is central to the maritime Silk Road and China's access to trading with much of the world via ships. It seems that a hedging behavior underlies many such diplomatic initiatives and infrastructural projects, which seem altruistic at first but paranoid at second glance. Also, consider China's interest in the Arctic and possible future sea routes via an ice-free global North. See prior subchapter for more information.
16. For a full account of Chinese claims in the SCS and their implications, see, for example, Gao and Jia (2013) and Kaplan (2015), respectively.
17. See also China (2015a), China (2015b), Xinhua (2014b) and Salidjanova and Koch-Weser (2014).
18. Laos, Myanmar, or Cambodia are not APEC members, as they do not border the Pacific Ocean.
19. For more information about the 2014 Central Economic Work Conference, see Tiezzi (2014c) and Xinhua (2014a).
20. See also Xinhua (2015c).
21. The 'first face of power': 'Payment or economic inducement to do what you initially did not want to may seem more attractive to the subject, but any payment can easily be turned into a negative sanction by the implicit or explicit threat of its removal. (…) Moreover, in unequal bargaining relationships, (…) a paltry 'take it or leave it' payment may give the [LDC] little sense of choice' (Nye 2011, p. 12). The 'second face of power': 'If ideas and institutions can be used to frame the agenda for action in a way

that make others' preferences seem irrelevant or out of bounds, then it may be possible to shape others' preferences by affecting their expectations of what is legitimate or feasible. Agenda-framing focuses on the ability to keep issues off the table, or as Sherlock Holmes might put it, dogs that fail to bark' (Nye 2011, p. 12). The 'third face of power': '[I]deas and beliefs also help shape others' *initial* preferences. (…) [One] can also exercise power over [another] by determining [their] very wants. [One] can shape [others'] basic or initial preferences, not merely change the situation in a way that makes [them] change [their] strategy for achieving [one's] preferences. (…) If [one] can get others to want the same outcomes that [one] wants, it will not be necessary to override their initial desires' (Nye 2011, p. 13).

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CHAPTER 5

Economic Case Studies

No doubt the following three cases are not the only cases which would lend themselves to an analysis of China's economic policy as a manifestation of its grand strategy in the selected time frame. First, China's rare earth elements (REEs) export restrictions in 2010, second, its proposal for, and eventual founding of, the Asian Infrastructure Investment Bank (AIIB) after 2013, as well as, third, its signing of multiple Free Trade Agreements (FTAs) in the analyzed time period, for example, with New Zealand, Iceland, or Switzerland, were, on the one hand, highly discussed by the media and, therefore, can be considered salient cases for economic policy—or at least three of the most salient cases in the time frame—and, on the other hand, fulfill the case selection standards as one case pertains to internal, another to external legitimacy, and yet another offers mixed legitimacy—the fourth grand strategy design input besides those of the case study groups (economic, military, and diplomatic policies/strategies).

The 2010 REE export restrictions should clearly be classified as speaking to internal legitimacy.[1] Export restrictions in general are a protectionist move in our global market—impeding free trade. In the current international system, as championed by the United States, such restrictions are frowned upon as going against the integration of markets. Thus, a presumption that such restrictions speak to external legitimacy is ungrounded. They are mainly interpreted as an action against Japan, China's ex-conqueror, archenemy, and—some would say—China's 'Other' against which it identifies. By catering to the population's

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deep-seated enmity, the Chinese government increases its domestic, internal legitimacy in the absence of general elections for the national parliament.[2] The Chinese population is also quite thin-skinned when it comes to the government spending the hard-earned balance-of-trade surplus in foreign aid while suggesting that China itself is a developing country.

The undertaking to propose and found the AIIB and endow it with a multibillion-dollar grant can be identified as part of the economic policy which is meant to project China internationally. China's spending money and effort on states in Asia, its neighbors, should be considered an aspect of external legitimacy. However, internal legitimacy also plays a role here (i.e., indicating to the local population that China is rising in status to the extent that it spearheads an initiative to help adjacent countries which are less well off; this would speak to the local cry for China to return to its glorious past in terms of status). The other internal component associated with the AIIB is supporting states with infrastructure investment to help support China's own domestic economy. This is accomplished by maintaining a favorable economic environment and international environment in terms of economic, diplomatic, and military dimensions. Also, China invests in other countries' infrastructure in the same way it does, for example, in Africa: by bringing Chinese labor there, having Chinese (state-owned) companies carry out the project, and thus have the money return to China no matter what. For both points, this would mean that the AIIB is merely a selfish stimulation of China's own economy. However, the abovementioned sensitivity of the local population speaks against this maneuver being solely meant for internal legitimacy. Thus, the AIIB is a dual-aspect case which speaks to both external and internal legitimacy.

Even so, for the most part, the AIIB is not subject to media reporting, which suggests that it is a domestically motivated initiative. The rhetoric of the Chinese government also does not offer such interpretation. In addition, nobody expects China to be a selfless Samaritan with purely altruistic intentions—especially people who know how China is set up internally. Nevertheless, China offers a great program for Asian countries lacking in infrastructure, of which there are many, including Afghanistan, Nepal, Mongolia, Laos, and the Democratic People's Republic of Korea (DPRK). The international community has long pushed for China to become a more 'responsible stakeholder,' as Zoellick (2005, p. x) puts it. This new international organization also indicates that China intends to transport its own values outward: In the case of the AIIB, this is the Beijing Consensus, which provides for loans to developing countries in need

without any strings attached (especially democratization, privatization, liberalization, or Westernization in general). That the initiative elevates China's prestige domestically and internationally is most important in the selection of this particular case.

China's signing of FTAs within the analyzed time frame, especially those with Organisation for Economic Cooperation and Development (OECD) countries such as New Zealand, Iceland, Switzerland, or South Korea, speaks to a mix of internal and external legitimacy: internal legitimacy insofar as the FTAs will benefit China's economy domestically and therefore its home population; external legitimacy insofar as OECD nations, especially those in Europe, give prestige and trustworthiness to China on the international stage—possibly opening doors for future FTAs with heavyweights such as the EU.

Other relevant cases for this category include China's endeavor to create the Regional Cooperative Economic Partnership (RCEP), which comprises the Association of South-East Asian Nations (ASEAN) and the non-ASEAN countries which already have FTAs with ASEAN. This would be a case for the external legitimacy dimension; however, it is not as fitting an example as the AIIB since many observers see the RCEP as a potential free trade area which would counter the US-led (now defunct) Trans-Pacific Partnership (TPP) free trade area. The AIIB is more unanimously beneficial to the international community and, therefore, works better as a case of external legitimacy in addition to illustrating economic policy. Also, while the AIIB has been already founded, the RCEP and the TPP remain hypothetical initiatives.

Several bilateral economic agreements could also have made nice cases, like that between Russia and China in 2014, which mainly concerned the supply of natural resources from Russia to China, or the Sino-Swiss FTA of 2014. Both these agreements are manifestations of China's grand strategy on the economic dimensions, but they are not as far-reaching and important as the chosen cases. Also, the legitimacy dimension is not clearly internal or external at first glance.

In addition, China's long-standing and continuing artificial undervaluation of its Renminbi (RMB) currency is a clear case pertaining to internal legitimacy because it is an economic tool which is in China's favor, although criticized by the many countries with which it trades.[3] Another reason for not choosing this as one of the cases is that this is a bit dated; while China's RMB is still artificially undervalued, it is going in the direction of less and less undervaluation rather than more. Also, '[i]n its 2011

report, the IMF [International Monetary Fund] declared the RMB to be undervalued by a range of 3–23 percent' and, therefore, changed its opinion on the RMB to 'only "moderately undervalued"' (Henry 2012, p. x). 'Finally, some experts note that China's central bank wants to let the yuan gradually appreciate against the dollar anyway, but its Commerce Ministry (which represents interests of exporters and manufacturers) would rather the value of the yuan remain where it is' (Balaam and Dillman 2013, p. 172). In sum, there are many reasons not to choose this example—at least for the time frame starting in 2009. Still, it is an economic example that has received considerable attention in the media and definitely worth mentioning.

Finally, China's lending behavior during the global financial crisis since 2008 and the Eurozone crisis since 2010 are good examples of economic policy manifestations of China's grand strategy pertaining to external legitimacy. Although many Western nations were in vulnerable positions after the recent crises, China was ready to help with buying bonds—when nobody else really wanted them—and partially Chinese private companies also stepped in to take over Western companies that struggled after the crises.[4] Due to the high dependence of the Chinese economy on exports and, therefore, world economic growth, it does make sense for the Chinese government to, for example, buy foreign government bonds; however, this is surely not the most popular way to spend the monetary reserves and citizen tax money that China has in abundance. Thus, this is a relatively clear example of external legitimacy.

The Rare Earths Export Restrictions

In 2010, China significantly diverged from its grand strategy of 'Peaceful Development' (PD) when it enacted export restrictions of REEs,[5] which effectively amounted to an embargo against Japan sanctioning its behavior in an incident with a Chinese captain taken into custody by the Japanese authorities in the East China Sea[6]:

> On September 7, 2010, a Chinese fishing boat collided with Japanese patrol vessels near the disputed islands known to the Chinese as Diaoyu and to the Japanese as Senkaku. The Chinese boat's captain and his crew were detained by the Japanese coast guard and taken to Japan, over the Chinese government's strenuous objections. In response, China blocked a number of rare

> earth exports to Japan, and arrested four Japanese nationals for allegedly trespassing in restricted Chinese military areas (Pillsbury 2015, p. 204)

It was by no means an embargo outspokenly instituted against the Japanese. Rather, because Japan was the main importer of REEs necessary for many products in the semiconductor or automobile market, this general limitation of exports effectively amounted to an embargo against Japan. These actions by China against Japan, in particular, must be seen within the context and knowledge that China has a quasi-monopoly on the production and export of REEs in the world:

> The one commodity where China is accused of mercantilist and monopolist behavior is in so-called rare earth elements, a category of seventeen metallic elements used in high-technology applications as wide ranging as automobile catalytic converters and hybrid engines, compact discs, cell phones, computer display screens, communication systems, missile guidance systems, laser-guided weapons, and high-temperature superconductivity. China is the world's leading producer of rare earths, controlling 95 percent of existing global production and producing more than 120,000 tons in 2010. What is controversial is that China has restricted exports of domestically mined rare earths, which (given its semimonopoly status) severely affects foreign manufacturers of high-tech equipment (Shambaugh 2013, p. 173–74).[7]

Before the 2010 incident, China had begun to implement a general export policy which was more beneficial to the prices it could obtain for REEs. As Shambaugh writes:

> Beginning in 2009 China began restricting exports of a number of these mineral elements by substantially lowering preset quotas for exports to the European Union [EU]. As a result, the EU—together with the United States and Mexico—filed a case with the World Trade Organization WTO] [arguing that China's near monopoly on production combined with its unilaterally restricted exports was discriminatory behavior violating WTO free trade rules by applying export quotas. In July 2011 the WTO agreed, ruling against China. China then denied it was intentionally restricting exports and manipulating the international market by arguing that its production and export quotas were appropriate and fair, and it appealed the ruling. In January 2012, China lost the appeal before the WTO Appellate Body. This was a prime example of China's state-dominated mercantilist trading

> practices bumping up against international regulators (Shambaugh 2013, p. 173–74).[8]

The case's further development saw the appeal to the WTO by the United States, Japan, and the European Union (EU) in 2012, China's losing the case in 2014, China's appeal of the WTO verdict shortly thereafter, and the rejection of the latter by the WTO in the same year. Since early 2015, the REE trade has been unrestricted, but by 2012, China had lost its leverage over Japan with this export restriction as Japanese demand decreased and Japan sought REEs elsewhere.[9] The period during the WTO case more or less coincided with the diplomatic Ice Age between China and Japan from late 2012 to late 2014, when the Senkaku/Diaoyu Islands dispute flared up again and tensions were high.

Course of Events

As mentioned earlier, the case had its origin in an area seemingly unrelated to economic policy,[10] that is, the collision of a Chinese fishing boat with two vessels from Japanese coastal law enforcement on September 7, 2010. Japanese authorities seized the captain of the Chinese ship together with his crew as a consequence. Japan released the boat and 14 of the crew less than a week after the incident. Tokyo, however, kept Captain Zhan Qixiong in custody, where he remained pending investigation (Chang 2010). Even so, China expected Japan to immediately release its captured citizen and apologize for seizing him and his crew in the first place. Equally assertive was how China's behavior translated on the diplomatic level:

> Beijing's initial reaction was to issue a series of diplomatic protests, broadcast increasingly harsh statements from the Foreign Ministry, cut off ministerial-level contacts and refuse to go forward with a meeting this week between Chinese Premier Wen Jiabao and Japanese Prime Minister Naoto Kan on the sidelines of the opening session of the U.N. General Assembly (Chang 2010).

Besides these measures, 'China has also detained four Japanese nationals on suspicion of violating a law protecting military facilities' (Inoue 2010, p. x). Japan, however, expected China to pay for damage to the vessels and issue an official apology for encroaching into Japanese waters:

> [I]n September 2010, a Chinese fishing boat intentionally rammed two Japanese Coast Guard vessels near the disputed Senkaku/Diaoyu Islands, prompting Japanese authorities to detain the fishing boat's captain. Far from expressing embarrassment or offering an apology, Beijing instead demanded an apology for itself and flatly refused Japan's request to pay for the damage to the Coast Guard vessels. China also imposed a (temporary) ban on the export of rare earth metals to Japan, causing harm to the Japanese microelectronics industry (Lynch 2015, p. 156)

According to Lynch, on September 23, 2010, China started to block REE exports to Japan. As a reaction to the arrest of the fishing boat captain, China ordered authorities to lengthen the customs processing time for all REE shipments to Japan, without officially admitting that such orders existed, of course: '[T]raders in Tokyo said China had blocked exports to Japan of key minerals by slowing down administrative procedures in ports in Shanghai and Guangzhou to prevent materials being loaded on ships' (AFP 2010). At this point, *Forbes* magazine's Gordon Chang went as far as calling this behavior 'China's New Economic Warfare' (Chang 2010)—underlining the perceived assertiveness behind this action.

Japan released the captain on September 24, 2010, and China lifted the REE ban to Japan a few days later, 'end[ing the] de facto ban on exports to Japan of rare earth minerals' (Inoue 2010). Still, China did not admit to ever doing anything to halt the REE exports to Japan and other nations, but in the context of the territorial dispute and the fishing boat incident, it was clear that China reacted to what it thought to be unacceptable on the part of Japan. However, the return of the captain to mainland China did not calm the situation—quite the opposite:

> Zhan himself remained adamant that he had done nothing wrong. 'The Diaoyutai Islands are a part of China. I went there to fish. That's legal,' he said upon his return to China. 'Those people grabbed me – that was illegal.' China's government shared Zhan's stance[.] (…) Beijing considers Japan's Coast Guard patrols to be illegal, since China claims the disputed islands and surrounding waters as its territory (Tiezzi 2014).

On September 30, 2010, China—via its National Tourism Administration—warned its citizens against traveling to Japan 'after a group of Chinese tourists were attacked on a trip to Fukuoka' (Moore 2010). Protests had been ongoing on both sides of the East China Sea as a reaction to the fishing boat incident. Following this incident, Japanese

'demonstrators rallied against China's claim to the [Senkaku] islands and delivered a note to China's embassy' in Tokyo (BBC News 2010a). Similarly, on October 17, 2010, China broke up protests by some of its citizens against Japan; anti-Japanese demonstrators had become violent and destroyed Japanese property and businesses.[11] While Japanese Prime Minister Naoto Kan 'told the Chinese authorities [that] (the demonstrations) were regrettable and strongly urge[d] (China) to ensure the safety of Japanese nationals and firms,' the Chinese stayed stubborn on the issue (BBC News 2010a): 'A Chinese foreign ministry spokesman[,] Ma Zhaoxu[,] said it was "understandable that some people expressed their outrage against the recent erroneous words and deeds on the Japanese side[,]"' but also that 'patriotism should be expressed rationally and in line with law' (BBC News 2010a).[12]

The process of negotiation between China and Japan was lengthy, as presumably intended from the Chinese side. As Smith writes:

> [O]n October 19, the *China Daily* reported that the country would cut its total exports of rare earths by 30 percent in 2011 in order to 'protect over-exploitation.' The following week, China's vice-minister of commerce, Jiang Yaoping, visited Tokyo to meet with METI Minister Ōhata. Ōhata repeated Japan's request that China ease its restrictions on the export of rare earths. On November 13, Minister Ōhata met with Zhang Ping, China's director of the Development and Reform Commission, on the sidelines of the Yokohama APEC Summit. The METI had initiated this meeting, which lasted for two and a half hours. Afterward, Zhang noted that the rare earth issue would be 'properly resolve[d] very soon.' The next day, Minister Ōhata announced that twenty-six of the twenty-seven companies surveyed by the METI reported that for the first time since the trawler incident, they could see 'signs of improvement.' By the end of the first week of December, Ōhata reported that twenty-one shipments were confirmed the week before and an additional ten more shipments were released that week. More shipments were still stuck in customs, but the Chinese government was working with METI to clear them. By late December, shipments had returned to normal levels (Smith 2015b, p. 192).

On November 24, 2010, China finally started to 'resum[e its] rare earth exports to Japan' as the Japanese Ministry of Economy, Trade, and Industry confirmed the anticipated arrival of two shipments by sea (BBC News 2010b). However, even though China resumed exports, it was reported on December 28, 2010, that 'China cut its export quotas for rare

earths by 35 percent in the first round of permits for 2011, threatening to extend a global shortage of the minerals' (Bloomberg 2010).[13] The official story behind this move was that the quota for exports had to be reduced 'because some of the companies mining the minerals were causing 'severe' environmental damage and had to be closed' (Bloomberg 2010). In addition to the cut in the export quota, China also announced that it would 'raise export taxes for some rare earth elements to 25 percent [,] (…) up from the 15 percent temporary export tax on neodymium' (Bloomberg 2010).[14]

By mid-December 2010, the United States was considering filing a complaint against China with the WTO. Japan and the EU were also considering such move, but it did not materialize until prices rose significantly and the situation became more dire:

> In 2010, China's export restrictions of rare earths led Japan to consider similar steps under the WTO, and when export restrictions resulted in a global price increase the following year, Japan initiated consultations with the United States and the European Union, and the three parties filed a WTO complaint in March 2012 (Smith 2015b, p. 38).

Finally, on March 14, 2012, US President Barack Obama announced the WTO case against China in cooperation with the EU and Japan. The president justified the complaint against China with classical liberal free trade rhetoric, as follows:

> (…) American manufacturers need to have access to rare earth materials which China supplies. Now, if China would simply let the market work on its own, we'd have no objections.' Instead, Chinese policies 'currently are preventing that from happening and they go against the very rules that China agreed to follow[.] (CNN 2012)

With this March 2012 announcement, the case concerning the Chinese quasi-embargo on REEs entered the WTO's dispute settlement process.[15] The resolution of this case, including the following appeal by China, would take more than two and a half years. China's defense strategy rested heavily on the argument that the export restrictions were taken to protect the well-being of its population by reducing their production.[16]

However, the effect that China supposedly intended for the quasi-embargo restricting the export of REEs diminished about two years after

it was enacted. On October 24, 2012, a Japanese news outlet reported that 'China los[t] its rare-earth diplomatic leverage over Japan' (Kyodo 2012). This was largely became the demand from the Japanese market was much below the projected export quota that the Chinese had set at the start of the year, which was about 31,000 tons.[17] This 'suggest[ed that] Beijing may no longer be able to use rare earth minerals as a 'diplomatic card' against Japan in dealing with bilateral issues such as disputes over the Japanese-controlled, China-claimed Senkaku Islands in the East China Sea' (Kyodo 2012).

As the conflict over the islands exacerbated starting in autumn 2012, this overshadowed the two-year-old REE embargo, as the dispute over the archipelago started to move from the economic and diplomatic realms into that of the military.[18] The abovementioned realization that in terms of REEs Japan had been overly dependent on China as a supplier certainly helped accelerate Japan's partial 'emancipation' from China in this area: 'Along with efforts to diversify sources of rare earth imports, Japan ha[d] developed alternative materials and advanced recycling technology in a bid to shield itself from China's restriction of rare earth exports' (Kyodo 2012).

Because on February 19, 2014, 'the legal right to claim damages [in the fishing boat incident of 2010] would have expired[,]' Japan's 'government ha[d] filed a suit with the Naga District Court in Okinawa [against captain Zhan] seeking (…) [$140,000] to pay for repairs to the damaged Japanese vessels' (Tiezzi 2014). Naturally, the Chinese Foreign Ministry rejected this move by Japan and backed its citizen and its own claim to the islands in the East China Sea—not unusual, since China and Japan's foreign relations had experienced an exceptional Ice Age from autumn 2012 to winter 2014 surrounding the dispute over the Diaoyu/Senkaku Islands following the purchase from private owners of the largest of the islands by the Japanese state:

> China fired back at Japan in Tuesday's regular Foreign Ministry press conference. Spokesperson Hua Chunying told reporters that the 2010 collision 'was a severe incident when the Japanese side grossly infringed upon China's territorial sovereignty and damaged Chinese fishermen's legitimate rights and interests.' Hua also reiterated Beijing's position that 'any judicial measures adopted by the Japanese side against Chinese fishermen and fishing boats, including detention and investigation are illegal and invalid' (Tiezzi 2014)

The WTO finally ruled on March 26, 2014, 'that the Chinese restrictions, which [took] the form of export quotas, export duties and other measures, ran counter to commitments China made when it joined the WTO in 2001' (Pruzin 2014). Even though China tried to utilize its 'right to invoke Article XX of GATT 1994' (Pruzin 2014), it had no right to—in the WTO's view—[19] since there was no

> 'indicat[ion of a] (…) link between the duties and any environmental or health objective,' [as] the panel declared. 'Furthermore, some of the evidence submitted by the complainants seems to indicate that, contrary to China's assertions, the export duties at issue are designed and structured to promote increased domestic production of high value-added downstream products that use the raw materials at issue in this dispute as inputs.' (Pruzin 2014)

China appealed the WTO decision within the necessary time period. However, with a final WTO decision on August 7, 2014, China lost its appeal and was required—just as in the case on export restrictions on other natural resources decided on a year earlier—that it needed to abide by official regulations and discontinue the export restrictions to accommodate the WTO non-discrimination rule. Indeed, by September 8, 2014, China's REE exports increased by a margin of 31 percent from the previous month (Xinhua 2014). Starting January 4, 2015, China officially announced that it had ended the quotas for REEs (Yap 2015).

