



2023-24 WILSON CHINA FELLOWSHIP

Analyzing China's Domestic and Foreign Policies

EDITED BY Lucas Myers



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Introduction

Robert Daly is the Director of the Kissinger Institute on China and the United States at the Wilson Center

There is acute anxiety on American campuses and in Washington, DC, over whether the United States can continue to foster the China expertise that this era of Sino-American rivalry requires.

Policymakers and academics who take on this question face a dilemma:

Most American students who have acquired an understanding of China have begun with Chinese-language studies and then been drawn in more deeply through interest in some aspect of Chinese culture before pursuing graduate studies in policy relevant fields, such as political science, economics, law, foreign relations, or environmental studies. The gateway to a life in China studies, in other words, has been sinological; it has been founded in fascination or liking of some kind.

Can a pervasive environment of hostility—or the necessity to defend national interests or uphold of national security, if you like—also attract an adequate number of able Americans to the field? And if it does, how will our analysis of and policy toward China change if it is based in contention rather than curiosity? Can academic China studies have it both ways, such that its graduates are trained not only in vigilance, but in empathy?

Of course, these questions only matter if we can get undergraduates enrolled in Chinese language and history 101 courses in the first place, and if undergraduate studies can be supplemented by extended exposure to China itself, which has been essential to the health of the field since the early 1970s.

Inspiring such enthusiasm is the job of young American faculty across the disciplines who have dedicated themselves to research and teaching related to China. Supporting their efforts is the mission of the Wilson Center's China Fellowship Program, which is made possible by the Carnegie Corporation of New York.

The Wilson Center is delighted to present in this volume the essays of our fourth class of fellows, women and men from across the United States,

from large state universities and small private colleges, whose efforts will determine the future of China studies and, indirectly, the efficacy of China policy in this country.

We hope that readers will share our optimism that the field is in good hands despite declining enrollments and worsening atmospherics in U.S.-China relations. We look forward to continuing to work with over seventy fellows, and future grantees, to ensure that interdisciplinary China studies retains its strong influence over policy and that these scholars, together with colleagues in China and in third countries, can bring their expertise to bear to secure peace under difficult circumstances.

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2023-24 WILSON CHINA FELLOWSHIP

US-China Rivalry in the Age of Weaponizable Biotechnology

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Abstract

The US-China competition over biotechnology is a relatively quiet one, with the economic dimension attracting most of the attention. However, biotechnology is dual-use. It has both civilian and military applications. The latter may range from precision targeting to mass destruction. Rapid innovations in genetic engineering, synthetic biology, data-driven machine learning (“artificial intelligence”), nanotechnology, and neurotechnology are enabling the leading powers—the United States and China—to acquire genetic capabilities that could be used for peaceful, defensive, or offensive purposes. How do Chinese policymakers and strategists view the power of biotechnology in the context of the intensifying great-power rivalry? What are China’s capabilities and intentions vis-à-vis dual-use, or weaponizable, biotechnologies? This report addresses these questions by probing the plausibility of three hypotheses with evidence that draws on primary and secondary sources, including government reports and expert interviews. The investigation reveals the central role of biotechnology in China’s pursuit of both economic development and national security. It is among the means by which China seeks not just to catch up to, but surpass, the United States and achieve its full civilizational potential. Although there is inadequate publicly available data to draw conclusions about the full scope of Beijing’s intentions for biotechnology, the existing and anticipated dual-use capabilities, grand ambitions, and hurried nature of technological development do create a serious risk of unintended consequences of mass destructive potential. These range from an accident triggering a new, deadly pandemic to a genetic arms race.

Policy Implications and Key Takeaways

- China is acquiring, intentionally or not, dual-use capabilities in biotechnology that could be used for peaceful, defensive, or offensive purposes.
- Dual-use emerging biotechnologies satisfy and bridge China’s economic aspirations and security aims. They support the main goals of transitioning the country to a more sustainable form of economic

development and self-sufficiency while rebuilding the foundations of communist rule and expanding regional and global spheres of influence.

- The US-China economic decoupling is taking place at a time when the two states are in most need of communication and mutual understanding—that is, deep and sustained diplomatic engagement. China is too technologically advanced to be isolated or ignored.

Introduction

The race for the high ground in emerging technologies is a key feature of the intensifying US-China rivalry. The rapidly evolving advancements in data-driven machine learning (“artificial intelligence,” AI) dominate the headlines. As does the contest over the earliest and strongest AI capabilities, as derived from access to resources such as semiconductors and large datasets. However, AI is a means to a variety of ends. Surprisingly little attention has been paid to perhaps the most consequential of these ends. It is the power to read, edit, and write from scratch the programming language of all life on Earth. This report directs attention to biotechnology, with a focus on the US-China rivalry over the power to genetically manipulate microorganisms for dual-use, or weaponization, purposes.¹

The global leaders in biotechnology, the United States and China, recognize the security implications of the emerging genomic capabilities. In 2016, the US intelligence community’s worldwide threat assessment listed gene editing as a technology that could generate new weapons of mass destruction.² The 2020 edition of *Science of Military Strategy*, an authoritative textbook published by China’s National Defense University, considers how biotechnology could serve as “a brand-new territory for the expansion of national security.”³

How do Chinese policymakers and strategists view the power of biotechnology in the context of the intensifying great-power rivalry? What are China’s intentions vis-à-vis dual-use, or weaponizable, biotechnologies? The aim of this report is to present the existing knowledge, preliminary conclusions, and recommendations on a difficult but urgent problem facing US-China relations and global security.

Research Strategy

Intentions are notoriously difficult to discern. They are part of a complex inner world prone to change and contradiction. The intentions of China’s political elite are no exception. This report uses the following research strategy to investigate the intentions of China’s political elite vis-à-vis weaponizable biotechnology. It begins by identifying a range of possibilities, or hypotheses to be probed for likelihood with the available evidence.

Hypotheses:

1. *China is pursuing biotechnological development for peaceful purposes only, such as boosting economic, health, and food-related capabilities. It is not weaponizing biotechnology for offensive or defensive use.*
2. *China is pursuing biotechnological development for peaceful and defensive purposes only.* The latter may be a reaction to what Beijing perceives as US aggression and intent to weaponize biotechnology.
3. *China is pursuing biotechnological development for offensive purposes, in addition to peaceful and/or defensive.* The underlying aim may be to establish and maintain dominance in the Indo-Pacific.

The first is the null hypothesis, or default answer in the absence of evidence suggesting otherwise. The second possibility carries graver implications than the first for US-China relations and global security. The third carries the gravest implications and, because of this, demands the highest degree of skepticism and scrutiny.

Next, the likelihood of each of the three possibilities is evaluated in light of the available evidence. The material for the evidence is drawn from primary and secondary sources, including government reports and expert interviews. Underlying the analysis is a set of questions designed to interrogate each of the possibilities. The questions approach the problem from three measurable angles: 1) expressed ideas; 2) capabilities; and 3) a smoking gun. As with any attempt to study intentions, a limitation of the findings from this “triangulation” is that they are incomplete. They may underestimate or overestimate the intentions. The benefits are that they identify useful focal points and provide a baseline for judging new information, as it becomes available.

Questions:

1. What are the expressed ideas, if any, that suggest weaponization intentions?
2. What are the capabilities, if any, with weaponization potential?

3. Is there a smoking gun?

The sections that follow address each of these questions.

Expressed Ideas

China has come a long way since political theorist and practitioner Wang Huning lamented the widespread perception that innovation and tradition are inherently at odds. “The development of a society is inseparable from its spirit of innovation,” Wang reflected in 1988 after a six-month visit to the United States. He observed that America’s extraordinary capacity for innovation stems from its deeply-rooted tradition of combining two seemingly contradictory ideas: pragmatism and futurism. The former compels Americans to pursue the egoist incentives of the marketplace; the latter requires them to forgo immediate gratification for “something that has no direct effect at the moment, but will have an effect in the future.”⁴

Chinese President Xi Jinping’s “New Era” ushered in unprecedented devotion to future-focused innovation. National rejuvenation came to depend on China attaining “world power in science and technology.”⁵ Failing to do so would leave China economically behind and defenseless against exploitation and aggression, Xi argued.⁶ In his 2014 “Total National Security Paradigm,” Xi instructed the party cadres to adopt a total security approach. This meant attaching “equal importance to internal and external security” and integrating science and technology, among other things, into the national security system. This was the beginning of what observers called “the securitization of everything.”⁷ Cutting-edge technological innovation was not just a means of achieving “high-quality” development in an era of slower economic growth. It was imperative for achieving self-reliance and maintaining sovereignty in a world in which the waning superpower – the United States – deems China the main obstacle to global supremacy. Biotechnology became a key area of focus. In a 2020 article published in the party magazine *Qiushi*, Xi described biotechnological advancements as “important tools for the country and must be in one’s own hands.”⁸

The rapid advances in modern biotechnology preoccupied select Chinese intellectuals and officials since before Xi’s tenure. Among the first to take note was Guo Jiwei, a chief physician at China’s military hospital and medical

university. Guo predicted that the future of war would be based on the command of military biotechnology in a 2005 article, which he then followed with multiple articles and books on the subject.⁹ Guo envisioned the use of biotechnology to subdue adversaries in a “merciful” (nonlethal and reversible) way through “precision injury.”¹⁰

Another prominent official to take note was He Fuchu, then-president of the Academy of Military Medical Sciences who would later become the vice president of the Academy of Military Sciences, the premier research institute of the People’s Liberation Army (PLA). In 2015, He was struck by the establishment of a Biotechnology Office by the Pentagon’s Defense Advanced Research Project Agency. Biotechnology was becoming “a new strategic commanding height in the future military revolution and the game between major powers,” he observed. Among its potential uses, He imagined, was in developing new subversive weapons and unmanned combat platforms.¹¹

In 2017, Zhang Shibo, a retired general who was then-president of China’s National Defense University, identified biology as a new domain of warfare. He saw the advances in modern biotechnology as “showing strong signs characteristic of an offensive capability,” which include the possibility of “specific ethnic genetic attacks.”¹²

While the 2013 edition of the *Science of Military Strategy* prepared before Zhang’s tenure makes no mention of biotechnology, the 2017 edition contains a section on “biology as a domain of military struggle.”¹³ The subsequent, 2020 edition, characterizes the biological field as “the strategic commanding heights of the game between big powers.”¹⁴ It offers striking examples of how biotechnology could be used “not only [to] bring biological damage to specific targets and people, but also bring large-scale effects and deterrent effects”:

[T]he use of new biological weapons, bioterrorism attacks, large-scale epidemic infections, specific ethnic genetic attacks, the purposeful genetic modification of the ecological environment, food and industrial products, and the use of environmental factors such as population migration, climate change, and natural disasters.¹⁵

Biological incidents can also be used as a psychological tool to influence public attitudes. During the COVID-19 pandemic, Chinese officials and state

media sought to deflect public attention from ineffective or unpopular policies by claiming that the virus may have been leaked from a US Army lab.¹⁶ As payback, the US military launched a clandestine program in the Philippines to discredit China's Sinovac inoculation at the height of the pandemic.¹⁷

China's national strategy of military-civil fusion, designed to create stronger linkages between the civilian economy and defense industrial base, highlights biology as a priority.¹⁸ A special fund has been set up to support basic national defense research projects and help transform civil research into military applications—specifically, in the fields of biological crossover and disruptive technologies.¹⁹ Synergies are expected among biotechnology, AI, and brain science.²⁰

In 2021, China's new Biosecurity Law came into effect. It covers lab biosafety, or the hazards involved in working with microorganisms and toxins, and biosecurity—the deliberate theft, misuse, or diversion of biotechnology. Article 53 establishes the state's "sovereignty over our country's human genetic resources and biological resources" and directs the state to "strengthen the management and oversight of the collection, storage, use, and external provision of our nation's human genetic resources to ensure the security of human genetic resources and other biological resources."²¹

In 2022, the National Development and Reform Commission issued the *14th Five-Year Plan for Bioeconomic Development*. Among its main goals is to "prevent and control biosecurity risks" while also meeting the rising domestic demand for healthcare. By 2025, China's bioeconomy is to significantly increase in total scale. By 2035, it is to be at the "forefront of the world."²² The next section describes China's growing scientific and technological capabilities as it pursues these goals.

Capabilities

This section takes a deep dive into China's capacity for innovation in the sphere of biotechnology with a focus on genetic sequencing, editing, and synthesis. It then examines two other elements needed to create products: manufacturing capabilities and a skilled workforce.

It is easy to understate China's indigenous innovation in contrast to that of the United States, a high-income country with a head start. When compared

to other countries at a similar level of development (i.e., upper middle-income), China's capacity for innovation is extraordinary. In 2023, the World Intellectual Property Organization's Global Innovation Index ranked China as the 12th most innovative country (up from 43rd in 2010).²³ The Index comprises some 80 indicators, including measures of the political environment, education, infrastructure, and knowledge creation.

The Australian Strategic Policy Institute offers an alternative look at China's capacity for innovation. Its Critical Technology Tracker uses data from what are likely to be high-quality research publications (top 10 percent most-cited) from the past five years on 44 technologies that could "significantly enhance, or pose risk to, a country's national interests, including a nation's economic prosperity, social cohesion, and national security."²⁴ In 2023, the data indicated that China had built the foundations "to position itself as the world's leading science and technology superpower."²⁵ It led in 37 of the 44 critical technologies, including in synthetic biology and biological manufacturing.

China's capabilities are still considered weak when it comes to basic research. Basic research and early-stage development are required for proof of concept—invention. Invention precedes innovation. The latter involves turning the proof of concept into a product. Emphasis on innovation over basic research has, according to experts, led China to make up for its "invention deficit" through licensing technology, repatriations, and digital theft.²⁶

However, a closer look at the research conducted in China over the past decade shows remarkable progress in transitioning to "discovered in China," consistent with President Xi's directive to "aim for the frontiers of science and technology, strengthen basic research, and make major breakthroughs in pioneering basic research and groundbreaking and original innovations."²⁷ In particular, this has been the case with the sequencing, editing, and synthesis techniques increasingly making it possible to engineer entire genomes. Some of the cutting-edge research coming out of China may be under the radar. But what is evident is that, having advanced to the frontier of genomic research, Chinese scientists are contributing significantly to global efforts to understand the power of genes and gain "a much greater degree of control" over organisms.²⁸

By 2022, China had at least 600 biotech science parks to accelerate the development of novel science.²⁹ The World Intellectual Property Organization monitors what it calls "science and technology clusters"—geographical areas

with the highest density of inventors and scientific authors—based on patent-filing activities and scientific article publications. In 2023, three of world’s five biggest clusters were in China: Shenzhen-Hong Kong-Guangzhou, Beijing, and Shanghai-Suzhou. China also, for the first time, topped the list of countries with the highest number of clusters, having 24 in total. The United States followed with 21 clusters.³⁰ The patent data must be taken with a grain of salt, however, as applications tend to vary in quality. According to one Chinese expert, as many as 90 percent of the patent applications “may be garbage and can only be used as vases to collect money for projects.”³¹

Reading DNA

China’s rise as a global leader in genetic sequencing can be traced to the year 2010, when Shenzhen-based BGI (formerly Beijing Genomics Institute) became the largest next-generation genome sequencing company in the world. It had purchased 128 high-end genome sequencers from San Diego-based Illumina. Just three years earlier BGI was “on the brink of extinction.”³² A \$1.5 billion ten-year loan from the China Development Bank, the Chinese government’s so-called “superbank,”³³ made possible the purchase. The move coincided with a remarkable “boom of scientific productivity in China” centered around next-generation sequencing technology, with three “landmark papers” published by Chinese researchers in a span of just two months in 2009–2010.³⁴

In 2012, BGI acquired San Jose-based DNA sequencing company Complete Genomics, raising fears of US losing competitiveness in a technology that was becoming “crucial for the development of drugs, diagnostics and improved crops.”³⁵ Illumina expressed concern that BGI would become a competitor, likening the transaction to selling China the “formula for Coke.”³⁶ China would no longer be dependent on US machinery.

BGI was founded during China’s participation in the Human Genome Project, which the United States initiated at the beginning of the 1990s and was later joined by the United Kingdom, Japan, France, Germany, and China. What began as a small research institute trying to decode the DNA of pandas turned into “a sprawling conglomerate, active in animal cloning, health testing, and contract research.”³⁷ In 2020, BGI announced that it plans to sequence full genomes for just \$100.

The Chinese government has “long prioritized” the collection of human genomic data, domestically and abroad.³⁸ In 2003, China’s Ministry of Public Security began building a forensic DNA database. Ten years later, Chinese authorities expanded DNA collection to entire ethnic minority communities and people with no history of serious criminal activity. In 2016, the Chinese government launched the country’s first national-level storage facility for genetic information. The idea behind National GeneBank was to create the world’s largest repository of genetic data that would “develop and utilize China’s valuable genetic resources, safeguard national security in bioinformatics, and enhance China’s capability to seize the strategic commanding heights” in the domain of biotechnology.³⁹ China Development Bank contributed \$1.5 billion to the venture. BGI was picked to build and operate it.⁴⁰ By 2020, the Chinese government came to possess genomic data on up to 140 million people as it continued to grow to become the world’s largest DNA database.⁴¹

US experts have warned that Chinese entities may have gained potential access to US healthcare data through investment in US firms, such as genetic testing company 23andMe, partnerships with US universities and hospitals, and sales of equipment and gene sequencing services.⁴² Shanghai-based WuXi Biologics invested in consumer genetics company 23andMe in 2015. In 2020, it announced a production facility in Worcester, Massachusetts, and, in 2021, purchased a Pfizer manufacturing plant in China.

BGI boasts strong ties to the Chinese government. According to a 2021 *Reuters* report, it has worked with the Chinese military to improve “population quality” and on genetic research to combat hearing loss and altitude sickness in soldiers.⁴³ It has also played a key role in China’s collection of DNA material from abroad. For example, BGI developed in collaboration with the Chinese military a neonatal genetic test that enabled it to gather data on millions of people around the world.⁴⁴ It has had contracts and partnerships with US health institutions, providing inexpensive genomic sequencing in return for access to data.⁴⁵ In 2019, BGI partnered with SpaceTime Ventures in Brazil on a large-scale R&D center for studying tropical plant genomics. It also entered into collaborations with institutions in Ethiopia and South Africa.⁴⁶ During the COVID-19 pandemic, BGI sold millions of test kits to the United States, Europe, and Australia.⁴⁷

Much of BGI's success may be attributed to Chinese government support and a system that “blurs private and public, as well as civilian and military, to meet the goals of the state.”⁴⁸ In March 2023, US Department of Commerce's Bureau of Industry and Security added three subsidiaries of BGI Group to the Entity List, a trade restriction list, partly due to concerns that the genetic data they were collecting and analyzing were at “a significant risk of diversion to China's military programs.”⁴⁹

A US intelligence assessment in 2021 linked BGI to China's global effort to obtain even more human DNA, including from the United States. In 2022, US Department of Defense officially listed BGI as one of several “Chinese military companies” operating in the United States.⁵⁰

China has been not only amassing the world's largest DNA repository. It has also been acquiring the artificial intelligence capabilities to read it. AI is a major priority for the Chinese government. In 2017, it expressed the ambition to become the world's “major AI innovation center” by 2030.⁵¹ China becoming a world leader in AI publications and patents in 2021 does not necessarily “translate into a robust advantage in AI innovation and global leadership moving ahead.”⁵² However, AI heavily depends on data, and China has one of the largest repositories of genetic information.⁵³ It does not need to be a global leader in AI to be a global leader in reading DNA.

Editing DNA

Genome editing involves the use of tools that modify an organism's DNA by inserting, replacing, or deleting a DNA sequence. The gene-editing tool CRISPR-Cas9 developed in 2012 is one of the biggest discoveries of the 21st century. Two of its pioneers, Jennifer Doudna and Emmanuelle Charpentier, were awarded the Nobel Prize in Chemistry in 2020. The other CRISPR pioneer, Chinese-American biochemist Feng Zhang, was not awarded the Nobel Prize, but his Broad Institute team was awarded key patent rights by the US patent office.⁵⁴

Chinese scientists have in recent years demonstrated foundational work in developing and deploying CRISPR as a tool for gene editing in plants and animals, including humans. The same years as the US intelligence community's Worldwide Threat Assessment listed genome editing as a potential weapon

of mass destruction, Chinese scientists became the first to use CRISPR on humans.⁵⁵ Two years later, Chinese biophysicist He Jiankui created the world's first genetically modified humans—the so-called “CRISPR babies.”⁵⁶ A Chinese court sentenced him to three years in prison, though the scientist initially claimed in various documents that the experiment was supported by Chinese government funding.⁵⁷

Many of China's CRISPR trials have taken place at the PLA General Hospital. PLA's medical institutions became major centers for research in gene editing, as well as other new frontiers of biotechnology. When the PLA's Academy of Military Medical Sciences was in 2019 placed directly under the purview of the Academy of Military Sciences, it signaled “a closer integration of medical science with military research.”⁵⁸

Naturally-occurring gene-editing systems are limited in what they can target and the sorts of changes they can make. Advances in generative artificial intelligence are “expanding the repertoire of editors.”⁵⁹ In 2022, with the support of the National Natural Science Foundation of China Excellent Young Scientists Fund, a team of researchers used machine learning to optimize CRISPR.⁶⁰ In 2024, California-based researchers announced the development of a model that enables prediction and generation tasks from the molecular to genome scale. Trained on prokaryotic genomes, the model was used to design fresh CRISPR systems.⁶¹

Some have sought alternatives to CRISPR. In 2024, Belgian researchers developed a new toolbox of 16 different short DNA sequences that allow triggering controlled and specific recombination events in the genomes of both prokaryotes and eukaryotes.⁶² In 2023, Beijing-based researchers announced their development of a new protein-based gene-editing tool called CyDENT that may be more effective than CRISPR.⁶³

Writing DNA

Synthetic biology is widely viewed as a “strategic domain,” with at least thirty-two countries investing “vast amounts of money into this field.”⁶⁴ Over the past two decades, it became increasingly popular (and possible) to treat biological organisms as “a kind of high technology, as nature's own versatile engines of creation.”⁶⁵ Redesigning organisms to produce substances or gain new

abilities by stitching together long stretches of DNA and inserting them into an organism's genome is increasingly common. The idea behind synthetic biology is to treat biological organisms like computers—as “ready-made, prefabricated production system... governed by a program, its genome.” By making changes to the “genetic software,” one could theoretically produce “practically any imaginable artifact.”⁶⁶ What began as “mostly an artisanal activity that was too immature and too expensive to be put to use in industrial R&D laboratories” is now “at the forefront of developing new drugs, new crops, and new chemical production pathways.”⁶⁷

In 2017, China made its international debut in synthetic biology with a significant contribution to an ambitious international collaboration. The immediate goal of the Synthetic Yeast Genome Project (Sc2.0) is to develop the first eukaryote genome from scratch by redesigning and reengineering yeast chromosomes. The underlying goal is to “pave the way for engineering more complex synthetic multi-cellular organisms.”⁶⁸ In 2008, researchers at the Maryland-based J. Craig Venter Institute synthesized the first mega-size genome using chemically synthesized short DNA molecules. In 2010, Venter scientists installed a completely artificial genome inside a host cell.⁶⁹ In 2016, Boston-based scientists redesigned and engineered an *E. coli* genome.

Yeast would be the first synthesized eukaryote—an organism whose cells have a nucleus. Other eukaryotic organisms include plants and humans. What began as a Johns Hopkins undergraduate course entitled *Build a Genome* and “a mission impossible when it first started” turned into a “very ambitious project.”⁷⁰ Yang Huanming, one of the project's participants and an academic with the Chinese Academy of Sciences, described the aspiration: “If genome sequencing is reading the code of life, then genome synthesizing is writing the code of life. From reading to writing, it is a breakthrough.”⁷¹

Chinese scientists assembled four of the sixteen synthetic yeast chromosomes, making China the second country, after the United States, capable of designing and building eukaryotic genomes.⁷² The Chinese researchers involved in the project came from BGI Research, Tianjin University, Tsinghua University, as well as the Agricultural Genomes Institute at Shenzhen, University of Chinese Academy of Sciences, and Peking Union Medical College.⁷³ China very soon expanded exploration to larger and more complex multicellular systems through projects like GP-write China. In December 2017,

the Shenzhen Institutes of Advanced Technology set up a GP-write China center and held the first workshop in January 2018. It was later rebranded as the China Synthetic Genomics Centre and enjoyed “significant funding.”⁷⁴

SynMoss was another Chinese project to come out of the yeast collaboration. In 2024, Chinese researchers announced that they synthesized part of the genome of a type of moss. *Science* magazine described the achievement as potentially “smooth[ing] the way for creating artificial genomes for other multicellular organisms—and for turning the moss into a factory for medicines and other products.”⁷⁵

In 2022, the United States led the field of synthetic biology in terms of accumulative research output over the previous 18 years (at 34 percent), followed by the United Kingdom, at 14 percent. China came third (at 13 percent) but was the “fastest growing.”⁷⁶ In 2023, the Australian Strategic Policy Institute flagged synthetic biology as a “high monopoly risk” because nine of the world’s top ten synthetic biology institutions were located in China. China also boasts three times the share of publications in the top 10 percent relative to the United States, the next closest country.⁷⁷

Manufacturing and Skilled Workforce

Economic production does not automatically correlate with weapons production capabilities. However, there is good reason to expect some correlation in China, where military-civil fusion involves “the elimination of barriers between China’s civilian research and commercial sectors, and its military and defense industrial sectors” and exploitation of the inherent dual-use nature of key technologies, including biotechnologies.⁷⁸

In 2015, the Chinese government launched the “Made in China 2025” initiative. The goal was to transform China into “a leading manufacturing power by the year 2049, which marks the 100th anniversary of the founding of the People’s Republic of China.”⁷⁹ By 2025, key industries were to be transformed so that China would not have to rely on global supply chains or imports of finished products in key sectors, which include biomedicine and high-end medical equipment. Meanwhile, Beijing would open its market and attract foreign investors to invest in key areas, including biomedicine. Foreign companies and institutions would be encouraged to set up R&D

centers in China. The initiative has borne fruit, including in the biotechnology sector. In 2000, there were no Chinese biotech/pharmaceutical companies on the Forbes Global 2000 list. By 2021, China beat Japan to the second place on the list, with 14 companies. The United States had 31 companies.⁸⁰

The Information Technology and Innovation Foundation's Hamilton Index uses Organization for Economic Cooperation and Development data to compare countries' output in ten advanced-technology industries, including pharmaceuticals. The data showed that, in 2020, China was the leading producer in seven of the ten advanced-technology industries. It was third in pharmaceutical production, but "rapidly gaining."⁸¹ The analysis concluded that the United States' lead in pharmaceuticals "might not last, as the Chinese government has targeted biopharmaceuticals and artificial intelligence as key industries for development."⁸²

In 2023, China came to lead in biological manufacturing at a "medium monopoly risk," according to the Australian Strategic Policy Institute's Critical Technology Tracker. Six of the world's top ten biological manufacturing institutions were located in China. China also had 2.5 times the share of publications in the top 10 percent relative to the United States, the next closest country.