On April 24, 2015, China decided to discontinue the export tax on REEs would to strengthen renewed demand.[20] Nevertheless, whereas China was producing and offering nearly all REEs on the market in the mid- and late 2000s, now the estimate was that it 'produce[d] about 85 percent of global supply' (Stringer 2015). However, given that China had followed a policy of restricting REE exports, it is no surprise that the market share dropped in reaction to Japan and others seeking the necessary resources elsewhere.

Relating the Case to Honor and Legitimacy

Even though China enacted export restrictions on certain natural resources in the mid-2000s, restriction on tungsten and molybdenum can be seen as a manifestation of the economic policy of China's overall grand strategy, which pertains to internal legitimacy. They certainly stand out as the most

salient case in the analyzed time period in terms of the unambiguous assertiveness China showed on the economic front. For the most part, China kept with its general abiding by capitalism—perhaps 'with Chinese characteristics'—and continued with 'playing our game' (Steinfeld 2010).

Naturally, it seems contradictory at first glance for China to go so hard against (especially) Japan on the economic dimension: Japan has been the number one trade partner of China for decades, and it has a big stake in China with a relatively high amount of foreign direct investment (FDI) in China throughout the last three-plus decades. In a word, it comes across as *irrational* for China to do as it did, let alone contradicting its own PD grand strategy. Such sanctioning behavior is usually utilized in situations in which one nation (or a coalition) tries to compel the sanctioned nation to do something, or—at the least—deter it from further escalating the situation. Examples include the sanctions enacted against Iran because of its nuclear program and against Russia because of its assertiveness in eastern Ukraine and the annexation of Crimea.

Relating this assertive behavior to honor and internal legitimacy is not overly difficult since this case involves Japan, China's main regional rival, which some may identify as its archenemy. As mentioned earlier, China's honor was hurt significantly by Japanese militarism and imperialism in the late nineteenth up until the midtwentieth century in the First and Second Sino-Japanese Wars and colonization/quasi-annexation of its northeastern territory and eastern seaboard. In today's nationalism within China, Japan still plays an important negative role, especially with respect to overcoming this humiliating trauma. It is not too far-fetched to say that much of the nationalist anger associated with this humiliation is directed against Japan and less so against other great powers which were equally involved in this chapter of Chinese history (e.g., Britain, which started it with the First Opium War).

The immediate relationship to the humiliating trauma and China's humiliation of national honor in the past is that the incident which kickstarted the REE embargo happened in maritime territory which China considers to be a historically inherent part of its erstwhile imperial empire. Therefore, as China sees it, Japan's control over this part of the East China Sea is an 'ill-gotten [territorial gain]' through unlawful, unfair means (Pillsbury 2015, p. 205). As mentioned above, the trauma China suffered at the hands of the Western aggressors and Japan triggered a preoccupation with China's sovereignty and especially territorial integrity. On the

one hand, China aims to reunify its territory to reach the glory that it once had under the largest territorial expansion during the Qing era. This, for the moment, is restricted to the East and South China Seas, as well as Taiwan, and 'South Tibet' (Arunachal Pradesh).[21] On the other hand, as China's internal legitimacy is increasingly tied to nationalism and ancient culture, and less so to the Marxist-Leninist-Mao-Deng ideological spectrum and economic growth, assertive moves against Japan placate the population and back approval rates for an otherwise not legitimized regime. In relation to nationalism and the Japanese 'Other,' what is also particularly striking is that the incident together with the Chinese assertive economic reaction happened only very shortly before the 38th anniversary of the official start of Sino-Japanese foreign relations in 1972.[22]

That China's internal legitimacy still depended on economic growth (i.e., how successful the government was in lifting people out of poverty, creating new jobs, pushing annual growth of gross domestic product (GDP) toward double digits, keeping the market stable) was forgotten for a couple of days by the government. First, the Chinese Communist Party (CCP) via its Foreign Ministry issued extremely nationalist statements against Japan filled with rage to backtrack to the course of PD:

> Because instead of a common identity there are clashing national sensitivities, any inter-state confrontation on any issue that is more than narrowly technical can arouse emotions, generating fears, resentment, or mistrust as the case might be, and necessarily affecting relations with the state in question across the board. (…) [This kind of] misapplication of norms has occurred as often as there have been confrontations of late, most notably perhaps the September 7, 2010, incident near the Senkaku Islands (Diaoyutai to the Chinese). This was followed by inflammatory Chinese Foreign Ministry declarations that duly produced anti-Japanese agitations, the arrest of some visiting Japanese executives, a de facto embargo on rare-earth exports to Japan—and very soon thereafter, by Chinese Foreign Ministry statements that recalled the importance of Chinese-Japanese economic relations, called on the public to stop anti-Japanese demonstrations, and invited the Japanese to continue investing in China (Luttwak 2012, p. 77f)

In summary, the Chinese preoccupation with territorial integrity and the involvement of Japan as the 'Other' against which most Chinese nationalism is directed made for a situation in which the trauma of national humiliation was triggered and the cultural driver of honor interfered with

perhaps otherwise rational behavior and led China off the rational course, off the course of its PD grand strategy, and toward irrational behavior.

Convergence with or Divergence from Grand Strategy

Having established that it was a case of internal legitimacy in conjunction with the cultural driver of honor which led China to stray from its PD grand strategy course, the specific divergence from (and partial conformance with) PD will be scrutinized further as follows (see Table 5.1 for this case's divergence and convergence analysis).

When it comes to the PD factor of defending one's territory, in China's view, Japan was the first to breach the *status quo* and arrest a Chinese national in waters which China claims but does not control. The REE quasi-embargo was intended as retaliation to a violation of China's (perceived) territorial integrity by Japan. Since the Chinese government does not have to justify its grand strategy to the community of states but rather its own population, it is reasonable to say that this action was beneficial to China's internal legitimacy and its pursuit of national interests, in this case to reunify territories which China considers unlawfully annexed by Japan.

Table 5.1 Divergence from or conformance with PD in the case of the REE export limitations

Factor in PD	*Convergence/Divergence*
Defense of territorial integrity	Convergence (in China's view retaliation to a breach by Japan of China's territorial integrity)
Increase of national power	Convergence (higher prices for REEs exported and flexing muscles as a show of power to DCs)
Anti-hegemonism	Convergence (action mainly directed against DCs)
Maintenance of favorable economic markets	Convergence & *Divergence* (International market suffered—insofar diverging; China profited from price hike—converging)
International responsibility	*Divergence* (irresponsible toward market rules)
Avoidance of 'China threat' misperception	*Divergence* (assertiveness albeit non-violence)
Improving China's international reputation	*Divergence* (damaging rather than improving reputation)

That no violent conflict occurred, but merely escalation of words and some assertiveness on the economic front involving the REEs, should also be counted favorably toward *peaceful* in China's PD grand strategy.

In relation to the factor of increasing national power, on the one hand, if the unilateral export restrictions on REEs and tungsten and molybdenum increased China's overall revenue and profit and at the same time gave it an edge in industrial targeting in support of its own industries, it may be interpreted as a power increase on the dimension of economic capabilities. Also, the world really only realized how powerful China was in terms of access to natural resources such as the REEs in question as the media hyped the situation after the initial stoppage of exports, or customs delay, which China imposed. China did flex its (economic) muscles there, and the world realized that China had the upper hand when it comes to access to these resources.

Power is often defined as 'the ability to get others to act in ways that are contrary to their initial preferences and strategies' (Nye 2011, p. 11); however, '[e]conomic measures are somewhat more complex. Negative sanctions (taking away economic benefit) are clearly felt as coercive' (Ibidem, p. 12). China did not regain its maritime territories in the East China Sea by enacting the temporary export stoppage (or delay) and four-year-plus export restrictions. However, the initial export slowdown may have led to Japan releasing the captain and crew of the trawler which encroached into waters under Japanese control. China got Japan to do something that very likely was not its first preference. So, the two rounds of assertive measures, short-term export stoppage plus mid-term export restrictions, did get Japan to do something it did not initially plan to do and exemplified the power and capability increase China had achieved in the last decades; these measures also illustrated the complex interdependence between a once-isolated nation and the developed world with which the former could hurt the latter significantly. On the whole, China conformed to PD here, too.

Pertaining to the PD factor of 'anti-hegemonism,' as the export restrictions went mainly against Japan, a US ally, anti-hegemonism (or balance-of-power behavior) was observed when looking at it from a global perspective. Also, Japan, along with the United States and the EU, was party to the WTO case against China. Seeing this from a West versus East perspective, or a developed country (DC) versus less developed country (LDC) vantage point, the anti-hegemonism would have been confirmed as well. However, China also had a long-standing strategy in which it tried

to break the alliance between Japan and the United States by attracting Japan and calling on to its Asian nature to illuminate the externality of the United States in 'their' region: 'Beijing's willingness to extend spats like these to international trade was worrisome. (…) Then for the first time, Japan joined European and American governments in requesting consultations at the WTO with China concerning its restraints of rare earth exports' (Smith 2015b, p. 201f.). Whereas Japan had not really sided with the West before on such economic issues within the WTO, the export restrictions on REEs had now led it to do exactly that. Thus, in a way, this behavior contradicted the *divide et impera* strategy of China against the US-Japan alliance. Nevertheless, it was still conforming on the whole, as the behavior was directed against the alliance.

The PD factor of maintaining favorable economic markets may be debatable as to whether it is actually conforming or diverging—especially because this is an outward-looking factor category in China's PD grand strategy. Rather than either-or, one can argue that it was both conforming *and* diverging at the same time. On the one hand, China may not have suffered under unfavorable conditions, but it was the international market which became more unfavorable concerning REEs and China was diverging from PD, acting assertively, selfishly, and without regard for other nations in the market, which is often referred to as *neomercantilism*. On the other hand, China had the upper hand in the control of REEs, tungsten, and molybdenum, having a quasi-monopoly and, therefore, was able to create a market in which it could profit by driving up the price of REEs through reducing the supply for export, while giving its own domestic market a decisive edge in access to REEs. Thus, China conformed here, too. The fact that this played out as described above reinforces the analysis that this is a case of internal legitimacy—China looking out for the benefit of its own population, not that of others, especially DCs.

Considering China's living up to international responsibility, another more outward-looking factor, it was clearly diverging here. The export limitations hit the international market hard for the years it was enacted. Objectively speaking, there cannot be much discussion that this was irresponsible behavior on the part of China and nothing where other nations would think they benefitted. Here, China diverged from PD. Subjectively speaking, it is possible to ask, as one Chinese scholar once did, "Responsible to whom? To whose standards? The United States? Never!" (Shambaugh 2013, p. 40; partially quoted from Pilling 2010).

Another outward-looking PD factor, that is, whether others perceived China as a threat, the export restrictions were also a rather clear case of divergence from PD. Whereas this was not on a military or violence dimension, it may still have caused a perception in other states that China is looking out for itself more than for the global good; for China to become a global (or regional) hegemon, it would use threats of a coercive hegemon (rather than rewards). Here, too, China diverged from its PD grand strategy.

When it came to increasing China's international reputation, which is yet another outward-looking factor in the PD grand strategy, China has more likely than not actually decreased its international reputation with the assertive nature of the REE export restriction. Since this whole case revolves around internal rather than external legitimacy, this makes sense. Going hand in hand with the two abovementioned factor divergences, China also diverged from this factor of increasing its international reputation.

Alternative Explanations

It seems relatively clear that China reacted with an REE quasi-embargo to Japan's arrest of the fishing boat captain and crew in disputed waters of the East China Sea. Nevertheless, the process of influencing and manipulating the price mechanism by means of restricting exports with quotas which started in 2009 and not in particular with respect to Japan should be separated from the exacerbation that occurred in 2010 and the following years. What remains unclear is how intentional this quasi-embargo was on the part of the Chinese and, if it was not intentional that exports were held at customs, then was it the intent of the Chinese government not to intervene in customs officials' independent patriotic acts? Either way, a minimum amount of intent can certainly be assumed. As Smith writes, taking the intentionality argument further in terms of using it as a threat or not in 2010 and onwards:

> Whether the Chinese government used this as a threat during the crisis remains suspected but unconfirmed. The difficulty in assessing the exact role of Chinese officials in the embargo of rare earth materials lies partly in the lack of transparency over the export process. If an embargo was imposed, it was informally imposed, and the question remains whether the Beijing

> officials were aware of the actions taken by customs officials at the point of export. (Smith 2015b, p. 201f)

Other than these arguments, there is not much room for alternative explanations. Certainly, that this is a long-term development in China's export strategy concerning REEs has to be mentioned. However, the Chinese government undoubtedly used the crisis with Japan in 2010 to exacerbate the mild trend in export reduction as evidenced since 2006 and—more so—since 2009. Even so, back in 2009, prices of metals—even REEs—had declined in value in response to the 2008 global financial crisis and the toll it took on the global economy resulted in less demand in raw materials. Reducing its exports merely meant adjusting to this situation to not lose too much on the lower prices which resulted from lower demand. By 2010 and onward, the global economy had picked up momentum, and—if the initial export reduction was in reaction to a weak global economy—then reducing it further would not have made sense. In essence, this particular case is unambiguously an assertive strategic act using economic means by China against Japan.

Summary

In almost every respect, this case catered to China's internal legitimacy. No nation could have approved of what China did with its market might in the area of REEs in its assertive and unilateral manner. Its own population, and especially the hypernationalists among them, surely was pleased when China stood up against the ex-colonial lord and showed Japan (and the West) its growing muscles:

> To demonize Japan, China has sent the message that it regards Japan's wealth, and its position as America's ally in Asia, as products of ill-gotten gains from World War II. Professor Arne Westad (…) calls this phenomenon a 'virulent new form of state-sanctioned anti-Japanese nationalism. (Pillsbury 2015, p. 205)

The cultural driver of honor was important here because China attempted to correct and avenge its erstwhile violation of national prestige and reputation—as per the so-called one hundred years of national humiliation complex—in a way that was still short of actual violent warfare. However, this sort of assertive behavior on China's part led to excessive

violence on the streets of Japan and China against the respective national citizens or businesses in each territory.

Also, acting assertively against others is what the hypernationalist factions of China's population often demand from their government. Such demands are often expressed in Internet blogs and forums, as well as in anonymous letters to the Foreign Ministry. For example, one such letter contained calcium pills to suggest that the government needed to develop 'backbone' against the international community and show the country's military might. Thus, these export restrictions mostly catered to internal legitimacy and mostly diverged from China's PD grand strategy, especially on the outward-looking factors which relate to external legitimacy.

China's FTA Strategy

The accession of China to the WTO was only a little over 15 years ago, and the erstwhile arch-protectionist Middle Kingdom amounted to be the main leader and promoter of free trade in mid-January 2017. On the same day that President Donald J. Trump was inaugurated and sworn into office in Washington, DC, amid his protectionist (if not isolationist) 'America First' rhetoric, Chinese President Xi Jinping delivered a speech that highlighted free trade's benefits before the World Economic Forum in Davos on January 17, 2017. Naturally, that was good fodder for the press; for example, *The Guardian* titled 'Xi Jinping signals China will champion free trade if Trump builds barriers' (Elliott and Wearden 2017). One could almost argue that the roles have been reversed, at least when it concerned the rhetoric.

For the longest time, China was trying to defend its protectionism by arguing that it is still an LDC, a part of the developing world, whereas the United States engineered the international institutions and free trade promoting system in which nations are trading in since the end of the Second World War. With China's rise and gain in international standing—becoming the second largest market worldwide, by some measures even the largest market—it began to promote its version of free trade which became to be known as the 'Beijing Consensus.' This version of free trade has no features of internal interference while simply promoting free trade by itself. Conversely, the 'Washington Consensus,' the United States' standard free trade promotion platform, is marked by four concepts: that is, privatization, deregulation, free trade promotion, and democratization. China rejects all but free trade promotion on account of everything else

being interference into internal affairs. Part of this stance is China's self-view as the 'voice of the developing world' and the fact that not many Western-type, liberal democracies can be found within it.

After acceding to the WTO in the early 2000s, China made efforts to move to the treasured 'market economy status' under WTO rules. One way of doing this was via the arrangement of FTAs in which the partner nation would usually acknowledge that China had such status—though, diplomatically invoked. This was especially powerful when the FTA was made with a Western and/or OECD member-nation, such as the FTA concluded with New Zealand which was the first Western and OECD nation to agree with China on an FTA and also attribute it with the 'market economy' status as a result of that process. Though that specific FTA was signed outside of the analyzed time frame in 2008, it initiated a domino effect (arguably to the present day) in which the interest of other Western states, such as Australia, Iceland, Switzerland, or Norway, was awakened. The former three followed New Zealand's example and went and concluded FTAs with China, whereas Norway is still in negotiations to achieve an FTA. Naturally, the geoeconomic relevance of attracting Western countries' interest in FTAs with China cannot be undervalued, also as it helps move forward China's PD grand strategy. Though, FTAs with states and organizations in Asia were also important for PD (e.g., those FTAs concluded with South Korea, Singapore, ASEAN, or negotiations for the Regional Comprehensive Economic Partnership [RCEP]), the prestige that is associated with Western/OECD nations—and the elevation in international standing and global recognition it comes with—agreeing to enter into an agreement with China outweighs those with Asian nations—as China already sees itself to be economically advanced in its own region.

Course of Events

The first relevant FTA with a Western nation was concluded with New Zealand. Talks with New Zealand on an FTA started in November 2004. The China-New Zealand FTA was signed on April 7, 2008, and came into force on October 1, 2008. On November 23, 2016, the trade ministers of the two nations announced that they would be seeking an upgrade of the existing FTA with new rounds of negotiations (China 2016). Areas of negotiation to be tackled were to be 'service trade, competition policy, e-commerce, agricultural cooperation, environment, technical trade

barrier, custom procedure cooperation and trade facilitation, as well as rule of origin' (China 2016). The first round of these upgrade negotiations was then held the following year on April 28, 2017 (China 2017f).

One of the immediate effects that the kick-start of negotiation rounds between China and New Zealand had was that the neighboring nation, Australia, was now also not disinclined to think about an FTA with the Middle Kingdom. Hence, China and Australia opened talks on an FTA on May 23, 2005—only about six months after those with New Zealand had begun. However, negotiation rounds in a lower double-digit range were needed to come to a mutually beneficial agreement. Compared to the initiation and conclusion of the FTA with New Zealand which took about four years from start to finish, the Sino-Australian FTA required almost a decade (though, a possible China-Norway FTA may even have taken longer, if it realizes). Finally, the FTA was signed on June 19, 2015, and came into effect on December 20, 2015.

A feasibility study for a China-Iceland FTA was conducted between March and July 2006, after which FTA negotiation talks began in April 2007. Five rounds of negotiations were held with the fifth ending in 2010. Due to Iceland's intermittent bid for EU membership, the negotiations were temporarily frozen. However, after a new government was elected in Reykjavík, the Icelandic EU membership application and candidacy were canceled and, concurrently, FTA negotiations restarted. After six rounds of negotiation—including the hiatus in between—China and Iceland signed their FTA in Beijing on April 16, 2013 (China 2017a). The FTA took effect on July 10, 2014. The Sino-Swiss FTA made big headlines in Europe and came amid the United States and the EU announcing their own negotiations on a free trade zone, that is, for the Transatlantic Trade and Investment Partnership (TTIP). China and Switzerland started negotiating on February 11, 2011 after the conclusion of a joint feasibility study that had been called on September 28, 2010. The two nations signed the FTA on July 15, 2013 after a total of six rounds of negotiations. The FTA became effective on July 1, 2014 (China 2017g).

The prospective FTA with Norway is still (or, again) in the negotiation stage without actually having been realized (China 2017b). Norway and China agreed on talks for a mutual FTA in 2007. After this, Norway officially recognized China as a full market economy with the signing of a memorandum of understanding on March 26, 2007, in Beijing (China 2007). A joint feasibility study group met twice, on June 21, 2007, and September 14, 2007, and concluded positively on December 13, 2007 (China 2017c).

Official negotiations for the FTA began on September 19, 2008, when delegates of both countries met for the first round (Sverdrup-Thygeson and Lanteigne 2016; China 2017c). Another seven rounds of negotiation would follow in three- to six-month rhythm with the eighth round having taken place on September 17, 2010. However, 'the decision in [October] 2010 to honour [Liu Xiaobo], a leading dissident serving a jail sentence for subversion of state power, sparked fury in Beijing and led to the cutting of political and commercial links' (Milne 2016). This took the extent of the suspension of 'not only (…) bilateral government contacts (…), but many business ties and joint research and academic relationships also suffer[ing]' (Sverdrup-Thygeson and Lanteigne 2016). As a result, trade between the two nations plummeted: While salmon exported from Norway to China took a share of 92 percent of the China's overall salmon imports in 2010, Norway's share of that was down to 29 percent in early 2013 with China compensating that by importing more from other nations such as the UK (Milne 2013). Norway tried to make it up to China and address the crisis in different ways. On the one hand, Norway did not oppose China's application to become a permanent observer in the Arctic Council in which Norway is a founding member and part of the Arctic Eight. On the other hand, Norway declined an official 'meeting with the Dalai Lama during his May 2014 Norwegian visit' (Sverdrup-Thygeson and Lanteigne 2016). These gestures, together with behind-the-scenes diplomacy, eventually succeeded in reestablishing Sino-Norwegian relations in December 2016. In April 2017, the Chinese Ministry of Commerce announced that a consensus was reached with Norway on restarting all economic and trade agreements (China 2017d). During that April visit of the Norwegian PM in Beijing, it was also agreed that the negotiations for the prospective FTA were to be resumed with the ninth round of negotiations in the near future (China 2017e).

Relating the Case to Honor and Legitimacy

The fact that these Western nations showed genuine interest in strengthened economic cooperation with China—on equal terms—demonstrates the international status of China in a number of ways. During the 'Century of Humiliation,' China was subject to imposed, so-called unequal treaties with Western countries and Japan. In these instances, China was always at a disadvantageous position. Though, Western nations may have put trading port possessions such as Hong Kong, Macau, or Qingdao in benevolent

terms—as in helping China's economy and increasing trade by merely 'renting' or 'leasing' territory for a specified amount of time (e.g., Britain's 99 years for Hong Kong), they were perceived by China as full-fledged colonies, and, thus, representing a state of semi-colonization. The FTAs with such strong economies as Switzerland or Australia, but also the other Western/OECD nation FTA partners, represent a change of tide for China's status—back to where it was in the last 18 out of 20 centuries, that is, at the top. In China's perception, the 'Century of Humiliation' was a one-time hiatus in an otherwise glorious history, and, therefore, these new FTAs with prestigious partners are manifestations of a reemergence to the pinnacle of international hierarchy, overcoming the trauma of the 'Century of Humiliation' and decorating itself with the prestige of an FTA with a developed OECD nation. This shows the newfound confidence of China to actively engage international society to an external as well as internal audience—giving legitimacy both ways.

Another way of relating these FTAs to honor, prestige, and external and internal legitimacy, is the fact that when China experienced glorious and economically thriving times, it was often coinciding with a flourishing trade via the Silk Road on land and by sea. Trade with its regional neighbors was not uncommon but supraregional trade, for example, with Europe was not as common. Seafaring times such as the during the Ming Dynasty by the famous Admiral Zheng He are allusions that are even now—perhaps especially now—often used to describe current interactions with the international stage, as in Xi's keynote speech of the Belt and Road Forum in 2017 (Xi 2017). This is because Zheng He was merely out for exploration and trade, not conquest or war. His travels did establish relations with Chinese emigrant enclaves along the South China Sea in what is today Indonesia, for instance, but that is naturally not highlighted in such comparisons. Rather, Zheng's expeditions generally stand as example for 'China's peaceful relations with kingdoms as far as East Africa' (Khanna 2016, p. 228). These historical analogies are not so much meant for external legitimacy as they are for the internal dimension. Nevertheless, the fact that China's intentions are peaceful and within the rules of the existing international architecture is reassuring to its Western partners and, therefore, a layer of external legitimacy comes along with it.

Though it is almost too obvious to mention, the reason for the FTAs, that is, encouragement of mutual trade, is beneficial to China's own domestic economy, that of the FTA partner, as well as global trade at large. Thus, internal legitimacy is involved with the advancement of China's own

GDP and the livelihoods and jobs of its own population, but also external legitimacy as in showing its peaceful intentions, demonstrating that it will play by existing international rules, and advancing bilateral trade with a positive effect on global trade.

Convergence with or Divergence from the PD Grand Strategy

In general, FTAs have not much to do with security or territorial integrity concerns. Defense of territorial integrity can, therefore, not directly be associated with China's FTA. However, the interest by China in the economy of other nations that are of geostrategic value were they to be a military ally of China in the future does arouse some suspicion on the part of the United States, NATO, or the EU. For instance, the FTA talks with Iceland and Norway went hand in hand with China's application to permanent observer status in the Arctic Council—the Arctic Sea and region being of territorial, strategic, and economic interest to China. Insofar, it should not be a surprise that suspicions by others are present. In this PD factor, China can be said to be both—converging and diverging (see Table 5.2 for this case's divergence and convergence analysis).

Given the ensuing increase in mutual trade and the benefit that brings for China's own economy, the PD grand strategy factor of increasing national power is without doubt being observed. Assuming that a larger trade volume would lead to an increase in GDP, and perhaps even the transformation of economic power into military capabilities, it is safe to say that China increased its power with each FTA concluded.

On the count of anti-hegemonism, China was both—converging and diverging. Converging insofar as concluding FTAs with traditional US allies was working against the hegemonic position of America. Also in the case of Iceland, Switzerland, and (possibly soon) Norway, China's FTA strategy may have prevented (or at least slowed) the growth of membership in the EU—certainly for the Icelandic EU membership application which was canceled and more or less obviously swapped with the FTA with China. As the EU is a powerful actor on the world stage with hegemonic ambitions in regard to human rights and democracy and other such universal values, this could be seen as working against the regional hegemonic position of the EU on the European continent. Conversely, China diverged from anti-hegemonism by purportedly having its own hegemonic ambitions. Given the assumption that China is already a regional hegemon in Asia, the FTAs with these Western/OECD nations could be seen as

Table 5.2 Divergence from or convergence with PD in the case of China's FTA strategy

Factor in PD	*Convergence/Divergence*
Defense of territorial integrity	Convergence and *Divergence* (Convergence: FTAs are standard tools in the global economy; divergence: perception by some nations that China could use partner nations' ports for future expansive strategies)
Increase of national power	Convergence (should have beneficial effect on China's economy which may translate into higher capabilities and, thus, power)
Anti-hegemonism	Convergence and *Divergence* (Convergence: going against the market-dominating position of the United States; divergence: own ambitions at becoming the largest market)
Maintenance of favorable economic markets	Convergence (FTAs are meant to benefit mutual economies and increase trade between each other)
International responsibility	Convergence (China is acting within the global economy while adhering to rules set forth by the WTO)
Avoidance of 'China threat' misperception	Convergence (China is playing by Western rules and presents itself as a reliable partner)
Improving China's international reputation	Convergence (China's interest in trade and FTAs mostly increases its reputation, especially when partner is a Western/OECD country)

supraregional, if not, global, ambitions by China rather than merely being directed against another hegemon.[23]

The core purpose of an FTA is the deepening of bilateral trade, decreasing or entirely doing away with customs, and the breakdown of unnecessary bureaucracy. Insofar, the PD factor of maintaining favorable economic markets is at the very heart of this practice. But this was not the case just in theory; the practice of having concluded these FTAs reaped great improvements in bilateral trade with the FTA partner. For example, after concluding the FTA with New Zealand, their 'trade relationship (…) nearly tripled over the past decade, with two-way trade rising from $8.2 billion in (…) 2007 to $23 billion in (…) 2016 (…). Annual exports to China have quadrupled and annual imports from China have doubled since the June 2007 year' (NZ 2017). There cannot be much concern that

any FTA would do harm to economic markets, and, thus, China's FTA strategy is converging with its PD targets.

China's prolific FTA making is also fully in compliance with the PD grand strategy factor of international responsibility. Operating within the WTO rules, China is showing that it can act within a Western trading framework. Though it has been accused of unfair practices such as dumping or export restrictions (see above), these FTAs are good examples of China's positive impact on global trade. Generally, this sort of behavior is encouraged by all nations, even the United States.

For the most part, China was not being perceived as a threat by either partner nations or those not involved with an FTA with China. The FTA partners observed in this analysis are all relatively far removed from China and—perhaps due to the geographic distance—it is just natural that they would not fall prey to the 'China threat' perception that is otherwise very common for direct neighbors of China. Even so, there have been FTA conclusions of China with its directly adjacent neighbors such as the China-ASEAN FTA or the more recent FTA with South Korea. Insofar, China converges with PD grand strategy on this count, too.

One main factor in improving China's international reputation with these FTAs was the fact that China had each of the FTA partners sign a memorandum of understanding in which they officially acknowledge the so-called market economy status as per the WTO rules:

> [M]any countries have granted 'market economy status' to China, although they tend to be countries that export to China under a Free Trade agreement. In each case, the granting of 'market economy status' was a consequence of diplomatic agreement rather than technical proof, and even these countries still apply anti-dumping measures on Chinese products. Australia, for example, recognized China as 'market economy' as long ago as 2006, yet still applied anti-dumping measures on Chinese steel [in early 2016]. (Bulloch 2016)

Nevertheless, China was able to use these memoranda to its advantage—be it to demonstrate gained external prestige and recognition and showcase it to its own domestic population, or with the WTO itself in its search for that particular status.

Next to that, the fact that many of the richest countries in the world—as measured *per capita*—were signing agreements with China came with a good amount of prestige. First and foremost, Switzerland and (if that FTA comes to fruition) Norway are always in the Top 3 of rankings of countries

with the richest population. The other important commonality is that these Western nations are all considered model democracies: The Nordic states, such as Norway or Iceland, are always ranked very high on indicators of good democracies such as low corruption, but also on other indicators such as economic competitiveness or health care. Australia and New Zealand are not just Western democracies and OECD nations but also historic allies of the United States (as compared to Iceland and Norway, which are more neutral). But all of these FTAs with Western nations helped provide China with prestigious international recognition and an elevated global standing.

Alternative Explanations

Needless to say, the cultural driver of economic interest in search for monetary profits is certainly relevant in the case of bilateral FTAs. Should China gain more from the FTA than the partner nation, this would be very beneficial for China's side of the balance-of-trade sheet. Though, usually China is the nation that already has trade tilted in its favor as more products are imported from China into the partner country than exported. After concluding the FTA with New Zealand, China was only able to double its exports to New Zealand, while the Kiwi nation was able to export four times more to China than prior to the FTA. Insofar, this would speak for an explanation in which honor and prestige play a role—next to the involvement of economic interest.

Due to the targeting of Western allies, for example, the traditional US allies in the South Pacific, Australia and New Zealand, as well as those European nations that are not in the EU but merely the EFTA, one could attempt an explanation along the lines of China trying to use its large domestic market in order to plant discord among the Westerners—along the lines of *divide et impera*. Indeed, Iceland canceled its EU membership application after having moved to candidacy right before concluding the FTA with China. But in other cases of Western nations that are either already FTA partners or currently in talks with China, no such suspicion could be detected. And even in the case of Iceland, there is not much concern to be had in terms of a complete defection to China. Recent studies on Icelandic attitudes toward foreign nations and trade partners reflect the long-standing, good relations with American and European, especially Nordic, partners, and a healthy reservation of any other nation—including China (Vu 2015).

Summary

In summary, the case of recent FTAs of China with Western/OECD nations presented a mixed image of external as well as internal legitimacy. First, the enhancement of bilateral trade—as in ease of doing business as well as increasing the volume—which is the main function of any FTA, contributed to internal as well as external legitimacy due to the expected outcome of benefits for the FTA partner economy as well as more global trade (external) and a higher GDP for China domestically (internal).

Second, for China to make these FTAs with Western nations such as Switzerland or New Zealand is also helpful for overcoming the 'Century of Humiliation' complex (or trauma). As previously discussed, the 'Century of Humiliation' consisted of several lost wars of a weak China against a powerful West and Japan. In the aftermath of these lost wars, the dictated peace treaties came to be known in China as so-called unequal treaties, which usually imposed conditions on China—also in relation to its economy—that were more beneficial for the West and Japan than for China. Conversely, these newly agreed-upon FTAs with Western nations are now on equal footing and can be said to be mutually beneficial. Insofar, this point goes toward China's internal legitimacy.

And, third, another aspect of these FTAs is that they showcase China as an active engager with the international community. Historically, this is reminiscent of and could be compared to imperial China's peaceful and glorious times in which the tributary system played a pivotal role in engaging and trading with surrounding nations. Many representatives of Western nations and Western-dominated international institutions have been demanding China to become more engaged in the existing international community and a responsible actor within it. Concluding these FTAs can be seen as an example of China following their advice and, thus, speaking to external legitimacy. What concerns internal legitimacy would be the fact that the historical comparison with the tributary system and the glorious times of imperial China comes to mind when regarding these recent FTAs.

The Establishment of the Asian Infrastructure Investment Bank

Since 2013, China had been proposing to set up a new international development bank called the AIIB to help with economic development, especially in neighboring Asian less developed countries (LDCs). The proposal

was well received by most Asian states but regarded skeptically by allies of the United States and the West in general. This is because China did not make its intention clear in founding such a new financial institution since the IMF, WB, and the Asian Development Bank (ADB) already handled loans for LDCs and infrastructure development support. The AIIB was founded on October 24, 2014, with more than a dozen Asian and non-Asian countries as founding member-signatories, including Vietnam, India, and the Philippines. Thus, while it is a valid argument that this case is an example of assertiveness, the presence of countries that are not really allies of China but rather have more or less long-standing and unresolved disputes with China should hint that this initially was not a geoeconomic or geopolitical instrument of China.

Nevertheless, the ambiguity of this case makes it interesting. At first look, this is a case that perfectly converges with the PD grand strategy. On the dimension of legitimacy, it can be seen as pertaining to both internal and external, although external legitimacy is likely more at the heart of this action (i.e., to give China recognition and enhanced reputation from the global state community).

Course of Events

Shortly after the 2008 Global Financial Crisis, China became more assertive in pushing for changes in the organizational setup concerning economic international organizations and their underlying ideology. The Washington Consensus had informed the IMF and WB since the Orthodox Revival under Margaret Thatcher and Ronald Reagan—attaching strings of privatization, deregulation, free trade promotion, and democratization to loans given out by these organizations.

> In March 2009, China's central bank governor, Zhou Xiaochuan, announced that it might be time to move away from the dollar as the world's global currency and develop a super-sovereign currency. Later that month, Chinese President Hu Jintao at the G20 Summit similarly called for an overhaul of the global financial system. Since then, the Chinese have continued to put forward the notion that the U.S. dollar should no longer serve as the world's reserve currency, and have increasingly pushed for reform of the International Monetary Fund to reflect the voice of China as well as other developing countries. Yet beyond calling for change to the current system, it is unclear what level of responsibility China envisions for managing the new system. (Economy 2012)

This was also reflected in the speculated push for a non-European successor of Dominique Strauss-Kahn, who resigned in May 2011 from the IMF managing directorship. As we know now, it took a lot of convincing for Christine Lagarde to become the new IMF managing director. Likely, this took a promise for the RMB to become one of the Special Drawing Rights (SDRs) basket currencies—even if it was not going to fulfill all of the conditions on the list, given the speculated artificial undervaluation of the RMB to keep exports attractive. However, at this point and with the looming leadership change within the CCP from Hu Jintao to Xi Jinping, it may have become clear that the IMF and other existing international organizations would not change their outlook and method of conducting business in relation to China—possibly prompting the development of new organizations by China itself.

Before introduction of the AIIB idea by President Xi, '[i]n 2014, BRICS economies formed a development bank of their own, but it remains to be seen if this bank will pose any significant challenge to existing institutions or even if its members will be able to sustain the internal consensus necessary to make the bank effective' (Christensen 2015, p. 57). Whereas BRICS' New Development Bank (NDB) did not seek membership from a large number of nations, this was different with the AIIB. All the developments prior to the AIIB proposal and founding showcase China's 'interest in developing alternative economic and financial institutions to traditional Western-backed regimes. One example is China's plans for an Asian Infrastructure Investment Bank (*Yazhou jichusheshi touzi yinhang* 亚洲基础设施投资银行)' (Lanteigne 2016, p. 63).

During a visit to Indonesia in October 2013, President Xi first mentioned the idea of a new Asian bank which would work along the lines of the so-called Beijing Consensus—giving loans without conditions attached. The still-to-be-named new financial institution

> was to have an initial value of US$50 billion with Beijing providing the greatest proportion of the initial start-up funding. The initiative was in part a response to Chinese frustration over what it considered the slow pace of infrastructure development in Asia and the domination of Western interests within the IMF and World Bank, despite China's rise as an economic power. (Lanteigne 2016, p. 64)

Xi foresaw the AIIB 'as an institution that will finance infrastructure construction and promote regional connections and economic integration

in his speech at the Indonesian House of Representatives in Jakarta' (Xinhua 2015). However, the ADB, as well as the IMF and WB already functioned to provide this sort of financing. Because those institutions are dominated by Japan, the United States, and Europe, they did not fit any longer with the Chinese approach, prompting the proposal from Xi. Also, given the track record of the Beijing Consensus, as David Shambaugh writes, 'Beijing's 'offend no one' and 'attach no strings' approach has worked well' (2013, p. 107). Even so, Shambaugh also cautions that 'China has received considerable international criticism for its lack of transparency and 'no strings attached' policies, in many ways the aid programs are an untold success story' (2013, p. 202). Indeed, the AIIB promises to become a great success in that regard.

A little more than a year after its first mention, in October 2014, '[t]wenty-one Asian countries ink[ed] a memorandum of understanding (MoU) in Beijing on establishing the AIIB' (Xinhua 2015).[24] 'President Xi noted that, 'to build fortune, roads should be built first[,'] an idea in keeping with an 'Asia-Pacific Dream' of regional economic development' (Lanteigne 2016, p. 66). Not surprisingly, the signatories were exclusively Asian nations, if one counts Kuwait and Oman as 'West Asian.' In that sense, the AIIB stayed true to its name as being by and for Asian nations. Still, the Chinese leadership of the bank seems to have wanted to drag out the founding process, so that a coming pro-AIIB dynamic would convince other nations, especially Asian nations but possibly also supraregional support from non-Asian nations, to join as founding members, with a deadline set for March 31, 2015. Most of the 21 signatories maintained friendly relations with China with only the Philippines, India, and Vietnam being relative surprises—although India is a member of the BRICS and the NDB.

While it was certainly a small setback to not have Indonesia join in October, since Xi had first announced the idea of the AIIB there, 'Indonesian Finance Minister Bambang Brodjonegoro sign[ed] an MoU to join the AIIB as a prospective founding member' (Xinhua 2015) in late November 2013. 'The Memorandum of Understanding [MoU] on Establishing the AIIB specified that its authorized capital is $100 billion and the initial capital will be around $50 billion. The paid-in ratio will be 20 percent' (Xinhua 2015).

Shortly thereafter, 'New Zealand, the Maldives, Saudi Arabia and Tajikistan officially join[ed]' (Xinhua 2015). New Zealand's joining marked a definite first crossing of a geographic, ideological, and civilizational border with an Oceanic, ex-British Crown colony, and Judeo-Christian state,

respectively, joining the AIIB endeavor in January 2015. In the background, the media had begun to brand the AIIB as a challenge to the United States, as the United States was not joining and apparently trying to strong-arm its Asian allies to stay away from the AIIB as symbolic founding members, especially its closest allies (i.e., Australia, Japan, Taiwan, the Republic of Korea [ROK]) after the befriended Kiwis already sheered out. Naturally, the Chinese tried to convince them of the opposite:

> Shortly after the inception of the AIIB, the United States expressed its misgivings about the new bank due to concerns about Beijing's growing diplomatic power as well as whether the bank would uphold 'international standards of governance and transparency'. Washington also appeared to be tacitly discouraging its partners and allies from signing on to the AIIB. The original signatories to the AIIB project were governments from East, South and Southeast Asia, although New Zealand, which has a long history of independent foreign policymaking vis-à-vis the United States, did agree to sign on. Other American partners in the Asia-Pacific region such as the Philippines and Singapore also agreed to join, but others such as Australia, Japan and South Korea originally opted to steer clear, mainly due to US concerns. Despite Beijing's call for AIIB partners from all around the world, during the opening months of 2015 it appeared that the new bank would be strictly regional in scope. (Lanteigne 2016, p. 65f)

In line with New Zealand joining, March 2015 saw Chinese lobbying efforts pay off and those of the United States fail with a domino effect of Western nations joining as prospective founding members. Britain's application to join on March 12 was certainly the trigger of this domino effect (Xinhua 2015)—given its status as the financial capital of Europe. What followed was

> an unusually sharp rebuke by Washington, especially in light of the 'special relationship' between Britain and the United States, the UK government was accused of making the decision without consulting its American partner. As one US official noted, 'We are wary about a trend toward constant accommodation of China, which is not the best way to engage a rising power.' London counter-argued that British economic interests would be well served by AIIB membership and greater financial cooperation with Beijing. (Lanteigne 2016, p. 65)

The other European heavyweights, Germany, Italy, and France, followed suit within a week of Britain's application. Luxembourg and Switzerland also applied shortly thereafter (Xinhua 2015).

Following the often feared challenge to the existing international organizational setup, Chinese PM 'Li Keqiang stresse[d at a meeting with ADB President Takehiko Nakao in late March] that the AIIB will cooperate with and be complementary to existing financial institutions[, and that t]he AIIB will take an open and inclusive attitude' (Xinhua 2015). Similarly, President Xi successfully beat the big drum in an effort to ameliorate fears of (above all) American allies thinking that the AIIB is a manifestation of China becoming a present or future threat to the US-led liberal world order or China's neighbors fearing Beijing's further influence. Just a few days before the deadline, Xi promised at the BFA annual conference that China

> will vigorously promote a system of regional financial cooperation, explore a platform for exchanges and cooperation among Asian financial institutions, and advance complementary and coordinated development between the AIIB and such multilateral financial institutions as the Asian Development Bank and the World Bank. (…) The 'Belt and Road' and the AIIB are both open initiatives. We welcome all countries along the routes and in Asia, as well as our friends and partners around the world, to take an active part in these endeavors. (Xinhua 2015)

Before the March 31 deadline, applications to join from Australia, the ROK, and the Republic of China (ROC) marked a lost fight for the United States—with only Japan and the United States not having joined. The defection of the former three was more than unexpected. After this sort of traction caused by the European heavyweights in mid-March, Iran, the United Arab Emirates (UAE), Turkey, Egypt, Georgia, Brazil, Russia, Kyrgyzstan, Israel, South Africa, Azerbaijan, Iceland, Portugal, Poland, Austria, the Netherlands, Spain, Malta, Denmark, Finland, Sweden, and Norway jumped on the train more or less at the last minute. The former 11 countries cannot have been big surprises since, either ideologically or geographically, these nations seem like ideal candidates. However, the latter 11 European nations constituted further surprises and losses for the US effort to not embolden the AIIB endeavor.