Skilled workforce is key part of China's goal to preserve its competitive advantage in the industrial chain system while climbing toward mid-to-high development.⁸³ China's approach includes talent recruitment and massive expenditure in leading universities.⁸⁴ One-fifth of high-impact papers coming out of China are being authored by researchers with postgraduate training in a Five-Eyes country.⁸⁵

A Smoking Gun?

A smoking gun refers to strong circumstantial evidence. When direct observation is impossible, it is as close as one can get to supporting a claim. It is the most compelling item of evidence that most effectively supports a given claim about an actor's behavior—past, present, or future. In this case, it is China's near-future weaponization of biotechnology for offensive use.

A potential smoking gun appears in the testimony of Steven Quay, Chief Executive Officer at Atossa Therapeutics, Inc., before the US Senate

Committee on Homeland Security and Governmental Affairs' Subcommittee on Emerging Threats and Spending Oversight in August 2022. According to Quay's testimony, the Wuhan Institute of Virology was conducting synthetic biology research on the Nipah virus in December 2019. And it was doing at least some of it in laboratory facilities with low biosafety levels, lacking the necessary precautions. This was, as Quay put it, "the most dangerous research I have ever encountered."⁸⁶

Nipah is a zoonotic virus—it spreads between animals and people. It can also spread from person to person, which means that it has the potential to cause a global pandemic. The name "Nipah" comes from a Malaysian village, where the virus was first discovered in 1998–1999. The subsequent outbreak of the virus in Malaysia and Singapore resulted in nearly 300 human cases and over 100 human deaths. Over one million pigs were killed to try to control the outbreak. Since then, outbreaks have occurred almost annually in some parts of Asia, primarily in Bangladesh and India. The symptoms of a Nipah infection range from mild to severe. In the documented outbreaks between 1998 and 2018, death occurred in 40–70 percent of those infected.⁸⁷ Multiple features of the Nipah virus disease, including its high mortality rates and multiple plausible forms of transmission, have "left the medical community perplexed."⁸⁸

For Quay, it began when the Wuhan Institute of Virology received five bronchial lavage specimens taken from patients in Wuhan. The patients had pneumonia, and a sequencing machine from a US company identified SARS2. In February 2020, a paper written about these patients was published and subsequently received millions of views. The Wuhan Institute of Virology also published the raw data that came from the specimens. "These samples were massively expanded, using a PCR like process, and ultimately yielded tens of millions of reads of genetic material," Quay described.⁸⁹ He and his team then conducted a forensic analysis on the specimen reads and made three observations. They confirmed that they contained the SARS2 virus. They also identified 20 unexpected contaminants that they suspected were "the inadvertent amplification of other research going on in the laboratory... [t]hings not expected to be found in a human specimen like honey suckle genes or a horse virus."⁹⁰ Published research from the previous two years confirmed that the lab had indeed been working on 19 of the 20 unexpected contaminants.

The publications did not account for one contaminant. According to Quay, it was a portion of the Nipah virus genome in a laboratory vector commonly used for synthetic biology. Quay concludes: “Why were they [Wuhan Institute of Virology researchers] conducting synthetic biology research in December 2019 on the Nipah virus? I cannot speculate. But a laboratory-acquired infection with a modified Nipah virus would make the COVID19 pandemic look like a walk in the park.”⁹¹

Nipah virus was incidentally one of the two Level-4 pathogens Canada’s National Microbiology Lab shipped to the Wuhan Institute of Virology in March 2019.⁹² The other was Ebola. The scientist responsible for the shipment was one of the two virologists (a couple born and married in China) who later lost their clearances and jobs at Canada’s only Level-4 lab for unauthorized cooperation and information exchanges with Chinese institutions.⁹³

In addition to Nipah, Quay also testified to observing one genomic region in the SARS-CoV-2 virus with “features of the two types of forbidden gain-of-function research that are associated with bioweapons development, asymptomatic transmission, and immune system evasion.”⁹⁴ There were also, according to him, two regions with features of the types of academic gain-of-function research that was permitted.

Alleged research on the Nipah virus at biosafety facilities below Level-4 at the Wuhan Institute of Virology does not automatically mean that China is intent on weaponizing deadly pathogens. It does suggest a high level of carelessness or boldness, reminiscent of the He Jiankui gene-editing experiments. In 2018, He announced that he edited the genomes of three embryos that developed into living babies. He recruited couples in which the father was infected with HIV and the mother was not and then mutated three of their healthy embryos. In 2019, a Chinese court sentenced He to three years in prison for “illegal medical practices.”

The first experiment that resulted in the birth of humans with edited genes is notable not just for crossing the existing ethical and legal boundaries. He’s work was virus-centered. It involved altering a gene (CCR5) that allows a virus (HIV) to infect an important class of cells in the human immune system. He’s stated goal was to give lifetime immunity from HIV infection. However, critics pointed out that the (potentially botched) attempt does not in effect protect from all strains of HIV in humans.⁹⁵

In conclusion, the prospect of Chinese scientists conducting gain-of-function research on lethal pathogens such as Nipah, while also exploring germline editing as an immunization mechanism against a specific viral strain, raises a red flag. It does not automatically indicate intent to develop offensive military capability. But it does indicate a willingness to cross long-established ethical lines and take unprecedented public-health risks. Whether it is for the sake of science, national defense, or geostrategic ambitions remains an open question.

Conclusion and Policy Recommendations

A central challenge the United States faces is balancing the thrilling economic and medical benefits of biotechnology with the enormous risks to global and US national security. The United States and its allies cannot realistically go it alone. The problem of genetically-engineered bioweapons requires deep and sustained diplomatic engagement between the countries at the biotechnological frontier, the United States and China.

The risk of accidental biological harm grows in tandem with US-China competition. The drive to outcompete by speeding up the pace of innovation could lead to lapses in security and judgement. The result may be an accidental catastrophe. The risks involved are serious and must be tackled through communication and cooperation between US and Chinese officials, as well as the scientific establishments.

Biological agents do not behave in accordance with internationally-recognized borders, which means biosecurity threats are transnational by default. Confronting the new generation of biological security threats requires building, updating, and strengthening international regimes and organizations. The Biological Weapons Convention (BWC), which bans proliferation of bioagents and toxins that have no peaceful use, must be updated to include a formal verification regime system to monitor compliance. The dual-use nature of biotechnology also presents a challenge that requires serious consideration and diplomatic engagement, including back channels⁹⁶ and Track II dialogue.⁹⁷

The United States should pay closer attention to the politics of expertise in emerging technologies in general and biotechnology in particular. Industry insiders on whom government institutions rely for expert opinion may have

perverse incentives if their investment portfolios stand to benefit or suffer as a result of policy changes. The composition of advisory committees and expert panels should consider potential conflicts of interest.

Understanding the current and anticipated advances in biotechnology, and other emerging technologies, is imperative for the American public and the officials representing them. Scientific and technological literacy is crucial for informed citizenship and policymaking. Supplemental professional training for policymakers, an updated K-12 curriculum, and public awareness campaigns would improve understanding and reduce the political impact of conspiracies and misleading claims by actors with a vested interest.

Building domestic resilience against the new generation of biological threats will require not just state-of-the-art medical technologies but also a healthcare system that is accessible to the entire population. One concerning trend is in American life expectancy, which is one of the most commonly used measures of overall health of a population. American life expectancy began to decline in 2020. As of 2024, it is the lowest of all G7 countries, lower than in China, and continues to decline.

For the United States to stay competitive in innovation is not as simple as increasing the number of scientists, technologists, engineers, and mathematicians (i.e., STEM talent). There is a problem of employment. Wages for US workers in computer and math fields have been stagnating, and many have struggled to find STEM jobs.⁹⁸ Consequently, most STEM graduates do not end up working in STEM occupations. The Census Bureau found in 2021 that only 28 percent of them were working in STEM. The rest opted for higher-paying careers in business, finance, and management.⁹⁹

The rules-based international order is collapsing while the world faces a “polycrisis”—multiple challenges affecting it simultaneously and interacting in such a way that their overall impact far exceeds the sum of all parts.¹⁰⁰ Genetically-engineered bioweapons are a daunting addition to the overflowing list of US national and global security concerns. But they are also an opportunity to appreciate the urgency of bringing back order in partnership with, rather than opposition to, the rising powers. As massive and difficult such a diplomatic undertaking would be, it pales in comparison to the challenge of surviving a genetically-engineered biological catastrophe.

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2023-24 WILSON CHINA FELLOWSHIP

Understanding the Chinese Government's Growing Use of Anti-American Propaganda

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Abstract

Since US-China relations began deteriorating around 2018, Chinese state media has become increasingly critical of the United States. What are the Chinese Communist Party (CCP)'s main messages to its citizens about America? How should the United States respond, if at all, to Chinese anti-American propaganda? This study addresses these questions by analyzing 1,776 *People's Daily* editorials about America published between 2004 and 2023. I find that Chinese state media promotes three distinct anti-American narratives, all of which have been deployed more aggressively since around 2018–2019. First, America is a dangerous hegemon that seeks to harm China and other countries. Second, America has poor moral and social values. And third, America is in decline—increasingly incapable of addressing problems at home or abroad. These narratives serve not just to highlight that America is a threat, as past research suggests, but also that China's system under the CCP is better. US policymakers should understand the role that anti-Americanism plays in Chinese politics, avoid playing into its narratives when possible, and take measures to counter the CCP's spread of anti-American messages globally.

Implications and Recommendations for Policymakers

- Under Xi Jinping, the CCP is deeply invested in the notion that the United States is not only a threat to China, but also its benchmark competitor—the power against which China's performance in many areas will be measured. US policymakers should understand that Chinese state media's growing use of anti-Americanism does not just reflect worsening US-China relations, but also serves domestic purposes for the regime. For this reason, some degree of anti-American rhetoric is inevitable and will persist even if bilateral relations improve.
- US policymakers should not dismiss the PRC's anti-Americanism as empty words or “just propaganda.” This study shows that substantial efforts have been taken to create sophisticated narratives about America that draw on real events and attempt to tap into pre-existing negative feelings about America among many Chinese people. Although we do

not know how persuasive anti-American propaganda is to ordinary PRC citizens, it is notable that many of its themes and tropes are repeated widely by private, commercial media and on social media.

- When possible, US policymakers should avoid taking actions that play into the CCP's anti-American narratives. Despite the CCP's strict domestic censorship, American actions and high-level rhetoric still matter to the perceptions and beliefs of Chinese citizens. When US actions and messages align with the CCP's negative narratives about it, they render those narratives more credible, handing Chinese state media a propaganda victory. If US policymakers announce that the goal of US policy is to defeat or contain the PRC for the sake of American hegemony, then they play into and strengthen the narrative that the United States is a bully and an aggressor. By contrast, if US policymakers couch their criticisms of China as demands that the PRC adhere to international laws and norms and act as the "responsible great power" that it claims to be, the onus shifts back to Beijing to explain why this is a bad thing.
- Despite the instrumental uses of the CCP's anti-American propaganda, the CCP can be incentivized to moderate it. This study finds that the production of anti-American messaging is at least somewhat responsive to US actions. State media ramped it up after President Trump's anti-China policies and rhetoric, but has curbed it in periods leading up to high-level negotiations or dialogue, such as before the Biden-Xi summit in November 2023. Thus, reducing harmful anti-Americanism should not be overlooked as one of the benefits of positive diplomatic engagement with the PRC, as long as this engagement is not pursued at the expense of standing up for American interests and values.
- Through official, unofficial, and covert channels, the CCP promotes many of the same anti-American narratives around the world as it does at home, as an integral part of its overall global media offensive to influence foreign governments and publics. Without infringing on principles of free speech in other societies, the United States should nonetheless draw attention to the PRC's role in promoting false or misleading narratives about the

United States and create locality-specific messaging that challenges them. This strategy would build on existing lines of government effort in public diplomacy and in countering PRC disinformation, including by the State Department's Global Engagement Center. Concretely, it would entail embedding the defense of America's image in our national China strategy and training US diplomats and other international affairs professionals on how to identify and counter PRC information operations anywhere.

Introduction

China's state-controlled media has become highly critical of the United States since around 2018–2019, reflecting increased tensions in the US-China relationship. America is a superpower on the decline. The COVID-19 pandemic was a “big test” for countries, and America failed it. American politics are marred by dysfunction and division. Citizens are distrustful of elites and America's supposedly free media. America's foreign aggression provoked Russia's invasion of Ukraine and it has blood on its hands in Gaza. Washington fears China's peaceful rise and is lashing out with self-defeating tariffs and sanctions. Anti-American narratives such as these are of course nothing new for the Chinese Communist Party (CCP). Criticism of American actions in the world has featured in the party's propaganda since before 1949. However, the current situation represents an escalation. The CCP's anti-American messaging has not been this forceful since Deng Xiaoping ushered in a new era of US-China relations.

That Chinese state media portrays the United States negatively is well known, but scholars have yet to systematically analyze this recent wave of propaganda and its implications. What are the CCP's key messages to its citizens about America? What role does anti-Americanism play in the regime's overall propaganda strategy? And what, if anything, should the United States do about it? The CCP's portrayal of America is important to examine because it reveals how the regime wishes Chinese citizens and international audiences to perceive China's primary strategic competitor and the relationship between the two powers. Moreover, understanding how the CCP seeks to benefit from anti-Americanism sheds light on its evolving strategy to bolster the regime's domestic legitimacy.

Existing research on anti-Americanism in China focuses on how the CCP has long sought to garner public support by depicting America as a threatening hegemon determined to block China's economic and political rise. In her book-length study of propaganda in China, Anne-Marie Brady argues that anti-American rhetoric has been a “constant theme” since the events in Tiananmen Square in 1989, and that the CCP emphasizes “a hostile Other to unite the population.”² In the same vein, Iain Johnston and Daniela Stockmann argue that “hegemonism” has been the main theme in Chinese propaganda about America since the 1990s; in particular, the United States

has sought to contain China (遏制中国) and prevent its rise.³ As Rush Doshi notes, the CCP was triply shocked by American rhetorical support for the Tiananmen Square protesters, the collapse of the Soviet Union, and the US military's effective intervention in the First Gulf War.⁴

Of course, the theme of American threat is not new and was particularly prominent in Mao Zedong-era propaganda. Historians note that, after 1949, emphasizing America as an enemy helped the newly-in-power CCP to build patriotic nationalism, such as through the “resist America, aid Korea” campaign launched during the Korean War.⁵ Until US-China rapprochement in the 1970s, Mao and other CCP leaders routinely portrayed their regime as a bulwark against US imperialism, as in Mao's well-known speeches labeling US imperialism a “paper tiger.”⁶

The CCP's use of the American threat narrative to rally public support fits a global pattern and aligns with what social science teaches about the political benefits of facing an external threat. Many other authoritarian regimes that have contentious relations with the United States—Cuba, Iran, North Korea, Russia, and Venezuela, among others—deploy anti-American messaging in precisely this way. Russian state media has for decades portrayed America as hellbent on interfering in Russia, and it argues that this may be the reason behind any social problem or protest Moscow faces.⁷

This is not to say that anti-American sentiment around the world is simply a product of authoritarian propaganda; substantial grassroots opposition to US policies and values exists in both authoritarian and democratic societies, often for understandable reasons. Yet it is still worth examining how authoritarian propaganda embraces and shapes anti-American sentiment for political ends. That highlighting American threat could boost public support for a regime makes sense given the well-studied logic that external attacks can increase internal cohesion. In international relations, foreign attacks or threats can produce more domestic political cooperation, bipartisanship, or a rally-around-the-flag effect, all to the benefit of political incumbents.

However, this study argues that Chinese state media's anti-Americanism is more complex than existing scholarship suggests. Specifically, I find that Chinese state media promotes three distinct anti-American narratives: (1) America is a dangerous hegemon that seeks to harm China and other countries; (2) America has poor moral and social values; and (3) America is in

decline—increasingly incapable of addressing problems at home or abroad. None of these three narratives is new, but all three have been advanced more frequently and more forcefully since 2018–2019. The first narrative directly relates to what existing scholarship has identified as the main theme of CCP messaging on America, but the other two narratives do not. Previous studies have sometimes noted that topics such as American racism or gun violence are themes in anti-American messaging, but this study makes a contribution by providing an empirically-based typology of high-level narratives. Each of these narratives runs through state media coverage of a wide range of topics related to America. The three narratives that I identify are distinct, but they can also be combined and promoted together, such as when Chinese state media argues that American decline is at base a result of its poor moral and social values.

This study further argues that the CCP is promoting anti-Americanism not only to rally the public against a foreign threat, as per existing scholarship, but also to contrast the United States and China and to argue that China's system is better. All three anti-American narratives that have been boosted since 2018–2019 help the CCP make the case that China outperforms America in a wide range of areas, not least COVID-19 mitigation. The narrative that America is a dangerous hegemon highlights the threat of American intervention, but it also demonstrates the superiority of China's own foreign policies. Unlike the United States, China is a “responsible big country” and friend to the international community. Criticizing America's moral and social failings—racism, gun violence, inequality, and so on—serves to highlight the CCP's superior performance in creating a harmonious society. And discussion of America's decline, of course, reinforces the fact that China is continuing to rise. Thus, anti-Americanism should be understood as positive as well as negative propaganda. It is part of a strategy to boost the CCP's domestic public legitimacy at a time when the regime is facing various policy challenges.

This study's findings are based on a systematic analysis of editorials about America published in the *People's Daily*, the CCP's preminent general-focus daily newspaper and carefully vetted mouthpiece. As explained in the methodology section, I read and hand-coded 1,776 editorials about America published between 2004 and 2023. This analysis allows me to trace trends in the use of anti-Americanism, such as its rapid rise around 2018–2019, and the

promotion of different narratives over time. The study's qualitative methodology draws on a long scholarly tradition of close reading of official discourse in Chinese media.

The study makes contributions to academic research and policy thinking on anti-Americanism and propaganda in the PRC. First, it advances a typology of anti-American narratives that captures the main messages Chinese state media is promoting about America in this period of increased bilateral tensions. Second, the study shows that the CCP is using anti-Americanism to bolster its domestic legitimacy, including through three distinct propaganda narratives. And third, it discusses what can and should be done for the United States to avoid playing into the CCP's narratives, to disincentivize Beijing's use of anti-Americanism when possible, and to identify and challenge anti-American propaganda's spread to third countries.

The plan for this study is as follows. The next section briefly explains the methods used. In the main section of the paper, I present the empirical findings about the CCP's use of anti-Americanism: that it has increased, that it advances three main narratives, and that it is framed comparatively to show off the positives of China's own performance. The paper then turns to discussing the study's implications for US policymakers. I discuss what is necessary to understand about PRC propaganda and why, and what if anything the United States can do about authoritarian state-backed anti-Americanism in China and globally.

Methodology

To undertake this analysis, I selected, read, and categorized *People's Daily* editorials about America published between 2004 and 2023. These editorial pieces are the most concentrated form of the worldview that the CCP seeks to disseminate to party members and, indirectly, to citizens—more so than straight news. Critics might point out that most Chinese people are not daily readers of the *People's Daily*. Yet the paper sets the party line on key topics and its articles are widely copied throughout China's state media and on many private platforms. Many previous studies of Chinese propaganda have also used the *People's Daily* as a key source. Beginning the study in 2004 aligns it with the contemporary era of anti-American sentiment,

which studies show began after the US invasion of Iraq,⁸ and allows us to observe trends in anti-American messaging over a relatively long and complex period in US-China relations.

I began the analysis by selecting four *People's Daily's* editorial columns that focus primarily on international affairs and have been prominent since 2004: Guojiping (国纪平), Zhongsheng (钟声), International Forum (国际论坛), and Global Writing (环球走笔). The first two are understood to be the most authoritative regarding the views of the CCP leadership. (The name Zhongsheng is a homophone for “voice of the Central Committee,” while the name Goujiping implies that this is important commentary on international affairs.) I identified all of the editorials in these columns between 2004 and 2023 that discuss the United States at least four times, yielding 1,776 editorials (out of a total of nearly 7,000). I then read each editorial to assess whether it contained an anti-American message, and, if so, what that message was. This process allowed me to inductively identify three overarching anti-American narratives and trace their rise over time.

Some readers might question what this study means by the terms anti-American and propaganda. In this study, anti-American refers to any broadly framed criticism of the United States, its government, or its society. Thus, my use of this term does not suggest that anti-Americanism is necessarily malicious, unfair, or factually inaccurate—simply that it is broadly critical. Many past studies of the CCP have construed anti-Americanism similarly. For example, Alvin Rubinstein and Donald Smith define anti-Americanism as “any hostile action or expression that becomes part and parcel of an undifferentiated attack on the foreign policy, society, culture, and values of the United States.”⁹ David Shambaugh defines it simply as “the negative dimension of... ambivalent Chinese images of America.”¹⁰ And Katzenstein and Keohane define it as “a psychological tendency to hold negative views of the USA and the US society in general.”¹¹ What about the term propaganda? This study refers to opinion pieces about America published in CCP-controlled state media as propaganda. The use of this term does not suggest that opinions about America in Chinese state media are necessarily invalid or lack intellectual merit. Instead, the designation of propaganda means that state media controls and selectively deploys information on behalf of a self-interested political organization—in this case, the CCP. This is a common framing in many studies

of government-produced anti-Americanism in China. For example, Anne-Marie Brady analyzes anti-American rhetoric in state media as part of “the propaganda system.”¹² Similarly, Andrew Kuech examines the CCP’s “patriotic anti-Americanism” within the framework of “propaganda.”¹³

The CCP’s Anti-American Narratives: Empirical Findings

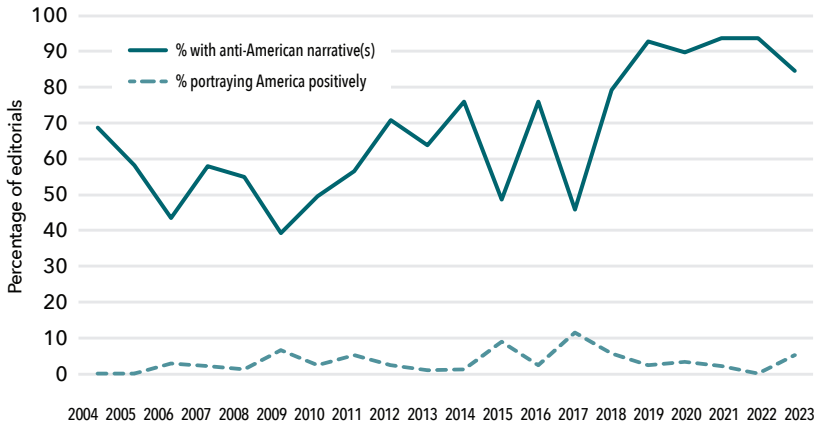
This main section of the study presents three findings about state media’s editorial coverage of the United States. First, I confirm the common perception that state media’s promotion of anti-Americanism has escalated since 2018–2019. Second, there are three distinct anti-American narratives that pervade the editorial coverage, only one of which is focused on US threats to China. And third, anti-American propaganda is often framed comparatively and serves to highlight the CCP’s achievements.

Rising Anti-Americanism

Since 2018–2019, there has been a substantial rise in the number of *People’s Daily* editorials featuring anti-American narratives, as well as an increase in the proportion of all editorials about America that promote at least one such narrative. In 2019 and 2020, an editorial highlighting American hegemony, bad values, or national decline was published on average once every 3.4 days—roughly twice a week. Many recent editorials promote more than one anti-American narrative. For example, they may combine the narrative of American hegemony and American decline to argue that America’s fears about its decline are the main cause of its growing efforts to contain China.

As Figure 1 shows, state media’s editorial coverage of America has varied over the last two decades. The high proportion of anti-American editorials in 2004 largely reflects criticism of the United States’ war in Iraq. The dips in 2015 and 2017 correspond to short periods in which Beijing reined in criticism of the United States as part of efforts to reset US-China relations. Similarly, the small dip in 2023 is due to the publication of a series of editorials focusing on bilateral cooperation during and after the Biden-Xi summit in November. Meanwhile, the proportion of editorials that portray the United

FIGURE 1. Rising Anti-Americanism in *People's Daily* Editorials



States positively has remained low throughout the last two decades, providing a counterpoint to Beijing’s frequent complaint that American media rarely publishes positive articles about China.