The day after the deadline, the Chinese Ministry of Finance announced that 'Germany becomes the first prospective founding member of the

AIIB' (Xinhua 2015)—certainly an announcement meant to catch the attention of the media. Until April 15, the number of prospective founding members inflated to 57 globally, up from the original 21 signatory countries which were mostly Asian. As mentioned above,

> Taiwan applied to join, potentially under a different name such as 'Chinese Taipei' to avoid enflaming the 'one China' question. However, in April 2015 it was announced that Taiwan would not be able to apply as a founding AIIB member due to a disagreement over a proper name. Of all the applications to the AIIB, only one state was rejected outright by Beijing for having insufficient credentials: North Korea. (Lanteigne 2016, p. 66)

Within two months' time, after negotiations of all accepted as founding members, the governing framework (Articles of Agreement) was finalized on May 22 and subsequently signed on June 29, 2015, in Beijing, which was set to be the AIIB headquarters. After ratification of the framework by a sufficient number of founding and common members (i.e., those that applied after the deadline of March 31), '[t]he AIIB is formally established in Beijing after its Articles of Agreement come into effect' (Xinhua 2015).

Relating the Case to Honor and Legitimacy

Much like the tributary system has been an institutionalization of China's status, contributing to its prestige, reputation, and recognition, the AIIB should be similarly considered. Also, much like the tributary system contributed to its internal and external legitimacy in history, the AIIB can do something of that sort—at least for external legitimacy purposes.

China's heavy investment in neighboring countries with no strings attached has been taking place more and more in recent years—and such investment is not just limited to its neighborhood but is also prevalent in resource-rich African countries, for example. While it may have significantly increased China's external legitimacy by adding to its reputation, this is mainly true when it comes to the governments of positively affected recipient countries. On a more negative note, it also has raised eyebrows with local populations: China tends to bring its own workers from China and often the heavy investments may only benefit the recipient countries in the long term, while short-term job creation and the like is not part of the equation in China's investment. Thus, the outside spectator can get the impression that China's altruistic-seeming investments in its neighbors' or

trading partners' infrastructure are merely out of self-interest to obtain easier access to resources and trade or they may be earmarked for future access of its own military in the case of airports and seaports.

Convergence with or Divergence from the PD Grand Strategy

If the AIIB is to have anything beyond purely economic calculations, it can be conceived of as an increase of security for China's territory—depending on the infrastructural projects that are funded in the future:

> China's foreign policy concepts toward its weak neighbouring states, such as the 'One Belt, One Road' strategy, are premised on the assumption that economic exchange and a commitment to common development are the most effective means of ensuring stability on its borders. (Reeves 2015, p. i)

The logic behind this is likely that investments in the infrastructure of China's neighbors will not come back to China only as stimulus for its home economy by having used Chinese construction companies for the project and being able to export more to a country which is becoming an emerging market. Also, these investments promise to make the countries along China's periphery more stable and safer and, therefore, make China safer as well. In addition, should military conflict loom in China's periphery and should China get involved, it would probably be easier for the People's Liberation Army (PLA) to bring equipment and personnel to where it is needed through the facilitative function of good infrastructure.

Quite generally, that China is leading the way to distribute money where it is most needed for development purposes also increases the likelihood of its neighboring states becoming less threatened by China's rise and more friendly toward China, if they accepted the development assistance from the AIIB. Therefore, the AIIB also contributes to China's border security and its defense of territorial integrity. Insofar, China converged with PD grand strategy regarding this factor (see Table 5.3 for a summary of convergences and divergences).

Since the AIIB is headquartered in Beijing, and since this institutional construct is one out of the Chinese feather, this is clearly an increase in power. From being headquartered in China alone, it is possible to assume that the Chinese government will have privileged access to decision-making within the AIIB. Also, the person heading the new bank will be

Table 5.3 Divergence from or convergence with PD in the case of the AIIB

Factor in PD	*Convergence/Divergence*
Defense of territorial integrity	Convergence (by way of stabilizing periphery, AIIB may increase security for China's territory)
Increase of national power	Convergence (AIIB headquartered in Beijing; large investment sums can act as rewards and threats at the same time via threats to take them away)
Anti-hegemonism	Convergence and *Divergence* (Convergence: superpower United States did not join but some US allies did—***divide et impera***; divergence: own hegemonic ambitions/other DCs and US allies joined)
Maintenance of favorable economic markets	Convergence (increasing the economies of adjacent nations plus directly fueling its own economy, too)
International responsibility	Convergence (meant to help Asian LDCs; ascendance of non-Asian DCs shows international approval)
Avoidance of 'China threat' misperception	Convergence and *Divergence* (Convergence: AIIB meant to do just that; divergence: perceived hegemonic ambitions)
Improving China's international reputation	Convergence (improved China's reputation because of seemingly altruistic spending)

from China and likely all who succeed him in the future—as with the tradition of a European heading the IMF and an American heading the WB.

Naturally, China, which provided the main impetus and idea for the bank, will also provide most of its funding; these large investment sums from the AIIB can act as rewards and threats at the same time for the recipient nations in China's Asian periphery. As rewards can be taken away, there is an implicit threat involved even in these seemingly altruistic economic development actions. Given that China also provides much of the funding, it is not too far-fetched to assume that this will also give it considerable power over agenda-setting, for example. Last but not least, having this new institutional vehicle will spread the Chinese idea of 'no strings attached' development funding along the lines of the (in)famous Beijing Consensus. Power balancing behavior may very well be underlying these actions in that a power increase exists—if not at present, then more likely

than not in the future through having institutionalized China's international policy preferences in the AIIB and, therefore, it will likely live on even separated from China's economic success or failure.

If one subscribes to the view that founding the AIIB is an inherently assertive move meant to ring in a new era in global governance and eventually succeed the ADB and set a precedent for a possible future global institution to replace the IMF and WB, then this would mean convergence with PD grand strategy. Also, the superpower United States and its closest ally and China's archenemy, Japan, have not joined as founding members of the bank although some other US allies did—another indicator of fulfilling anti-hegemonism via a strategy of *divide et impera*—separate and rule. Whether or not this leads to a restructuring of global governance economically, it remains to be seen whether the AIIB and other such 'organizations prove effective[.] (…) [E]ven if China plays a large role within them, as will surely be the case, they might simply supplement rather than undercut the existing institutions in which China and the United States both play a role' (Christensen 2015, p. 57).

The AIIB can also be seen as divergence from this factor in the PD grand strategy: founding institutions after its own image and in ways that will indisputably bring about memories of medieval times in which China had considerable influence via its tributary system may very well be counted as seeking hegemony. Thus, if China does in fact have hegemonic ambitions, especially in Asia, then that may be counted as an action against its own principle of anti-hegemonism. Also, some Western nations and US allies in Asia joined the AIIB, which would equally contribute to the founding of the bank being seen as diverging from PD grand strategy; if it was directed against the current hegemon, it should not have accepted the inclusion of Western powers, such as Germany and Britain, or the ROK—all of which are close allies of the United States.

Increasing the economies of adjacent nations in Asia with development assistance will likely help China's own export economy, as its industries and population will demonstrate higher demand for Chinese products the more the economy grows. As Jeffrey Smith writes:

> The AIIB will grant China a virtuous cycle of benefits, expanding its political and economic leverage across Asia and aiding its efforts to elevate the yuan as an international reserve currency. And it is China's own companies, with unrivaled experience building affordable infrastructure, that will be uniquely positioned to reap the benefits of the AIIB's initial capitalization of $100 billion. (Smith 2015a)

Also, if China invests in these nations' infrastructure the way it does in Africa (i.e., employing its own workers, which it brings to the construction sites, with its own state-directed corporations), then it directly fuels China's own economy via extra turnover for corporations and remittances sent back to China by workers. Also, what concerns the AIIB likely being an amplifier of China's 'Beijing Consensus' is whether this institution will also lead to more favorable international markets—at least for the Chinese economic conduct. Therefore, without much doubt, this converges with PD grand strategy.

When it comes to determining whether the AIIB will be perceived by the international society of states as an institution founded by a responsible stakeholder in the international system or by an ambitious, exploitative, and selfish future global hegemon remains to be seen and will depend on the viewpoint of those who evaluate it. As David Shambaugh writes:

> [T]he West's call for China to play a greater role in global governance is (…) 'a trap to exhaust our limited resources!' (…) Not only do many see global governance as a trap for China, they also question the concept of 'responsible power.' 'Responsible to whom? To whose standards? The United States? Never!' shouted one scholar. (Shambaugh 2013, p. 40; partially quoted from Pilling 2010)

On the whole, it seems clear at first look that the AIIB is meant to help Asian neighboring nations which are LDCs. Thus, establishing this institution which will make it easier, quicker, and more efficient for these nations to obtain infrastructure investment should elevate approval rates among these neighbors, especially those that remain suspicious of whether China is a threat or not. Since this bank is for Asia specifically, whether these nations perceive this as responsible behavior or not should matter most.

Nevertheless, the last two centuries were mostly dominated by Western nations, also considering that the last two global hegemons were the British and, currently, the Americans. The global governance we see today is still largely influenced by the West. The United States and Japan seem to have perceived the AIIB founding as an attempt by China to go against institutional economic practices as preferred by them—along the lines of the orthodox-liberal Washington Consensus. Thus, the United States has pressured its Asian allies and tried to persuade nations in the Indo-Pacific

region not to join as founding members of the AIIB. This clearly constitutes a perception by the United States and Japan of China acting irresponsibly. However, this is a very large minority because even close US allies such as the ROK and Australia in Asia-Pacific joined the AIIB founding efforts of China. Also, the cherry on top was really the ascendance of non-Asian DCs, such as Germany or Britain, which ultimately demonstrates international approval and makes the United States' and Japan's minority position appear inconsequential. Additionally, in early December, the IMF decided to include the Chinese RMB as basket currency together with the US dollar, euro, British pound sterling, and Japanese yen—which can indirectly be counted as the IMF's approval of a more active China.[25]

Conceivably, creation of the AIIB may have been meant to do just that (i.e., avoid others interpreting China's rise as threatening). Rather, the payoff via infrastructure investment in China's periphery could likely change some decision-makers' minds to accept China's preponderance in the long term—up to it being the global hegemon much like in hegemonic stability theory (HST)—so as to put them in a position to believe that following China's lead will benefit them in one way or another. Thus, the AIIB and associated perceptions by future investment recipients would constitute converging to PD grand strategy.

However, the AIIB may have had just the opposite effect: China reaching out regionally to gain more influence economically in Asian neighboring states may reinforce fears that China—with rising power—also exhibits rising regional hegemonic ambitions. The AIIB could be meant to cement this sphere of influence in economic and financial terms for decades and centuries to come—much like the tributary system did in the medieval past. Arguing along these lines—really depending on one's viewpoint and, possibly, future trajectory of the institution, the founding of the AIIB would diverge from PD grand strategy as an assertive action.

As Jeff Smith writes: '[s]ome applaud China for assuming greater international responsibility and wielding soft power to aid Asia's growth. Some oppose the move as undermining the U.S.-led economic order and using aid as a tool to advance China's strategic agenda' (2015a). Whether the endeavor to initiate the AIIB is with benign, altruistic intentions or selfish, power-maximizing ambitions, the goal of this institution (i.e., development of Asia) is a noble cause in itself—probably to be seen separately from China's intentions. Spending large sums of money to the apparent advantage of adjacent nations—some of which cannot look back on historically

friendly relations with the Chinese—surely increased China's reputation now and for the future and, thus, converges with PD.

Alternative Explanations

As mentioned above, some observers interpret the AIIB as a power political instrument of China to show discontent with US-led Bretton Woods institutions like the IMF and WB, along with the ADB. In such a view, economic calculation may not play a big role but rather China's pursuit to replace the institutions of the current global order in the long term does. This is an alternative view that has the very big picture in mind and is very long term. The premium here is placed on fear and this would be an explanation in terms of pure power politics. A more geopolitical take would be to see the AIIB as a tool to cement a Chinese sphere of influence and China's regional primacy in Asia. This is similar to the above alternative explanation but with a short- to mid-term viewpoint and concerns a more regional than global level of analysis.

An alternative explanation based more on values than power politics is one hypothesizing that China wants to promote its own Beijing Consensus versus the Washington Consensus. It certainly is similar to the power political explanation but has to do with changing values on the global level in the long term.

Economic interest may also have played into the decision to propose and found the AIIB. On the one hand, having a better regional economic environment benefits China because its economy still depends heavily on exports. Adjacent nations with economies that are doing better will ask for more goods to be imported from China. On the other hand, the AIIB may turn out to be an economic stimulus program for the Chinese economy more directly: if China operates its investment in the infrastructure of Asian LDCs much like it does in Africa, then bringing Chinese laborers to foreign construction sites and having Chinese (state-owned or private) corporations carry out the infrastructure construction will funnel the 'investment' partly back to China directly, not just indirectly through higher export revenues which may or may not happen based on the respective LDC's future trajectory:

> [T]he West's call for China to play a greater role in global governance is (…) 'a trap to exhaust our limited resources!' (…) Not only do many see global governance as a trap for China, they also question the concept of 'respon-

> sible power.' 'Responsible to whom? To whose standards? The United States? Never!' shouted one scholar. (Shambaugh 2013, p. 40; partially quoted from Pilling 2010)

David Shambaugh also insinuates an argument of exploitative behavior which could be advanced and facilitated by the AIIB in the future:

> Much of China's aid comes in the form of hard infrastructure: roads, rails, buildings, stadiums, etc. Even though these do have a positive impact on the recipient country in the end, they are normally built entirely with imported Chinese labor by Chinese construction companies with contracts from the Chinese government. This combined with an excessive and obsessive focus on extractive industries and raw materials has led to charges of 'neo-colonialism' (which Beijing is hypersensitive and defensive about). (Shambaugh 2013, p. 110)

If that were true, the AIIB is an important springboard for China to further legitimize its presence in LDCs with an altruistic façade of helping them with economic development—now also in the name of the many holier-than-thou European nations which joined as founding members and are most often associated with international ethics, while China is carrying out an ulterior motive of realizing its own national interest.

Summary

Very similar to the OBOR, the AIIB proposal and founding perfectly converged with the PD grand strategy. The little doubt there is about possible divergence from PD grand strategy is the interpretation of China's ambition in Asia as a regional hegemon, on the global level of challenging the organizational structure which the United States created with its allies after World War II and the Cold War, and the perception of many Asian nations that China may be a possible future threat. All these ambitions cannot be argued against as they either remain to be seen or are already implicitly ingrained in such grand strategy manifestations as the AIIB; sometimes China follows more than one motive at a time, much like a mixed-motive interpretation of US hegemony—using rewards and threats.

That the AIIB was intended mostly for external legitimacy purposes becomes clear immediately given the front-and-center LDC development endeavor for which the AIIB was created. However, the external legiti-

macy has come and will come from multiple corners. First, it comes from LDCs profiting from infrastructural development financing and China being celebrated as a 'responsible great-power' in the meantime. Second, it comes from China's profiting financially since the loans will be given out in RMB. Third, it comes from many US allies having joined as founding members while the United States and Japan did not join and basically lost this stand-off. Fourth, it comes from further establishing the Beijing Consensus internationally and using the AIIB as a precedent for future world order once the United States relinquishes leadership fully. Finally, it comes from living up to the earlier success of China's medieval tributary system.

The double-effect that the OBOR had is equally relevant for the AIIB with respect to serving external legitimacy at the same time as internal legitimacy: First, China's economy will be served by the AIIB despite the initial investment of billions into it since construction companies likely will be coming from China—even in a fair public bidding process because few can do work cheaper than China with Chinese labor. Also, in the long term, profits will derive from being able to export more to affected LDCs and gaining access to natural resources there. Thus, the AIIB will help the economy to be stimulated and earn back the initial investment into it. This is relevant since economic growth still figures into internal legitimacy, even though nationalism and historic legacy are quickly becoming important parts of it.

As for the historic legacy for internal legitimacy, the humiliation complex is accommodated by the United States and Japan both staying out of the founding of the AIIB and—so far—also out of common membership. Actually, the AIIB is often interpreted as a challenge to the US- and the Japan-led ADB. Standing up to China's archenemies brings the CCP extra points for the AIIB project, especially with hypernationalists.

External legitimacy, nevertheless, is the key component here in terms of honor and legitimacy. What concerns this interplay of external and internal legitimacy—being a benign and altruistic leader in the regional Asian and global community while at the same time trying to serve China's own national interest—, in essence, is that '[t]he AIIB has the virtue of advancing both agendas, but it represents just one finger in a Chinese hand grasping Asia in an ever-tighter embrace' (Smith 2015a).

To come back to external legitimacy, the 'win' against the United States involved the joining of very close American allies since the United States did not condone such actions. The reason for the Europeans and traditional

US allies joining the AIIB seems like a Chinese success of offers for buy-off and a superficial benign hegemonic strategy having worked out. Publicly, however, the Europeans claimed that their motivation for joining was to influence the initial setup of the AIIB and its governing framework so as to hold China to its word of being complementary to the IMF, WB, ADB, and other pre-existing international organizations. On the Chinese side, the joining of many US allies but without Japan or the United States was certainly one side of the success in the AIIB story: this was a firsthand, publicly played-out show of risen status of the PRC next to a declining US hegemony which could not enforce alliance discipline and 'soundly appeared to [have lost]' (Lanteigne 2016, p. 66) to the lure of the hard power of Chinese money packaged into a 'good cause' (i.e., helping develop infrastructure of needy states).

In the long term, the RMB as currency in which the AIIB loans are given out, will gain importance internationally. The imminent finalization of the founding of the AIIB in late December 2015 put additional pressure on the IMF—besides the size of the Chinese market and growth of Chinese power over the last decades—to accept the RMB as an SDR basket currency earlier that same month. The trajectory seems to be that the RMB will first follow in the footsteps of the euro as the second most dealt currency in the coming decades before it takes over the US dollar.

Last but not least, the leadership showcased by China in suggesting the AIIB and realizing it in such a quick process while gaining the membership of a range of global nations, including European nations, is an immense upgrade to its status, tackles the humiliation complex, and brings the Chinese back on track to pick up from pre-1839 by setting up a sort of modern tributary relationship for the twenty-first century.

Notes

1. There was also an earlier case of export restrictions on 'eight raw materials used as inputs in the steel, aluminum and chemicals industries [which the WTO had already condemned]' (Pruzin 2014). However, since this case was not as intertwined with China's security strategy and diplomacy as the case of the REEs (plus Tungsten and Molybdenum) was, it was not considered here. For further in-depth analyses of the REE export restrictions, see, for instance, Ma (2012) and Morrison and Tang (2012).
2. In the past years, elections have been introduced for some local level, low-stakes political positions. This is, of course, nowhere near the level of the

democracy which one could witness elsewhere, as the Chinese Communist Party (CCP) may still preselect candidates and the like. Still, this is a first step which can lead to more democracy in higher levels, up to the national level, in the future.

3. See, for example, Balaam and Dillman (2013), p. 172. They refer to this behavior as 'currency manipulation' rather than 'artificial undervaluation.'
4. See, for example, Norrlof and Reich (2015).
5. REEs are 'a set of 17 chemical elements in the periodic table that include 15 lanthanides (lanthanum, cerium, praseodymium, neodymium, promethium, samarium, europium, gadolinium, terbium, dysprosium, holmium, erbium, thulium, ytterbium, lutetium), as well as scandium and yttrium' (Pruzin 2014). The export restrictions enacted by China included also Tungsten and Molybdenum, which are outside of the earth elements category but rather are metals.
6. An earlier version of this subchapter was published in parts in Danner (2016).
7. The 95 percent mentioned here is a lower estimate of what China is controlling in comparison to, for instance, Smith's estimate, which is as follows: 'China produces about 97 percent of the global supply of rare earths' (Smith 2015b, p. 192).
8. Contrary to Shambaugh, Smith sees this process of export restrictions as having begun even prior to 2009: 'Even before the 2010 incident, the Japanese government struggled to gain Chinese acquiescence in maintaining access to these rare earth minerals. Then in 2006 China began to impose quotas on its exports to ensure environmentally sound practices of extraction but also to ensure that its domestic manufacturers had priority access to them. Although Japanese government officials sought continued access to China's rare earths, Japan's quota has already been reduced, as have the quotas on exports to other nations, with China cutting its exports by half since 2005, from 65,580 tons to 31,130 tons in 2012' (Smith 2015b, 201f.). Indeed, 2005 was the origin of this quota system. See also, for example, Yap (2015).
9. See, for example, Kyodo (2012).
10. This seems unrelated to economic policy apart from the fact that large quantities of fossil natural resources like oil and/or gas are said to be under the seabed in this area of the East China Sea—most prominently the Chunxiao gas field which is located northeast of the Senkaku/Diaoyu islands and northwest of Okinawa. With China contesting the territorial ownership of Japan, especially what concerns the Senkaku/Diaoyu Islands, this may be said not only to be a political or security-related concern but also related to China's economy and economic policy. In terms of the latter, this would be mainly pertaining to China's energy security strategy,

that is, to augment the market and attain as many natural resources as possible to be in a position to fuel growth of its market for decades to come. Besides this potential existence of fossil resources, the fishing grounds near these islands are known to be very rich as well, and therefore can be considered valid to China's economy, too.

11. See BBC News (2010a).
12. While this seems to be a standard phrase from the Foreign Ministry, to suggest that patriotism—an emotion—should be expressed rationally seems very far from reality, though. These two, emotion or passion and ratio or reason, have been seen as opposites by many theorists, such as Karl von Clausewitz in his unfinished work *On War*, writing on his famous trinity of war, that is, passion, reason, and chance. See Clausewitz (2012 [1832]).
13. An immediate reaction by the Japanese was to seek diversification of the countries from which it obtained REE, since it realized its overdependence on China in the embargo. As a consequence, Japan started 'negotiating agreements with Vietnam, Mongolia and Australia to develop new mines' (BBC News 2010b).
14. It is important to separate the deliberate and secret order to delay exports of REEs to Japan in customs and the cut in export quotas from the fact that, in 2009, China had already begun to exert governmental influence on the quantity of REEs exploited and on the domestic market, so as to have prices rise—similarly to what OPEC orchestrated in the 1970s. From this intervention in the price mechanism, the customs delays, temporary bans, and reductions of export quotas have to be viewed separately.
15. Interestingly, as mentioned above, this case which began in March 2012 was not the first WTO dispute settlement case against China's export practices: 'This request for consultations was the first step in the dispute settlement process at the WTO. The request (Dispute Settlement 431, DS431) by the European Union, the United States, and Japan for consultations with China at the WTO on rare earth export restraints was made on March 13, 2012, and came on the heels of a prior dispute settlement panel finding against China on 'measures related to the exportation of various raw materials' (DS394). Although Japan did not participate in this dispute settlement case, the WTO panel found that 'China's export duties were inconsistent with the commitments China had agreed to in its Protocol of Accession. The Panel also found that export quotas imposed by China on some of the raw materials were inconsistent with WTO rules' ('DS394 Summary of Key Findings,' released on July 5, 2011). See World Trade Organization (2015a) and World Trade Organization (2015b). China appealed this decision the following month, but in January 2012 it lost its appeal on export restrictions on raw materials. Thus, the case on rare earths

followed immediately on the heels of the WTO finding against China' (Smith 2015b, 322n36).

16. See, for example, Pruzin (2014).
17. See Kyodo (2012).
18. See Chap. 6, case one; different from the situation in September 2010, '[i]n the wake of Japan's effective nationalization of the Senkakus in September [2012], [the Chinese government did not follow] (…) growing calls in China that Beijing should restrict rare earth exports to Japan. [It] ha[d] continued to export rare earths to Japan' despite the ongoing dispute in the East China Sea (Kyodo 2012).
19. Or, at least, in the view of three of the four judges on the panel deciding over China's REE export restrictions
20. See Stringer (2015).
21. In the longer term, Chinese territorial expansion could also involve territory in the Russian Far East bordering Heilongjiang (formerly Manchuria) and Mongolia (Outer Mongolia).
22. Equally interesting is the beginning of the Sino-Japanese 'Ice Age' from 2012 to 2014. The incident occurred correspondingly just a few days before the scheduled celebration of the 40th anniversary of Sino-Japanese official foreign relations.
23. Though it is not discussed at length here, the RCEP was perceived by the United States as a counterinitiative to the American-led TTP, presenting another instance where the antiquated notion of 'spheres of influence' and hegemonic actions on both sides of the aisle—China and the United States—come to mind.
24. Signatory countries to the MoU were Bangladesh, Brunei, Cambodia, China, India, Kazakhstan, Kuwait, Laos, Malaysia, Mongolia, Myanmar, Nepal, Oman, Pakistan, the Philippines, Qatar, Singapore, Sri Lanka, Thailand, Uzbekistan, and Vietnam. See Xinhua (2015).
25. See IMF (2015). This decision is another example of symbolism in international affairs, as the Chinese government has actually not fulfilled all conditions for the Renminbi to be warranted inclusion as basket currency for SDR.

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CHAPTER 6

Military Case Studies

China's declaration of an air defense identification zone (ADIZ) over the East China Sea (ECS) in late 2013, its continued participation in UN peacekeeping missions (PKMs) during the analysis time frame, and China's advances in its space program stand as prime examples of conforming to the legitimacy conditions posed to case selection. The ADIZ over the ECS is clearly related to internal legitimacy, as it challenges Japan's (and Taiwan's) claim to the Senkaku/Diaoyu Islands and surrounding waters and, therefore, potentially also the alliance led by the United States. When speaking about military strategy in the grand strategy design, it is a bit harder to find an example that pertains to external legitimacy in China's case, as a great many actions by China and its People's Liberation Army (PLA) outside of the UN framework were perceived to be actions that speak to internal legitimacy with which China wanted to show strength and opposition to other powers, especially Japan, the United States, and India. Thus, China's continued participation in UN PKMs can stand as a relatively unblemished example of military strategy pertaining to external legitimacy.

Other examples of external legitimacy are not very plentiful in the time frame chosen here: 'When one examines a number of other recent international challenges or crises—Sudan, Iran, Iraq, Syria, Libya, Afghanistan, Somalia—an aloof and unhelpful China is (…) evident. On such issues that concern the international community and require multilateral action, China prefers to remain on the sidelines' (Shambaugh 2013, p. 46). Thus,

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examples that live up to the quality of UN peacekeeping participation are hard to come by.

The mixed legitimacy case selected for this case study group is China's space program and associated advances during the analyzed time frame. In the years in question China has made big steps to getting at eye height with the United States, Japan, Russia, and Europe what concerns sending *taikonauts* (China's equivalent term for American/European/Japanese astronauts or Russian cosmonauts) into space. This, as seen within China's military strategy to asymmetrically catch up with the United States, naturally is an immense gain in prestige which affects both internal and external legitimacy.

First, the only other external legitimacy example may be a non-event case study of China not having engaged in any aggressive war actions, or war at all, in the last several years. China has contributed to relative systemic peace in these years albeit growing more powerful at the same time. However, this was also secondary in terms of salience during this time frame and cannot be said to have enhanced China's external legitimacy.

Second, China's military modernization efforts and military build-up during 2009–2015 were significant. The part of China's gross domestic product (GDP) used for military budget increased continuously in these years. Also, China's first aircraft carrier, the Liaoning, which was built during the late Soviet era in the 1980s, made its maiden appearance in September 2012 in the service of the People's Liberation Army Navy (PLAN). Gaining more military power capabilities is certainly an inherent part of China's grand strategy, and so it belongs to the more salient examples, too.

Third, China's other advances in asymmetric military capabilities and operations—besides the chosen space capabilities case—are also salient examples of internal legitimacy-related aspects of military strategy. China has made extraordinary advances in its cyber warfare program and still is leading in its ballistic missile programs, thereby enhancing its asymmetric power capabilities—looking to the United States at eye level or above in some areas.

Fourth, China's efforts to gain access to foreign ports in Pakistan, Sri Lanka, Bangladesh, Myanmar, and other countries (often dubbed the 'string of pearls') can also be seen as an example relating to internal legitimacy. Naturally, China would not publicly stress that they may plan to use ports within the 'string of pearls' for military power projection purposes in the future. But besides a possible military use in the future, these ports are also

economically important: They are of utmost importance to the transport of Arabian oil to economic powerhouses and major oil importers in Northeast Asia, mainly China, Japan, and the Republic of Korea (ROK). This is also a very important example, but it remains a theory that China would use it to project power in the future, and thus it is secondary to the selected case.

The Declaration of the East China Sea Air Defense Identification Zone

The icy relationship between China and Japan since mid to late 2012, when the conflicting claims to the Senkaku/Diaoyu Islands were reignited, has taken its toll on the trilateral relations involving the United States as the senior partner in its alliance with Japan.[1] In late 2013, China proclaimed a controversial air defense zone over the ECS, which includes the Senkakus.[2] This looming conflict—even though China feels that it has a legitimate claim to these islands, especially based on history—has the potential to spark armed aggression between China and Japan. This would mean that, according to the alliance treaty between the United States and Japan, the former would join on Japan's side in such a war. Of course, this is all hypothetical, but nevertheless China's actions in this event can, and indeed must, be seen as power politics. Whether the grand strategy objective of territorial integrity was violated and diverged from in this case can be argued one way and the other—depending on which side one takes. However, the upkeeping of a favorable environment for China—and Japan is the single country with which China does most of its trade—and the peaceful resolution of all conflicts are potentially at stake here and, by extension, a war involving the United States is a feasible risk that China (as much as Japan) is taking. Therefore, this (non-)event should be regarded as a divergence from the 'Peaceful Development' (PD) grand strategy precisely because it puts the existing peace at risk.

Still, another objective of PD may be said to have been met, that is, accommodating the rising nationalism within China and what its people postulate from the government: the rise in status and respect from others. Standing up to Japan, which was the power that last occupied China during World War II, is looked upon favorably by nationalist factions in China. Thus, while putting the peace between the United States-Japan alliance and China at risk diverges from PD, China may have gained in (albeit negative) respect and status from this particular event and, therefore, converged with its grand strategy.

Course of Events

To understand the current ADIZ proclamation by China, one has to go back to former rounds of disputes over the islands between Japan and China, as well as the beginning of the current, still unresolved round of dispute. The first five instances of escalation which came in three phases of the Diaoyu/Senkaku Islands territorial dispute took place after World War II in early 1970s, in the late 1970s, and the 1990s/2000s, respectively.[3] Interestingly, Japan now—more than 40 years after the first round of dispute—'claim[s] that there was no formal agreement to 'shelve' or put the issue aside in 1978 and that in fact no controversy exists' (Smith 2013, p. 37).

The current, sixth, round of the territorial dispute can be said to have begun in 2010 when plans for the mutual exploitation of the natural resources in the ECS were again frustrated in September because of the 'collision between a Chinese fishing boat and two Japanese Coast Guard vessels off the Diaoyu Islands' (Wang 2010). Japan detained the Chinese captain concerned but eventually released him after about two weeks (Fackler and Johnson 2010). China acted as a more forceful actor in this renewed dispute over the islands and—as described above—started 'block[ing] crucial exports to Japan of rare earths, which are metals vital to Japan's auto and electronics industries' (Fackler and Johnson 2010), for example. China had been growing economically in strength for decades, of course, and was one of the countries whose economy came back quite quickly after the 2008 Global Financial Crisis. This led many in China to believe that the United States was now in relative decline and that China was gaining in power and, therefore, should throw its weight around internationally. One consequence was a change in policy toward the islands under analysis here to reflect this new assertiveness. As Kei Koga notes:

> China's assertiveness over its territorial sovereignty is growing. It is well-known that China has been traditionally sensitive to territorial sovereignty, notably concerning Taiwan, Tibet, and Xinjiang; yet this year, a similar level of sensitivity extended to the South China Sea and the Senkaku/Diaoyu Islands as its 'core interests'—non-negotiable interests. In fact, Chinese officials asserted in March [2010] that (…) the East China Sea, including the Senkaku/Diaoyu Islands, was newly added to the list of China's 'core' interests, according to the South China Morning Post. As China asserted in the case of the Senkaku/Diaoyu territorial dispute between Japan and

> China, if Beijing perceives interference of its territorial integrity by a third party, it will use any means, including diplomatic, economic and military, to defend it. (Koga 2010)

The time during the incident and the following months were marked by nationalistic protests in both countries. Secretary of State Hillary Clinton and other US government officials backed the Japanese through confirmation of the Senkakus as defendable territory under their mutual treaty. Eventually, the situation stabilized to the extent that a celebratory visit of a Chinese delegation to Japan commemorating 40 years of official Sino-Japanese relations was planned for 2012. However, as with the earlier plans for joint development of natural resources in the ECS, something thwarted these plans.

The escalation in 2012 began with the plan of an ultranationalist Japanese group in April 'to purchase the islands with cash collected in a national fund-raising campaign' (Smith 2013, p. 27). This, in turn, sparked activists from Hong Kong to travel to the Diaoyu/Senkaku Islands. In essence, parts of the population began to escalate the dispute in 2012. August saw many anti-Japanese protests in China and perhaps drew in the government of Japan with action of its own: As explained above, the Japanese government used to merely rent the rights on some of the Senkaku islets. 'On 11 September 2012, the Japanese government signed a contract worth 2.05 billion yen ($26.1 million) with Kunioki Kurihara, a private businessman, to purchase three of the five main islands that constitute the Senkaku/Diaoyu Island group, an action that effectively nationalized the islands' (Smith 2013, p. 27). The Chinese government went on to cancel the planned celebration of four decades of Sino-Japanese relations. Whether or not the Japanese government thought that nationalizing the islands would create a precedent and eventually deescalate the dispute remains a conjecture; Japan's actions to buy the islands certainly did the opposite and intensified the situation. The Chinese protests were destructive not only to Japanese cars and goods but also to Japanese expats living in China. On many occasions since this event, Chinese and Taiwanese military ships, including the Chinese aircraft carrier, have regularly entered the waters around the archipelago to protest Japan's purchase of the islands (Takenaka and Kaneko 2012).

The situation continued to be precarious throughout 2013 and worsened toward the end of the year until it reached a low point in 2014. Also, the use of Chinese and Japanese names for the islands has always been

controversial since the first dispute over them in the late 1960s and it remains so in this sixth round: In January 2013, a '1950 document showing that China used to view the Japan-controlled Senkakus as part of the Ryukyu Islands, or modern-day Okinawa Prefecture[, which] (…) reportedly used Japanese names, including Senkaku, to refer to the islets[,]' (Jiji 2013) was said to have been found in the diplomatic archives of the Chinese Ministry of Foreign Affairs.

In late November 2013, China unilaterally set up an ADIZ over the ECS, roughly correlating to the Exclusive Economic Zone (EEZ) it claims and its continental shelf. The United States, Japan, and the ROK reacted with protests. The United States also sent a military plane into the ADIZ. This did not really assuage this dispute but rather had the opposite effect. Otherwise, and especially before, the United States tried to act as a rationally deescalating force by, for example, backing Japan with statements that armed conflict over the Senkakus would involve the United States through the alliance with Japan as recorded in the 1960 treaty (Whitlock 2012); in other words, the United States was and is (from its viewpoint) promoting stability in the heated dispute by supporting the balance of power in Asia in bolstering the weaker side, that of Japan: '[T]he U.S. Department of Defense announced that China's new ADIZ would in no way affect U.S. military operations in and around the East China Sea and reiterated the U.S. security commitment to Japan' (Smith 2015, p. 232f.). Even though Taiwan also sent its coast guard to record its protest, the Taiwanese government tried to prevent an escalation of the dispute with the ECS Peace Initiative (Chen 2013).

The fact that China proclaimed an ADIZ was not the controversial part of the situation in late November 2013—rather, the problem was how it did it and the geographic space it claimed:

> Japan and South Korea had long maintained similar zones within which entering foreign aircraft were requested to identify themselves and their destinations. China's ADIZ, however, overlapped with those of both countries and aligned largely with the airspace above its continental shelf. Thus, China's ADIZ challenged Japan's in roughly the same way as its continental shelf claim did. Moreover, China's ADIZ included the disputed Senkaku Islands, establishing a clear contest between Chinese and Japanese air patrols over the islands. Interestingly, the new ADIZ also included an island whose sovereignty Seoul and Beijing disputed. When the South Korean government asked China to redraw its ADIZ line, Beijing refused, forcing Seoul to

> take a far more rigid position than it otherwise might have. Both the timing and the way in which Beijing declared it would enforce its ADIZ bothered its neighbors. (Smith 2015, p. 232f.)

In an effort to deescalate the situation—and not to get dragged into a war via the US alliance with Japan—US Vice President Biden has long been scheduled to travel to the involved parties with instructions to mend fences given that the situation had already been tense for more than a year. China obviously knew about the planned travels of Biden well in advance. Thus, it may not be by accident that 'China's Ministry of Defense made [the ADIZ] announcement on November 23, 2013, just a week before U.S. Vice President Joe Biden was due to make a visit to Tokyo, Beijing, and Seoul to discuss how to alleviate regional tensions' (Smith 2015, p. 232f.). As planned,

> In [early] December 2013, Vice President Joe Biden traveled to Northeast Asia to try to dampen China's ADIZ ambitions and to reassert the U.S. position that it would not change its own military operations in response. But Tokyo remained skeptical of Washington's support in its contest with Beijing. (Smith 2015, p. 4)

This newest round of dispute over the Diaoyu/Senkaku Islands has so far not been resolved, and 'China seems to have little interest in discussing how to reduce the risk of such close interaction between the militaries operating in the East China Sea' (Smith 2015, p. 232f.). What seems to have changed is the Chinese policy, resulting from perceived relative gains in the 2008 financial crisis, with president Hu '[i]n July 2009, (…) set[ting] out a policy of 'what must be done must be done proactively' (…) signal[ling] that China no longer worries about launching disputes with other nations' (Shimbun 2014). This policy was maintained and fortified by President Xi as the 'Chinese dream' (Shimbun 2014). The announced increases in military budget spending by both Japan and China also worsened the situation (Wong 2014). Some observers have alleged that Japan's PM Abe is exploiting the near-Cold War relations with China—some have described it as the low point in relations since after World War II—to realize a three-year plan that would see a constitutional restriction on the use of force in Japan removed and Japan heavily rearmed by 2015 (Takahashi 2014). Nevertheless, while not forbidding them, China tried to keep the anti-Japanese protests under relative control, although control seemed to have been lost in some cases during the height of the conflict.

Relating the Case to Honor and Legitimacy

Given the high assertiveness in the unilateral proclamation of the ADIZ over partially Japanese-controlled maritime territory, this was surely among the most militarily relevant actions of China in the time period analyzed here. At the same time, it was also likely the closest to crisis China came with Japan and the United States as its main ally. Certainly, China also engaged in very assertive island-building exercises in the South China Sea (SCS), with the difference that none of the adjacent states in the SCS is a great power. The closest US territory, Guam, is thousands of miles away—even further than the Japanese Ryukyu islands—although a US presence around the SCS and the Malacca Strait is not unusual as part of important sea lane protection. The island-building in the SCS—compared to the ADIZ proclamation in the ECS—was though a *de facto* physical claim to this maritime territory (besides China's historical claim). Still, next to the actual proclamation of an ADIZ over the ECS, which is a *de jure* proceeding, island-building is considered a *technically* lesser action.

Much like the case of the rare earth elements (REE) export restrictions, the main counterpart was again the neighboring archenemy, Japan, though with it the United States as a contractually close ally would be sucked into a military conflict if China acted aggressively against Japan. This sort of assertiveness is taken to another level when we deal with China, not against minor or middle powers in the SCS, but against the world's superpower and an East Asian great power to be reckoned with.

It is clear that this case relates to internal legitimacy much more than external legitimacy because China could not count on an improved reputation or recognition from other nations. Closely following the rule of territorial integrity and sovereignty relates mostly to internal legitimacy for China. Ever since the (quasi-)colonial experience from the mid-nineteenth century to the mid-twentieth century and beyond (given Hong Kong's late return in 1997), the 'Century of Humiliation' have ingrained this sort of obsession with sovereignty into China's national genes.

Convergence with or Divergence from the PD Grand Strategy

Given that the ADIZ includes territory which is in the control of (and been bought from private owners by) Japan—albeit disputed by China—the declaration of this zone is provocative on the one hand, but also clearly in defense of China's territorial integrity on the other. First, even though

Japan does not acknowledge that the Senkaku (Diaoyu) Islands are disputed by China, from the Chinese point of view, the islands constitute an inherently Chinese territory and would therefore enlarge China's sovereign maritime territory further than it would without the Senkakus being Chinese. Thus, taking the Chinese point of view into account, the ADIZ proclamation is not against the stipulations of defending one's territory in its PD grand strategy and, therefore, is converging. Whether such a move was necessary is a question written on a different sheet.

Second, the Senkakus were not under Chinese control for the couple of decades after the end of World War II, when it was under American control from previous Japanese control. After this, the islands were given back to Japan for administrative control. The reality is that the Senkakus have not been under Chinese control for quite some time. Therefore, from an objective viewpoint, the action must be seen as a violation of Japan's territorial integrity and not as defending one's own territory. This would mean that China's behavior in declaring an ADIZ diverges from PD grand strategy.

Therefore, this point is evaluated as China being both in convergence with and divergence from its PD grand strategy. Arguably, China needs to answer to only its own people, and its national interest is served better by having declared the ADIZ rather than not. The tendency is toward this action being on the converging side but, of course, China does not rise and act in a vacuum with respect to international relations. Especially with territory as a scarce resource on earth, one also has to consider the interests and ownership claims of other nations, such as Japan. Insofar, China can be said to both diverge and converge with PD grand strategy in this case (see Table 6.1 for an overview of analyzed divergences and convergences).

Strictly speaking, since the territorial claim exceeded China's actually controlled maritime territory (i.e., cut into Japanese-controlled territory), this led to new territorial gains on China's part. Therefore, this should count as an instance in which power increased for the state of China, especially considering that this was a gain against Japan, a power to be reckoned with, and not a weak peripheral neighbor state of China.[4]

In addition, China always claimed that this was inherently Chinese territory and never acknowledged Japanese control over the uninhabited islets. Whether this ADIZ is seen as an increase in power and not just a manifestation, or 'locking in,' of the status quo as perceived by China

Table 6.1 Divergence from or convergence with PD in the case of the declaration of the ADIZ over the ECS

Factor in PD	*Convergence/Divergence*
Defense of territorial integrity	Convergence and *Divergence* (converging if seen as defensive of borders, diverging if seen as quasi-border revision)
Increase of national power	Convergence (if the territorial claim will lead to territorial gains, then power may have been increased)
Anti-hegemonism	Convergence and *Divergence* (convergence if seen as versus Japan and United States, divergence if seen to be status quo action)
Maintenance of favorable economic markets	*Divergence* (this did not help the Ice Age atmosphere with Japan and China's trade impacted)
International responsibility	*Divergence* (claiming an ADIZ over Japanese territory is irresponsible since it could have escalated)
Avoidance of 'China threat' misperception	*Divergence* (assertive behavior clearly contributed to observers seeing China as a threat)
Improving China's international reputation	*Divergence* (likely may have damaged China's international reputation)

depends on one's perspective on the dispute and whether one even recognizes a dispute. If that is the case, it would still not belong to the diverging category but just be a mere realization of China's grand strategy to defend its territory (or as an attempt to reunify, if one believes in the abovementioned understanding of a power increase).

This category can be interpreted as converging or diverging. If one subscribes to the ADIZ as a revisionist act, this action may be understood to be against Japan since it overlaps with territory Japan considers its own, or at least it was clearly perceived by Japan and the United States as a provocative action. Therefore, it may be said to be directed against Japan and the American superpower's alliance. This would be classic balance-of-power strategic behavior on China's part, or 'anti-hegemonism' in China's official vocabulary, and therefore converging with its grand strategy.

Also, if one understands the ADIZ as a status quo manifestation of what China understands to be its historic borders, then its declaration is

counted as perfectly converging with its grand strategy. Oana Burcu argues that 'China's ADIZ alone does not clearly signal the rise of a revisionist [China]. Rather, a case has been made that China is reacting to changes in its external environment and this is particularly relevant in relation to Diaoyu/Senkaku islands' (2014, p. 9). However, if one understands China's ADIZ as a sign of non-acceptance of *de facto* existing borders, and therefore revisionism, then a different argument arises. Such an enlargement of Chinese borders would constitute ambitions of the Middle Kingdom to reach the status of a regional hegemon again, as it has been for so many centuries before, to restore the Sino-centric order. Thus, in case this ADIZ is one of many offensive, power-maximizing, and border-enlarging international doings by China, it would constitute pursuing hegemony itself and therefore be against the principle of anti-hegemonism (i.e., diverging from PD grand strategy).