Beyond the change in numbers, the tone of editorials about America has also markedly shifted, becoming more strident and confrontational since 2018–2019. An editorial in May 2021 argued that “American-style democracy is nothing more than a game of empty promises.” The “stench of money compels its politicians to deceive the public with lies, which further leads to degeneration.”¹⁴ “The United States has absolutely no intention of engaging in reasonable competition,” began an editorial in September 2023. Rather, the hegemon “wields the big stick of sanctions and pushes for ‘decoupling and chain breaking’ and the so-called ‘de-risking’; out of ideological prejudice, it generalizes the concept of national security, abuses control and censorship, and builds ‘small courtyards with high walls’; it concocts a false narrative of ‘democracy against authoritarianism,’ forms cliques and factions to create ‘encirclement’ of our country, forces other countries to choose sides, incites confrontation, and undermines peace.”¹⁵ Few editorials published between 2004 and 2018 were this antagonistic.

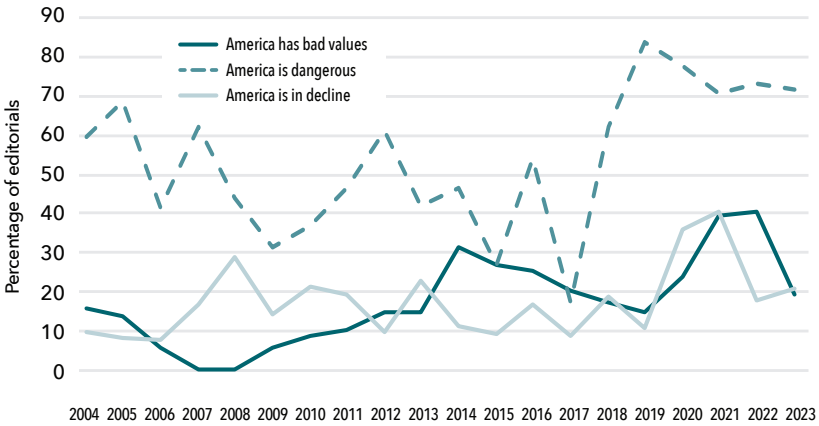
What explains the rise of anti-Americanism in state media since 2018–2019? The deterioration of US-China relations, some analysts reasonably suggest.¹⁶ Without casting blame on one side or the other, we can observe that several trends and events damaging to bilateral relations came together in the mid-to-late 2010s. China's foreign policy, which many analysts note became more assertive after around 2009, shifted again after Xi began his second term in office in 2017. New moves in military, diplomatic, and economic domains signaled global—rather than simply regional—ambitions.¹⁷ Beijing and others point the finger squarely at the Trump administration. Indeed, its attacks on China—both in rhetoric and policy action—contributed to the major rethink Washington undertook on China policy.

But there were also structural reasons for this shift. According to Pew Research surveys, public opinion among both Republicans and Democrats shifted negatively on China around 2018.¹⁸ New evidence of Chinese competitiveness in cutting-edge technologies, widespread theft of US intellectual property, Beijing's increasingly aggressive use of economic statecraft and coercion abroad, the emergence of "wolf warrior" diplomacy, the opening of China's first overseas naval base, and revelations about mass internment and human rights abuses in Xinjiang all contributed to the new China consensus—the bipartisan view that the PRC has both the intention and capabilities to challenge American global leadership.¹⁹

However, Xi's desire for stronger negative propaganda about China's top foreign competitor also flows from recent challenges in the country's domestic conditions. State media often criticizes America to redirect attention from China's own problems. For example, in February 2020, state media criticized the United States for its poor handling of infectious diseases *even before* the United States' failure to contain COVID-19 was known. As the Xi administration was coming under fire for mismanaging the disease, state media suddenly began to write about how terrible the flu was in the United States and how many Americans die each year of the flu, falsely suggesting that this problem was on the rise.²⁰

Domestic discontent on issues besides COVID-19 has also motivated the use of anti-American propaganda. While attempts to measure public support for the regime are fraught, there is survey evidence from 2020 suggesting that public approval is lower than previously thought.²¹ Xi's removal of presidential

FIGURE 2. America According to the *People's Daily*



term limits in early 2018 did not lead to protests, but many Chinese quietly opposed the move. China’s economy entered a historic slowdown in part due to the trade war. The PRC’s response to the pandemic would of course make this worse. In late 2022, the regime faced rare anti-Xi, anti-party demonstrations known as the White Paper Protests. Although triggered by restrictive COVID-19 policies, the protests also reflected broader discontent.

Three Narratives of Anti-Americanism

The CCP’s recent wave of anti-American propaganda has promoted three overarching narratives. These narratives are meta-stories about America’s national identity that both inform and are reinforced in state media’s coverage of specific events and trends. Each narrative is multifaceted and captures some fraction of the reality of America and its government’s actions. Yet the narratives are also exaggerated, one-sided, and present America in a way that is strategically useful for the CCP. Figure 2 breaks down the post-2018 rise in anti-Americanism by different narratives. It shows that each narratives rose and reached its peak at some point between 2019 and 2022 before subsiding somewhat in 2023.

The first narrative centers on America's foreign policies, especially its policies toward China. Essentially, the narrative is that America acts as a threatening hegemon, leveraging its power to detrimentally impact other nations. This narrative has a long history in CCP propaganda and encompasses various themes and recurring motifs, including that the United States uses its military might recklessly, that it imposes its values and institutions on others, that it bullies weaker countries, and that it misuses international organizations and agreements to advance only its own interests. "Numerous disgraceful incidents of hegemonic interference in other countries have piled up over America's more than two centuries of history...it is the most warlike country" the *People's Daily* has editorialized.²² America's "fully proven 'war addiction' is the greatest source of risk to peace and stability throughout the world" another editorial argues.²³ "Looking back at history, the United States has launched many wars 'at will,' causing disasters to many countries and regions," another editorial argued, citing the US wars in Afghanistan and Iraq as prime examples.²⁴ Even if the United States does not send its own troops to war, it is guilty of often stirring up trouble overseas and then leaving a disaster that other parties must clean up. Under President Barack Obama, "the United States has left nothing off the table to consolidate its hegemony, blatantly violating basic principles of international law; its pattern is to disrupt a country or region before withdrawing."²⁵

Since the early 1990s, state media has consistently emphasized that the United States has engaged in aggressive actions targeted specifically at China.²⁶ Editorials have accused the United States of meddling in China's internal affairs, displaying unfair treatment toward Chinese companies, adopting a "Cold War, zero-sum mentality," and forming "cliques" with China's neighbors to its detriment. The *People's Daily* frequently contends that American leaders and political elites propagate false narratives about China as a strategy to suppress its growth and legitimate interests, including the narratives that China is a threat, that China is free-riding on American technology and innovation, that America loses when China gains, and that China is in political "regression" under Xi. The latter two of these theories—the American Loss Theory and the China Regression Theory—surfaced in 2019 at the height of the trade war when, state media alleges, America repeatedly misrepresented the Chinese stance on trade issues to mislead both Americans and the global public.

The second narrative focuses on America's poor moral and social values, which make its promotion of human rights and democracy hypocritical. The racism embedded in American politics and culture has been a perennial point of attack—a tradition originating in Soviet anti-Americanism. “Racism has always been a systemic feature of American society and all institutions,” in which ethnic minorities still face the “nightmare of discrimination,” editorials argued in 2021.²⁷ The *People's Daily* extensively covered the George Floyd protests in 2020 and discussed the pandemic's disparate impact on minorities in the United States. The focus on African Americans, as scholars have noted, follows a Soviet propaganda tradition that served to counter American criticism of the USSR's repression of minorities. Moreover, the United States has a “deformed gun culture” that “places individual rights above social security.” The problem of child labor in America is “shocking.” Hundreds of thousands of people engage in “forced labor.” And America's human rights situation has “deteriorated further in recent years,” an editorial in 2021 claimed.²⁸ America's own troubled record on human rights shows “hypocrisy” and makes it “not qualified to lecture others or make accusations.”²⁹

A major subtheme in the narrative critiquing America's values is that greed and disunity undermine the country's so-called democracy. “When money rules politics, there is no real democracy.”³⁰ Citing the high costs of elections, “secret funds,” so-called dark money and the US Supreme Court's 2010 Citizens United ruling, the *People's Daily* concludes that American “elections have become a money game...for the wealthy.”³¹ This system “deprives people of their democratic rights, suppresses the expression of voters' true will.”³² America's democratic system can also be considered a form of institutionalized corruption, many editorials argue.³³ Trump's unusual campaign and surprising election in 2016 provided ample fodder for broader critiques of America's political system. “All kinds of strange phenomena highlight the embarrassment of American politics,” an editorial noted as the 2016 presidential election neared.³⁴ “The chaos exposed by this election reflects the deep-seated shortcomings of the American political system,” argued another.³⁵ Nor does the American government adhere to its own democratic principles when it comes to governing society. Although the United States claims to embrace the freedom of the press, “selective reporting is common”

and the government and corporate media behemoths regularly engage in the “suppression of domestic public opinion.” “Some editors and reporters with integrity...have been either deleted or banned, or imprisoned,” editorials in the *People’s Daily* have argued.³⁶

The third narrative centers on America’s decline, which has political, economic, and social dimensions. Over the last decade, the *People’s Daily* has linked polarization and “chaos syndrome” in American politics, the “powerlessness” of politicians to solve problems, and economic and social crises to argue that America is “deteriorating” or coming undone.³⁷ The “chaos” in the 2016 presidential election highlights that America’s “structural contradictions” have gone unresolved since the 1990s and “metastasized” into a “severe illness,” the *People’s Daily* argued.³⁸ “A series of data exposes the failure of the US government in social development and national governance, and the root cause of the problem lies in the institutional decline of ‘American democracy,’” explained an article in 2022. The headline was “America is Sick: Uncovering America’s Structural Decline.”³⁹

In early 2020, Chinese state media became fixated on the United States’ mishandling of the COVID-19 pandemic, viewing it as proof of systemic failure within America. The party line has been that the pandemic both demonstrated and exacerbated America’s decline—COVID-19 revealed how poorly America was prepared and how little its political class seems to care, and made political divisions and social problems worse. The United States was “selfish, short-sighted, willfully inefficient and irresponsible in responding to the epidemic.” This not only caused immense death and illness, “but also fully exposed and continued to worsen the long-standing social divisions, polarization between the rich and the poor, racial discrimination, and inadequate protection of the rights and interests of vulnerable groups.” The result is that “the American people have fallen into a deep human rights disaster,” the *People’s Daily* editorialized in June 2020.⁴⁰ Other editorials highlighted the irony of this tragedy occurring in the country with the most advanced medical knowledge and the world’s largest economy.⁴¹

As the pandemic continued, Chinese state media coalesced around a narrative that America had handled COVID-19 the worst of any country. This was explicitly used to subvert and reverse America’s frequent portrayal of itself as “No.1” in the world in many fields. For example, the *People’s Daily* argued

in 2021 that the United States was indeed the “world leader” in new fields, including countries that spread COVID-19 to others, countries that blame China for their own failures, and countries that allow disinformation.⁴² Furthermore, America did not fix its initial mistakes. “The repeated failures of the United States in fighting the epidemic highlight the reality of its serious failure in social governance,” an editorial argued in late 2022. The United States seemingly learned nothing from the monkeypox epidemic. The editorial went on to approvingly quote an editorial in the *Washington Post* as saying that America had “seemingly fallen into a mode of panic and neglect.”⁴³

American decline begins at home, but also has an international dimension. The United States is less and less able to coerce other countries and unilaterally mold the global landscape, state media argue. Evidence editorials have cited for this claim include: America’s chaotic withdrawal from Afghanistan in 2021, the Trump administration’s withdrawal from numerous international agreements and bickering with US allies, developing countries rejecting US calls to ban Chinese technology, and, most recently, America’s internationally isolating support for Israel’s war in Gaza. There is “increasingly strong criticism and opposition from the international community” against the hegemonic and bullying behavior of the United States,” a typical editorial argues.⁴⁴ State media often cites famous foreign analysts who argue that American foreign policy must change to accommodate the rise of China and other powers or reflect the limitations imposed by America’s growing domestic crises, such as Fareed Zakaria.⁴⁵ Before COVID-19, the narrative of American decline has been deployed by the CCP in response to the 2008 financial crisis, military failures in the Middle East during the late 2000s and 2010s, and the tumultuous 2016 presidential election.

Against the above points, a critic might argue that Chinese state media is simply reporting true signs of America’s decline. After all, America’s political and social dysfunction are being discussed and debated by Americans daily. However, the argument here is not about whether America is or is not in decline. The point is that state media’s full-throated promotion of the narrative of American decline, often one-sidedly and at the expense of alternative narratives, should be understood as a strategic choice.

How Anti-Americanism Makes China Look Good

The third empirical finding of this study is that anti-American narratives in state media are presented in a comparative frame, showing China's superiority to the United States. Criticism of America in state media is often part of an explicit US-China comparison. But even when it is not, anti-American messaging is being promoted in a media environment saturated with comparisons between China and its foremost international rival on every aspect of foreign and domestic policy. Even before 2018–2019, the *People's Daily* editorialized about the United States far more than about any other foreign country. That China's accomplishments and practices should be measured against America's is an unstated yet ubiquitous assumption in both official and unofficial discourse.

All three anti-American narratives in state media are used to highlight China's outperformance of the United States, potentially boosting public support for the CCP. The narrative that America is a threatening hegemon certainly aims to rally citizens in defense of their country, as existing scholarship on anti-Americanism suggests. But this narrative also benefits the regime by showing the superiority of China's own foreign policies under Xi. For example, the CCP's portrayal of the United States as internationally isolated is consistently juxtaposed with the notion that China is a friend to the world and has good relations with the vast majority of states. The United States has long bullied other countries into compliance with its vision of international order, but its demands on others are increasingly being rebuffed. Instead, the international community is looking to China—not as a new hegemon, but rather as a “great power that acts responsibly.” The Trump administration's attack on Huawei was skillfully rebuffed; with the assistance of the CCP, the Chinese company is stronger and more globally influential than ever. The developing world is particularly sick of American meddling and is ready for partnerships with China; Latin Americans show a “natural distrust” toward American investments and “enthusiastic responses” to Chinese investments, one editorial explains, because Chinese companies treat the region with respect.⁴⁶

The narrative that America has bad moral and social values is used to demonstrate the superiority of societal harmony in China under the CCP's guiding hand. America is awash in racism, whereas China's 56 official ethnic groups live in harmony as “the big family of the Chinese nation” (中华

民族大家庭). America's ethos of personal freedom allows for the spread of drugs, gun violence, and other social problems. By contrast, the Chinese government's approach of restricting personal freedoms and surveilling the public promotes public safety. Given its own problems, America does not have the right to criticize China's human rights record. America's political system fails to live up to its own standards of democracy. The *People's Daily* routinely describes America's political system as "chaotic"—a charge with deep resonance in China's political culture. The CCP has long promised to deliver China from political chaos and strives to present an orderly political system with established norms, even as Xi has rewritten those rules to take a third term in power. American politicians are often described as unable to address social and economic problems because of the constraints of "political and legal shackles."⁴⁷ This naturally leads readers to consider China's political system, in which the central leadership is unconstrained by public opinion or the letter of the law.

The narrative of American decline serves to emphasize that China is rising, leading, and tackling difficult challenges. For example, the *People's Daily's* extensive coverage of America's failed response to COVID-19 has been a critical component of its narrative about China's allegedly successful response. "The 'big test' of the COVID-19 epidemic has once again verified the strong governance capacity of the Chinese Communist Party and the superiority of the Chinese system, which is the general consensus of the international community," crowed one editorial column in July 2020.⁴⁸ As the United States struggled with COVID-19, China was "the only major economy in the world to achieve positive economic growth" and "became an important engine for the recovery and development of the world economy."⁴⁹ Chinese state media had initially been put on the defensive in early 2020 over reports that the government suppressed information about the virus. Yet state media editorialists recovered their swagger as news began to emerge about America's inability to contain the virus. State media was able to capitalize on organic shifts in public sentiment brought on by Covid news from outside China.

Moreover, CCP messaging has often used the narrative that America is in decline to explain why US-China relations have deteriorated since 2018–2019. In numerous editorials, the *People's Daily* has argued that Americans' frustration with their country's weakness and fear of further decline explains

the United States' hostility towards China under the Trump and Biden administrations. As one editorial argued in 2021:

In the face of the reality of America's declining soft power and hard power, both the previous administration and the current one see China as a strategic competitor and a major threat. They grab on to all opportunities to politicize the pandemic, trade, education, technology, and cybersecurity, continue producing the 'China threat theory', try to suppress, isolate, and contain China's development.⁵⁰

The ultimate goal of the United States' suppression and containment of China is to preserve its own hegemonic status. "If China were still poor and backward today, then the attitude of the United States toward China would be much better," a Guojiping column explained in 2019.⁵¹ "The root of slandering China is that some Americans cannot accept the reality of China's strong development," argued another editorial.⁵² Try as it might, the United States "will be unable to restore its [global] leadership by suppressing China," noted a third.⁵³

In sum, my examination of the framing of anti-American propaganda reveals carefully crafted narratives that aim to both bolster the domestic legitimacy of the CCP and rally the public against a troubled but still dangerous foreign power.

What Should US Policymakers Do?

Several takeaways and recommendations relevant for US policymakers follow from the above analysis. US policymakers should understand the role that anti-Americanism plays in Chinese politics, avoid playing into its narratives when possible, and take measures to counter the CCP's spread of anti-American messages globally.

First, this study underscores the significance of rising anti-Americanism in the CCP's propaganda strategy. US policymakers should understand both its domestic uses and the sophistication of its content. The Xi administration has shown that it is deeply invested in the notion that the United States is both a threat to China and also China's leading rival—the state against

which national performance in many areas will be measured. What this means for the United States is that some degree of anti-Americanism is inevitable within China's current political framework.

Washington certainly can and should continue taking steps to improve bilateral relations, but it should not expect that America-bashing can be eliminated; anti-Americanism is simply too useful a tool in the CCP's hands. Moreover, PRC rhetoric critical of America should not be dismissed as empty talk or "just propaganda." This study shows that anti-American propaganda narratives are sophisticated and are intended to be believed by CCP officials and the public. Elaborate efforts have been taken to create narratives that draw from real events and tap into pre-existing negative feelings about America among many Chinese people. Although we do not know to what extent the CCP's anti-Americanism is persuasive to the Chinese public, many of the same criticisms of America are raised in private media and in popular online fora. For example, a recent Tsinghua University survey found that 80 percent of Chinese people blame "the US and Western countries" for Russia's war in Ukraine, showing public opinion aligning with the government preferred narrative.⁵⁴

Second, US policymakers should—when possible—avoid playing into the PRC's negative narratives about American behavior and values. US rhetoric and actions that align with CCP narratives hand Xi a propaganda victory and strengthen the credibility of Chinese state media at home and around the world. While the United States can do little to disrupt Chinese state media's promotion of anti-American messages in the PRC, it can still try to reduce the persuasiveness of those narratives by not playing into them. Certainly, US officials and policymakers should not stop criticizing the PRC's bad behaviors ranging from IP theft to human rights abuses. But such criticisms are more likely to find an audience among Chinese citizens and even officials if they are framed as requests for the PRC to adhere to international law, norms, and its own stated principles.

By contrast, if US policymakers portray the PRC as an enemy or argue that the United States must contain China to sustain US hegemony, then it directly plays into the narrative that the United States is a bully and is lashing out because its status is threatened. For example, Matt Pottinger and Mike Gallagher lend credence to the PRC's narrative of American threat when they argue, as they did in *Foreign Affairs* recently, that America's desired end state in the relationship

should be “a China that is able to chart its own course free from communist dictatorship.”⁵⁵ Pottinger and Gallagher may believe that Chinese state media being able to credibly portray the United States as the aggressor in this relationship does not matter. Regardless, US policymakers must at least recognize and weigh the potential impacts of their statements both in China and globally. As critics of the Pottinger-Gallagher argument have noted, such a framing of US goals risks alienating American allies and partners.⁵⁶ Pottinger and Gallagher might argue that their thesis grants the Chinese people agency, which is true and a useful corrective to the CCP’s narrative that the interests of the regime and the populace are one and the same. However, to assume that most Chinese people want to throw off CCP rule and build a new system more to America’s liking is wishful thinking. Moreover, it plays into another PRC narrative about America in the world: its arrogance.

Third, US policymakers should understand that anti-American propaganda exacerbates problems in the US-China relationship, but also that Beijing can be incentivized to moderate it. State media’s current promotion of anti-Americanism, whether persuasive to the Chinese public or not, risks creating a nationalistic atmosphere that undermines people-to-people relations and makes future cooperation between the two countries more difficult. Chinese state media has often argued that the United States is lashing out at China because it knows it is in decline and feels threatened—a useful line because it exonerates Beijing from any actions that might have undermined US-China relations.

Yet, by disseminating this story to the public, the CCP may also be spreading the idea that there is little China can do to improve US-China relations because the sources of American hostility are domestic and structural. Chinese officials and state media have repeatedly argued against the popular idea that the United States and China are caught in a “Thucydides Trap,” in which the tensions created by China’s rise and the United States’ relative decline lead to increased conflict and potentially war. Yet propaganda blaming poor bilateral relations on American insecurity is advancing a logic not unlike that of the “Thucydides Trap.” The risk is that this messaging itself will make the trap, and therefore serious conflict, more difficult to avoid.

Although the Xi administration will not give up anti-Americanism, this study suggests that US actions affect how strongly it is promoted. Most obvi-

ously, President Trump's anti-China rhetoric and trade war spurred the CCP to hit back rhetorically as well as with policy shifts. But there have also been periods in which the CCP has reduced anti-American messaging, especially in response to the prospect of fruitful or high-level bilateral negotiations. The most recent such period was the second half of 2023 in the lead-up to the Biden-Xi summit on the sidelines of Asia-Pacific Economic Cooperation meetings. For several months, the *People's Daily* sharply reduced the number of editorials with anti-American narratives, published multiple editorials in support of dialogue, and published more editorials than usual portraying the United States positively.

Thus, US policymakers should understand that Chinese state media is still willing to deescalate its attacks in order to encourage bilateral efforts to improve relations. If it seeks to avoid a fatalistic "Thucydides Trap" spiral, the United States should pursue opportunities to showcase and increase cooperation—and reward even small PRC concessions—to the extent that this can be done while standing up for American interests and values. An example of this that is already being implemented is American officials expressing appreciation for the PRC's past actions to reduce the flow of fentanyl precursor chemicals to the United States while pushing for further action on the issue, as President Biden did during his meeting with Xi in November.

Fourth and most ambitiously, I propose that the United States needs a comprehensive strategy to identify and counter anti-American narratives spread internationally by the PRC. Anti-Americanism is a key feature, not a byproduct, of the PRC's global media offensive. Through official, unofficial, and covert channels, the CCP promotes the same anti-American narratives abroad that it does domestically to influence foreign governments and publics. Such propaganda efforts are an important part of Xi's strategy to undermine American influence in the world while strengthening China's. Anti-American propaganda has the power to disrupt American alliance-building and sow distrust of the United States among third country elites, business communities, and the general public. Certainly, US government agencies have analyzed and combatted many PRC disinformation and propaganda campaigns in recent years. In September 2023, the Department of State's Global Engagement Center published its report on "How the People's Republic of China Seeks to Reshape the Global Information Environment."⁵⁷ Yet, both in this report and

more generally, discussion of anti-American propaganda is limited to specific false rumors, such as that COVID-19 originated as an American bioweapon. There has been little focus on the systematic spread of broader narratives aimed at shaping how people think about American government, society, and foreign policy as a whole. It is these PRC narratives that likely pose a long-term danger to American interests in other countries. For example, analysts inside and outside the US government have argued that a coordinated PRC campaign “to promote US hatred” has “landed punches” in Thailand in recent years; numerous “anti-America” and “Hate Americans” videos with distorted or false content have gone viral in the country, spreading the message that Americans are racist against Asians and responsible for the rise of anti-Asian hate since the start of the COVID-19 pandemic.⁵⁸

A US strategy against anti-American propaganda can only succeed if it accurately defines the problem. The goal cannot be to oppose all anti-American sentiment or to suppress organic criticism of US actions globally, which would betray our values and likely be counterproductive. Instead, the strategy should focus on authoritarian state-backed campaigns that rely on covert influence or disinformation. The goal should be first to identify and call out PRC propaganda narratives and second to craft counternarratives that address what might be persuasive in these anti-American narratives in different national contexts. Institutionally, the US strategy on global anti-Americanism could be based in the State Department and extend existing lines of effort on public diplomacy and combatting disinformation. Concretely, it would require not only a high-level strategic plan but also training for US diplomats and others stationed abroad on how to identify and report up the PRC’s local information operations. The implementation of this strategy should be decentralized and country-specific, reflecting the broad but differentiated nature of the PRC’s global media offensive. In sum, the CCP’s anti-American messaging has become too prominent within China and too insidious globally for US policymakers not to elevate their concern and strengthen measures that respond to the challenge.

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2023-24 WILSON CHINA FELLOWSHIP

Sponsored Press Trips as an Avenue of Foreign Influence

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Abstract

Shaping American discourse about China is an increasingly important objective for Beijing. Beijing does so, in part, by bringing American journalists to China. I identified the dates and participants for every sponsored media trip to China between 2011 and 2018 disclosed by the lobbying firms that helped organize them in the Foreign Agents Registration Act (FARA) archive. Beijing schedules these trips, I find, when international media coverage is typically most damaging to the CCP: the anniversary of the Tiananmen massacre; the annual meeting of the rubber-stamp National People's Congress; and diplomatic crises, among others. Using tools from computational linguistics, I show that these trips shape subsequent coverage, even in America's newspapers of record. Participating media outlets depicted China's rise as less threatening and pivoted from Beijing's long record of human rights violations to its openness to economic cooperation with Washington. Over time, this essay suggests, Beijing's media outreach strategy may render Americans more comfortable with its bid for global leadership.

Policy Implications and Key Takeaways

- Media outlets should not participate in trips sponsored by foreign governments, either directly or through affiliates.
- Congress should modernize lobbying transparency legislation in several important respects.