While the declaration of an ADIZ may not have had a direct influence on economic markets, it certainly did not help the overall icy atmosphere that the Diaoyu/Senkaku Islands dispute had created since mid to late 2012. Perhaps this (re-) action by China (and how it was received by Japan and the United States) was even critical in prolonging it another year until late 2014, when diplomatic relations between China and Japan slowly normalized again. Some repercussions transferred from this military action not just into diplomacy but also into the economy. As it certainly did not contribute to normalization, the declaration of the ADIZ may be counted as diverging from grand strategy.

Naturally, declaring an ADIZ is a defensive action at first glance, but claiming the ADIZ over what is objectively speaking Japanese territory is irresponsible and offensive—at least from a Japanese (and its US ally) perspective. This may—in a way—lead to a violent conflict down the road as both Japan's and China's ADIZs overlap and both may defend their maritime territory in this geographic imbrication. Thus, this would qualify as China not behaving like an internationally responsible actor. Certainly, China's goal here was to ensure national border security rather than relate to the international level. Nevertheless, China was stretching the international rules by such behavior and, since acting as an internationally responsible power is part of its grand strategy, declaring an ADIZ over foreign-controlled territory diverges from it.

The evaluation category of avoidance of the misperception of China being a threat combined with this case is not to be understood as pertaining to Japan, which is without much doubt the 'Other' to Chinese iden-

tity—and the other way around, China is the 'Other' to Japan. Thus, one can argue that this category does not apply to Sino-Japanese relations since they likely perceived each other as possible threats to begin with. Rather, the repercussions of this assertive action on the part of China in relations with smaller and middle powers surrounding China is of concern here—leaving foreign relations of China with Japan and even great powers such as the United States, Russia, and India aside.

Such a clearly assertive action as declaring an ADIZ over enemy-controlled maritime territory would contribute to observers seeing China as a threat. Developments in the ECS and SCS are on a somewhat similar footing with the exception that there are no contractual (yet still partly loosely aligned) US allies involved in the SCS (Vietnam, Philippines, Malaysia, Brunei, Indonesia) and, contrary to that, exceptionally close US allies (ROK, Japan, ROC)—some of which have many US troops on bases on their soil—in the ECS.

This assertive action then would more than likely have led to the smaller Southeast Asian nations perceiving China as a threat. China has been assertive, too, in the SCS with its so-called island-building, that is, bringing soil to small archipelagos there, enlarging their territory, and militarily repurposing them as stationary aircraft carriers by building runways on them. Combined with these dynamics, such an action as the ADIZ declaration in the ECS in late 2013 at least triggered fears that China would double down with a second ADIZ also for the SCS (Keck 2014)—even building up so much pressure as to force the Chinese government to react via its Xinhua state media agency to deny rumors of an ADIZ in the SCS (Xinhua 2014); this action clearly diverges from the PD grand strategy.

This category also diverges from grand strategy: The suddenness and assertiveness of the ADIZ declaration (i.e., the fact that it was unilaterally announced without previous instructions to—at least—adjacent nations and kept secret until official announcement) does seem alarming. It by no means increased the international reputation of China. Rather, it may have rather decreased China's reputation before increasing it. Because it was perceived as a revisionist action, China's reputation cannot have been ameliorated. Often, China is seen as a future (or even current) global hegemonic successor to the United States—the highest possible status of a great power, or superpower. There can be global hegemons with benign (altruistic), exploitative (selfish), or mixed motives (both altruistic and selfish). Whereas the United States is most often seen as either a benign or

mixed-motive global hegemon, such assertive and non-transparent actions by China as the ECS ADIZ declaration lead many to see an exploitative Chinese global hegemon, in case China ever gets to this high status. All in all, China diverged here from PD grand strategy.

Alternative Explanations

As outlined above, how the borders are interpreted and claimed determines how one assesses whether this is actually assertive, revisionist behavior or merely securing one's borders, the status quo. Should one subscribe to the latter, China's behavior perfectly converged with PD grand strategy although it likely was aware of how the behavior would be received by Japan and the United States (and the ROK and ROC peripherally), that is, as assertive. Assuming the former—that this was objectively revisionist behavior—its effect stays the same, that is, how it was received by adjacent nations, the United States, and the international society of states.

Otherwise, there are no viable alternative explanations for the ADIZ declaration as it is a very straightforward military action to secure China's own territory, and perhaps to set a precedent to be copied in the SCS.

Summary

This case of the ADIZ declaration clearly catered to China's internal legitimacy. On the one hand, this action went mainly against Japan (i.e., the ex-occupying-nation and historical archenemy). Although the Diaoyu/Senkaku Islands territorial dispute was put off in several instances, to be decided by later generations, vast parts of China's nationalist-leaning population has demanded a reaction by the communist government to the purchase of islets in this ECS archipelago by the Japanese government—something that was perceived by the Chinese population and government as a very assertive and nationalist action on the part of Japan. To put China's assertive action into perspective, it was merely a reaction—along the lines of 'fight fire with fire.' Intriguingly, just when the diplomatic relations were basically put on ice after the first military showings around the Senkakus in the fall of 2012, there would have been an important Sino-Japanese event scheduled: September 29, 2012, would have marked the fortieth anniversary of the official establishment of diplomatic relations between China and Japan. Such a celebration would have not boded

well with hypernationalists in either country. Staying stubborn on the subject of the territoriality of the islands was perhaps not the fault of either nation but actually in both governments' interest with regard to internal legitimacy.

On the other hand, apart from the involved actors, the matter concerned here is for the Chinese Communist Party (CCP) to lead China back to its erstwhile splendor, including the restoration of its borders as they were before the 'Century of Humiliation.' So, even without taking into account that this was an action directed against Japan, the matter and objective of the action is perfectly in line with PD grand strategy as seen from China's perspective.

Similar to the other cases of China's assertiveness relating to internal legitimacy outlined above, the cultural driver of honor was important here in relation to the national humiliation complex and the attendant improvements of the national reputation and prestige. However, the way in which it was done (i.e., unilaterally, suddenly, and without previous instruction for adjacent nations) is noteworthy and so is the environment of the strained atmosphere after mid to late 2012 in which this took place. Such action as declaring an ADIZ and the way in which it was declared could easily have led to further escalation and at least contributed to an increase in the chance of violent conflict as Japan's and China's ADIZs overlapped.

All in all, this grand strategy manifestation exclusively pertained to internal legitimacy and mostly diverged from PD grand strategy for the outward-looking factor categories which relate to external legitimacy. Note, though, that from a Chinese viewpoint and a status quo assumption, this was perfectly defensible and converged with PD grand strategy action on the whole.

China's Space Program

Naturally, the space program of China is not something that started only in the analyzed time frame but has been ongoing for decades. However, since a few years—starting around the onset of the analyzed period—the Chinese have been undertaking significantly more space launches per year. Whereas space launches had been in the single digits since the 1970s, the year 2007 was the first to witness double-digit space launches with increasing quantities since then. Though many of Chinese space launches are of civilian nature, there is also a militarily relevant component to the space

program. In either form of use, space programs have been known to be impressive and utilized by their respective governments to indicate technological advances to the outside world in order to gain prestige and international standing while instilling pride and awe in its domestic population at the same time. Therefore, the case of the space program analyzed below is an almost perfect mix of internal and external legitimacy.

Course of Events

As mentioned above, the space program reaches further back than the analyzed time frame of this book. 'China joined the "space club" on April 24, 1970, when it successfully sent its first satellite, *Dongfanghong*-1, into orbit with its Long March rocket' (Yang and Yu 2015; italics added). Fast-forward to the twenty-first century, 'China's [five-day] *Shenzhou*[-6] manned mission of 12-17 October 2005 firmly established China's place as a major space player' (Johnson-Freese and Erickson 2006, p. 12). Celebrating the 45th year anniversary of the 1970 launch of the first satellite into space in 2015, the *Xinhua* news agency reported that 'China is now developing *Dongfanghong*-5 with cutting edge technologies, which will be applied to the 'Internet Plus' strategy' (Yang and Yu 2015; italics added).

In short, China was late to the game and has come a long way since. In the past few years, China has made extraordinary progress in terms of the frequency of its launches into outer space. In 2007—just prior to the start of the analyzed time frame of this book—China reported a mere ten launched spaceflights, Russia had 22, and the United States had 16 launches (Logan 2007), whereas more recently, in 2016, China reported 22, the United States also 22, and Russia only 19 launches (Krebs 2017; Pascaline 2016). This somewhat also reflects the growth China has undergone in the last decade and technological advances relative to the United States and Russia.

Since 2000, China has been publishing a white paper on its space program in a steadfast cycle of five—initially six—years (i.e., in 2000, 2006, 2011, and 2016). For the time period in question here, major accomplishments included another manned space mission, the *Shenzhou*-7, from September 25–28, 2008 (China 2011). Additionally,

> China also became the third country in the world to master the key technology of astronaut space extravehicular activity, completing a space material test outside the spaceship and an experiment on deploying and accompanying

> flight of a small satellite. In September and November 2011, China successively launched the *Tiangong*-1 (Space Palace-1) and *Shenzhou*-8 spaceship, and accomplished their first space rendezvous and docking test, laying the foundation for the construction of future space laboratories and space stations. (China 2011; italics added)

It should be noted that the *Tiangong* is being built up as a Chinese space station—partially also because China had been excluded from the International Space Station (ISS) due to the US concern regarding technology transfer. Interestingly, the *Tiangong* was initially supposed to be ready for long-term inhabitation by three *taikonauts* in the year 2020, which is noteworthy because that would have been the same year that the ISS was set to be disassembled at the time of the start of the *Tiangong* program. Since then, '[i]n June 2012 and June 2013, the *Shenzhou*-9 and *Shenzhou*-10 manned spacecraft were launched to dock with the target spacecraft *Tiangong*-1. (…) In September and October 2016[,] the *Tiangong*-2 space laboratory and *Shenzhou*-11 manned spacecraft were launched and [assembled]' (China 2011; italics added).

Next to this manned space program achievement, China also began its unmanned *Chang'e* lunar mission program by 'launch[ing] its first lunar probe, *Chang'e*-1, [on October 24, 2007], (…) [and] its second lunar probe, *Chang'e*-2, [on October 1, 2010]' (China 2011)—both gathering data and undertaking tests while only orbiting the Moon in that phase of the program. Though, it may have been coincidence, these first two lunar probes were both launched around the Chinese Mid-Autumn Festival which is celebrated around late September/early October each lunar year and puts the Moon front and center via the famous mooncakes, for example. *Chang'e*-3 was a follow-up major achievement in December 2013 that lifted the program to the next level, that is, a soft landing on the Moon (the first since the 1970s by any country) and the operation of a smaller rover by the name of *Yutu* (China 2016). *Chang'e*-4—another soft landing on the Moon—and *Chang'e*-5—landing on the Moon plus sample return to Earth—are pending implementation and have been (re-)scheduled for 2018 due to changed plans.

Though—understandably—not front and center in the 2011 white paper, China implemented an anti-satellite (ASAT) weapon test (the first of its kind) on January 11, 2007, which received a lot of international attention from media and politics (Kan 2007; Guardian 2007). The PRC tried to keep it secret at first, but it was discovered by US intelligence and

publicized six days after the test (Covault 2007). 'The PLA conducted the test near China's Xichang Space Center in Sichuan province. (…) China reportedly used a two-stage, solid-fuel medium-range ballistic missile. (…) [The U.S.,] (…) Australia, Canada, United Kingdom, South Korea, Japan, Taiwan, and the European Union reportedly (…) issued concerns' (Kan 2007, p. 1f.). The issue that most countries took with this ASAT weapon test was that it was not announced prior to implementation in addition to the PRC trying to keep it a secret until 'its Foreign Ministry (…) issue[d] a public statement [on] January 23, saying that China calls for the peaceful use of space and that the test was not aimed at any country' (Kan 2007, p. 2; Guardian 2007). Obviously, the missile test—and how it was carried out—speaks a different language: one that—for the United States—raised 'questions about China's capability and intention to attack U.S. satellites' (Kan 2007, p. 2). A more recent assessment from US military circles see this Chinese ASAT technology already so advanced that 'China will soon be able to destroy every satellite in space' (Keck 2015).

On a more positive note, China's most recent white paper on its space activities from late 2016 closes with a sustained commitment to developing its space program in the coming years:

> It is mankind's unremitting pursuit to peacefully explore and utilize outer space. Standing at a new historical starting line, China is determined to quicken the pace of developing its space industry, and actively carry out international space exchanges and cooperation, so that achievements in space activities will serve and improve the well-being of mankind in a wider scope, at a deeper level and with higher standards. China will promote the lofty cause of peace and development together with other countries. (China 2016)

Remarkably, the words 'peace' and 'development' were chosen to close this white paper which does point to a continued adherence to the long-standing PD grand strategy.

Relating the Case to Honor and Legitimacy

In general, the resurgent space race seems reminiscent of the Cold War and the space race that was taking place between the erstwhile superpowers of that time, that is, the United States and the Soviet Union. But '[u]nlike Cold War geopolitics and space politics, China's space program, which achieved technological prowess in the early 21st century, is venturing

beyond simply seeking prestige and status' (Goswami 2016). Though there may be more to the massive investments into the space program than just international standing, it is still the number one side effect that is associated with it—also in the perception of others. As Logan assesses: 'China has (…) chosen the (…) expensive route of sending humans into space (…) for the (…) attention it attracts both domestically and internationally. A manned program builds greater national prestige—an increasingly important political benefit in China—(…) by drawing international attention' (2007, p. 3). The importance of prestige is also visible in the context of competing with neighboring powers in East Asia as '[c]ompetition in space also exists among China, India, Japan, and South Korea. Although there may be military implications to this competition, each country seems more focused on building national pride by displaying technology prowess' (Ibidem, p. 3.). Naturally, this prestige gained via the domestic and international attention translates into legitimacy, especially internal legitimacy in the case of the Chinese space program, first and foremost. But via the foreign aid aspects of China's space capabilities with which they have helped other less developed nations develop their own space programs or help them with installing satellites in the Earth's orbit, for example, there is also an enormous gain in external legitimacy, beyond the impressiveness of China's advances in recent years.

Relating the case of the space program to China's younger history, especially the transition from the 'Century of Humiliation' to the rerise to old strength, the space program embodies 'the two contrary yet complementary sources of Chinese pride—the determination to achieve a goal despite poverty and self-described backwardness and a more straightforward pride in how China now enjoys the opposite conditions—wealth and advanced science and technology' (Tiezzi 2015). During the 'Century of Humiliation,' China had to suffer at the hands of the West and Japan due to its less developed state at the time—also in terms of technology. Tiezzi, for example, sees in the program 'China's fervent quest to prove itself worthy of membership in the 'space club'' (2015). Given the EU's, the United States', and Russia's more advanced space capabilities, there is certainly an element of catching up involved for China, and essentially not having history repeat itself. The same may be said of keeping up with the space programs of adjacent countries with which China has a relationship marked by enmity, since '[t]he manned space program (…) generates international prestige, as evidenced by the wringing of hands in India and Japan over Chinese space achievements, and domestic credibility for the communist government' (Johnson-Freese and Erickson 2006, p. 12).

What concerns the connection of the current space program with older history of China, that is, the imperial, glorious times in its history, even though one might not notice an obvious connection between the two at first glance, there still is one. While the first satellites, rockets, and other such space equipment may have been named fitting the ideological preferences and personal cults of the time, this naming pattern has changed in the past few years. The equipment that was developed in the 1960s and 1970s was given names that mostly were of Communist origin such as *Dongfanghong* (东方红) which means 'The East Is Red' and the *Changzheng* (长征) 'Long March' rocket referring to the color commonly associated with Communism and the legendary march led by Mao Zedong from October 1934 to October 1935 which helped the Chinese Communists escape from military assault by Chiang Kai-shek's Republicans and consolidated Mao's leadership role within the CCP, respectively. In the more recent past, names for newly developed equipment which is not in an existing series have not anymore used Communist names or allusions to Communist history but rather have reached further back into China's ancient past and mythology.[5] *Aolong* (遨龙) is a small satellite that can be translated as 'Roaming Dragon' or simply 'Dragon' and alludes to the mythological animal that was usually associated with very positive meanings in ancient China; *Chang'e* (嫦娥) is the name of the Chinese exploration program of the Moon and refers to the goddess of the Moon of the same name in Chinese mythology (though, different from the Western belief, this is not a personification of the moon but rather a goddess that lives on the Moon); *Yutu* (玉兔) is the name of a lunar rover which was sent to the Moon with said *Chang'e* mission and literally translated means 'Jade Rabbit' and is another allusion to aforementioned mythological tale as the goddess began to feel lonely on the Moon and befriended a rabbit that lives there, too; and *Tiangong* (天宫) translates to 'Heavenly Palace' and is the Chinese space station that is in the process of being built up which naturally alludes to imperial times of Chinese history.

Next to the connection with its ancient past through language, the fact that China is active via its technological advancements providing less developed nations (or generally nations without the capability to shoot a satellite into outer space) help with their space program or services for their satellite needs could be seen as reminiscent of the centuries of tributary relations in which neighboring nations also looked up to imperial China with admiration of its pioneering achievements in technology and civilization.

Convergence with or Divergence from the PD Grand Strategy

The PD factor of defending China's territorial integrity does not really apply in this case. Outer space does not belong to any one nation which is also in line with the Chinese 'understanding of space as a global commons [, that is,] (…) an internationalist, global governance approach to space' (Garretson and Goswami 2017). However, China certainly has a stake in exploring (and exploiting) space and the potential for natural resources harbored by it, which is generally understood to be on a 'first come, first serve' basis. Understanding this PD factor more as being applicable more indirectly in the case of the space program, especially when seeing the military use of space technology, China does view its space program as a guarantee for the possible utilization of its nuclear weapons, as well as other needed support services for its military in the case of a war, such as 'C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance)' (Vasani 2017): For example, '[a] PRC specialist at Fudan University indicated that China's ASAT program is developed partly to maintain China's nuclear deterrence, perceived as undermined by U.S. space assets' (Kan 2007, p. 3). Insofar, the space program would come to be one of the bases in order to defend China's territorial integrity in the case it needs to. Thus, this factor can only be rated as converging with China's grand strategy (see Table 6.2 for this case's divergence and convergence analysis).

The increase of national power with the space program activities can be regarded as a clearly converging factor as well on many dimensions. Johnson-Freese and Erickson see the space program as motivated by '[t]echno-nationalism (*jishu minzuzhuyi*), the idea that technological strength is an effective determinant of national power in a harshly competitive world' (2006, p. 12). For example, 'Xi Jinping (…) acknowledged that the space dream is part of the dream to make China stronger' (Vasani 2017). Naturally, and as elaborated above regarding defense of territorial integrity, there is a dual-use element to space technology—civilian use on the one hand, and military on the other hand. Any advance in space technology very likely means an increase in China's military capabilities. Essentially, 'the Chinese strategic community sees space as the ultimate high ground, the key to military success on the terrestrial battlefield' (Ibidem). Of course, thinking beyond the battlefield on Earth, the PLA is also aware of the widely held belief that 'via the weaponization of space, outer space itself emerges as the battleground, sometimes referred to as the 'fourth frontier of war'' (Ibidem).

Table 6.2 Divergence from or convergence with PD in the case of China's space program

Factor in PD	*Convergence/Divergence*
Defense of territorial integrity	Convergence (space is not applicable to traditional understanding of territorial integrity, i.e., no violation of others' integrity)
Increase of national power	Convergence (especially due to the increase on the asymmetric capabilities side of the equation)
Anti-hegemonism	Convergence and *Divergence* (Convergence: catching up to the United States, Japan, Russia and the EU; divergence: own ambitions)
Maintenance of favorable economic markets	Convergence (only positive impact on global as well as domestic economy)
International responsibility	Convergence (thus far, the space program is wholly peaceful and, thus, China is an international responsible actor)
Avoidance of 'China threat' misperception	Convergence and *Divergence* (Convergence: not necessarily an immediate threat and also not just to neighboring states only; divergence: space capabilities could be used militarily in future)
Improving China's international reputation	Convergence (catching up with the United States and other space powers)

When it comes to the PD factor of anti-hegemonism, the space program can be said to be both—converging and diverging. On the one hand, China's activities are mainly seen to be directed against the United States and the role space technology plays for it in its military strategy and intelligence work during war- and peacetime. As such, it also cooperates with other nations to act as a 'geotechnological balancer' (Johnson-Freese and Erickson 2006, p. 12), for example, with the EU as manifested in 'the European *Galileo* observation satellite network project, in which China has a 5% investment' (Ibidem, p. 13). Also, 'China's *Sinosat-2* communications satellite, originally scheduled for launch in early 2005, was manufactured in Europe [and] (…) Chinese and German scientists plan to launch a $60 million solar telescope to conduct research intended to reduce radiation risks to space-based platforms' (Ibidem, p. 14). Next to the EU, China also works with the Russian space program: 'The Russian partnership is probably the most active and has benefitted China's manned space effort significantly' (Logan 2007, p. 2). Russia is naturally the more

obvious partner for China to balance the United States with, given the NATO and the generally close American-European relationship. The cooperation with the EU and Russia taken together, one may, thus, see China as abiding by its own concept of anti-hegemonism. But also apart from cooperating with others to counter the US dominance, the Chinese actions themselves also can be said to do the same: For example, the abovementioned 2007 ASAT missile test was identified in '[v]arious comments by PLA officers and PRC civilian analysts (…) as needed to counter perceived U.S. 'hegemony' in space and target the vulnerability of U.S. dependence on satellites' (Kan 2007, p. 3). On the other hand, many observers assert that China may have the intention to dominate space itself—at least in the mid to long term, that is, become the space hegemon. This intention may be found in words such as those of President Xi Jinping who 'asked scientists to help realize China's dream of becoming a global space giant' (Vasani 2017). In terms of the possibility of malevolent intentions on the part of China regarding space, Garretson and Goswami assess that '[w]hile China is unlikely to play the spoiler [in space], it is also possible that China could strategically surprise itself with actions of international consequences that have not been broadly considered' (2017).