Introduction

Global public relations campaigns, many scholars have suggested, are key to autocratic survival in the 21st century.² These campaigns, as Alexander Dukalskis put it, enable the world's autocrats to "cultivate a positive image of themselves in the United States in order to bolster their internal and/or external security."³ For Beijing, this is important in an era in which American views of China are declining precipitously. In 2024, 81 percent of Americans view China unfavorably, compared to only 35 percent in 2005.⁴ Public opinion on China matters profoundly for China policy because politicians campaign on voters' perceived preferences and respond to their concerns in office.⁵ This has contributed to a bipartisan consensus on the importance of competing with, and even containing, China.

In this environment, foreign public relations campaigns are crucial for Beijing. Beijing's strategy aims to put a "floor" on US-China competition: in particular, to avert American containment policies that would impede China's ability to rise and the prospect of kinetic conflict, which China is still not favored to win. Beijing has long invested in campaigns to influence foreign perceptions of China, but its efforts expanded as public opinion on China soured. By 2017, I find, some 90 percent of Chinese lobbying expenditures disclosed to the Department of Justice were earmarked for targeting media outlets, think tanks, and universities.

Sponsored press trips, sometimes called "junkets," are an understudied element of this strategy. Beijing aims to bring foreign journalists to China to better tell the "China story." In 2021, for example, *China Daily* launched the "Edgar Snow Newsroom," so named for the American journalist who effusively praised Mao Zedong even in the midst of the great famine. Among the strategy's key tools is escorting "international friends"—especially foreign journalists—around China.⁶ Their subsequent reporting, *China Daily* chief editor Zhou Shuchun explained, would help record "the wonderful China story and reveal a rich and varied, vivid and multidimensional image of China."⁷ While this essay focuses on American media outlets, this is a global phenomenon. Beijing and its affiliates offer sponsored press trips and training courses to journalists across Africa, Asia, and elsewhere, where their effects may be even more pronounced.⁸

The remainder of this essay traces the evolution of Beijing's strategies to influence foreign public opinion, visualizes Beijing's pivot to media lobbying

since the early 2010s, and assesses the timing and impact of sponsored press trips on American media coverage. The essay concludes with recommendations for journalists and Congress about how to ensure balanced coverage and enhance transparency.

The Evolution of the CCP's Outward-Facing Propaganda

Beijing's interest in shaping foreign perceptions of China is longstanding. As Larry Diamond and Orville Schell document, in the 1950s Beijing used shortwave radio broadcasts and foreign-language newspapers to promote socialist revolution worldwide.⁹ After an interlude due to the chaos of the Cultural Revolution, in the 1980s Deng Xiaoping reinvigorated these efforts. He launched the External Propaganda Small Group and founded or re-opened over 100 foreign propaganda outlets, including *China Daily*, *Voice of China*, and the overseas editions of *People's Daily*. In 1983, Xinhua began sending content abroad.¹⁰ After the Tiananmen Square massacre led the world to condemn the "butchers of Beijing," Beijing opened the State Council Information Office in 1991 to improve China's image through public diplomacy. Throughout the 1990s and early 2000s, documents Anne-Marie Brady, Beijing's outward-facing propaganda aimed to undermine support for dissidents, the Falungong, and Taiwanese democracy among the diaspora and to build support for investment and trade with China.¹¹

In the early 2000s, Chinese scholars articulated the intellectual foundations for Beijing's new global public relations campaign. "Public relations is about setting public discourse, public opinion, and the general discursive atmosphere," said Professor Zhao Hao-sheng at a speech at Tsinghua University.¹² Since most Americans knew relatively little about China, he reasoned, they were open to persuasion. Zhao advised Beijing to work through American media outlets. His argument is worth quoting at length:

America is a country where public opinion determines everything. The power of public discourse rests entirely within the hands of a few major media organizations, primarily consisting of the four major television channels (NBC, ABC, CBS, and CNN) and the four

major newspapers (*Washington Post*, *New York Times*, *LA Times*, and *Wall Street Journal*), as well as a few think tanks and university research centers. Average Americans, including most members of Congress and government officials, possess limited knowledge of China. Most of their knowledge of China comes from these media sources and research organizations. For instance, if the *Washington Post* publishes an article attacking China's family planning policy, it will form the basis of knowledge of a US congressperson, who will issue a statement according to this report. The statement will then be published by his local newspaper, thus influencing American public opinion. This is how public opinion is formed in America.¹³

For Zhao Kejin, deputy director of Tsinghua University's Center on US-China Relations, Beijing confronted a strategic imperative: countering the content in most American media outlets, which presented Beijing "a 'communist state' that lacks internal legitimacy, runs rampant with corruption, abuses human rights, suppresses dissent, and does not abide by international law, though it is growing rapidly in economic and military prowess."¹⁴ The solution, he argued, was for Beijing to "establish a network of experts" in the United States comprised of political scientists, scholars, and commentators who can combat negative images of China." This "team of 'iron mouths' and 'iron pens'," he argued, "can 'persuade' the American public by writing a large number of articles supporting China in mainstream American media and participating in television interviews."¹⁵

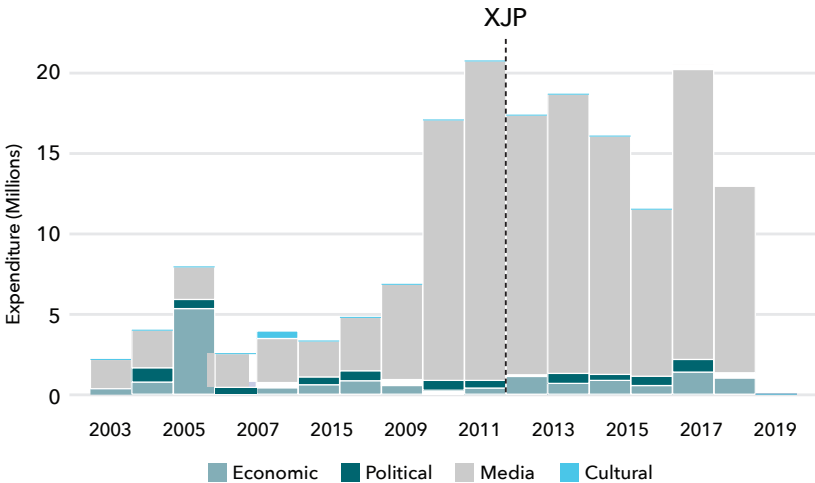
Hu Jintao soon launched the Grand Overseas Propaganda Campaign, embracing Joseph Nye's concept of "soft power."¹⁶ The goal, for Hu, was to "make socialist ideology more attractive and cohesive" and introduce the CCP's "outstanding achievements and distinguished scholars to the world."¹⁷ Hu reportedly earmarked \$7 billion for the campaign. As Diamond and Schell document, Xinhua expanded its coverage to seven languages and opened 80 new bureaus, doubling those in the United States.¹⁸ China Radio International (CRI) began leasing local Western radio stations.¹⁹ *China Daily* began purchasing \$250,000 advertisements in important American media outlets like the *Washington Post*, *Wall Street Journal*, and *Des Moines Register* to feature pro-China content that appeared as though it had been published by the news outlet itself.²⁰

Xi Jinping, upon taking power in 2012, set his sights higher: to “develop a voice in international discourse that matches with China’s comprehensive national strength and international status.” Before he took power, the FARA disclosures filed by Beijing’s lobbyists focused overwhelmingly on trade issues: securing membership in the World Trade Organization, for instance, or facilitating market access for leading Chinese firms. By 2017, some 90 percent of Beijing’s FARA-reportable expenditures focused on cultivating media outlets, think tanks, and academic institutions. In 2018, Xi centralized Beijing’s various outward-facing propaganda initiatives under the new Voice of China organization.²¹ Xi also increased its budget even further. The CCP, David Shambaugh estimates, now spends around \$10 billion annually on “soft power” initiatives, over ten times Washington’s annual public diplomacy expenditures.²² Its reach expanded accordingly. CGTN now reaches some 30 million American households.²³

Tracking CCP Media Lobbying

To explore how Beijing’s lobbying strategy evolved, my research team coded all FARA disclosures filed by its lobbyists between 2003 and 2019. These disclosures reveal more than 10,000 outreach activities on Beijing’s behalf, encompassing everything from emails to and meetings with policymakers, various forms of outreach to media outlets, and campaign contributions to candidates for elected office. Figure 1 visualizes Beijing’s annual lobbying expenditures. The dashed vertical line in 2012 marks Xi Jinping’s rise to power.

In the early 2010s, Figure 1 shows, Beijing’s lobbying efforts focused on economic and political issues, especially securing market access for Chinese firms. The 2005 campaign to permit the state-owned oil firm China National Offshore Oil Corporation to purchase US energy company Unocal, for instance, drove an important spike in lobbying. Much of this lobbying focused on global trade and market access issues and was similar to that undertaken by other countries. In the early 2010s, as US-China relations worsened, Beijing’s lobbying efforts shifted towards media and cultural initiatives: distributing propaganda in the United States and hosting American journalists and experts in China. Previously negligible, these expanded dramatically. One of Beijing’s lobbyists, BLJ Worldwide, described

FIGURE 1. The evolution of Chinese lobbying expenditures

Xi’s strategic pivot succinctly: to “develop and foster a community of like-minded experts on US-China relations.”²⁴

BLJ’s disclosures illustrate how Beijing’s lobbyists pursue that objective. BLJ Worldwide regularly arranges trips to Beijing for scholars, journalists, and legislators. It organizes programs with numerous American think tanks.²⁵ It even “[arranges] for media campaigns in national and local US sources, focusing on particular areas that can benefit from US cooperation with China.”²⁶ BLJ Worldwide’s CEO, Peter Brown, holds frequent private dinners at his home attended by representatives from prominent news outlets like ABC News, Bloomberg, CNN, *The Economist*, *Financial Times*, Forbes Asia, *The New York Times*, *Newsweek*, Reuters, and *Wall Street Journal*. BLJ Worldwide holds similar parties in Washington and New York. These efforts constitute a form of image laundering: to secure more favorable media coverage and shape conversations among policymakers and observers. In crafting this strategy, BLJ Worldwide drew on its work for other repressive governments. BLJ Worldwide previously represented the Syrian government in the midst

of the civil war—it secured a *Vogue* cover story describing Syria’s first lady as the “rose of the desert”—and Qatar’s bid for the 2022 World Cup, marred by corruption and human rights abuses.²⁷ Though my period of analysis ends in 2018, FARA data tracked by Open Secrets suggests that Chinese lobbying has more than tripled since then. The issue of Beijing’s image laundering is becoming more pressing over time, not less.²⁸

Sponsored Media Trips

Sponsored trips to China for American journalists represent a key part of Beijing’s foreign public relations campaign. These trips are typically organized on Beijing’s behalf by the China-US Exchange Foundation (CUSEF), a Hong Kong-based NGO that was founded in 2008 by C.H. Tung, who became Hong Kong’s first chief executive after the handover.²⁹ These trips typically last two weeks, feature meetings with government officials and business leaders, and often include cultural outings and trips to secondary cities.

Sponsored press trips are surprisingly common. Between 2011 and 2018—the period for which trip dates were available in the FARA archive—I identified 16 trips attended by 47 total media outlets. Each trip is attended by journalists from around three to six media outlets, encompassing regional newspapers and America’s newspapers of record. Journalists participate for a variety of reasons. Some participants, one journalist told me, believe CUSEF is genuinely independent. Others expect the trips to portray Beijing positively but believe they can see through the spin.³⁰ All value the access the trip may confer. Although the trips formally entail no costs to participants, many media outlets have ethical guidelines that require the outlet or journalist to pay all associated costs in the interest of unbiased coverage.

FARA records offer a unique opportunity to evaluate the timing and effects of Beijing’s sponsored media trips. Two key results emerge. First, trips are scheduled when American media outlets ordinarily cover the CCP most critically: the anniversary of the Tiananmen Square massacre, most notably, but also the annual meeting of the National People’s Congress (NPC), a rubber stamp parliament with virtually no power which Beijing fashions as an exercise in genuine democracy. This propagandist calendar makes sense. Beijing’s media trips aim to shape subsequent coverage by casting China’s rise

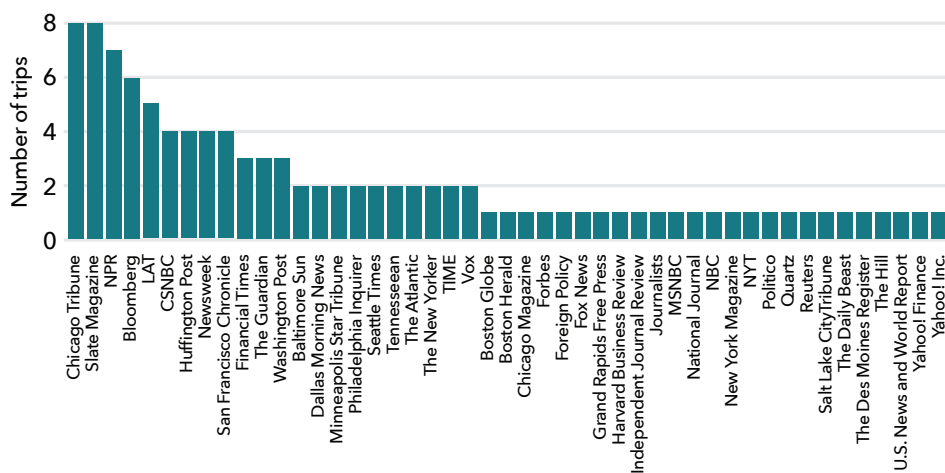
as unthreatening to American interests and Washington's push towards containment as undermining the global economy.

Second, these trips are remarkably successful. I use tools from computational linguistics to measure how the trips affected participants' coverage of China. As a comparison set, I analyze coverage of China in American media outlets that did not participate on a given trip, but which participated on a trip at some other time. This is an ideal comparison set because it includes outlets that were not opposed to participating in principle, but did not receive the public relations treatment at that point in time, perhaps because they were not invited or had other priorities. In all, I compare over 15,000 articles published by US media outlets that participated on sponsored press trips to China to over 26,000 articles published by US media outlets that did not participate on the same trips, but which participated at some other time. Participating media outlets, I show, cast China's rise as less threatening, precisely as Beijing would have them. Coverage pivoted away from areas of tension between Beijing and Washington—like military rivalry and the CCP's long record of human rights abuses—and toward prospects for economic cooperation. These effects persisted for some three months.

Precisely why these trips shape media coverage remains an open question, which my observational data is unable to fully address. The available evidence, however, suggests the possibility of recency bias: the tendency for individuals to overemphasize the importance of recent information compared to older information. Recency bias has been shown to favor candidates in the "last slot" in contexts as different as courtroom arguments and singing contests.³¹ It also induces journalists who are embedded in conflict zones to unintentionally favor the side with which they are embedded.³² I suggest it leads American journalists, after they participate in sponsored press trips, to downplay Beijing's military might and human rights abuses and emphasize its contribution to the global economy, consistent with the pro-Beijing framing intended by trip organizers.

Participants

Beijing's media trips provide an uncommon opportunity to probe its calendar of outward-facing propaganda and measure its effects. The FARA legislation, introduced above, requires Beijing's agents to disclose their activities

FIGURE 2. Participants on all sponsored media trips, by frequency

on its behalf in extraordinary detail. Beijing’s media trips are generally organized by CUSEF, but, in Washington, CUSEF enlists BLJ Worldwide to handle the logistics. Since BLJ Worldwide’s activities are subject to FARA disclosure, there is an extraordinary record of the trips themselves: when they were scheduled, what outlets attended, and more.

Between 2011 and 2018, the FARA archives report 16 sponsored trips to China for American journalists, which generally included between three and six media outlets. Figure 2 shows the participants, scaled by how often they attended. The most frequent participants were *Chicago Tribune* and *Slate Magazine*, which each participated in eight trips. Bloomberg, CNBC, Huffington Post, *LA Times*, *Newsweek*, NPR, and *San Francisco Chronicle* were also frequent participants, joining between 4 and 7 trips. Other notable participants include America’s newspapers of record, including *The New York Times* and *The Washington Post*. But Beijing equally targets regional newspapers, magazines, websites, and television stations. Strikingly, unlike RT, which routinely targets more partisan outlets,³³ virtually all of Beijing’s targets represent the mainstream media.

Timeline

BLJ Worldwide reported the precise dates of six of the 16 trips disclosed in the FARA archives. Of these, three coincided with the anniversary of the 1989 Tiananmen Square massacre, widely acknowledged as the most politically sensitive time of the year. In Washington, Members of Congress routinely schedule testimony from survivors of the massacre, human rights lawyers, and other Chinese dissidents. Globally, media outlets commemorate the massacre with various retrospectives and updated, generally negative, assessments of the status of human rights in China.³⁴ The CCP appears to intend to counter this otherwise negative media coverage with sponsored trips.

The next most common driver: the annual meeting of China's rubber stamp parliament, the National People's Congress (NPC), which is held each March. The CCP's outward-facing propaganda apparatus casts it as an exercise in democracy. The English edition of the *People's Daily* put it this way: "The annual meetings have showed the international community how China's democracy is an extensive and true democracy that works".³⁵ Beijing recruits foreigners to make the absurdities more credible to foreign audiences.³⁶ During the 2018 NPC meeting, Xinhua hired Colin Linneweber, a Chicago sports journalist, to visit China and, while there, explain "Chinese democracy" to Western democracies. Beijing's propaganda apparatus promoted the clip widely on social media. One excerpt:

It is widely acknowledged that a key to China's success is its system of democracy, which results in political stability and vitality...You can see how the Chinese democracy works by following an annual event that takes place in Beijing, the 'two sessions.'...In Chinese, democracy is called *minzhu*, and it means that the people are the masters of the country. But how exactly does China's democratic system work, and how can its people's voices be heard? Let's check it out.³⁷

In 2021, Linneweber described his "chagrin" for having been an "unwitting" participant in "the CCP's never-ending propaganda."

Beijing's media trips are sometimes occasioned by political events. One such event was the Obama administration's "pivot to Asia," announced in November 2011. In the pages of *Foreign Policy*, Secretary of State Hillary

Clinton called on Washington to challenge China's growing influence in the region by expanding its economic engagement with key partners, strengthening regional multilateral organizations, defending democracy, and bolstering military cooperation. Later that month, the administration reached an understanding on the Trans-Pacific Partnership (TPP) with eight partner-governments. The CCP interpreted the pivot as Washington's latest attempt to contain it. Its sponsored media trip, organized hastily, was an effort at damage control. In short, the CCP's public relations initiatives suggest a strategy of blunting: discouraging negative coverage of China when it is most damaging.

Effects

To measure media content, I analyzed all articles published by all participating media outlets in the three months before and after a given trip. I also analyzed all articles from all outlets that did not participate in a given trip as

TABLE 1. The calendar of media trips

Occasion	Dates	Participants
US Pivot to Asia	10/31/2011-11/09/2011	NPR, Atlantic, Yahoo, Bloomberg, MSNBC, Reuters
NPC	03/12/2012-03/20/2012	Seattle Times, San Francisco Chronicle, Tennessean, Dallas Morning News
Tiananmen	05/14/2012-05/22/2012	Bloomberg, Chicago Tribune, Washington Post
NPC	03/12/2013-03/20/2013	Seattle Times, San Francisco Chronicle, Tennessean, Dallas Morning News
Tiananmen	05/14/2013-05/22/2013	Slate Magazine, Bloomberg, Chicago Tribune, Washington Post
Tiananmen	06/10/2014-06/18/2014	NPR, Harvard Business Review, Financial Times, Slate Magazine, Politico

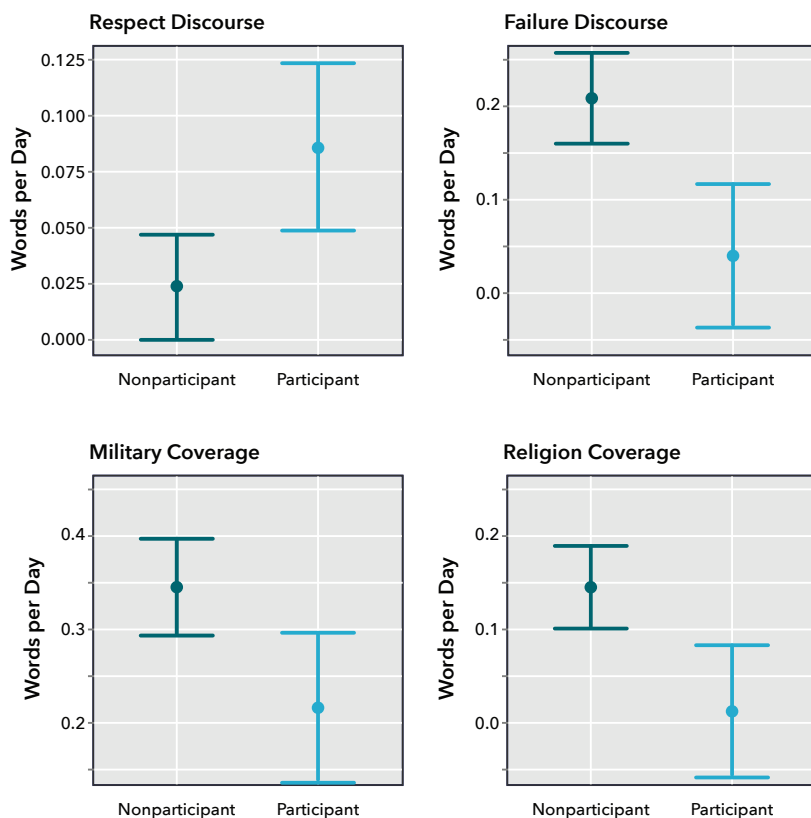
a comparison set, but did participate in some other trip. For the six trips in Table 1, the group “treated” with the CCP’s public relations messaging includes 15,417 articles from 15 outlets that participated on a given trip and the control group includes 26,417 articles from outlets that did not participate on a given trip but did participate on some other trip.

I used a variety of computational techniques to identify coverage content along a range of dimensions—by whether it references China or various substantive topic areas like politics, economics, legal matters, the military, or religious life. I measure the valence (positive or negative) of China coverage. I use semantic dictionaries to measure a variety of more sophisticated concepts like strength, power, activity, virtue, overstatement, respect, feeling, work, goal, try, completion, and failure.³⁸

For each trip identified in Table 1 in this study, I assign participating outlets to the treatment group and non-participants to the control group. This allows me to measure the effect of participation on subsequent coverage for outlets that attended a trip relative to outlets that did not attend but were, in principle, willing to do so. I study changes in coverage for 30 days after the conclusion of a trip using a difference-in-differences identification strategy. The results are visualized in Figure 2. The top row of Figure 2 focuses on two key sentiments: respect and failure. Strikingly, trips lead American journalists to cover Beijing as more worthy of respect and less associated with failure. Compared to nonparticipants, media outlets that participated on trips use three times as many respectful words when describing China. They are also more than twice as likely to describe China as successful rather than a failure.

The bottom row of Figure 3, however, suggests that two coverage topics are less common after sponsored press trips: military activity and religious affairs. Nonparticipating outlets write 75 percent more about military issues than participating outlets and a stunning 650 percent more about religious issues. These, indeed, are two of the most sensitive topics for Beijing. The CCP is keen to avoid being portrayed as a threat to American hegemony, which could elicit a Cold War-style containment policy. The CCP is also tremendously repressive of religious minorities in Xinjiang and elsewhere. Shifting media attention from China’s military rise and domestic repression is profoundly in the CCP’s interests.³⁹

FIGURE 3. Effect of media trips on coverage of China



Conclusion and Implications

Beijing seeks to influence American public opinion by shaping American media. It does so at predictable moments: the anniversary of the Tiananmen massacre, for instance, and the annual session of the rubber-stamp National People’s Congress, when American media outlets ordinarily cover the CCP most critically. The media trips that Beijing sponsors are remarkably successful. Beijing’s outreach strategy does not change the frequency of media coverage, but it does change its content. Sponsored press trips induce American

journalists to cast China's rise as less threatening, precisely as Beijing would have them. Coverage routinely shifts away from areas of geopolitical tension—like military rivalry and the CCP's long record of human rights abuses—and toward prospects for economic cooperation. These changes persist for roughly three months. Beijing's efforts to shape American media coverage are ongoing. Data suggest that Chinese lobbying has tripled since the end of my period of analysis.⁴⁰ From Beijing's perspective, fostering a "community of likeminded experts on US-China relations" is more urgent than ever due to declining American views of China and increasing hostility from Washington.

Beijing's programs to shape media coverage in Africa and Asia may be even more influential, where it organizes sponsored trips and training courses for thousands of journalists.⁴¹ Joseph Odindo, formerly an editorial director of Nation Media Group, the largest media conglomerate in East and Central Africa, underscored the frequency of these trips: "we had to draw up a chart which would enable us to see who was out on a Chinese training at any given time, who was due to come back, and who was next—otherwise you could find half of your newsroom is in Beijing undergoing training."⁴² Bob Wekesa, a former editor and media scholar at the University of Witwatersrand in South Africa, views Beijing's focus on African media as driven by its competition with Washington.⁴³ In his account, sponsored trips for African journalists became common between 2010 and 2012, coincident with the spike in sponsored trips for American journalists in the FARA data. These trips, he said, "are loaded with the ideological positions that China is pursuing on the African continent," such as Chinese support for Africa and Global South cooperation. In his view, there is an "understanding" that participants "become journalistic ambassadors for Beijing towards the continent, helping build relations back in their newsrooms and persuade their colleagues on the continent to use [content from] Xinhua news agency," which is often available free of charge unlike content from the AFP, AP, or Reuters.

These findings have two major implications. First, journalists in the United States and elsewhere should be more cautious about sponsored trips. Participation on sponsored media trips influences subsequent coverage in ways consistent with the interests of the sponsor, despite whatever efforts participants may undertake to seek out alternative viewpoints. Many media

outlets have ethical guidelines that state that on a sponsored trip, the outlet or journalist must pay their own way and may not accept financial or in-kind transfers from the sponsor. This research makes clear that these guidelines are insufficient to guarantee fair coverage. Trip organizers are still able to filter the information that reaches participants in ways that ultimately shape coverage. Marginal viewpoints do not organize sponsored tours. Therefore, media outlets should prohibit participation on trips sponsored by foreign governments, either directly or through affiliates.

If media outlets choose not to prohibit such trips, they should disclose how journalists' access to a particular environment was facilitated in order to enable readers to assess potential bias in reporting. This, however, is a distant second best. Research shows that labeling is not as powerful as one might think. For example, Russian propaganda still influences the views of American voters in ways consistent with Russian government interests, even when voters are told that it is financed by the Russian government.⁴⁴

The second major policy implication of this research is that Congress should revitalize the transparency legislation that enabled this research. Much of FARA is ill-suited for the modern information age and Congress must modernize it in several key ways. First, Congress must close a loophole that lets agents for foreign governments register under the Lobbyist Disclosure Act (LDA), which has far less onerous disclosure requirements. A significant amount of China-based lobbying passes through LDA and we know little about its nature or effects given the comparative lack of transparency.⁴⁵ Legislation to remove the LDA exemption passed the Senate but not the House in 2023.⁴⁶ Congress should try again with the Preventing Adversary Influence, Disinformation and Obscured Foreign Financing Act (PAID OFF Act), which removes the LDA exemption for foreign adversaries only.

Congress should also authorize enhanced FARA enforcement measures, such as increased fines and perhaps even civil demand authority, which would permit the Department of Justice to require documents from entities it suspects to be foreign agents. This is important because lobbyists for China and Russia file some of the least forthcoming disclosure statements compared to lobbyists for other countries.⁴⁷ While pursuing these reforms, Congress should engage in dialogue with other legislatures around the world through forums like the Inter-Parliamentary Alliance on China (IPAC). Democracies

will be better defended if they share best practices in fostering transparency and limiting foreign political influence.

Recognizing that Beijing's media influence campaign is global in nature, Congress should fund efforts to foster independent media in developing countries. These programs may include scholarships and exchange programs for foreign journalists and funding for independent media abroad, ideally distributed through multilateral or nongovernmental organizations like the International Fund for Public Interest Media.

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Notes

1. This essay draws on research in my ongoing book manuscript, *Changing Each Other: US-China Relations in the Shadow of Domestic Politics*, and from my written congressional testimony, https://www.uscc.gov/sites/default/files/2023-03/Erin_Baggott_Carter_Statement_for_the_Record.pdf.
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2023-24 WILSON CHINA FELLOWSHIP

Rethinking Export Controls: Emerging Technologies, Industrial Organization, and US-China Relations

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Abstract

For decades, US-China relations were characterized by deep interdependence producing mutual benefits through global value chains (GVCs). Today, geopolitical tensions over advanced technologies are undermining engagement and unwinding GVCs. At least since 2018, American policymakers have returned to a Cold War era-like strategy of leveraging export controls to degrade Chinese military capabilities by restricting Chinese access to American technologies. The central assumption is that American technological dominance in select specialized areas creates ‘chokepoints’ (measured by market share) that can be ‘weaponized’ towards American strategic ends. By contrast, critics doubt the effectiveness of export controls in achieving these goals based on two basic arguments: either Chinese firms will figure out ‘workarounds’ or China will ‘innovate’ their way through the controls. This paper argues that changes in global industrial organization (GVCs and ecosystems) raises issues for both supporters and critics of American export controls. On the one hand, new industrial organization raises questions about some core principles, measurements, and assessments of export controls. Wittingly or not, critics generally accept these same principles, measurements, and assessments, but come to a different conclusion. However, through the lens of organizational governance, this paper finds that American export controls are at risk of relying on ‘mirage’ chokepoints, inducing unintended consequences, and generating new trajectories of Chinese innovation, which could lead American policy interventions to become overly expansionary and less effective. America’s export control regime needs to adapt to the new industrial organization of GVCs and ecosystems.

Policy Implications and Key Takeaways

- Industrial organization has undergone radical changes, and export control policies need to adapt accordingly.
- Traditional methodologies, such as assessing American chokepoint strength through ‘foreign availability’ and determining American coercive power through US market shares, are less effective today and could lead policymakers to become overconfident in America’s coercive potential. For

instance, American chokepoint strength appears high in semiconductor inputs (like EDA software and equipment) but these are effective only if the chokepoints are part of a linear supply chain, and the final product is a necessary input to achieve China's strategic ends. Since these assumptions do not always hold, policymakers should analyze the broader business organization when evaluating American coercive potential.

- Similarly, assessments of the impact of export controls on American industry and innovation (such as 'loss of sales') are also problematized by more complex forms of business organization. For instance, American firms acquire many resources beyond revenue derived from direct sales relationships. There are second-order effects of export controls, such as American firms' access to the network of suppliers, users and complementors of the firms targeted by export controls. Policymakers should also consider the broader industry ecosystem when evaluating impacts on American industry.
- Export control policies that focus on controlled product lists are less effective when applied to advanced technologies, in which complex cooperative relationships among an ecosystem of firms are central to innovation, not just the market accessibility of advanced American products. For instance, firms sometimes cooperate extensively even when they lack a buyer-supplier sales relationship, such as semiconductor foundry cooperation with EDA software firms. Export control policy should focus more on the diversity of inter-firm network ties and the structure of industries for targeted firms, rather than simply the impacts of cutting off access to American products.
- This complexity in industrial organization requires integrating unbiased expertise in business organization into policymaking, which is different from (but complementary to) the already extensive technical knowledge of emerging technologies that exists within government. Similar to technical expertise, industrial organization is also industry-specific and varies widely. Export control strategies should incorporate insights on industry-specific business organization.

- Given complex firm networks and the diversity of inter-firm linkages, export control policymakers should consider a broader range of unintended consequences for American and allied country firms, as well as targeted firms and countries. For instance, Chinese company and government counter-strategies to US export controls will be more diverse than the reactions most commonly discussed in the policy community, such as Chinese ‘workarounds’ (like IP theft and shell companies) or China’s strengthened determination to ‘catchup’ through innovations. Given the flexibility of industry ecosystems, counter-strategies could avoid export controls through many additional pathways: complete product redesigns, innovative alternative pathways to the same strategic ends, and the rerouting of innovation into new directions. Policymakers should expect and prepare for a wider range of counter-strategies in the medium term.

Introduction

Over the past years, the US-China relationship has deteriorated with a speed few could imagine possible. For decades, China was a central stakeholder in a global economy deeply interdependent through global value chains (GVCs).¹ However, geopolitical fears have called this interdependency into question. Never before have countries, firms, people, and knowledge been so interdependent, while simultaneously perceiving each other as national security threats. And paradoxically, the very elements that allowed interdependence to flourish (complex GVCs) are precisely the causes of today's national security concerns.

The geopolitics of technology are arguably the most concerning and consequential in the long run. In 2022, US Secretary of State Blinken highlighted technology as the root of the security problem, calling it “an inflection point” in which “the post-Cold War world has come to an end, and there is an intense competition underway to shape what comes next. And at the heart of that competition is technology.”² Export controls have become the primary American policy tool in our technological rivalry with China. These began with the Obama administration, rapidly escalated through the Trump administration's export controls, and exponentially expanded through the Biden administration's China-wide export controls on emerging technologies. While many may want to wish away the national security concerns and return to a purer era of engagement, the conflict is institutionalized in both the United States and China.³

The key argument of this paper is that fundamental changes in international industrial organization—GVCs and ecosystems—are not being matched with changes in export control principles, measurements, and assessments. Cold War-era policy approaches are based on 20th century industrial organization and rest upon principles such as the strength of American technology chokepoints (‘foreign availability’) and measurements like American firms' market share, among others. However, over the past decades, production has fragmented (outsourced) and internationalized (offshored), creating increasingly complex GVCs, which generate new forms of cross-border, inter-firm governance. Furthermore, the speed and complexity of advanced technologies have forced firms to organize into complex and open innovation ecosystems linked together in diverse ways, which blur firm and product boundaries as even competitors regularly cooperate and collaborate, sometimes called ‘coopetition’ among ‘frenemies.’

As such, American export control policies risk mismeasurements and misinterpretations of this new industrial organization, which can lead to overconfidence in American coercive power. Export controls may be founded upon ‘mirage’ chokepoints, induce unintended consequences, stimulate Chinese innovation beyond chokepoints, and trigger an expansive utilization of controls, with reduced chance of achieving policy goals and potentially undermining American and allied innovation.

The new industrial organization suggests changes in export control policies. Today, access to corporate partnerships is more important for long-term sustained innovation than access to high-technology products. For policymakers, this means that instead of controlling lists of dual-use technology products, policymakers should consider the type and the structure and diversity of inter-firm ties by which advanced technologies come to market.

This is particularly important today because commercial firms (not military-oriented ones) are determining the direction of the technological leading-edge of most dual-use products. This also implies that policymakers must carefully consider a broader spectrum of factors when defining policy ‘effectiveness’ on targeted firms and countries, and when considering the second and third-order effects on American and allied firms. Government agencies require additional types of unbiased expertise in business organization, which complements but is distinct from purely technical knowledge of the advanced dual-use products.

The US-China Security Dilemma and Contemporary Export Controls

Deep interdependence is not inherently a security threat. However, the US-China security dilemma is so acrimonious for three fundamental reasons: first, emerging technologies blur military-commercial ‘dual use’ like never before; second, both countries are dependent on their commercial firms to advance their military leading-edge; and third, firms in advanced technologies must cooperate with each other or perish, creating increasingly interdependent GVCs and ecosystems. That was not always true. During the Cold War, dual use technologies, like nuclear, had clearer thresholds to differentiate military and civilian usages, such as the level of uranium enrichment. Second, they were

easier to control because they were more likely produced by a small number of vertically integrated firms or defense prime contractors. Today's emerging and foundational technologies that are increasingly falling under US control (like AI, semiconductors, high-performance computing or HPC, among others) are primarily commercial technologies that are developed, produced, and used overwhelmingly by commercial firms, even though they have military usages.

Finally, and most centrally for this paper, industrial organization has fundamentally transformed. During the Cold War, innovation and production were largely nationally based and products were more commonly produced in-house by large, vertically integrated firms. As discussed in detail below, over the past decades and particularly in the most technologically advanced sectors, firms have intensely specialized, and firm boundaries have opened and blurred, creating complex ecosystems of suppliers and complementors that jointly collaborate and innovate in diverse ways. To survive, firms openly innovate through joint R&D, innovation platforms, common standards, and open-source software, among other methods.

How can the United States balance these conflicting tensions between military-civilian technologies, and globally fragmented production and open innovation? The current US answer sounds correct. National Security Advisor Jake Sullivan pithily describes America's strategy as protecting "a small yard with a high fence,"⁴ meaning that America will control China's access to key American commercial technology in narrow but critical areas to minimize damage to American firms, competitiveness, and allies and partners. However, this assumes military-commercial lines are clear, innovation is geographically and organizationally bounded, and GVCs are easily partitioned along national borders.

But industrial organization is not so simple, and, consequently, American rhetoric dramatically diverges from its ever-expanding export control policies. For instance, since 1997, out of more than 800 Chinese organizations placed on the Entity and Unverified Lists (the key export control list), over 80 percent of them were designated since 2018 alone.⁵ When Secretary Blinken's declared the 'inflection point' in October 2022, the Commerce Department instituted unprecedented China-wide controls on critical digital technologies, including AI technologies. These were expanded in October 2023, and more are potentially in the pipeline.

The fragmentation of global production is creating a murky middle in technologies, thereby changing policy. There has been a blurring of military and commercial technologies, and an increasing reliance of military technologies on commercial firms and commercial innovations. And the acceleration in commercial innovations is an outgrowth of the fragmentation, specialization, and globalization of innovation, which makes the locus of innovation unclear. These transformations undercut the goal of minimizing export controls and can undermine their effectiveness. As discussed next, although the underlying industries have transformed, export control policy principles, measurements and assessments have not changed, which this paper describes as ‘classic’ export controls.

‘Classic’ Export Controls: Policy Principles, Measurements, and Assessments

Despite this new industrial organization and changes in technology, the key principles, measurements and assessments of classic export controls have not altered. This paper focuses on several core principles of classic export controls, which are being challenged by new industrial organizational forms and which may require reevaluation. For instance, one of the central pillars of effective export controls is the degree of foreign (non-US) availability of the concerned technology. ‘Foreign availability’ has been a long held principle of export controls, because they will be ineffective for technologies that are more widely available or easily substitutable.⁶ Today, the mantra of ‘weaponizing’ technological ‘chokepoints’ proliferates in discussions of export controls among think tanks, academics, and practitioners, which is often measured as a simple calculation of the American share of global markets of particular ‘essential’ product categories.⁷ The effectiveness of chokepoints is intended to measure American coercive power through export controls (and sanctions), and these ideas have come to dominate the discourse on targeting cutting-edge commercial technologies, like semiconductors, semiconductor manufacturing equipment (SME), AI technologies, and high-performance computing. At its heart, chokepoint strength and market share metrics are judgments about the underlying organization of industry and products, which we return to later.

The principle of chokepoint strength (determined by alternative foreign availability) interacts with several other important policy principles, such as those concerning ‘black knight’ countries, the risks of creating an uneven innovation playing field, legal extraterritoriality, and multilateralism. First, drawing from the sanctions literature, the relative strength of a technological chokepoint influences the chances of a ‘black knight’ country coming to the aid of a sanctioned country or firm.⁸ This was quite common during the Cold War,⁹ but it is also a hot button issue today, especially regarding Chinese provisioning of Russia after the invasion of Ukraine.

Second, it is feared that US controls create an uneven playing field that unfairly hampers American firms, thereby undermining American innovation. If only US firms are restricted from exporting to major clients (like those in China), but European, Japanese, or other high-tech suppliers are free to capture the market shares abandoned by American firms, then US companies both lose revenue and suffer reputational costs as ‘unreliable suppliers,’ which some authors characterize as “a discriminatory, sector-specific, and therefore unfair tax [on American firms] to finance foreign policy.”¹⁰

Chokepoint strength also impinges upon the application of US extraterritorial controls (called ‘foreign direct product rules,’ or FDP), which are highly complex and controversial, but potentially resolve the problems of black knights and uneven playing fields, while also improving effectiveness. For decades, the Commerce Department’s Export Administration Regulations (EAR) have regulated foreign-made items if they contain more than a *de minimis* amount of controlled content or are Wassenaar-controlled “national security” items produced directly from US-origin technology that is also controlled for the same reason.

Broadly speaking, this means that technologies which are produced with or contain within them US-origin technologies over a certain threshold amount are also controlled items, even if they are produced by wholly foreign-owned entities and outside American territorial jurisdiction, including by companies of our allies. These extraterritorial controls are highly controversial and extremely complex, both because of the expansion and complexity of EAR regulations, but also because the fragmentation of production through GVCs has opened up innumerable avenues for US-origin technologies to be designed into products.

Finally, and most importantly, chokepoint strength impinges upon another central pillar of export controls: unilateral controls (and extraterritoriality) should be limited, and US policy should favor multilateralism. For instance, in Senate testimony, Obama-era Assistant Secretary of Commerce Kevin Wolf stated “it is rare that the US will have, or could keep long, a monopoly over a commercial technology,” concluding that “the obvious answer... is for our allies to impose the same controls and licensing policies.”¹¹ Some argue that when Commerce placed export controls on commercial-oriented technologies in the post-Cold War period (such as commercial satellite to China), they proved “at best a tool of delay, [because] Chinese progress has not been halted [due to] the emergence of alternative sources for talent and technology, espionage, and ebbing US competitiveness.”¹² In 2018, multilateralism was explicitly enshrined in new export control legislation (ECRA),¹³ has been expressed publicly through official channels to European allies,¹⁴ and is widely accepted in academia and think tanks.¹⁵

These various principles and policy tools are interactive and rest upon the foundation of chokepoint strength, usually measured as American market share, and the speed of technological diffusion. For instance, higher chokepoint strength encourages American unilateralism and extraterritoriality, which (if successful) may preserve a level playing field to maintain American firms’ competitiveness and innovation. By contrast, lower chokepoint strength reduces the shelf-life and effectiveness of unilateral American controls, and thereby makes a multilateral approach more attractive, which simultaneously reduces American temptations to utilize its extraterritorial powers. In a word, a lot rests upon assumptions concerning techno-organizational factors, like industry structure and concentration (existence of chokepoints), industrial barriers to entry, and pathways of technological diffusion. If industrial organization transforms, this may have important consequences on policy.

Challenges to Classic Export Controls: Emerging Technologies, GVCs, and Ecosystems

The principle of chokepoint strength, its measurement as market share, and the many important affiliated principles related to it, certainly hold true in many industries and products, particularly ones rooted in 20th century

industrialization. But, usage of the framework often belies several implicit assumptions about industry organization and technology, and by extension the nature of policy controls. This paper examines differences in products and firm relationships along several dimensions, including product delivery, alienation (of property rights), maintenance, extent of explicit coordination between firms, and sunk costs.

Generally speaking, export controls are imposed on fairly conventional transactions, namely that there are two actors in the transaction—buyer and seller—and that product ownership is transferred by the American seller to the targeted foreign buyer. Thus, firms (and their products) are discrete entities (firm boundaries are relatively closed) and alienation occurs at a discrete time. The product or service is wholly owned by the American supplier and then ‘alienable’ (rights are transferred) to another firm or organization. Sunk costs become important at the point of alienation of the product or service. While ownership, delivery, and alienation are discrete and clean-cut, after-sale product maintenance may be more complex in terms of use of third parties, as well as determining liability and payment. Overall, buyer-seller interactions are assumed to be relatively arms-length.

This is how most people commonly think of transactions, and if they hold true (which they often do), then in certain situations, chokepoint strength (high market share) may be a fairly straightforward way of thinking about American economic coercive potential. However, not all industries or products abide by these principles. By focusing on chokepoints and market shares, it creates the impression that all industries can be analyzed in similar ways, and that the concept of market share (high/low) has the same meaning across industries. These are reasonable assumptions in many industries and for many products. But, they are less applicable in more advanced technologies, like ICTs, which are the industries that the United States has imposed the most controls on China.

These assumptions hold less true today because since the mid-1990s, firm boundaries have become blurred as they increasingly engage in ‘open innovation,’¹⁶ ecosystems of firms jointly create value,¹⁷ and many transfers do not include the formal alienation of goods, but the informal (non-proprietary) flows of valuable information and knowledge. Thus, the product that appears on controlled lists is less important compared to the firm linkages that stitch together innovation and product ecosystems and their structure.

In the most innovative, cutting-edge industries, several factors interact to drive firms to collaborate (even with direct competitors), open and blur their firm boundaries, and jointly produce products within ecosystems. These factors include: when technology is extremely complex, when there is greater uncertainty in best practices and innovation pathways, when knowledge is more tacit (non-codifiable), when expertise is highly specialized and widely dispersed, and when the speed of innovation is extremely rapid.¹⁸ Thus, in order to remain competitive, firms need to tap many sources of information and openly collaborate across many knowledge domains to maintain rapid product development and achieve novel recombinatory technical outcomes.¹⁹

Under these conditions, firms are more successful when they openly collaborate, establish more partnerships with other firms, and thereby reside at the ‘core’ of innovation ecosystems.²⁰ Thus, since at least the mid-1990s, industrial organization has shifted in a manner rendering a firm’s network of linkages more important than the products. At the same time, a substantial amount of knowledge and value exists within the ecosystem and not embedded in discrete firms or their products. Thus, controlling access to networks should be more central to export control policies than controlling products. This means that inter-firm linkages and locations in ecosystems should also be the focus of controls, not only products, end-users and end-uses.

While the above addresses the innovative processes that produce products, even some high-tech products themselves are ‘open,’ never fully alienated, and created collaboratively. Oftentimes, they are not discrete products, or ‘wholly owned’ by a single, well-defined firm who transfers ownership at a discrete moment. For instance, this is the case with open-source software, where developers license their code for ‘free’—both monetarily free but also free for anyone to use and alter the code. Very significant portions of our digital world are built upon this open, collaborative, and free intellectual property. In open-source, knowledge and value are disembodied from the products, residing as club goods or public good resources in the network of linkages. Furthermore, the transfer of value in open-source depends simultaneously on multiple firms who share club good or public good resources, in which products are continuously altered.

Some of these characteristics are also true of digital platforms. We use consumer-facing platforms every day, such as the Apple app store, Uber, or Amazon. Platforms are distinctive because value derives from the innumerable

‘complementors’ who engage and contribute to the platform and the equally innumerable ‘users’ of those services. Like any marketplace, Uber is valueless without the drivers and riders; Amazon is valueless without storefronts and consumers; and app stores are valueless without developers and users.

This is achieved because the platform leaders partially open up their intellectual property to encourage the building of the ecosystem. Thus, platform products are not self-contained products of the putative lead firm. Rather, the products and services are jointly created through a large ecosystem of firms and users (sometimes many millions), often dispersed across the world. Value is enhanced by the sheer size of the ecosystem, meaning each actor contributes to the value of all the other actors, even if they never transact.

This open innovation, blurring of firm and product boundaries and knowledge flows can impact all of our dimensions, including innovation, modes of product delivery, alienation, and maintenance. Across these domains in advanced technologies, it is sometimes hard to define them as the result of discrete firms alienating discrete products. Rather, innovation and products derive from large groups of openly collaborating firms using club good or public good resources, in some cases not explicitly owned (such as open-source software), in which products are constantly altered.

This openness and lack of firm and product boundaries raises questions about list-based controls. It means that network linkages are the core of these products, and it is access to linkages and disembodied knowledge (not just discrete firms, their products, and their embodied knowledge) which are valuable assets for Chinese firms. When these conditions are met, it suggests that export controls should expand from list-based technology tools to controls over inter-firm linkages within broader innovation ecosystems.

How do inter-firm linkages and ecosystems impinge on export controls? I begin with very brief reviews of key literatures (one on GVC linkages, one on ecosystems) that provide a foundational vocabulary and framework, and then I turn to some empirical examples to illustrate their utility.

Inter-firm Linkages in GVCs

Global value chains (GVCs) have proliferated since the 1990s as production has increasingly fragmented and internationalized. GVCs are complex

networks of trade, investment, and knowledge flows, within which firms intensely specialize on their core competencies and outsource non-core tasks to other equally specialized firms.²¹ This results in the *functional integration* of countries,²² which provides enormous benefits to firms and sometimes countries.²³ This fragmentation of production has spawned new ways by which firms cooperate and interlink, called inter-firm ‘governance.’

The mutual, interactive impacts between technology and industrial organization are extraordinarily complex and beyond the scope of this paper, but suffice it to say that causality between them is circular.²⁴ Nevertheless, firms interlink in diverse ways across innovation, delivery, alienation, and maintenance. The type of firm linkage has important implications for how they react to exogenous shocks like export controls. For instance, in one set of GVC theories, different combinations of three variables lead to five modes of inter-firm governance.²⁵ The three variables include: the complexity of information exchanged between firms; the codifiability of that information; and firm capabilities.

By combining them in different ways, the three variables yield five governance types: 1) simple *market linkages*, governed by price; 2) *modular linkages*, governed by standards, in which complex information is codified and made available at relative arms-length to competent suppliers, creating distinct innovation ‘modules’;²⁶ 3) *relational linkages*, governed by inter-firm trust and reputation where complex and non-codified (or ‘tacit’) information is exchanged between partners who each invest in co-specialized assets;²⁷ 4) *captive linkages*, governed by powerful lead firms whose less competent suppliers are controlled by precise protocols;²⁸ and 5) *hierarchy* or linkages within a single firm, governed by managerial fiat. Beyond these, there are other forms of governance, including the digital platforms, discussed earlier.

Ecosystems: Firms Within a System

GVC linkages are dyadic. While two firms are sometimes defined as an ecosystem,²⁹ in most cases, firms operate within a broad collective of firms (like platforms with potentially millions of actors), each with distinct roles in the ecosystem. The structures of ecosystems are important because export controls that block some nodes within an ecosystem both may alter the ecosystem, but

also stimulate new avenues for innovation as an unintended consequence. At the broadest level, ecosystems are “an interdependent network of self-interested actors jointly creating value,”³⁰ in which firms are formally independent, but informally interdependent—in other words, “interrelated organizations [with] significant autonomy.”³¹

Ecosystems have two key differences with GVCs.³² First, while ecosystems and GVCs both are collectives of organizations that usually interlink without direct ownership ties, ecosystem firms also can be bound together without formal contractual ties, such as through the knowledge flows discussed earlier. Second, ecosystems are not dyadic, nor are they “decomposable to an aggregation of bilateral interactions.”³³ The key feature is that multiple firms mutually and simultaneously impact each other, which are not reducible to a series of dyadic linkages.

Ecosystems come in many varieties. Some authors focus on the degree of complementarity between firms, which has implications for chokepoint strength. Strong complementarity is when two products are indispensable to each other and hence value generation is only possible when combined (such as lock and key). Weak complementarity is when substitutes are available. However, complementarity is not always bidirectionally identical. For instance, when one element is strong (indispensable) and the other is weak (replaceable), this creates an *asymmetric* complementarity.

The digital platforms discussed earlier are examples of asymmetric complementarity because the platform leader (Apple) is indispensable, but the many complementors (mobile apps) and the many users (app consumers) are *individually* replaceable. However, Apple is completely dependent on its complementors and users *as a group*, because the app store platform has no value without its ecosystem of complementors and users. Furthermore, as the ecosystem grows larger, value increases for everyone, which reflects its multi-lateral nature. While Apple is well-known to consumers, platforms are ubiquitous in ICTs—both consumer-facing and producer-facing.