The PD factor of maintaining favorable economic markets is fully met here, if not to say that China mainly intends to achieve this as a primary goal of its space program. Goswami, for example, sees the space race and China's program as focused on mainly 'offer[ing] cost-effective space technology for future commercial benefits' (2017). According to Johnson-Freese and Erickson: 'China sees a space program as generating technology, and technology as spurring economic development' in turn, while having the beneficial side effect of '[heightening] student interest in science and engineering program (…), and technical jobs are created' (2006, p. 12). Similarly, Goswami states that 'Chinese President Xi Jinping believes that China's investment in outer space will enhance scientific innovation, boost creative entrepreneurial success, and create long-term prosperity for the Chinese nation' (2017).

The space program also helps China largely converge with its PD factor of international responsibility. Via its relatively advanced space program China is able to 'offer services to countries in [its] strategic [neighborhood]' (Goswami 2017). This could be understood as a sort of foreign aid to less developed nations through technological transfer as the PRC 'utilize[s] its outer space program for regional diplomatic ends, to enhance both diplomatic influence and future commercial avenues. (…) China has

already helped both Pakistan and Sri Lanka launch communication satellites and is in talks with Maldives, Bangladesh, Afghanistan, and Nepal' (Ibidem). Next to that, 'China is a growing power in space and an active member in formulating international space policy (…) [which is also] quite open-minded about a new regime that incorporates commercial entities, property rights, and novel governance regimes' (Garretson and Goswami 2017). Additionally:

> China has been a strong proponent of an arms control regime in space and has argued for the peaceful use of outer space in the United Nations' Conference on Disarmament and at the Prevention of an Arms Race in Outer Space dialogue. (Logan 2007, p. 2)

Given China's willingness to formulate global governance policies for space, it is obvious to assess this as being a responsible, international player.

Whether or not the Chinese space program converges with the PD grand strategy when it comes to the factor of avoiding the misperception by others of a threatening China must be seen from two angles: Arguing for a convergence with PD in regards to this factor, the civilian use of space and China's related space activities for the purpose of technology, scientific exploration, and possible resources exploitation appear not to be seen as truly threatening by others as it is not something that connects with armed conflict. When taking the view that China diverged from this factor and caused others to feel threatened, this could at the very least be applied to the United States: 'Washington tends to view space primarily through a military lens, creating a zero-sum approach which considers virtually all Chinese space advances as threatening' (Johnson-Freese and Erickson 2006, p. 14). But not only does the United States perceive China's technological development regarding space capabilities as threatening competition, '[c]ompetition in space also exists among China, India, Japan, and South Korea' (Logan 2007, p. 3). While China may accentuate the civilian use via its state media and diplomacy, the fact remains that most of this technology is dual use—civilian as well as military, and, thus, others would have every right to feel threatened by an ever-advancing Chinese space program. The problem of threat perception came also to the fore during the 2007 ASAT 'weapons test[:] (…) [Some thought that] the ASAT test may have been a demonstration of strategic Chinese deterrence. Others saw a more nefarious display of China's space capabilities, and a sign that China has more ambitious objectives in space' (Ibidem, p. 4f.).

Via the space program, China was also able to improve its international reputation. 'China has helped Nigeria, Pakistan and Bolivia with their satellite research and signed 12 international satellite contracts' (Yang and Yu 2015). Evidently, the advances in the space program also furthered China's prestige, status, international standing, and reputation through the media attention it received in the past few years—as elaborated on above. Therefore, China also fully converged with this factor in PD. As Rob Chambers puts it: 'a country that is able to build its own satellites, launch them, and then control them to exploit the space domain is among an elite group of nations and enjoys higher prestige than those that cannot' (2009, p. 7f.).

Alternative Explanations

It is relatively hard to conceive that increasing China's prestige and international standing could not be a prime motivating factor in fast-tracking the space program in the past few years. In many ways, it may even almost have been a problem for China to not have had a space program that is at par with those of European nations, Japan, or the United States. Precisely because China has been perceived as having risen to the grandeur of centuries past, the fact that it had not been able to send a human to the Moon (or something of that extent) is a mismatch with the prestige that China has earned in the past few years, especially since the perceived decline of the United States has set in with the 2008 Global Financial Crisis. So, alternatively to arguing that advances in the space program have been made in order to improve China's international reputation, one could put forth the argument that China's international reputation (e.g., as earned by unprecedented double-digit GDP growth) was actually being dragged down by the fact that it did not have a prestigious, technologically advanced space program already, and that, therefore, China found itself in a situation of misalignment rather than adding to its standing.

Another alternative explanation could be that, indeed, as Goswami argues a mere economically motivated space program. She writes that 'China's space ambition is to harness the vast resources available in space to benefit and sustain its economic rise' (2016). Goswami identifies 'Space-Based Solar Power (SBSP), lunar and asteroid mining, and establishing its own space station' (2016) as China's primary goals in the space program. So, essentially, Goswami does not see the short-term benefit of more or less easily gained prestige via space launches and manned missions, but the PRC's intention to focus on the long term and put natural resources and energy acquisition first in its goals for the space program.

Summary

All in all, China's space capabilities have helped provide it with increased respect, recognizing that it is on track to become as advanced as most other nations when it comes to that area of asymmetric capabilities with possible military use. But China also impressed with advances in the civilian use spectrum—now providing services to other nations in regard to their satellite needs, cooperating with developed countries in the West on common space research, as well as supporting other less developed countries in their own space program efforts.

The case of the space program demonstrates quite obviously, that honor and, in relation to it, external and internal legitimacy are central drivers. First, China has reached 22 launches of satellites and other space equipment via its *Changzheng* series carrier rocket in the year 2016, which was at parity with the United States at the top spot and ahead of Russia which only had 19. This clearly enhanced its international standing and prestige. Given cooperation with many of the Western nations in research and development of space technology, this also spoke to being a responsible power and gaining external legitimacy.

Second, as the self-proclaimed 'Voice of the Third World,' China gained external legitimacy from aiding other less developed countries with their space programs and offering low-cost space-related services. Though the very assertive ASAT weapon test of 2007 cannot be said to have too much of a positive influence on China's standing and legitimacy, as it was largely perceived as a reckless exercise, it was, and is also, an effort to advance its 'anti-hegemonism' PD factor, that is, countering the US military dominance and attacking it at its (probably) weakest spot, which is the heavy dependence on satellites when it comes to military operations and intelligence work. Though, the latter aspect speaks more to awe and the cultural driver of fear than to prestige and honor.

Third, China aimed at acquiring legitimacy internally via the space program through multiple channels. On the one hand, it markets its space program as advancing China's economic development at home. On the other hand, the PRC has moved to using language and symbols around the space program that alludes to traditional and more glorious times of Chinese history—such as with the *Chang'e* lunar exploratory program or the *Tiangong* space station. During Chinese imperial times, the Middle Kingdom was always highly regarded for its advanced civilization and technology, for example, as the inventors of gun powder or the compass.

Fourth, yet another factor where the space program helps with internal legitimacy is the competition with the other Asian powers, especially India and Japan. Chinese nationalism is particularly focused on Japan as the 'Other' and, as such, to outdo it in terms of space activities (at the very least in the number of space launches) is satisfying to many Chinese ultra-nationalists. Here, again, prestige is the number one factor, and, in general, space programs have been associated with national prestige acquisition since the Cold War.

The Continued Participation in United Nations Peacekeeping Missions

When it comes to external legitimacy and military strategy, there is not likely to be a better case than UN PKMs since they involve both.[6] Renowned scholar David Shambaugh calls the PKM '[p]erhaps the most noteworthy example of China's contributions to international security' (Shambaugh 2013, p. 271). China's participation in UN PKMs is a fairly recent development. When the UN was founded after World War II, the PRC was excluded for a long time and represented by the Republic of China (ROC; Taiwan) until the 1970s. Historically, right after the end of the Chinese Civil War, a Chinese stance developed that did not favor supporting international intervention:

> China's current support for international intervention stands in contrast to its opposition to the policy during the Maoist era. This stance was partially a product of the 1950–3 Korean War, which saw Chinese volunteer forces, heeding Mao's call to 'Resist America. Assist Korea' (*kang Mei yuan Chao* 抗美援朝), by fighting alongside the communist North Koreans against South Korea, the United States and other UN forces. However, even after the Cold War China has insisted that international intervention must be guided by the UN and especially its Security Council. (Lanteigne 2016, p. 10)

Nevertheless, since the PRC replaced the ROC in the UN Security Council (UNSC), it took about two decades to start reversing this strong principle for Chinese decision-makers. 'Following Deng's passing, China's interest in organisations beyond economic ones increased. (…) [T]he governments of Jiang Zemin and Hu Jintao were (…) far less fearful of being victimised by security organisations in relation to China's views on UN peacekeeping' (Lanteigne 2016, p. 84). In all, '[s]ince the beginning of the 1990s, the PRC has also played a substantial role in UN peacekeeping

missions, sending a total of 17,400 troops on nineteen separate peacekeeping missions between 1990 and the end of 2010' (Heilmann and Schmidt 2014, p. 25).

Course of Events

As of December 2015, China is the ninth largest contributor to UN PKMs worldwide and the largest among the UNSC permanent five members (P5). It contributed 161 police personnel, 36 UN military experts, and 2882 troops—more than 3000 UN PKM personnel in total. This compares to the United States' 82 total contributions, Russia's 79, France's 909, and Britain's 289.[7] Currently, China has troops deployed on UN PKMs in Liberia, Mali, Democratic Republic of Congo, South Sudan, and Lebanon, previously having deployed troops to Haiti, Libya, Iraq, Kuwait, and Cambodia. This engagement in UN PKMs should be valued highly by the international community because

> Beijing views with deep suspicion one of the great projects of the post-Cold War international system: multilateral humanitarian intervention. (…) Beijing does not like this post-Cold War trend one bit. Sanctions and interventions against the will of sovereign states in the developing world run against China's post-1978 domestic and international ideology. (…) In this narrative, the real goal of international pressure was not the promotion of 'so-called human right' but the subjugation of China in a Western-dominated international order. With that (…), China has been very reluctant to sanction other sovereign states on such grounds, let alone allow UN-backed military intervention for the purpose of furthering humanitarian or security goals. (Christensen 2015, p. 162f.)

Only slowly and with increasing power and, thus, international confidence did the stance on UN PKMs change: 'Finally, after harbouring much suspicion about multilateral security cooperation, Beijing has altered its views considerably since the turn of the century, favouring multilateral security cooperation in areas such as arms control agreements and United Nations peacekeeping missions' (Lanteigne 2016, p. 6).

The process of changing China's mind took some time: At the beginning, the PRC was not even expressly pro-UN intervention when it first inherited the seat in the UNSC from the ROC in the 1970s; after decades of change and its famous unprecedented (re-)rise to great power status, China now actively participates in UN PKMs. As Marc Lanteigne writes:

'China has praised the UN's views on security-building and more recently on disarmament, and during the 1990s took a more conciliatory view on United Nations peacekeeping and humanitarian intervention. China would later match words with deeds' (2016, p. 78). 'The origins of China's involvement date to the 1989-1992 period, when it first dispatched military observers to Africa and the Middle East, and military engineering corps to Cambodia' (Shambaugh 2013, p. 299).

The decisive change in China's view to support UN PKMs does not mean that it abandoned its belief in the somewhat pluralist conception of territorial integrity and sovereignty:

> China tries to take a traditional political approach to these missions, generally sending troops when their deployment is blessed not only by the United Nations but also by the home government in the nation in question. By creating those preconditions and carefully using its power at the UN Security Council to enforce them, China is able to use its PKO role to check all of the important boxes in the PRC's self-generated national identity: a responsible great power (*fu zeren daguo*); a leader of the developing world; and a post-colonial state with a deep respect for sovereignty. (Christensen 2015, p. 163)

For a long time, it was true for Chinese deployments that '[i]n UN peacekeeping operations, the ground forces take part with engineers, logisticians, and medical personnel rather than with other combat units' (Heilmann and Schmidt 2014, p. 60). However, 2013 marked the first time China sent troops abroad with an actual fighting brief within a UN PKM. As Christensen explains:

> Until it agreed to deploy 'blue helmets' to Mali in 2013, China had never agreed to send combat troops to PKO or stabilization missions. But China still lost fourteen peacekeeping and stabilization personnel in incidents such as Israeli air strikes in Lebanon and the earthquake in Haiti. China even trains large numbers of other countries' peacekeepers in an impressive facility outside of Beijing. (Christensen 2015, p. 163)

This step to cross the threshold of sending combat troops abroad marks a major change in China's attitude and actions within the UN framework.

More recently, in summer 2015, the Ministry of Defense published a white paper, 'China's Military Strategy,' in which it also lays out a plan of action vis-à-vis UN military strategy under the subheading 'Fulfilling international responsibilities and obligations' (China 2015):

> China's armed forces will continue to participate in UN peacekeeping missions, strictly observe the mandates of the UN Security Council, maintain its commitment to the peaceful settlement of conflicts, promote development and reconstruction, and safeguard regional peace and security. China's armed forces will continue to take an active part in international disaster rescue and humanitarian assistance, dispatch professional rescue teams to disaster-stricken areas for relief and disaster reduction, provide relief materials and medical aid, and strengthen international exchanges in the fields of rescue and disaster reduction. Through the aforementioned operations, the armed forces can also enhance their own capabilities and expertise. Faithfully fulfilling China's international obligations, the country's armed forces will continue to carry out escort missions in the Gulf of Aden and other sea areas as required, enhance exchanges and cooperation with naval task forces of other countries, and jointly secure international [sea lines of communications]. China's armed forces will engage in extensive regional and international security affairs, and promote the establishment of the mechanisms of emergency notification, military risk precaution, crisis management and conflict control. With the growth of national strength, China's armed forces will gradually intensify their participation in such operations as international peacekeeping and humanitarian assistance, and do their utmost to shoulder more international responsibilities and obligations, provide more public security goods, and contribute more to world peace and common development. (China 2015)

Naturally, there is not much controversial substance in this part of the white paper. It does suggest, though, that China is to 'intensify [its] participation in such operations as international peacekeeping and humanitarian assistance' (China 2015). The main motive to participate in UN PKMs, as a responsible international great power, is reflected in the promise to 'shoulder more international responsibilities and obligations, provide more public security goods, and contribute more to world peace and common development' (China 2015). The mention of public security goods and world peace inevitably lead one to think of hegemony and HST, in which a benign (or mixed-motive) hegemon will provide public goods in an effort to keep the global market and international system open and stable as well as peaceful.

Though the white paper mentions humanitarian interventions, not all present actions of China are matched with these words, as exemplified not just by its participation in interventions but also its choice not to participate:

> The Selective Multilateralists have advocated raising China's participation in UN peacekeeping operations, disaster relief, fighting international piracy in the Gulf of Aden, and diplomatic involvement in the North Korean and Iranian nuclear issues; but they eschew deeper involvement in sensitive and risky areas such as Iraq, Libya, Syria, or Afghanistan. They essentially reject the entire transnational nontraditional security agenda. There remains a strong reluctance to engage in international security operations for 'humanitarian' reasons. (Shambaugh 2013, p. 40)

Relating the Case to Honor and Legitimacy

There is some room for interpretation in what concerns honor and legitimacy in China's involvement in UN PKMs. Surely living up to the call upon China to be a more responsible international actor is where the partaking of China is mostly aimed. In that regard, China's status as a great power is enhanced. That this is directed toward external legitimacy becomes clear when one considers the long-standing history of China's stance on non-intervention, non-interference in internal affairs, and territorial integrity and sovereignty as 'golden rules,' generally. It took China a long time to accept the necessity of UN PKMs, as well as endorse them. It has now become the largest contributor in terms of personnel to PKMs among the UNSC P5.

> Such involvement reflects a change in Chinese views on peacekeeping missions. For a long time China regarded these missions as incompatible with its demand for unconditional respect of its territorial integrity and state sovereignty. Today, however, the PRC is prepared to support intervention, provided such operations have the backing of a UN Security Council resolution and the affected country's advance permission. Here we can clearly see a pragmatic realignment of Beijing's interests with respect to support for intervention beyond its borders (fostering the image of China as a responsible superpower, stabilization of the surrounding region, and so forth). (Heilmann and Schmidt 2014, p. 25)

Any statistic on whose basis China can prove its splendor and cast a shadow on the traditional great powers at the same time helps increase its status and reputation in a positive manner—such as UN PKMs participation. For many living in developed countries (DCs), it is still a bit of a stretch to imagine a Chinese future superpower with a global presence

that will act as police force the same way the United States has. The foreign media exposure in the framework of UN PKMs is certainly helpful in the power-transitioning process to reach people's hearts and minds to accept a benign Chinese leadership role.

While UN peacekeeping participation may have significantly increased China's external legitimacy vis-à-vis the other great powers, another dimension is the external legitimacy vis-à-vis the LDCs. China likes to present itself as the leader of the Third World, and as such it is helpful to slowly develop standing not just on the diplomatic and economic levels—which China has been doing maybe even to exhaustion—but also with respect to establishing security and a military foothold. That China is taking part in UN PKMs to impress LDCs more so than the P5 may be confirmed by a look at who else values contributing to UN PKMs: Next to China, the 'Top 10' of nations contributing most in total to UN PKMs are Bangladesh, Ethiopia, India, Pakistan, Rwanda, Nepal, Senegal, Ghana, and Nigeria.[8]

Despite contradicting a previously held position not to intervene in other countries and, thus, interfere with their internal affairs, seeing China with a global presence helps with internal legitimacy for domestic purposes. The home front understands that when China was in a relatively weak position post-World War II and post-Civil War in the 1950s, it had not much of a choice other than to condemn the 'Century of Humiliation' and the behavior of Japan and others to semi-colonize and semi-subjugate China. The Chinese leadership had to develop a strong principled stand against interference in general. Now that China is powerful and to be reckoned with, the change in this stance is easily comprehensible. It cannot necessarily be interpreted as picking up on the historical legacy of the tributary system, especially if interpreted as a coercive tool which China used to subjugate neighbors; but it is possible to think of UN PKM participation as a tool to help overcome the humiliation complex.

Convergence with or Divergence from the PD Grand Strategy

While at first look, this can easily be said to have no direct effect on the grand strategy factor of territorial integrity—at least what concerns the importance of China's own border security—there is another viewpoint. As China has a long-standing tradition of putting an extremely high premium on sovereignty, representing a pluralist stance in international society in English school terms, sending troops to other states where China

does not claim land is partially contradictory to this stance.[9] As China preached for a long time to others that no nation has the right to intrude in the internal affairs of another, the fact that it is willing to send personnel in a UN PKM can be seen as incoherent behavior. Nevertheless, China has developed clear criteria, when it participates in PKMs, and when not (i.e., when the host nation wishes that the Chinese [and UN] are present). Strictly speaking, this diverges from PD grand strategy, if one understands the territorial integrity norm very broadly, as China always has represented it (see Table 6.3 for this case's divergence and convergence analysis). Interpreting it very narrowly—just applied to Chinese borders and territory—then China taking part in UN PKM is converging.

China often understands itself as a leading nation within the collective of LDCs—what used to be called the Third World, especially in Africa where most of the UN PKMs take place. That 'China contributes more than the other four permanent members of the Security Council combined' (Christensen 2015, p. 163) says something about the importance that it attaches to being active in those states less fortunate and seeking development. China's standing as a preeminent voice among LDCs occasionally gives it leverage over the more senior and economically advanced great powers. This is the case especially when it comes to rectifying higher CO_2 emissions output for the sake of development to lift vast parts of its population out of poverty or when it comes to not abiding by certain free trade rules of the WTO when China makes use of protectionist actions such as the export restrictions on REEs. The strong footing that China has vis-à-vis UN PKMs gives it legitimacy (internally and externally) in many ways with the collective of LDCs. Thus, China's participation in UN PKMs is increasing its power—at least indirectly—and, therefore, converging with its PD grand strategy.

While it seems neutral at first look that China participates in UN PKMs, there are two viewpoints to this. First, if one sees the UN as a neutral international body, then participating in a UN PKM is perfectly converging with PD grand strategy. Second, if the UN is interpreted as a tool of statecraft which is mainly dominated by great powers and global hegemons, and so is oppressive, then participating in a UN PKM contributes to US hegemony, or at least perpetuates the sort of great power management and tutelage by the strong states in the international system. Thus, this would contradict the norm of anti-hegemonism and therefore diverge from PD grand strategy.

Table 6.3 Divergence from or convergence with PD in the case of the continued participation in UN peacekeeping missions

Factor in PD	*Convergence/Divergence*
Defense of territorial integrity	Convergence and *Divergence* (Converging: participation with UN mandate; diverging: interference in internal affairs)
Increase of national power	Convergence (cementing standing as Third World voice)
Anti-hegemonism	Convergence & *Divergence* (Converging: if UN interpreted as neutral; diverging: if UN interpreted as oppressive)
Maintenance of favorable economic markets	Convergence (if defined as the maintenance of peace and therefore that of mutual trade and investment)
International responsibility	Convergence (China supporting international peace by being a 'responsible stakeholder')
Avoidance of 'China threat' misperception	Convergence (as China is participating in the existing UN and making an effort to maintain peace)
Improving China's international reputation	Convergence (being a 'responsible stakeholder' does improve China's reputation internationally)

This category does not seem very relevant for the factor of economic markets. However, if one defines the maintenance of favorable economic markets as also keeping peace politically and militarily, then participating in a UN PKM certainly applies as converging with PD grand strategy. As China has also heavily invested in those affected countries in which UN PKMs are taking place or may take place in the future, participation in them contributes not only to an altruistic 'greater good,' but in effect also to China's own selfish, corporate interests.