Ecosystems are double-edged swords for export control senders and their targets alike. As discussed previously, the key goal for senders in this new world of fragmented and open industrial organization should be to sever the most indispensable network ties of targets within ecosystems. However, ecosystems also offer substantial flexibility that allow targeted firms to repurpose their

resources to pursue alternative innovation trajectories. As discussed below, this is particularly the case in digital ecosystems where many firm linkages are governed by modular ties, called ‘massive modular ecosystems’ (MMEs).³⁴

Empirical Case Studies

How do these concepts relate to export controls and how are they impactful? This final section provides brief vignettes of export controls on Chinese firms, first in the context of differentiated GVC linkages, and then second within a complex ecosystem. Two types of GVC linkages are compared, using the example of two keystone Chinese technology firms—Huawei (a telecommunications firm) and SMIC (a semiconductor foundry). The basic point of the comparison is that despite common circumstances in terms of chokepoint strength and export controls, the type of linkages (across innovation, delivery, alienation, and maintenance) intervenes by strongly influencing the short-term and arguably the long-term impact of export controls.

Very briefly, export controls caused an immediate crisis for Huawei given the nature of its linkages, but the company could recalibrate for longer-term recovery. By contrast, export controls counterintuitively were a boon to SMIC, but its longer-term prospects are grimmer. Subsequently, the section turns to ecosystems to illustrate both the constraints of some ecosystems (like platforms), and the substantial ‘flexibility’ that Chinese firms have within a digital ecosystem, compared to the more common framing of chokepoints in a linear GVC.

GVC Linkages

Since 2017 or 2018, American export controls on Chinese firms in ICTs have leveraged American dominance of key digital products, particularly in semiconductors. Some key American chokepoint strengths include electronic design automation (EDA) software used by chip designers (like Huawei’s HiSilicon subsidiary) to create digital ‘blueprints’ of chips. These blueprints are then physically manufactured into tangible chips by foundries (like SMIC), which require critical semiconductor manufacturing equipment (SME) such as American-dominated deposition machines, among many others.

Globally, American firms dominate several of these product categories. Thus, through the lens of chokepoint strength, this is the best possible environment for effective controls and for American unilateralism. For instance, American EDA firms or US-origin technologies dominate over 90 percent of global market share.³⁵ For deposition machinery (only one category of SME, albeit an essential one), American firms control around 90 percent in several deposition machinery categories, and 60–75 percent market share in others.³⁶

Classic export control principles would predict relatively identical outcomes given the consistent and extremely high American market shares, which are indicative of exceptional chokepoint strength and thus a lack of available alternatives or substitutes. However, there are significant differences in inter-firm governance across these products, and so based on governance, one would predict variation in the impact on Chinese targets.³⁷

Using the governance framework above, EDA company ties are highly ‘modular’ when interacting with clients like Huawei, during which explicit coordination is minimized, interactions are fewer, and sunk costs are less. This is because the product is alienated through short-term software licenses, delivered in hybrid methods partly by internet, updated and maintained remotely, and can be supplied (or withdrawn) immediately. There is less direct contact between the software engineering teams of the three dominant US companies and their client teams, because they ‘interact’ indirectly through the standardized software interfaces, which allow extremely complex information flows to occur at relative arm’s length. These are features of modular linkages.

By contrast, SME companies engage through relatively more ‘relational’ governance with their clients, the foundries, which entails substantial sunk costs and direct cooperation between engineering teams. SME suppliers sell very complex machinery that must be physically installed on location in semiconductor fabs (like SMIC) around the world. It must also be regularly serviced and maintained by engineers (often employees of the supplying company), who sometimes live and work near their client’s fabs to conduct training, repairs, and maintenance. Once installed, they cannot be removed. However, after-sales software updates have become ways in which suppliers remain engaged following purchase, along with maintenance and repairs.

As empirical illustrations, this paper compares Huawei and SMIC—two of China’s premier ICT companies and both deeply enmeshed in the global

semiconductor industry. SMIC's entire business focuses on semiconductors (as a manufacturer or 'fab'). Huawei is primarily a telecommunications company (infrastructure and consumer). However, one of the core advantages that differentiates Huawei is its internally designed chips at the global leading edge.³⁸ In fact, American export controls drove these two firms to collaborate with each other when Huawei-designed chips no longer could be manufactured by non-Chinese foundries, thus leading Huawei to source manufacturing services from SMIC.

Huawei (through EDA, OS, and manufacturing) and SMIC (through SMEs) were both strongly impacted by US export controls. Huawei was placed on the Entity List (EL) in May 2019. This expanded via extraterritorial controls (foreign direct product rule, FDPR) in May and August 2020, the last of which intended to cut off Huawei from all chips and tools using US-origin technology. SMIC was initially placed on the EL in September 2019, which was also expanded in December 2020. However, despite similar American chokepoint strength, similar timing, and similar types of export controls, the impact proved very different due to the two companies' unique inter-firm ties and nature of their technologies.

Huawei's revenue sharply declined by 29 percent in 2021 from 891 billion RMB to 636 billion (per Huawei annual reports), with most of the impact falling upon its consumer products division (like smartphones). In an immediate fire sale in October 2020, Huawei quickly sold off their low-medium end consumer smartphone brand (Honor) to a consortium of state-backed Chinese investors to both allow the product line to survive, but more importantly to conserve its internal resources (especially chip inventories it had been building since the ZTE controls) for its pillar products.

Given that licensed EDA software can be cut off instantaneously (and to a lesser extent, so can the final manufactured chips from the foundries), it generated a crisis for a company of such scale and with such reliance on its own internally designed chips. By August 2020, the controls were extraterritorial, barring the sale of all finished chips and software tools using US-origin technology, regardless of country of origin. It is ironic that Huawei's exceptional capabilities in internally designing leading-edge chips were a huge advantage during an era of open trade but has been turned into an additional liability.³⁹

However, although it experienced an immediate crisis, Huawei's longer-term prospects are stronger due to its capacity for strategic recalibration. For instance, Huawei announced in 2022 a corporate reshuffling which made several product lines independent business segments, including cloud computing, digital power (applying compute to energy industries), and intelligent automotive (autonomous driving, smart cockpit systems, and vehicle connectivity). Compared to its traditional telecom equipment product lines, these are more software-intensive products.⁴⁰

Software is double-edge in terms of export controls. While the *supply* of software products can be cut off immediately (like EDA software), the *production* of software can be done with fewer external partners, given the same lack of dependency that is the hallmark of modularity, in addition to the enormous global public good supply of open-source software. Thus, the modular and open-source nature of software makes its internal production more coercion-proof, compared to hardware which relies on more external partners. Thus, Huawei's relative shift towards more software-oriented products will make it more coercion-proof in the future, based on the mode of inter-firm governance and differences in Huawei's ability to transact.

On the other hand, SMIC was equally impacted by export controls but in counterintuitive ways. Given its substantial sunk costs in SMEs, SMIC had less opportunity to undergo a long-term strategic pivot like Huawei. However, in the short-term, it was better positioned to milk its installed base of equipment without fear of instantaneous interruption. Once SMIC was hit by its second round of export controls, it lost access to high-end SMEs (and American engineers to repair them), which are used for more advanced chip manufacturing.

This set off a frenzy of changes. Using SMIC quarterly financial reports to analyze the 12 quarters (3 years) prior to and after export controls, SMIC clearly was impacted, and attempted to redirect its operations, but in far more limited ways. In contrast to Huawei's initial nosedive, after export controls were imposed, SMIC's revenue doubled from 5.8 billion RMB (2019Q3) to 13 billion RMB (2022Q3), gross profits rose by 327 percent from 1.2 billion to 5 billion RMB, and operating profits rose nearly 10-fold from 330 million to almost 3.27 billion RMB after export controls. Thus, export controls counterintuitively made SMIC flush with cash, as controlled Chinese firms in

need of chips (like Huawei) and SMIC were driven together, along with the assistance of state funds, procurement contracts, and other central and local government supports.

However, the diversification of these sales was substantially curtailed. Prior to export controls, the share of SMIC sales to Chinese firms was usually in the 40 percent range, with a maximum of 62 percent in 2018Q1. However, after export controls, SMIC's foreign sales precipitously declined as China-oriented sales rose consistently to 75 percent. These sales currently reside above 80 percent. Thus, its contractual orientation has become China-centric and less geographically diversified.

Interestingly, export controls have triggered an enhancement in the sophistication of SMICs sales to Chinese firms. Upon reflection, this may have been expected for similar reasons mentioned, as many major Chinese consumers of semiconductors (like Huawei) have been forced to source chips from Chinese firms. SMIC, as China's leading foundry, would become the primary supplier of more advanced chips, leading its overall portfolio to shift to more sophisticated chips (but still well behind the leading edge). Specifically, SMIC's annual reports show sales in the sub-28nm FinFET category rose from around 5 percent of total sales share to upwards of 30 percent after export controls. However, this category almost certainly includes substantial sales in much more advanced chips in the 14nm to 7nm range, despite not having the most advanced machinery to manufacture these efficiently at scale.

This is because SME is quite different from software. SMEs are physically installed on location and cannot be "cut off" instantaneously. As such, SMIC could milk its installed machinery to work its way down the Moore's law curve. That is, the same machinery that can produce legacy 28nm chips (very efficiently), can also produce more advanced 7nm chips (very inefficiently). What are needed to get less advanced machinery to produce more advanced chips are lots of trial and error and training (or hiring) of engineers to perfect the production craft, as well as a willingness to burn cash on inefficient production. Furthermore, while its R&D expenditure has oddly declined, SMIC has gone on a capex spending spree to purchase SMEs, investing on average 10.7 billion RMB each quarter, compared to only 3.5 billion RMB prior to controls. Similar to above, while these purchases could be used to produce less advanced legacy chips, they most likely will be applied to more advanced

chips. This ability to control one's asset makes the job of export control monitoring and the burdens of 'know your customer' much more difficult.

Thus, the technology and its inter-firm linkages have very different implications for export control policy. Chokepoint strength, foreign availability, and high market shares may be necessary preconditions for export controls, but there are many other intervening factors derived from industrial organization. While speculative, it is perhaps these additional factors which drove the Commerce Department to sequentially impose new layers of controls on Chinese firms (three rounds for Huawei, two rounds for SMIC), and then in October 2022 and October 2023 impose China-wide controls.⁴¹

However, the effectiveness of export controls was questioned by many in September 2023, when (during a China visit by Commerce Secretary Gina Raimondo), Huawei unveiled its new flagship smartphone (Mate 60 Pro) which seemed to defy the American goal of restricting Chinese firms from producing chips below 14nm threshold. The Mate 60 Pro was powered by Huawei's in-house designed Kirin 9000S chip and manufactured by SMIC on a 7nm chip. SMIC was able to do this using older-generation machinery, which surely lowered yields and increased costs. Looking to the future, it is technically possible for SMIC to continue to produce even more advanced 5nm chips using the same older machinery even though yields will decline even further and no foundry has ever attempted this. However, despite the apparent successes in defying US controls within only 2–3 years, it is a pyrrhic victory because this technological trajectory will be a dead-end after 5nm, and it is also commercially unviable, requiring state subsidies and supports to be sustainable. Thus, the longer-term trajectory for SMIC is more grim, and its ability to recalibrate more limited.

Varieties of Ecosystems

Beyond dyadic buyer-supplier ties, firms in many industries engage in complex ecosystems, which pose different opportunities and challenges for export controls. As mentioned, ecosystems are "an interdependent network of self-interested actors jointly creating value." This is a broad definition, and there are many different types of ecosystems. The diversity and complexity of ecosystems makes the work of export controls more difficult.

Some ecosystems, like the Android platforms discussed below, can serve as a very strong chokepoint for US controls, given their network centrality and innumerable complementors and users. However, other ecosystems are not as centralized and are not organized around network effects. These ecosystems are more loosely stitched together through decomposable modules, in which there are multiple and nested layers to the system that resemble ‘massive modular ecosystems’ (MMEs).⁴² As briefly mentioned, modularity is the partial decomposability of a complex system into distinct sub-systems which interoperate through standardized interfaces, and thereby maintain system-level coherence and functionality.

At the core of modularity is the codification of interfaces between specialized modules which allow for extremely complex information to be relatively easily exchanged between modules. Furthermore, higher-level modules can more easily be broken down into smaller sub-modules, allowing firms to become increasingly specialized and thereby creating more complex systems of nested layers—an MME. MMEs are not linear like most GVCs, and thus they belie a sense of hierarchy, centrality, or leadership, which also characterize most GVCs and platforms. An MME contains many nested modules, each with its own set of firms and dynamics. Modules (and the firms building them) are only loosely coupled, meaning that the dependencies between modules are attenuated, so firms are interlinked but act separately and are less organizationally integrated.

This industry organization makes sanction enforcement uneven and more unpredictable. For instance, a single module may appear to be a classic chokepoint, with very high market and country concentrations, and it may also be broadly interconnected in the MME, mimicking network centrality. However, as illustrated below, even when modules have similarities in their *formal network structures*, modules of an MME differ in terms of how they are linked to each other and the opportunities for sanctioned firms to ‘escape’ sanctions by pursuing alternative innovation trajectories, whether through adjacent MMEs or moving up or down the nested layers. In some cases, seemingly secure chokepoints are purely ‘mirages,’ as targeted firms and countries have multiple means to achieve their desired ends. In other cases, modules are truly chokepoints because they cultivate network effects and interlink across multiple layers and other nodes, such

as the example of the Android OS platform which integrates across many system-level functions.

The remainder of this section demonstrates how some ecosystems can serve as very powerful chokepoints that improve export control effectiveness, using Android OS as an example. It then considers the opposite—the many ways that ecosystems allow substantial flexibility to Chinese firms, beyond the two primary pathways studied by most analysts, namely ‘work-arounds’ and ‘catchup.’

Strong Ecosystem Chokepoint: Android OS

We begin with Android, the Google OS platform mentioned earlier, which is a strong chokepoint in its ecosystem. Because it is a genuine platform—a type of ecosystem—it is truly indispensable and incredibly hard to replace. It is well-known that starting in 2009, with the blocking of YouTube in China, Google’s wide range of products were gradually degraded, hacked, or outright blocked in China. By mid-2014, nearly all Google products were essentially inoperable in China, including Gmail, the Google Play mobile apps market, Google Drive, cloud services, maps, and basic account login, among others. Most of these are also considered platforms but proved replaceable in China.

Yet, despite this near absolute exclusion, another Google product—the Android OS—paradoxically remains nearly ubiquitous in China today, installed on 78 percent of all mobile devices, which accounts for nearly all non-Apple mobile device (iOS accounts for 21 percent).⁴³ Android is an open-source operating system, which China’s largest smartphone companies (Oppo, Vivo, Xiaomi, and even Huawei) can freely utilize and customize (called ‘skins’) using an open-source license.

Despite the ‘openness’ of Android, it has national security implications when export controls were placed on Huawei, because Google was required to withhold its regular software updates that over time slowly degraded all existing Huawei phones. Furthermore, while the OS is open-source, Google’s many proprietary products (Google maps, Google Play, YouTube, etc.) were also restricted on Huawei phones—not just in China but worldwide—thus making Huawei phones unattractive outside of China.⁴⁴ Some argued that among all US technologies denied to Huawei, the loss of Google products was

the most damaging and hardest to overcome.⁴⁵ This is due to its *organizational* form as a platform.

However, in June 2021 and to much fanfare in China, Huawei released its own operating system, HarmonyOS (*hongmeng*). It triumphantly announced that it was “a milestone.” Huawei’s head of software, Chenglu Wang, declared that it was “neither a copy of Android nor [Apple’s] iOS.” Even Huawei founder and CEO, Zhengfei Ren declared, “in the software domain, the US will have very little control over our future development, and we have much more autonomy.”⁴⁶ However, software engineers who explored Harmony OS after its release concluded that “HarmonyOS was identical to what Huawei ships on its Android phones, save for a few changes to the ‘about’ screen that swapped out the words ‘Android’ and ‘EMUI (Huawei’s Android skin) for ‘HarmonyOS.’”⁴⁷

Thus, despite attempts to completely purge China of Google products, some products like Android are seemingly impossible to uproot, even for a technological powerhouse with strong software expertise, like Huawei, and with coordinated central government efforts. This year, Huawei will release another version, called HarmonyOS NEXT, which they claim will be purged of Android code base.

Android’s indispensability is because it is a multi-tiered platform which is extremely difficult to substitute due to its powerful network effects. These are generated by its millions of complementors and users, who collectively reinforce its global dominance and make it irreplaceable. Even compared to other platforms, Android is particularly indispensable because of its ‘location’ in the broader ICT stack, which crosses multiple parts of the digital stack.

Loose Coupling in Massive Modular Ecosystems

As discussed, MMEs stress the decomposability of modules, which allows for more complex multi-layered industry organization. They also emphasize the adjacency of products and industries, and the instability and uncertainty of innovation and technological evolution. Thus, when applied to US export controls and Chinese counter-strategies, the range of possible counter-strategies is far broader.

As discussed below, a non-exhaustive list of Chinese counter-strategies to export controls include:

1. Product redesigns through product architecture innovations
2. Moving between MME layers to achieve the same goals through new product innovations.
3. Replacing critical platforms through open-source software, which maintains the benefits of interdependence.
4. Entering adjacent industries by repurposing existing resources, capabilities, and talent.

Of course, it is exceedingly difficult to definitively ‘map’ an MME and so predicting counter-strategies and future technological trajectories is partly conjectural. This reflects the nature of an MME itself. However, the conceptualization has theoretical and practical implications, because it raises questions about our fundamental understanding of industry organization, and the implications for policy. How does this impact assessments of export controls?

As American export controls expanded and diversified, the assessments of analysts broadly remained within the confines of classic export controls, consisting of myriad variations on one of two themes: modest ‘workarounds’ by Chinese firms to evade American export controls, or more radical ideas of ‘catchup’ by Chinese firms. Of course, specific assessments evolved with the expansion of US controls, thus one must be very precise with event dates, so as not to misjudge earlier assessments of ‘workarounds’ or ‘catchup’ based on later export control alterations. Furthermore, it should be reiterated that none of these assessments are wrong, but their usefulness are confined to their particular conceptualization of industry organization. After summarizing assessments of workarounds and catchup, the paper returns to the four additional pathways that MMEs open up for Chinese firms.

Chinese Workarounds

Many analysts rightfully predicted that Chinese companies would attempt to evade American chokepoints by engaging in various types of illegal deceptions.⁴⁸ For instance, given American network centrality in EDA software,

HiSilicon's (Huawei's chip design house) primary short-term option was to pirate new EDA software. After the August 2020 FDPR extension, analysts understood that this workaround was largely cutoff because chip designs using American EDA tools would not be manufacturable given TSMC's (the world's largest chip foundry) reliance on US-origin technologies and its network centrality in manufacturing the most advanced chip nodes.

However, even without the broader extraterritorial controls on manufacturing, pirating EDA software would prove difficult on its own. This is because of broader network linkages, unrelated to Huawei. Unlike conventional software, which is relatively static after purchase, EDA software is constantly updated, especially for leading edge designs, because foundries must update their hundreds of process design kits (PDKs), sometimes monthly for the leading-edge.

PDKs are released by foundries and ensure that designs are simulated using the latest upgrades at the foundry. PDKs are integrated into EDA software, and so when updated, the foundry authenticates the EDA license. Thus, if Huawei were to design new chips on pirated software, the engineering hours put into the new designs would become obsolete once a new PDK was released. They would have to re-pirate and then re-design their chips accordingly. Since this happens regularly, the nature of the software and its 'location' in the broader ecosystem makes pirating unfeasible.

Under these new export control conditions, and to circumvent controls on actual chips, Chinese firms were also predicted to establish shell companies through which controlled items could be transshipped to China.⁴⁹ Alternatively, these firms could establish legally distinct but clearly integrated companies to engage in chip manufacturing, such as Huawei-funded Pengxinwei IC manufacturing, which imported equipment that controlled Chinese firms could not.⁵⁰ American companies under US controls also chafed at the controls, and some reports indicated that they may have been engaged in both legal and legally gray workarounds that tested BIS rulings. It is well-known that Nvidia re-designed their A-100 chips in order to fall just under the legal threshold to sell to Chinese firms—a pathway that the Commerce Department quickly foreclosed.⁵¹

Others are less well known. For instance, one particularly well-informed analyst reported that KLA (a major US SME firm) stated in its earnings

calls that it was considering plans to de-Americanize its own (American) equipment to escape American extra-territoriality.⁵² The same analyst found that a Chinese JV partner of Synopsys (one of the three dominant American EDA software firms) was under investigation by the Commerce Department for giving Huawei access to controlled software.⁵³ Others have proffered that Chinese multinationals with subsidiaries in third-countries could purchase as many controlled items as they wished because US export controls do not apply to a company's country of ownership. The illegal transaction would only happen when the subsidiary sought to transfer these controlled items into China proper.⁵⁴

Apart from Chinese firms, their subsidiaries, or shell companies, other possibilities include foreign firms aiding Chinese workarounds. For example, foreign companies could also work towards de-Americanizing their products. It was predicted that some firms in Japan and Europe, were already de-Americanized. Although these pathways were more likely to succeed prior to the October 2022 controls, at the time, analysts warned that “non-American companies make great chips, too,” allowing Huawei to swap out US chips.⁵⁵ Even after the imposition of FDPR on machinery, Japanese and Dutch SME companies were “suddenly much more attractive suppliers” to the Chinese, since they were deemed to not rely on US technology or could more easily de-Americanize their products.⁵⁶ This raised the importance for American diplomats to multilateralize controls with key countries like Japan and Netherlands.⁵⁷

All of these predictions are variations on the same theme of ‘workarounds’ to overcome a handful of American chokepoints in a linear semiconductor GVC. In total, they constitute a mountain of headaches to successfully enforce American export controls, which is why, as American officials learned more, the controls progressively expanded after 2019.

Chinese Catch-up

At the other end of the spectrum are bold predictions that China could ‘catchup’ technologically, or even achieve ‘self-reliance.’ Many analysts expressed pessimism about American controls, not because of ineffective enforcement (workarounds), but because they would stimulate Chinese policymakers and firms to double down on self-reliance. While China has long

talked of technological self-reliance, the ease and affordability of relying on American technology offered few incentives. Now, it was argued, the Chinese would become single-minded in fulfilling their techno-nationalist dreams, as business and government were thrown into each other's arms.⁵⁸

Innumerable media articles since 2019 reported on new Chinese investments, initiatives, and subsidies being thrown into advancing Chinese semiconductor tools, equipment, and software by Huawei, the local Shenzhen government, and Beijing,⁵⁹ declaring that "China threw even more money at its already heavily subsidized chipmakers."⁶⁰ What is more, in many reports, Chinese firms truly appeared to be achieving catchup, almost miraculously fast.

As already mentioned, Huawei (falsely) reported that its HarmonyOS (*hongmeng*) had displaced Google Android within a year of export controls, though it still hit global media. Similar reports appeared of Huawei phones quickly being de-Americanized of chips,⁶¹ as well as Huawei's telecom base stations.⁶² Some analysts observed that this sort of reporting accelerated American decisions to impose the October 2022 export controls. For instance, Chinese leading memory manufacturer, YMTC, seemingly surpassed market leaders Samsung and SK Hynix, when it began shipping 232-layer memory chips and became an Apple supplier.⁶³ As discussed, China's leading foundry, SMIC, announced it had produced 7nm logic chips in July 2022, using SMEs that were one generation older than the leading edge.⁶⁴ Elsewhere, Chinese leading AI chip designer, Biren, released chips that approximated the capabilities of Nvidia's advanced A100 GPUs.⁶⁵

Altogether, these reports portrayed China as a technological juggernaut that could make export controls meaningless, simply by overcoming US chokepoints through replication. Even for the advances that proved true, smart analysts understood that Chinese accomplishments still remained reliant on foreign technology. For instance, advanced chips relied on design and manufacturing tools, as well as IP that were overwhelmingly not Chinese. Thus, given the complexity of MMEs, catchphrases like 'catchup' and 'self-reliance' are hard to define. Nevertheless, in nearly all of these assessments, analysts focused on the viability of the American chokepoints targeted by the Commerce Department; and, they largely focused on particular semiconductor product categories, assuming that the GVC is linear.

MMEs and Chinese Counter-strategies

Using the lens of MMEs, export controls look quite different. The logic of BIS has broadly been to create enforcement chokepoints at key nodes along linear GVCs, especially focused on semiconductors. Even the logic of the most expansive October 2022 export controls rests upon a linear supply chain and a focus on several chokepoints where US firms appear to possess chokepoint strength. The ultimate goal of these controls is to restrict Chinese access to high-performance computing (HPC) capabilities which can be used to train advanced AI models and can be applied to military applications, like hypersonic aerospace, nuclear, and other advanced military applications.

The pathway to achieve this goal is not simply by restricting the end-use of HPC and AI, but also to restrict the upstream hardware that goes into these. Going back along a linear semiconductor GVC, this includes very specific classifications of the most leading-edge logic, memory, and GPU chips, then any components or inputs which may advance China's own SME sector which could allow for indigenization of SME tools, and finally even American nationals who are necessary to install and continually service SMEs in China. The ultimate goal of export controls is not to deny China access to leading-edge semiconductors. Rather, the ultimate goal is restricting a company on the Entity List or some sort of final end-product for an end-use (e.g. military modernization), whether it is Huawei telecom equipment, Hikvision advanced cameras, or HPC capabilities, in the case of the October controls. Semiconductors and SMEs are simply convenient chokepoints of enforcement for these other goals.

However, given the nested layering of MMEs, the degrees of freedom are much greater than implied by a linear GVC with chokepoints. MMEs offer substantial flexibility for innovation, which in some cases can undercut chokepoints that initially appear strong. Although there are not crystal clear lines differentiating the following counter-strategies, this paper examines four:

1. Product architecture redesign.
2. Shifting MME layers to generate different products but achieving the same technological goals.

3. Innovating on new open-source platforms.
4. Repurposing the same resources, capabilities, and talent to enter new industries.

Counter-strategy 1: Final Product Redesign

The first pathway to avoid the chokepoints of advanced node semiconductors is redesigning final products by utilizing less advanced chip technology. For instance, it has been suggested that Huawei's 5G base stations could be redesigned using less advanced 28nm chips, rather than more advanced 14nm node chips through software and system redesign.⁶⁶

Part of this innovation may also involve shifting between layers (see below). For instance, Huawei's chip design house, HiSilicon, has also redesigned its telecom equipment and automotive chips so that they can be produced on older SME technologies, which are already installed and used in Chinese chip making companies, like Fujian Jinhua Integrated Circuit Co. (JHICC) and Ningbo Semiconductor International, both also on Commerce's Entity List.

Software redesign has been used in contexts outside of export controls. For instance, although not an example involving China, during the height of the chip shortage that impacted the American automobile industry, Tesla reported to its shareholders that "within weeks," it had rewritten substantial portions of its firmware (software code) so that it could utilize chips that were in greater abundance, even sourcing them from brand new suppliers.⁶⁷ Thus, as a general rule, many products can be redesigned and re-architected to use simpler components, but still end up with an equivalent end-product with equivalent performance. Thus, in this pathway, one ends up with the same basic product and performance, but through a different design. While the distinctions may be blurry at times, this differs from the prior discussion in which Huawei de-Americanized its products, by simply using foreign suppliers who could provide comparable, de-Americanized products.⁶⁸

Counter-strategy 2: Shifting MME Layers

A second pathway is to shift layers in the MME to achieve the same end goal, but through different product combinations. For instance, the October 2022 export controls aimed to cut China off from HPC, which could be used to train large AI models for military purposes. However, the export controls assume that China can only tap into HPC within its own borders and only by direct purchasing of leading-edge node GPUs from companies like Nvidia.

However, if Chinese firms or state institutions moved ‘up’ the digital stack to cloud computing, there is quite a different geography than the export controls envision. For instance, large Chinese AI models could be trained in data centers outside of China. Assuming Chinese organizations do not want to create new dependencies on American cloud services, Alibaba, Tencent, and increasingly Huawei have built data centers outside of China. Export controls do not restrict controlled items based on the country of ownership but rather only the location of the facility itself. For instance, Huawei has installed at least 70 data centers and other cloud services around the world.⁶⁹

Although these are mostly supplied to foreign governments, there is little reason to believe that Chinese cloud companies could not set up advanced data centers outside of China to train next-generation AI models. Under current American export regulation, they could even purchase as many of the most advanced chips to accomplish this, as long as the data centers remained outside of China. Even for data centers within China, there could be ways of architecting them to avoid export controls. For instance, to achieve similar compute capabilities but avoid the chokepoint of leading-edge chips, Chinese cloud companies could design more customized and hence efficient chips (customized ASICs instead of GPUs),⁷⁰ while also interconnecting more but simpler chips together. This is more costly and less efficient at the system-level, but could be effective to achieve their ends. Other avenues might include advanced packaging of chips.

Counter-strategy 3: Open-source

A more significant pathway to evade semiconductor controls deep in the ICT stack is developing open-source software, and major Chinese firms appear to be pushing forward on this (see Atom Foundation). One example of

this is RISC-V architecture for the underlying instruction set for semiconductors, something which will become increasingly attractive to Chinese companies, as they are outside the scope of export controls. Chinese firms seem to be pushing forward on RISC-V along many fronts: nearly half of the premier members of the RISC-V Foundation are Chinese;⁷¹ Alibaba and Tencent have spearheaded a Chinese RISC-V consortium under government guidance;⁷² hundreds of Chinese firms are working on RISC-V in China;⁷³ and local governments like Shenzhen are offering subsidies to local firms using RISC-V.⁷⁴ Even the RISC-V Foundation has taken precautions against the possibility of US sanctions by shifting its headquarters to Switzerland from the United States.

Beyond RISC-V, open-source in general is attractive to China to avoid US controls at multiple levels of the MME. For instance, Huawei is investing across many aspects of open-source, and it is taking precautionary measures like moving its code to Chinese Gitee, rather than Microsoft-managed GitHub.⁷⁵ They also have opened up source code and compilers to encourage their own ecosystems. It is hard to know where all of this will lead, and there currently are many limitations to open RISC-V and open-source in general.⁷⁶

However, the larger point is that the export controls are stimulating innovations in open-source spaces which were previously less significant. Furthermore, as platforms, their major barrier to growth is achieving the necessary momentum among users in order to scale, and to achieve a certain threshold of usage and demand, which then creates a cascade effect of users that collectively can solve many of the open-source problems. Export controls may unite a large segment of Chinese firms and software talent around open-source platforms, giving them the momentum they need.

Counter-strategy 4: Repurposing Resources to New Products

Finally, resources, talent and capabilities can be more easily repurposed across adjacent industries within MMEs. Part of this is because of many more generalized skills and resources that can apply across MMEs, such as software languages, and some libraries, compilers, debuggers, and other tools. In this sense, export controls could induce Chinese resources to be redeployed to adjacent

industries. We already discussed how Chinese firms have multiple routes to acquire HPC by moving up the MME layers to cloud computing. But, cloud computing is also an avenue for Chinese firms to repurpose resources to enter a new industry, as Huawei has done to replace lost revenues in smartphones. This repurposing makes sense for Huawei because telecommunications and cloud computing are increasingly merging as more telecommunication network operators utilize the cloud service providers to run even their core networks, including major ones like AT&T.⁷⁷ Given international concerns of Huawei telecommunication equipment, its entry into cloud computing seems to be a natural extension of its core competencies.

Similarly, China's semiconductor capabilities are being forced to redirect towards less sophisticated nodes, like 28nm and higher, where innovation on design (China's relative strength) will be more important than manufacturing innovations. This might redirect talent and resources to a host of industries that have potential military and security implications, such as IoT, swarm military technologies, robotics, and edge computing.

Of course, new industries can be built in any industrial sector. However, MMEs have special qualities based on modularity and standardized interfaces, which allow for greater flexibility, and the ability to innovate rapidly and experimentally through recombining components, resources, talent, and capabilities. While chokepoints do exist in certain nodes in the MME, there are many pathways to make the same product (e.g. base stations), achieve certain desired ends (e.g. HPC), or to redeploy resources to new products and sectors with military applications (e.g. swarm).

Conclusion

In recent years, the Commerce Department has returned to a Cold War-like strategy of controlling dual-use American technologies to degrade the military capabilities of a rival. However, today's industrial organization has little resemblance to the Cold War era. This poses new challenges for policymakers. Today's dual-use technologies are overwhelmingly commercial in use and produced by commercial firms. Furthermore, innovations in advanced technologies require the combined expertise of many specialized firms that must more openly share knowledge and resources than in prior industrial eras.

In important ways, the new industrial organization subtly alters some principles and assessments of classic export controls. While chokepoint strength (such as the degree of foreign availability) is still important, American coercive potential cannot be measured based on US firms' market share. From the perspective of classic export controls, it may appear that US firms dominate key product categories, thereby offering policy makers clear chokepoints. However, some of these high market-share chokepoints may be 'mirages' given the highly flexible nature of business ecosystems that readily allow for multiple pathways to achieve the same product or strategic goals.

Under these conditions, export controls will fail, and possibly even induce new pathways of Chinese innovation. Mirage chokepoints, in which American market concentration appears substantial, can also make policy-makers overconfident in American coercive power, thus encouraging policy-makers to be more unilateral and more extraterritorial, as well as lead them to make overly narrow assessments of Chinese counter-strategies.

In most cases, assessments of China's options under export controls boil down to two basic trajectories: Chinese 'workarounds' or Chinese technological 'catch up.' Neither of these assessments is wrong, as Chinese firms and state actors have engaged in both counter-strategies. However, in both scenarios, it is assumed that the controlled technology is essential for Chinese progress in technological innovation, giving the impression of unilinear technological change, which foregrounds the assumed chokepoint. However, given the flexibility of industrial ecosystems and the variety of ways that firms exchange resources, technologies advance in more multilinear ways, and it is rare to find true chokepoint strength. As such, policymakers need to consider a broader palette of factors that contribute to policy effectiveness on targeted firms and countries, as well as more complex and varied second and third-order effects on American and allied firms.

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Notes

1. I use the broader term ‘value chain’ rather than ‘supply chain.’ Supply chain research focuses on the efficient logistical flow of tangible goods. Value chain research is broader as it incorporates supply chains, but also includes intangibles like intellectual property and standard-setting, and services like business functions outsourcing, among others (Park, et al 2013).
2. Antony Blinken, “Remarks to the Press” at Stanford University, October 17th, 2022 <https://www.state.gov/secretary-antony-blinken-remarks-to-the-press-3/>
3. The China threat is one of the few areas of bipartisan agreement in US politics, evidenced by the institutionalization of the conflict, such as the House Select Committee, the State Department’s China House, CIA’s China Mission, China policy in the annual National Defense Authorization Act, etc. Similarly, Xi Jinping has propagated equally anti-American rhetoric (wolf warriors) and institutionalized conflict with the West, including through new military-civil fusion policies (2017), its comprehensive national security state (2013), and a series of new policies, including building its own export control and sanctioning regimes.
4. Jake Sullivan, “Remarks by National Security Advisor Jake Sullivan on Renewing American Economic Leadership at the Brookings Institution,” White House, April 27th, 2023 <https://www.whitehouse.gov/briefing-room/speeches-remarks/2023/04/27/remarks-by-national-security-advisor-jake-sullivan-on-renewing-american-economic-leadership-at-the-brookings-institution/>
5. Author’s data, accessed on July 23, 2023.
6. Homer O. Blair, “Export Controls on Nonmilitary Goods and Technology: Are We Penalizing the Soviets or Ourselves?” *Texas International Law Journal* 21, no. 2 (1986): 363–372; Tim Hwang and Emily S. Weinstein, “Decoupling in Strategic Technologies” (Center for Strategic and Emerging Technologies, 2022); Tongele, “Emerging and Foundational Technology Controls” (Washington, DC: US Department of Commerce, 2022).
7. *Inter alia*, see Henry Farrell and Abraham L. Newman, “Weaponized Interdependence: How Global Economic Networks Shape State Coercion,” *International Security* 44, no. 1 (2019): 42–79; Henry Farrell and Abraham Newman, *Underground Empire: How America Weaponized the World Economy* (New York: Henry Holt and Company, 2023); David Singh Grewal, *Network Power: The Social Dynamics of Globalization* (New Haven: Yale University Press, 2008); Mark Leonard, “Connectivity Wars: Why Migration, Finance and Trade Are the Geo-economic Battlegrounds of the Future,” *European Council on Foreign Affairs* 13, no. 27 (2016); Thomas Oatley, “Weaponizing International Financial Interdependence,” in *The Uses and Abuses of Weaponized Interdependence*, ed. Daniel Drezner, Henry Farrell, and Abraham Newman (Washington, DC: Brookings Institution Press, 2021), 115–130; Tobias Roth et al., “Critical Technology Supply Chains in the Asia-Pacific: Options for the United States to De-risk and Diversify” (Washington, DC: National Bureau of Asian Research, 2023); Juan Zarate, *Treasury’s War: The Unleashing of a New Era of Financial Warfare* (New York: Hachette UK, 2013).
8. Daniel Drezner, “Introduction,” in *The Uses and Abuses of Weaponized Interdependence*, ed. Daniel Drezner, Henry Farrell, and Abraham L. Newman (Washington, D.C.: Brookings Institution Press, 2021).

9. Gary Clyde Hufbauer et al., *Economic Sanctions Reconsidered*, 3rd ed. (Washington, DC: Peterson Institute for International Economics, 2008), pp.175.
10. Hufbauer et al., *Economic Sanctions Reconsidered*, pp. 209.
11. Kevin Wolf, “Advancing National Security and Foreign Policy Through Sanctions, Export Controls, and Other Economic Tools” (testimony before the Senate Committee on Banking, Housing, and Urban Affairs, Washington, DC, 2023).
12. Hwang and Weinstein, “Decoupling in Strategic Technologies.”
13. Section 4811(5) states “Export controls should be coordinated with the multilateral export control regimes. Export controls that are multilateral are most effective.” And Section 4811(6) states “Export controls applied unilaterally to items widely available from foreign sources generally are less effective in preventing end-users from acquiring those items. Application of unilateral export controls should be limited for purposes of protecting specific United States national security and foreign policy interests.” See [https://uscode.house.gov/view.xhtml?req=\(title:50%20section:4811%20edition:prelim\)](https://uscode.house.gov/view.xhtml?req=(title:50%20section:4811%20edition:prelim))
14. See Assistant Secretary Kendler’s remarks to European allies. <https://www.bis.doc.gov/index.php/documents/about-bis/newsroom/press-releases/2941-2022-03-30-bis-press-release-aci-12th-cloud-encryption-and-cyber-conference-as-kendler/file>
15. For example, Sarah Danzman and Erin Kilcrease, “The Illusion of Controls: Unilateral Attempts to Contain China’s Technology Ambitions Will Fail,” *Foreign Affairs*, 2023
16. Henry W. Chesbrough, *Open Innovation: The New Imperative for Creating and Profiting from Technology* (Boston: Harvard Business Press, 2003)
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38. For instance, very few smartphone companies design their own application processor chip (the CPU for a phone). Huawei is the only Chinese company that does so for the vast majority of its phone models, especially at the high-end where it competes globally with Apple and Samsung. Other Chinese smartphone companies largely rely on third-party chip design houses, such as Qualcomm, for their app processor.
39. For instance, by designing one's own chips, Huawei could better design its system-level products (e.g. base stations, smartphones) to its own chips. Apple and Samsung are the only other firms that do the same at scale in smartphones. But, there is a degree of lock-in. Of course, the export controls cut off both EDA tools (for internal designs) and third-party chips, so both avenues for chip acquisition. On the enforcement side, however, while controversial, it is arguably easier to enforce EDA software restrictions given that there are only three major suppliers and they are all American, whereas many non-American firms design chips, so the key chokepoint is manufacturing leading-edge chips through TSMC. TSMC is not American (though they comply to US export controls) and they produce for many companies, so there are many more avenues by which chips can flow to controlled Chinese companies.
40. Another rough proxy of a shift in strategy for Huawei is a word count for "software" in its annual reports (Huawei is not publicly listed, however). Between 2013 and 2018, "software" appears 38 times on average, whereas from 2020 to 2023, this jumps to 91 times, even though their annual reports only lengthened (in page numbers) by 25 percent between these periods. The transitional year 2019 had 65 appearances.
41. To be fair, the Commerce Department's goals have also evolved over time. For instance, the October controls focused on China's AI chip capabilities, but they also filled holes in controls on SMIC, for instance, thus serving double duty.
42. Eric Thun et al., "Massive Modularity: Understanding Industry Organization in the Digital Age.," Eric Thun et al., "Massive Modular Ecosystems."
43. Statista, "Market share of mobile operating systems in China from January 2013 to December 2021"
44. As mentioned, Google's proprietary apps had previously been pushed out of China's marketplace by the government.
45. Juro Osawa, "Huawei Was Prepared for Anything—Except Losing Google," The Information, September 3, 2019, <https://www.theinformation.com/articles/huawei-was-prepared-for-anything-except-losing-google>
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2023-24 WILSON CHINA FELLOWSHIP

Can the Race for Decarbonization Be 'Green'? Critical Minerals, China's Responsible Mining Initiatives, and the Role of Non-State Actors

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Abstract

This report examines China's evolving role in promoting responsible critical mineral extraction within the context of the global energy transition. It focuses on the pivotal role of non-state actors in shaping environmental, social, and governance (ESG) standards and corporate social responsibility (CSR) practices in the mining sector through the case of the China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCMC). CCCMC emerges as a key player in developing and implementing ESG guidelines, bridging government policies, industry interests, and international standards. By analyzing CCCMC's evolution, international engagements, and influence on policy and ground-level practices, this report provides insights into China's approach to responsible mining and its implications for global mineral supply chains. It also challenges conventional portrayals of Western and Chinese ESG standards as disparate, demonstrating their increasing convergence and co-evolution. It highlights the complexities Chinese firms face in implementing these standards, noting distinct challenges for upstream and downstream companies across different minerals. The findings suggest that China's efforts in this domain serve multiple purposes: securing critical mineral supplies, mitigating reputational risks, and perhaps increasingly projecting green soft power. It suggests the need for a more granular understanding of and increased international cooperation in addressing the environmental and social challenges of the global energy transition.

Takeaways

- Western and Chinese ESG standards in the mining sector are increasingly converging and evolving in tandem. Efforts should focus on identifying areas of alignment and opportunities for collaboration rather than emphasizing differences.
- The role of Chinese non-state actors in shaping ESG standards for the mining sector should be recognized as an important avenue for engagement in responsible critical mineral supply chains. Policymakers and industry leaders should seek to understand and collaborate with these organizations rather than viewing them through a competitive lens.

- Implementation of ESG guidelines by Chinese firms varies between upstream and downstream companies. Policymakers and industry leaders should develop targeted approaches to address the unique challenges faced by different actors in the supply chain of each specific mineral.
- US industry and safeguard leaders should build on existing collaborations between CCCMC and international organizations using, for instance, multilateral platforms such as the UNFCCC, OECD Mineral Supply Chain Forum, and G20 to promote alignment, effective implementation, and global discussions on standards for responsible critical mineral extraction and processing.
- Support subnational and non-state actor engagement between the United States and China through a) facilitating direct engagement between provincial/state-level governments and industry associations involved in critical mineral extraction and processing, and b) providing resources and platforms for non-state actors, including industry associations and NGOs, to participate in international dialogues on critical mineral standards in light of the low-carbon transition.
- Promote industry-to-industry collaboration through partnerships and dialogues between organizations like CCCMC and their Western counterparts. This could encompass technical exchanges, shared research initiatives, and joint development of common ESG standards for the critical minerals sector.
- Given the current politicized competition with China, US NGOs, or industry groups might serve as less risky intermediaries in reaching out to Chinese industry groups like CCCMC.
- Create joint research and development initiatives between Chinese and Western institutions focused on environmentally responsible extraction and processing technologies for critical minerals.

- Chinese and Western companies rely on increasingly harmonized ESG standards. As such, they should engage in developing programs to assist resource-rich countries in implementing and monitoring these standards and improve enforcement at the company level.

Introduction

The global transition to clean energy technologies has dramatically increased demand for critical minerals, sparking competition to secure stable supply chains. This transition represents more than just a shift in power sources; it signifies a fundamental transformation of the global economy, environment, and geopolitical landscape. As countries strive to reduce their carbon footprints, demand for minerals essential to low-carbon technology has reshaped how we produce, extract, transport, store, and use energy. However, this swift transition, necessitated by the urgency of climate change, brings significant risks and harms, leading to what some have deemed “climate necropolitics”¹ and “green transition necropolitics.”² The extraction and processing of minerals often come with severe environmental and social costs, such as labor exploitation and environmental harms.³ As a result, societies are grappling with balancing the environmental benefits and need for renewable energy with negative consequences, such as habitat destruction, water pollution, deforestation, and human rights violations. Moreover, there is a danger of reproducing damaging extractive histories and exacerbating geopolitical tensions.

China, as a major player in global mineral supply chains, plays a crucial role in shaping mining practices. The country is a leader in the extraction, processing, and manufacturing of many critical minerals, so its approach to environmental, social, and governance (ESG) issues in the mining sector has far-reaching implications for the global decarbonization effort. Chinese firms have increasingly prioritized corporate social responsibility (CSR) and ESG standards across various sectors, prompting debates on whether China will emerge as a global standard-setter⁴ or an environmental great power.⁵

While this debate and research on China’s environmental governance often focus on high-level policy decisions and guidelines from policy banks or the Ministry of Ecology and Environment, particularly in relation to the Belt and Road Initiative (BRI).⁶ This is due, in large part, to efforts to “green” the BRI and China’s overseas activities.⁷ China’s environmental governance, however, has shifted from a command-and-control approach to a more diversified system involving market mechanisms, civil society, and international integration.⁸ It is, thus, crucial to recognize the role of non-state actors in shaping and implementing these policies. Scholarship has highlighted the importance of non-state actors in environmental governance, both domestically

and in China's overseas activities.⁹ Scholars have turned to analyzing the role of Chinese NGOs in environmental governance¹⁰ and their ability to generate knowledge for environmental regulations,¹¹ demonstrating how local governance shapes policy implementation. Others have shown how civil society organizations might participate domestically in environmental governance.¹² Increasingly, Chinese non-state actors play an important role in the environmental governance of China's overseas activities, as they accumulate knowledge through international engagements and disseminate this knowledge domestically.¹³ The changing ways Chinese people and organizations respond to environmental issues in China illuminate the country's growing role in global environmental politics, reflecting dynamic state-society relations in China.¹⁴

Building on an understanding of the critical bridging and knowledge production role of non-state actors from NGOs to civil society,¹⁵ this paper examines China's push for more responsible critical mineral extraction in the context of the global energy transition by focusing on the role of business or industry associations. In particular, I center the case of the China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCMC), an increasingly critical non-state actor shaping corporate social responsibility, ESG standards, and supply chain practices.

CCCMC has played an essential role in setting environmental standards for other resources, such as rubber,¹⁶ and it has emerged as a proactive actor in developing ESG standards for Chinese outward investment and global mineral supply chains. Between 2014–2023, the organization developed several guidelines and initiatives that closely align with international standards like the UN Guiding Principles on Business and Human Rights and OECD Due Diligence Guidance. By centering CCCMC and its role in developing and promoting sustainable practices within the industry, this paper demonstrates how organizations like CCCMC act as translators and mediators between Chinese companies, international standards, and host extractive locations. It also examines how CCCMC bridges central government objectives and firm actions that affect socio-environmental impacts across the supply chain.

This report employs a suite of qualitative methods, including policy analysis, interviews, observations of international mining conferences, and case studies. It incorporates a review and analysis of Chinese government policies and strategies, industry reports, primary sources from CCCMC, news

reports, a series of CSR initiatives, and ESG guidance published and revised between 2014 to 2024. Through this approach, I aim to develop a comprehensive understanding of the role of non-state actors in translating and defining critical mineral governance in China and its global implications.

The paper begins by detailing the geopolitical context surrounding critical minerals, followed by an overview of China's central policy landscape related to these resources. The core of the paper focuses on CCCMC's role in relation to critical minerals, examining its impact on ESG standards in the Chinese mining sector and how they compare to Western standards. I consider how CCCMC acts as a bridge between Chinese policy directives, international standard setting, and mining companies operating around the world, showing how standards evolve and are used to address responsible supply chain challenges in ways that are specific to the Chinese context and their role as an industry association. The paper concludes with policy recommendations for how China and other global actors can collaborate towards a more responsible decarbonization path that balances the urgent need for climate action with the imperatives of environmental protection and social justice in mineral-rich regions.

Background: Critical Mineral Geopolitics and Securing Supply Chains

The concept of "critical minerals" has gained significant attention in recent years, particularly in the context of the clean energy transition and related technological advancement. These minerals are essential for a wide range of applications, including renewable energy technologies, digital devices, defense systems, and infrastructure. However, the definition and prioritization of critical minerals vary among countries, reflecting unique strategic interests, industrial structures, and geopolitical considerations. China, the United States (US), and the European Union (EU) are shaping the landscape of critical minerals and driving competition globally. While there are minerals that all three actors consider critical, their lists are not identical. This divergence reflects each region's strategic priorities, industrial capabilities, and resource endowments. For example, minerals central to electric vehicle batteries, such as lithium, cobalt, and nickel, are found at the intersection of all three lists, highlighting the global race to secure supplies for the growing EV market.

While China's dominance in critical mineral supplies and production is often emphasized, it is crucial to recognize that this position results from years of strategic decisions and investments. Decades of research and development have led China to develop a robust supply chain from mineral extraction to chemical processing and manufacturing. China's dominance in this field can be attributed to a combination of factors, including its abundant mineral resources, strategic investments, and supportive government policies. More recently, in light of the low-carbon transition, China has taken steps to secure its supplies of certain critical minerals domestically and abroad. These measures are being implemented at various levels across the Chinese bureaucracy, reflecting the country's strategic approach to ensuring a stable supply of these resources (such as rare earths, cobalt, and nickel).

The surge in mineral demands, coupled with China's dominance in several key mineral sectors, has raised concerns among Western countries about potential dependencies and vulnerabilities in their decarbonization efforts. In response, governments are implementing strategies to secure and diversify their critical mineral supply chains. The United States, for instance, has passed legislation allocating billions of dollars toward clean energy technology and infrastructure, such as the Inflation Reduction Act (IRA), the CHIPS Act, and the Infrastructure Law. The IRA aims to increase clean technology development and uptake by providing incentives to expand wind and solar energy, offering production tax credits to support domestic manufacturing of these technologies, investment tax credits for zero-emission energy generation and storage facilities, incentives for Americans to decarbonize their homes through upgrades like heat pumps, and tax credits for qualifying electric vehicles. Securing stable supplies has become a bipartisan issue, largely because of China's dominance in the relevant industries and ongoing trade tensions. The United States is facing significant demand increases for critical minerals due to the growth of electric vehicles, batteries, solar panels, and wind turbines, as well as their applications in defense, IT sectors, and medical devices. The US Geological Survey (USGS) has maintained a list of critical minerals since 1973, but the Department of Energy (DoE) recently released its own list, employing a different methodology that considers the country's specific needs and vulnerabilities.

In addition to domestic efforts, the United States also engages in international cooperation to secure critical mineral supply chains. In 2023, President

Biden met with the head of the European Commission to discuss critical minerals trade. This meeting resulted in an agreement that will allow EU-sourced minerals to qualify for the United States' recent and substantial EV-related subsidies. The EU's Critical Raw Materials Act entered into force in 2024. Meanwhile, Australia and India are discussing their own critical minerals trade deal, highlighting the global nature of these efforts.