The factor of international responsibility is without doubt the centerpiece of the Chinese government's motivation to participate in UN PKMs. China has been called to support international peace more actively by being the 'responsible stakeholder' it should be—starting with WB President Zoellick's speech in 2005.[10] On the one hand, taking on more responsibility through UN PKMs is certainly a step in the direction that Zoellick and others talked about. On the other hand, some domestic Chinese voices are convinced that 'the West's call for China to play a

greater role in global governance is (…) 'a trap to exhaust our limited resources!'' (Shambaugh 2013, p. 40; partially quoted from Pilling 2010). More on the balanced side, 'Selective Multilateralists [in China] are wary of foreign entanglements, but they recognize that China must 'do some things' (as Deng Xiaoping suggested) in the international arena so as not to be perceived as [a] self-interested free rider in international affairs' (Shambaugh 2013, p. 40).

Avoiding others' perception of China as threatening is among the most important factors motivating its participation in UN PKMs. As Heilmann and Schmidt write: 'China's initiatives in both the global and regional multilateral contexts aim to dispel fears regarding its ascent and to convey an image of a responsible superpower that believes in maintaining the status quo' (Heilmann and Schmidt 2014, p. 32). On the one hand, seeing China in missions which are about peacekeeping and not combat actions or island-building certainly helps with attaching a more peaceful image to the Middle Kingdom—something that its PD grand strategy was engineered to do and which is, therefore, converging with it. This is a signal mostly to smaller nations that may or may not have reason to fear China rising.

On the other hand, China's participation in UN operations and the existing US-led global governance structures goes to show that it is making an honest effort to maintain international peace and, therefore, may be seen as accepting the *status quo* regarding global order. This sort of signal is meant not so much for the smaller states but for the great powers and hegemons that worry about the long-lasting systemic peace.

In line with the factor of being a responsible stakeholder, this sort of altruistic international behavior helps increase China's reputation internationally, especially with the collective of LDCs but also with the esteemed great power elite which has been asking for a more active, less reluctant China. As explained above, UN PKM participation is likely to increase China's status and reputation with both DCs and LDCs; as Shambaugh suggests:

> China has received very high marks and positive evaluations for the quality and the integrity of its personnel and contributions to PKO operations (…). They are increasingly involved in mission leadership and decision making. (…) All in all, China's contributions to UNPKO have been a definite 'net plus' for the UN, China, and the recipient countries. It is a tangible—perhaps *the* most tangible—indication of China's contribution to global gover-

> nance. China's overseas disaster relief is also a significant contribution. Since the 2004 Asian tsunami, China has also contributed personnel and resources to disaster relief in Asia and other parts of the world. (2013, p. 299)

Alternative Explanations

With the UN PKM, there is little doubt that it is an exercise meant to increase external legitimacy, as it took China a long time to move from its strong stand on sovereignty—a pluralist conception of the international society of states—toward a softer understanding of sovereignty that allows for intervention and peacekeeping.

That this could further facilitate economic access is most certainly a positive byproduct for the Chinese. China has been expanding into those countries in which UN PKMs become necessary since investors from DCs may shy away from investing large sums of money in countries on the verge of becoming 'failed states.' Thus, one cannot deny that the cultural driver of interest plays a role here—but nevertheless not for the purpose of determining external legitimacy.

An explanation which would erode external legitimacy is the eventual use of the UN PKM experience for coercive purposes—even if the participation per se may seem peaceful at the time; as Heilmann and Schmidt imply in relation to talking about dual-use technology:

> There is (…) a dual-use problem. Some platforms (for instance, satellite programs) can serve civilian and military purposes at the same time. Chinese engagement in peacekeeping operations abroad can provide the PLA with needed training in the far seas or indicate Beijing's commitment to UN norms, signaling a new concept in the use of force and the PRC's willingness to present itself as a responsible great power. (Heilmann and Schmidt 2014, p. 75)

Summary

A look at China's continued participation in UN PKMs clearly shows that honor and, in relation to it, external legitimacy are the central drivers. First, taking part in PKMs enhances China's profile as a responsible great power engaging the international community. This speaks to the existing great powers which have called on China time and again to take on more responsibility. Such participation takes the steam out of that debate while helping China's status and reputation. Today, 'China has arguably taken

on the image and role of 'system maintainer' and 'responsible power' in the United Nations (…) and is one of the most vocal champions of the United Nations' (Shambaugh 2013, p. 139). Even outdoing the traditional great powers in the UNSC with troops deployed to PKMs is an intended development in line with Chinese arguments to counter accusations by the P5 of not acting like a responsible power (i.e., being able to list shortcomings versus Chinese engagement with PKMs).

Second, because China likes to present itself as the leader of the Third World, it was in some ways contradictory not to participate in PKMs in the past since doing so concerned LDCs for the most part. Having a stake in these PKMs with deployed troops also caters to that aspect of China's external legitimacy.

Third, and acting against the 'China threat' theory of surrounding nations scared of the Middle Kingdom given its unprecedented rise in past decades, seeing Chinese combat forces for the first time in a UN PKM in Mali helped put neighbors at ease with regard to speculation about China's future intentions. As a Chinese military advisor put it, '[p]eacekeeping is always the best [way of exercising] soft power to counter any 'threat theories' in the international [sphere]' (Chan 2014).

Fourth, subscribing to an interpretation of the tributary system in which China guaranteed the security of other states within it, or similarly the interpretation of it as a political alliance guarding against the Turkic nomad threat, participation in UN PKMs at least shows China in a 'protector' position. This may cater to the legacy of the external legitimacy of the tributary system.

As far as internal legitimacy goes, the prestige of working closely with the UN is certainly not hurtful. For a long time, China argued that as an LDC, it could not focus its efforts on problems of other remote LDCs and rather needed to fix things at home. There is potential that some aspects of China's participation would be agreeable with domestic population approval: On the one hand, China's troops being stationed overseas means that deployment of the same for militarily assertive purposes could viably be easier; on the other hand, China may have economic interests in those countries where China also sent troops within a PKM, possibly protecting such interest in the future.

Notes

1. An earlier version of this subchapter was published in parts in Danner (2014).
2. This may or may not be understood as China's assertive reaction in the context of the United States having announced its 'Pivot to Asia'/'Rebalancing' strategy. See, for instance, Adamson (2013).
3. For a full account of the first three phases and first five rounds of disputes, see, for example, Danner (2014), pp. 227ff.
4. Today, of course territorial gains are often written off as an antiquated way of increasing power but rather to see power increases in terms of economic power, technological advancement, or military strength. This can be said to have been a general trend with a censure around the end of the Second World War, that is, the fact that the dynamics of measuring a nation's power went from quantity (of territory, soldiers, population) to quality (GDP, types of weapons, technology). This is not to say that perhaps China does still think along these antiquated lines—this may very well be the case.
5. The *Dongfanghong* ('The East Is Red') series continues to this day with *Dongfanghong*-4 satellites being launched latest and the *Dongfanghong*-5 satellites currently in research and development; see Yang and Yu (2015).
6. An earlier version of this subchapter was published in parts in Danner (2016).
7. See UN (2015).
8. See UN (2015).
9. See, for instance, Linklater and Suganami (2006, p. 261), Scheipers (2010, p. 15ff.), or Navari and Green (2013). Pluralism is the wing of international society of states which put a great emphasis on sovereignty, borders, territorial integrity, and non-interference in internal affairs. The other side of international society—said to be the more progressive, Western stance—is that of solidarism, which emphasizes that territorial integrity can and should be softened in certain situations, for example, threat of an imminent genocide. Naturally, states which suffered a similar fate as China, who were victims of colonialism and exploitation by stronger nations, usually belong to the pluralist faction, so as to prevent future intrusion into their internal affairs and secure their survival as a nation.
10. See Zoellick (2005).

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CHAPTER 7

Conclusion

After looking at nine different instances of China's manifested 'Peaceful Development' (PD) grand strategy, the similarities in the analyzed cases are striking: all of them could be contextualized within China's historical understanding of honor in the pursuit of prestige, status, recognition, and reputation as well as the related dimension of internal and external legitimacy. However, the analysis also revealed that, within the three analyzed groups—diplomacy, economic policy, and military strategy—each of the three within-cases offered differences in coherence and incoherence with the identified priority factors in the PD grand strategy, especially the outward-looking factors (see Table 7.1 for an overview of all analyzed within-cases). Coherence of the outward-looking factors with PD grand strategy was not observed in those cases which related mostly to internal legitimacy, whereas when the analyzed events had aspects of external legitimacy (either mixed or purely), there was convergence with the PD grand strategy almost across the board. In instances in which there was divergence from the PD grand strategy, China usually exerted assertive behavior or—at the very least—behavior which was perceived by others to be threatening or aggressive.

In analyzing the incoherent manifestations of China's grand strategy, the utilized approach concentrating on cultural factors and the focus of looking at honor as a determining factor, following Lebow (2009), needed to be qualified and contextualized within the established historical link of prestige, status, reputation, and recognition with the grand strategy policy input of internal and external legitimacy. On the one hand, grand strategy manifestations that are in tune with honor tend to be peaceful and tend to

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Table 7.1 Overview of cases concerning divergence (☒) from or convergence (☑) with PD, or both (☑☒)

	Internal legitimacy cases			*Mixed* legitimacy cases			*External* legitimacy cases		
	Dipl. Ukraine	**Econ.** REEs	**Mil.** ADIZ	**Dipl.** AC	**Econ.** FTAs	**Mil.** Space	**Dipl.** OBOR	**Econ.** AIIB	**Mil.** PKMs
Territorial integrity	☒	☑	☑ ☒	☑ ☒	☑ ☒	☑	☑	☑	☑ ☒
Increasing power	☑	☑	☑	☑	☑	☑	☑	☑	☑
Anti-hegemonism	☑	☑	☑ ☒	☑ ☒	☑ ☒	☑ ☒	☑ ☒	☑ ☒	☑ ☒
Maintaining market	☑ ☒	☑ ☒	☒	☑	☑	☑	☑	☑	☑
International responsibility	☒	☒	☒	☑	☑	☑	☑	☑	☑
Avoiding 'China threat'	☒	☒	☒	☑ ☒	☑ ☒	☑ ☒	☑ ☒	☑ ☒	☑
Improving reputation	☒	☒	☒	☑	☑	☑	☑	☑	☑

***Inward*-looking Factors in PD | *Outward*-looking Factors in PD**

be related to external legitimacy or a combination of external and internal (i.e., mixed) legitimacy. On the other hand, grand strategy manifestations that are not in tune with honor tend to be assertive in nature and tend to be related to only internal legitimacy.

Still, the involvement of economic interest and fear as cultural drivers in the cases in which China diverged from its grand strategy certainly cannot be denied for the analyzed cases. For example, in the Ukraine Crisis case, China negotiated a profitable treaty with Russia and then, sometime later, invested heavily in and traded more intensely than before with Ukraine. While economic interest was present, fear and security considerations did not seem to play a major role, though China may have seen some benefit in keeping Russia and the EU and the West at odds with each other. In terms of honor, China was able to make an impression as the senior partner of Russia, whereas it had been merely the junior partner during the Cold War. Regarding the rare earth elements (REEs) export restrictions, it seems clear that China's protectionist behavior drove prices up on the economic interest side, while this was also seen as a Chinese fear reaction to a perceived infringement into their sovereign waters by Japan. Honor comes into play because of the 'Century of Humiliation' complex and the perception of Japan's occupation of China's own sovereign territory. In the case of the air defense identification zone (ADIZ) over the East China Sea, supposed gas and oil deposits below the seabed speak to economic interest, whereas the obsession over territorial integrity as well as the 'second island chain' relate to security considerations. Honor and status play a similar role here as in the REE case. Despite the inevitable involvement of economic interest and fear, honor—in relation with internal and external legitimacy—can best explain the contradictory nature of grand strategy manifestations in China.

Overall, the analysis of these nine most salient events related to the manifestation of China's grand strategy showcases the fact that one's standpoint can make a significant difference in determining divergence from or convergence to a grand strategy: a good example for this would be how the different actors had different ideas of where the border would run, for instance in the ADIZ case. What became clear, however, is that within-cases which related to internal legitimacy exclusively, there was obvious divergence from the PD grand strategy, ultimately resulting in more assertiveness. Conversely, in the cases relating either solely to external legitimacy or a mix of external and internal legitimacy, China tended to converge with the PD grand strategy.

Revisiting the Hypotheses

The first hypothesis, stating that the grand strategy is internally incoherent if policy diverges from or is incongruent with China's standard of national honor, held partially true for the three within-case studies analyzed in which internal incoherence of the PD grand strategy was actually present. In these three analyzed incoherent events (Ukraine Crisis, REEs, ADIZ), what led to the incongruence with PD grand strategy was not completely due to incongruence between policy and honor but rather due to incongruence of policy with some aspects of China's standard of national honor as it pertains to domestic/internal legitimacy (see Table 7.2 for an overview of the analyzed hypotheses and outcomes).

The second hypothesis, stating that the grand strategy is internally coherent if policy is consistent or congruent with China's sense of national honor, proved to be again partially confirmed in the three events with incoherence (Ukraine Crisis, REEs, ADIZ) for the reasons mentioned above, whereas it was completely confirmed for the six within-cases (Arctic Council [AC], One Belt One Road [OBOR], Free Trade Agreements [FTAs], Asian Infrastructure Investment Bank [AIIB], Space Program, United Nations Peacekeeping Missions [UN PKMs]) in which grand strategy was in fact coherent. In these six latter cases, aspects of China's standard of national honor in both internal and external legitimacy were observed and, therefore, congruence with an internally coherent grand strategy resulted as a consequence.

The third hypothesis, stating that China will tend to use peaceful means if its goal is enhancing external legitimacy, was corroborated by those three cases in which peaceful means were used while advancing mainly external legitimacy (OBOR, AIIB, UN PKMs), as well as those events where both external and internal legitimacy were advanced (AC, FTAs, Space Program). It did not apply to the other three cases (Ukraine crisis, REEs, ADIZ), in which solely internal legitimacy was advanced.

The fourth hypothesis, stating that China will tend to use assertive means if the goal is enhancing internal legitimacy, was corroborated for the three within-case studies that enhanced only internal legitimacy (Ukraine crisis, REEs, ADIZ) but was not confirmed for the six cases in which either mostly external (OBOR, AIIB, UN PKM) or a mix of internal and external legitimacy (AC, FTAs, Space Program) were furthered. In these latter six cases, China did not resort to assertive means.

In testing these four hypotheses, a relatively clear situational answer came to the fore through the analysis (see Fig. 7.1): if a grand strategy

Table 7.2 Overview of tested hypotheses as confirmed (☑), disconfirmed (☒), or both (☑ ☒)

	Internal **legitimacy cases**			***Mixed*** **legitimacy cases**			***External*** **legitimacy cases**		
	Dipl. Ukraine	**Econ.** REEs	**Mil.** ADIZ	**Dipl.** AC	**Econ.** FTAs	**Mil.** Space	**Dipl.** OBOR	**Econ.** AIIB	**Mil.** PKMs
H1: grand strategy ≠ honor => incoherent	☑ ☒	☑ ☒	☑ ☒	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
H2: grand strategy = honor => coherent	☑ ☒	☑ ☒	☑ ☒	☑	☑	☑	☑	☑	☑
H3: External legitimacy => peaceful	**n/a**	**n/a**	**n/a**	☑	☑	☑	☑	☑	☑
H4: Internal legitimacy => assertive	☑	☑	☑	☒	☒	☒	☒	☒	☒

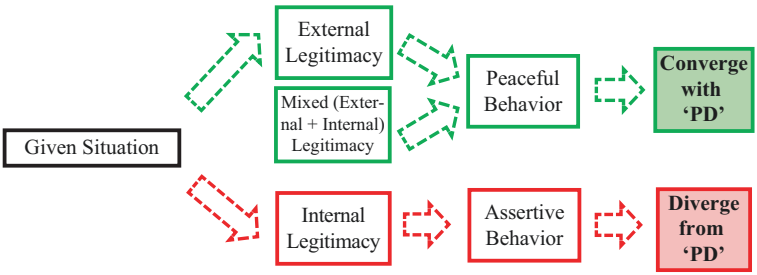

Fig. 7.1 The role of legitimacy

manifestation is related to internal legitimacy only, then assertive behavior and potential threat of the use of force leads China to diverge from PD and thus eventually to move toward actions which are incoherent with its grand strategy. Further, if a grand strategy manifestation is related to external legitimacy only, then peaceful behavior is prevalent, and therefore actions are coherent with PD. Finally, if a grand strategy manifestation is related to a combination of both internal and external legitimacy, then there is also likely to be peaceful behavior and therefore an action which is coherent with grand strategy.

Implications for Theory

On a theoretical level, this book agrees with studies such as those of Thomas Christensen (1996) and Christopher Layne (2009) in that domestic factors (legitimacy) matter greatly and impact the country's grand strategy. Second, this book finds that grand strategy manifestations need to be contextualized within domestic factors as well as cultural/historical factors. Only then can an originally Western theory be adapted to a non-Western case. Third, the analysis showed the general importance of ideational factors, which may be applicable for Western countries' grand strategic analysis as well.

Precisely this is exemplified by the fact that when China's grand strategy manifestations focus on internal legitimacy, the outward-looking factors are completely ignored and coherence with the PD grand strategy is broken. In these cases of internal-legitimacy-related manifestations, inward-looking factors of PD are more likely to be adhered to, especially as seen from China's own perspective. On the other hand, external-legitimacy-related and mixed-legitimacy manifestations are by and large

always coherent with the PD grand strategy in terms of both inward- and outward-looking factors.

In the normative debate over whether all great powers have a visible grand strategy or whether there can be no grand strategy or multiple grand strategies employed at the same time, the results show that China has overwhelmingly kept to its grand strategy core priorities. These main aims of the PD grand strategy could be clearly identified in most analyzed events.

Debating whether or not countries always act rationally, or whether it is too simple to make a clear distinction between emotion and rationality, this study suggests that the answer depends on one's viewpoint; that is, even if China's actions might seem irrational to a foreign nation, they are perfectly rational to China at all times. On the one hand, this can be easily explained by the fact that foreign nations will not naturally take China's internal legitimacy, honor, or other intangible factors into account but rather will decide that, materialistically speaking, China's behavior was irrational at times. On the other hand, acting in consideration of honor and in pursuit of status, reputation, recognition, and prestige, as well as the related legitimacy, can be perfectly rational from China's perspective. Nonetheless, emotion also plays into China's self-perceived rational actions via the 'Century of Humiliation' complex and the desire to once again rise to the historical role of regional hegemon, earning the respect of the other great powers. What political psychologists have recently termed 'emotion-driven' rationality therefore comes closest to the findings of this book.[1]

Regarding the debate over whether culture (in this analysis, the related cultural driver of honor) should be considered a variable or a constant, this study finds that the generally held belief that culture is a constant applies in this case. Since the historical experience of having been a regional hegemon for many centuries until the recent 'Century of Humiliation' has been ingrained in China's political culture and historical memory, its preferences about external and internal legitimacy follow from that experience. Thus, it is only natural for China to diverge in some situations (i.e., in those associated with internal legitimacy) from its PD grand strategy.

Implications for Policy

In terms of implications for US foreign policy, China's actions need to be filtered through a legitimacy 'lens,' which may allow some apparent threats to be called out as 'bluffs.' Regarding China's policies and grand strategy

implications, this book finds that China's PD grand strategy is mainly intended to apply to China's projection into the outside world and therefore to its external legitimacy or a combination of external legitimacy and internal legitimacy; however, it is certainly not designed for internal legitimacy by itself.

Similarly, the need for policy-makers to be more attuned to the culture and history of any given country, including China, is touched upon in this book, especially the pursuit of status by many countries. Also, more generally, China is set to become more important for policy-makers in Washington, DC, over the next few years and decades. As the Assistant Secretary of Defense for Strategy, Plans and Capabilities Robert M. Scher puts it: '[f]or the past fifteen years the Pentagon has been absorbed in complex and difficult counterinsurgency campaigns, but China and Russia are again looming as the principal risks for national security' (Studies 2016).

Implications for the Debate on China's Grand Strategy

The PD grand strategy was specifically developed to alleviate the fears of those that believed China would be a threat to them with its increasing economic and military capabilities. Whether China's rising assertiveness since 2008–2009 is a long-term move away from its PD grand strategy and therefore an indication that China cannot rise peacefully remains to be seen. However, the general trend is that China still maintains its official PD grand strategy but merely has begun to take a more proactive approach than before—moving away from Deng Xiaoping's 'biding one's time' motto. This is largely due to the altered Chinese perception since the 2008 Global Financial Crisis that China's time may now have come because the crisis originated in the United States, and China was not too deeply impacted by it.

This book does not observe any switch to a different grand strategy as purported by some scholars. Rather, China's style of conducting the same grand strategy became more proactive and at times more assertive due to the abovementioned Chinese self-perception. If there ever was an age of 'pragmatism' in China's grand strategy, then it stopped the latest after 2008. Since then, a coming 'ideological war' with the United States has come to appear more likely, now that China is no longer in a position to need to fully accommodate the West.[2] Though, since the United States is governed by the Trump administration, the trend seems to be reversed—

or at the very least slowed down—due to China's advances to promote free trade amidst America's subscription to increasing protectionism (Blanchard 2017).

While the domestic factor of the generational change in the Chinese leadership from Hu Jintao to Xi Jinping may have accelerated this coming 'ideological war,' it seems clear that the main trigger was the international environment of the Global Financial Crisis of 2008. While Qin Yaqing's assertion that *zhongyong*, or a middle/balanced way, is a good and cultural way to think about Chinese grand strategy contradictions may have been helpful to visualize the changing environment for China's grand strategy, what the world witnessed after 2008 was not a shift from one grand strategy to another but, at most, a paradigm change (Qin 2014). Or, in the words of Mao Zedong, simply put, '[n]o society—past, present, or future—could escape contradictions, for this was a characteristic of all matter in the universe' (1967 [1937]).

Notes

1. See, for instance, Shenkman (2016).
2. See Denyer (2016).

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[1] Note: Page number followed by 'n' refer to notes.

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