The spatial distribution of supply chains further complicates the geopolitical landscape of critical minerals. While upstream extraction occurs in resource-rich countries like Indonesia, Chile, Peru, China, and the Democratic Republic of the Congo, downstream processing is heavily concentrated in China. This has raised concerns about the potential risks associated with over-reliance on a single country for critical mineral processing and has prompted efforts to diversify supply sources and develop domestic processing capabilities in other nations. Finally, the criticality of minerals can be viewed through both short-term and long-term lenses. Some minerals may be considered critical in the near future due to immediate supply shortages or geopolitical tensions. In contrast, others may become increasingly important in the longer term as technologies evolve and global demand shifts.

As the world transitions towards a more sustainable and technologically advanced future, critical minerals demand is expected to grow. With Xi Jinping's commitment to ending the production of internal combustion engines by 2035 and Beijing's increasing orientation towards EV batteries and other lower-carbon initiatives, China requires its own robust and secure supplies of a range of minerals. It is to the central-level policy landscape concern with climate and mineral security within China that I now turn.

China's Policy Landscape in Relation to Critical Minerals

China's approach to critical minerals and environmental governance reflects interactions between national priorities and local implementation. At the core of Beijing's strategy is a commitment to "green growth," which underpins its critical mineral and energy transition policies. These policies are considered crucial pillars of the country's environmental and economic development and aim to achieve two main objectives: channeling investment

into green industries to foster growth and securing a stable supply of critical minerals to reduce China's dependence on imports and protect domestic industries. This dual focus is evident in recent legislation. For instance, the Renewable Energy Law of 2017 emphasizes developing and utilizing energy sources aligned with the broader green growth agenda. In contrast, the revised Mineral Resources Law of January 2024 only briefly mentions green development, though it does not explicitly refer to the Green Development Concept (*lüse fazhan linian*; 绿色发展理念). Instead, it highlights the importance of critical minerals for economic security, reflecting the central government's priorities of expanding domestic extraction and mitigating foreign reliance and competition.

Overall, mining policy primarily focuses on domestic development, shaping provincial growth and the overall industrial structure, such as encouraging enterprises to “go out” and invest overseas. Natural resource (*ziyuan*; 资源) policy is derived from broader strategic goals. Green technology and innovation policies are typically subsets of climate and economic policies, which have emerged to address the balance between growth and sustainability. These green technologies will undoubtedly shape China's strategic mineral interests in the coming decades, including the country's absolute demand for green minerals.¹⁷

China's environmental governance, however, is characterized by fragmentation rather than centralized control.¹⁸ It involves negotiation and redefinition at multiple levels and by a range of actors, including private entities, NGOs, civil society, and non-state actors. While the central government sets the overarching agenda, provinces, municipalities, businesses, and SOEs do not simply follow top-down critical mineral directives. Instead, they interpret and translate key national directives to pursue local interests, often in an iterative process between central and subnational actors.¹⁹

The central government typically identifies strategic priorities and high-level solutions, tasking lower-level bureaucratic actors with determining implementation specifics. Beijing tends to outline relatively open-ended problem sets in the minerals sector, allowing space for lower-level experimentation. This approach enables local officials and firms to translate central directives in ways that align with their interests, resulting in more technical and solution-focused plans at the subnational level. Additionally, scholars have highlighted

that China's environmental governance is not purely authoritarian; although national policies might appear, local implementation often results in a mix of authoritarian and liberal features due to weak central control over local governments and enterprises.²⁰ Thus, understanding the dynamics of critical mineral supply chains requires looking beyond national supply and centralized directives to examine how these sectors are shaped by various factors and actors. The roles of non-state actors, including NGOs, civil society, and private entities, in shaping China's environmental policies are increasingly recognized as indispensable.²¹

This report focuses on one such actor: the China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCMC). As a non-state organization with close ties to state bodies, CCCMC occupies a unique position in China's environmental governance landscape. It is increasingly integral in shaping critical mineral supply chains, related ESG standards, and their implementation. By examining CCCMC and its evolution, this report aims to provide insights into China's evolving approach to responsible critical mineral extraction in the context of the global energy transition. It explores how non-state actors like CCCMC navigate the landscape of Chinese environmental governance, bridging national priorities, industry practices, and international standards. It contributes to a broader understanding of how China balances economic development, resource security, and environmental protection in its critical minerals sector.

CCCMC and the Role of *Shanghui* in ESG Safeguards

CCCMC acts as the primary business association for metals and mining in China and has led the development of ESG guidance for mining. Established in 1988, CCCMC has grown to represent over 6,000 Chinese companies by 2021, playing a crucial role in an industry that constitutes a substantial portion of China's foreign trade.

CCCMC exemplifies the unique nature of Chinese business associations, or '*Shanghui*,' which have become important intermediaries between the government and the private sector since China's economic reforms began in the late 1970s.²² These organizations blend state influence with market-oriented approaches, often maintaining ties with state institutions while representing

industry interests. They have taken on increasingly important roles in promoting social responsibility, including environmental standard-setting, guidance, and implementation. The development of these associations reflects China's approach to governance, blending state control with market-oriented reforms.

Scholars have argued that Western concepts of non-state actors in environmental governance are inadequate to describe China's system, where the line between state and non-state is blurred, and the government is central in many sectors.²³ This is particularly relevant in relation to CCCMC, which is officially a non-state actor, though it maintains close communication with state bodies. Many of these organizations have roots in former government ministries or departments, maintaining ties with state institutions while representing industry interests. These associations span sectors, including textiles, mining, agriculture, energy, banking, and construction.

CCCMC Overview and Membership

Metals, minerals, and chemicals constitute an enormous portion of China's foreign trade, accounting for 40 percent of imports and 20 percent of exports. The sector involves some of China's largest corporations, positioning CCCMC as an influential entity across multiple industries. The Chinese government has tasked CCCMC with driving shifts in its member companies and their respective sectors, focusing on environmental sustainability, social responsibility, and technical standards. In response, CCCMC began developing guidelines for Chinese outbound mining investments in 2014 and recently partnered with the Responsible Critical Mineral Initiative to establish a new accountability mechanism for the mining sector.

CCCMC's membership encompasses companies involved in various economic activities related to metals and minerals, non-metallic minerals, hardware and building materials, petroleum and chemical raw materials, and associated upstream and downstream industrial chains. Only companies legally registered in China with a Business License (企业法人营业执照) issued by the State Administration for Industry and Commerce are eligible for membership. CCCMC has established 23 commodity branches (商品分会), each with its chairman, council companies, principles, and rules tailored to sectoral needs. The organization's primary functions include providing coordination,

consultation, and services to members, maintaining a fair-trade order, and safeguarding member rights and interests to promote sustainable industry development. Members have also used CCCMC as a 'billboard' to advertise or make statements to the public. However, the extent of CCCMC's influence over its members remains unclear. Currently, there is no published member list online; only council members (48 permanent and 144 sessional as of 2024) and companies joining commodity clubs are visible to the public.

CCCMC has historically emphasized Africa as a region of interest. In September 2021, it launched the Alliance of Chinese Business in Africa for Social Responsibility (ACBASR) during the second China-Africa Economic and Trade Expo. In October 2023, CCCMC published a CSR report on Chinese business in Africa at the 3rd Belt and Road Forum. From 2009 to 2014, CCCMC was entrusted by the Ministry of Commerce of the State Council of China (MOFCOM) to review and record China's companies engaged in overseas development and investment until September 2014. In 2020, CCCMC formally separated from MOFCOM during a round of decoupling between industry associations and administrative agencies that resulted from the 2015 "Plan for the Decoupling of Industry Associations and Administrative Agencies" (行业协会商会与行政机关脱钩总体方案).

CCCMC's Evolution and Expanding Role

CCCMC has been pivotal in shaping China's engagement with metal and mineral resource investment and development. However, with the turn toward increased environmental standards and critical mineral securitization over the past decade, their engagement and leadership have evolved. For example, the 2023 annual meeting featured seven sub-forums focused on iron, copper, lead, aluminum, magnesium, silicon, and nickel, with attendees from the government (MOFCOM and embassies of other countries), academia, researchers, private corporations (mining and investment banks), NGOs, and think tanks, providing industrial and geopolitical insights for CCCMC members.

CCCMC's development can be understood through several key phases:

1. **MOFCOM Assistance (1988–1999):** From its establishment in 1988 until the late 1990s, CCCMC served as a critical institution specializing

in metal minerals and chemicals under the supervision of the MOFCOM, the executive department of the State Council responsible for export control policies. During this period, China imposed restrictions on exporting raw materials like magnesium to stimulate the development of downstream industries. CCCMC assisted MOFCOM with the export of magnesite as China transitioned from a state-controlled economy to a market-based system. MOFCOM controlled the annual export quota of magnesite and required prospective exporters to bid on an allotment from the aggregate quota, with CCCMC administering the bidding process on behalf of the government. The bidding committee even comprised employees from both MOFCOM and CCCMC.

2. **CCCMC responds to “Going Out” (1999–2012):** The launch of China’s “Go Out” policy in 1999 marked a significant shift in CCCMC’s focus. Aligning with the national strategy to encourage Chinese firms to venture abroad for natural resource extraction. In a 2011 interview, CCCMC chairman Xu Xun explained that over the previous decade, the organization’s primary goals were to act as an intermediary to reduce information asymmetry for domestic industries. The organization researched investment environments and policies in resource-intensive countries while assisting Chinese companies in navigating trade remedy cases, including anti-dumping and countervailing measures. By 2012, CCCMC had assisted in approximately 300 such cases, demonstrating its growing importance in facilitating China’s global economic engagement. For instance, CCCMC protected Chinese iron firms from dumping charges by other importing countries. MOFCOM appointed CCCMC to serve as a REACH Act Counselling Service Center, facilitating communication between the EU and domestic companies in China and laying the groundwork for increased cooperation on guidelines in subsequent years.
3. **A turn toward guidelines (2012–2016):** From 2012 to 2016, CCCMC pivoted towards developing guidelines for responsible business practices in response to challenges faced by Chinese firms during the “Go Out” era and the 2013 launch of the BRI. CCCMC’s leader, Sun Lihui,

identified that both CCCMC and the Chinese government had overly emphasized pre-approval processes for overseas activities while neglecting post-investment regulations. This oversight contributed to a high failure rate of Chinese overseas investments, with over 80 percent encountering issues related to human rights, labor practices, environmental concerns, and community relations. Furthermore, many Chinese companies lacked adequate corporate risk assessment tools, posing risks, especially considering that the majority of Chinese mineral companies invested in underdeveloped or “high-risk” regions. Recognizing these challenges, CCCMC advocated for industrial associations to take a leading role in guiding Chinese companies, particularly those engaged in natural resource extraction. This shift was further motivated by the Chinese government’s National Human Rights Action Plans (2009) and the UN Guiding Principles on Business and Human Rights (2011). Consequently, in 2014, CCCMC published its first “Guidelines for Social Responsibility in Outbound Mining Investments” under the Emerging Market Multinational Network for Sustainability and Sino-German CSR Project.²⁴ This marked a significant step in industry self-regulation and demonstrated China’s growing attention to CSR in its global economic activities. These guidelines were later revised in 2017 to align with the UN’s 2030 sustainability agenda. Building on this momentum, CCCMC co-sponsored the 2015 International Workshop on Responsible Mineral Supply Chains with the OECD. During this event, CCCMC introduced the “Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains,”²⁵ based on the OECD Due Diligence Guidance, and co-authored with Germany’s primary development agency GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) with input from OECD and Global Witness. They addressed the issue of “conflict minerals” (known as 3TG: tin, tantalum, tungsten, and gold) in response to the 2012 Congolese Due Diligence Law and EU and US laws requiring companies whose products contain 3TG to conduct due diligence on minerals originating in the DRC or its nine surrounding countries. The effectiveness of these guidelines was later recognized in 2022 when the London Metal Exchange (LME) conditionally approved CCCMC’s Due Diligence Guidelines as a standard for responsible supply chain

management among LME-registered brand owners. This approval marked a significant milestone in CCCMC's efforts to promote responsible mining practices on a global scale.

4. **DRC Cobalt and international engagement (2016–2020):** The period from 2016 to 2020 saw CCCMC intensify its focus on specific mineral supply chain issues, particularly concerning cobalt mining in the Democratic Republic of Congo (DRC). This shift was precipitated by policy incentives from the National Plan for Mineral Resources (2016–2020) that aimed to secure mineral supplies and the publication of China's strategic resource list by the Ministry of Natural Resources. Additionally, CCCMC's pivot was a direct response to Amnesty International's report on human rights abuses in the Democratic Republic of Congo, which heavily criticized Chinese company Huayou Cobalt. In response to the report, CCCMC collaborated with OECD and several international and Chinese companies to launch the Responsible Cobalt Initiative (RCI) in 2016 to reduce the negative impacts of cobalt extraction. The RCI agenda addressed issues related to child labor, health, and safety and sought cooperation with the Congolese government and local stakeholders. The nine council members of RCI included companies named in the report, such as Huayou Cobalt, Jinchuan Group, BMW, Dell, and Xiamen Tungsten, as well as industry associations like CCCMC, CSR Europe, and the China Nonferrous Metals Association Cobalt Branch. Following the incident, an increasing number of Chinese mining and manufacturing corporations chose to engage more actively with CCCMC and its guidelines, participate in their annual conferences, and respond more promptly to their appeals. Huayou Cobalt, for example, has been sponsoring CCCMC's international forums since then. CCCMC also undertook further actions to address issues surrounding artisanal cobalt. In November 2019, CCCMC and OECD co-investigated local mechanized mining, artisanal mining, smelters, and trading markets in the DRC. They also held a "multi-stakeholder conference on the global copper and cobalt supply chain (全球铜钴供应链多利益相关方大会)." The same year, CCCMC stated that cobalt should not be labeled as a "conflict mineral"

and that it would be a wrong move for companies to exclude artisanal cobalt from the supply chain to reduce risks. The OECD supported this statement in their November 2019 report titled “Interconnected Supply Chains: A Comprehensive Look at Due Diligence Challenges and Opportunities Sourcing Cobalt and Copper from the Democratic Republic of Congo.” Moreover, CCCMC started working on an Artisanal Cobalt ESG Management Framework (钴手采矿 ESG管理框架), with the first draft completed in 2021.

- 5. Universal mechanisms for all critical minerals (Post-2020):** Since 2020, CCCMC has broadened its focus to address universal mechanisms for all critical minerals, significantly expanding its cooperation with international organizations, governments, and private and public actors in mineral supply chains. The organization launched its annual Sustainable Mineral Supply Chain International Forum (SMISC) in 2020, attracting a growing international audience and establishing CCCMC as a key convener in the global mineral supply chain dialogue. This expanded role, from a pure attendee to an international event holder, has enabled CCCMC to develop comprehensive accountability mechanisms for the mineral supply chain. In 2021, CCCMC joined the Responsible Minerals Initiative, contributing to the launch of the Cobalt Refiner Supply Chain Due Diligence Standard (Version 2.0). The following year, CCCMC revised its Due Diligence Guidelines, adding a sixth step focused on remediation. Recognizing the need for a more mineral-inclusive approach, CCCMC shifted its strategy from cobalt-specific initiatives to creating universal mechanisms applicable to all critical minerals, such as cobalt, lithium, and nickel. This shift was exemplified by the rebranding of the Responsible Cobalt Initiative (RCI) to the Responsible Critical Mineral Initiative (关键矿产责任倡议) in November 2022. While CCCMC mentions “critical minerals,” it rarely does so explicitly. In interviews, the organization acknowledges the impact of geopolitics and great power competition on mineral supply chains. Still, it avoids directly addressing geopolitical questions, instead emphasizing its focus on sustainability, human rights, and social responsibility. Most recently, in 2023, it issued a procedural document for mediation and consultation mechanisms

related to mining disputes. To support these initiatives, CCCMC issued new accountability measures, training programs, and mediation and consultation mechanisms related to mining disputes. They include, for instance, the Complaint and Consultation Mechanism for the Mining Industry and Mineral Value Chain and a Mineral Supply Chain Due Diligence Assessment Program in 2023. It also launched a training for domestic mining stakeholders, covering due diligence practices across various mineral supply chains, including copper, lead, zinc, tin, lithium, nickel, and cobalt. The Mineral Supply Chain Due Diligence Assessment Program, initiated in June 2023, aims to identify gaps in due diligence performance and implement corrective actions to help companies align with international standards. Most recently, in May 2024, CCCMC participated in the OECD Mineral Supply Chain Forum in France, hosting several sessions, organizing the attendance of leaders from key Chinese companies, and giving a Keynote address on due diligence incentives for smelters and refiners.

CCCMC's Key Mining Guidelines and Interactions with Global Environmental Governance

As the preceding chronology illustrates, CCCMC has been shaped by several international actors, institutions, and organizations. Simultaneously, it has come to shape environmental standards within the Chinese and global mineral sectors. CCCMC's increasing international engagements impact not only their standards but broader supply chain governance. Guidelines have been developed through multi-stakeholder collaboration involving Chinese and international actors from government, industry, and civil society, including member companies, Germany, the United Kingdom, OECD, United Nations offices, the Responsible Mining Initiative, and international NGOs like Global Witness and Amnesty International.²⁶ These guidelines, summarized in Table 1 and explored in depth in the following paragraphs, demonstrate CCCMC's evolving role in promoting responsible mining practices and aligning Chinese standards with international best practices.

TABLE 1. Summary of CCCMC's main guidelines

Guidelines for Social Responsibility in Outbound Mining Investments (GSRM) (中国对外矿业投资行业社会责任指引) ²⁷	2014 (revised 2017)
Chinese Due Diligence Guidelines for Mineral Supply Chains (中国负责任矿产供应链尽责管理指南) ²⁸	2015 (revised 2022)
Sustainable Mining Action Plan (SMAP; of the Responsible Cobalt Initiative) (可持续矿业行动计划)	2016
Cobalt Refiner Supply Chain Due Diligence Standard (钴冶炼厂供应链尽责管理标准) ²⁹	2018 (revised 2019; 2021)
Responsible Cobalt Initiative (RCI) rebranded Responsible Critical Mineral Initiative (关键矿产责任倡议)	2022
Mediation and Consultation Mechanism for the Mining Industry and Mineral Value Chain: Procedure Document (采矿业和矿产价值链调解磋商机制:程序文件) ³⁰	2023

The Guidelines for Social Responsibility in Outbound Mining Investments were first launched in 2014 under the framework of the Emerging Market Multinational Network for Sustainability and Sino-German CSR Project. It was revised in 2017 after the United Nations launched the 2030 Sustainable Development Agenda. It was designed to guide Chinese companies engaged in mining investment and cooperation inside and outside China and mining-related infrastructure construction in creating effective management systems to strengthen their capacity for social responsibility governance and sustainable development.

The guidelines are structured according to the principles and core subjects of the ISO 26000 Guidance on Social Responsibility and are in line with the standard development procedure of the International Social and Environmental Accreditation and Labelling Alliance. They are risk-oriented and apply to all mineral exploration, extraction, processing, and investment cooperation projects at the corporate level. It considers the Guiding Principles on Business and Human Rights, Ten Principles of the United Nations Global Compact, and other international initiatives, as well

as internationally recognized codes and initiatives in the mining field, such as the Sustainable Development Framework of the International Council of Minerals and Metals (ICMM), the Code of Practices from the Responsible Jewelry Council, the Bettercoal Code, and more. It also follows the Guiding Opinions on the Performance of Social Responsibilities by State-owned Enterprises under the Central Government released by the State-owned Assets Supervision and Administration Commission of the State Council and relevant Chinese laws and regulations.

The updated guidelines are divided into four chapters, namely the scope of application and seven guiding principles, social responsibility issues (organizational governance, fair operating practices, supply chain management, human rights, labor issues, occupational health and safety, environment, and community development), and implementation of the Guidelines. It offers guidance to enhance companies' strategies and capacities for corporate social responsibility (CSR), sustainable development, and environmental and social impact assessments.

The Due Diligence Guidelines for Responsible Mineral Supply Chains were published in 2015 and revised in 2022. It was an additional guideline to operationalize the Chinese Guidelines for Social Responsibility in Outbound Mining Investments to provide specific guidance to all Chinese companies engaging in extractive activities or using mineral resources in their products to identify, prevent, and mitigate their risks of contributing to conflict, serious human rights abuses, and risks of serious misconduct during the entire life cycle of the mining supply chain.

Compared with past guidelines, the 2022 version added an additional chapter categorizing ten different characteristics of Due Diligence and re-designing a 6-step Due Diligence process (adding step six: "provide for or cooperate in remediation when appropriate") based on the 5-step model of OECD DDG. CCCMC guidelines also highlight two kinds of risks: Type 1 Risks, which contribute to conflict and serious human rights abuses associated with extracting, trading, processing, and exporting of resources from conflict-affected and high-risk areas, and Type 2 Risks relating to serious misconduct in environmental, social and ethical issues.

According to the guidelines, companies are responsible for carrying out their individual due diligence, conducting third-party audits, and publishing

their due diligence policies and practices. The guidelines use the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance on Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas as the basis. CCCMC guidelines have been cross-recognized with the OECD DDG guideline. London Metal Exchange (LME) has also announced that their approved brands can choose the CCCMC Guide and its supporting assessment tools to carry out supply chain due diligence management by following the LME Responsible Sourcing Handbook requirements.

The Mediation and Consultation Mechanism for the Mining Industry and Mineral Value Chain (2023)³¹ is the RCI and CCCMC-developed new grievance mechanism for Chinese overseas mining projects. This initiative is the first accountability mechanism established by a Chinese industry association for overseas mining and is accompanied by a procedures document of the mechanism.³² It aims to address the “accountability gap” by allowing affected communities to raise concerns about social and environmental impacts across all mineral value chains. The mechanism will offer a mediated dialogue process for dispute resolution, supported by independent fact-finding when necessary. It is based on CCCMC’s established guidelines like the Guidelines for Social Responsibility in Outbound Mining Investments and the UN Guiding Principles on Business and Human Rights. While the proposed mechanism includes important provisions for representation, confidentiality, and protection against retaliation, there are areas for improvement, including clarifying its scope, ensuring independence, and establishing adequate funding to make it free for community applicants. If implemented effectively, this mechanism could set a significant precedent for increasing accountability in Chinese overseas investments across various sectors.³³

“Western” Versus “Chinese” ESG Standards

Zooming out, then, how do Western ESG standards compare to those of CCCMC in the mining sector? Based on a comparison of thirteen widely used international ESG instruments, CCCMC’s growing prominence challenges conventional portrayals of Western and Chinese ESG standards as disparate or competing entities. Instead, a more nuanced reality is emerging, characterized by increasing convergence and co-evolution of these standards.

This trend is driven by multiple factors: reputational risks faced by Chinese companies operating globally, national standardization efforts within China, and burgeoning international partnerships. The historical context provides insight into these developments. While Western ESG standards were largely shaped by concerns over corporate complicity in human rights abuses, exemplified by campaigns against “blood diamonds,” Chinese engagement with ESG is more recent, motivated by mineral supply security needs and a desire to align with international best practices. Despite some differences in approach, the content of Western and Chinese ESG instruments is increasingly related, with cross-recognition and cooperation mechanisms highlighting their interoperability.

Examining the adoption of the preceding ESG instruments by ten major Western and Chinese mining companies challenges the notion of China attempting to set global standards and highlights important implementation differences. Principally, Chinese companies tend to focus more on downstream stakeholders, while Western counterparts lean towards upstream considerations. However, to navigate and promote CSR schemes under pressure from the unique institutional system and political environment in China, there is a need to make calculated trade-offs between state interests and corporate interests, which risk exacerbating negative environmental consequences on the marginalized groups in the local community. For more in-depth analysis, see Deberdt, DiCarlo, and Park, 2024.³⁴

Translating Up and Down: Industry Representative, Non-state Actor, International Partner

CCCMC occupies a unique position as an industry representative and a non-state actor with strong state relations, serving as a bridge between individual companies, government policies, and industry practices. Throughout its evolution, CCCMC has maintained a relationship with MOFCOM while expanding its engagement with other international organizations, governments, and private sector actors. The organization’s trajectory reflects China’s changing approach to global mineral resource engagement, emphasizing responsible practices, international cooperation, and comprehensive ESG standards. As it sits between the state and business, the organization operates in

a dual capacity. On the one hand, it also acts as a conduit for communicating industry concerns and recommendations to relevant government bodies. On the other hand, it serves as a bridge between its member companies and the government, translating and promoting ESG standards among its members within the contexts of their foreign investments. CCCMC's influence thus extends to policy formulation and ground-level practices.

At the national and international scales, CCCMC acts as a conduit for communicating industry concerns at national and international levels. In China's system, this upward advocacy takes the form of policy recommendations rather than direct lobbying. CCCMC shares reports and proposals with government agencies such as the MOFCOM and NDRC. These often include suggestions for policy improvements based on the practical experiences and challenges member companies face in implementing ESG standards.

This approach differs from the United States in several ways. First, organizations like CCCMC are often closely aligned with government objectives, acting more as partners in policy implementation rather than independent advocates. Second, CCCMC focuses on building consensus among its members and presenting a unified voice to the government rather than representing diverse competing interests. Third, CCCMC not only advocates for policies but also plays a crucial role in interpreting and implementing government directives for its members.

This model of advocacy aligns with Xi Jinping's broader reforms aimed at improving governance and promoting responsible development. Under Xi, there has been an increased emphasis on environmental protection, social responsibility, and corporate governance. CCCMC's efforts in promoting ESG standards can be seen as complementary to these broader governance reforms. For instance, CCCMC's work aligns with the government's push for a "Green" BRI and the emphasis on sustainable development in China's 14th Five-Year Plan (2021–2025). By advocating for higher ESG standards in the mining sector, CCCMC is effectively supporting the government's goals of improving China's international image and promoting more sustainable economic development. China's promotion of responsible mining practices and ESG standards can be viewed as a form of green soft power.³⁵ By engaging in international forums and collaborating with global organizations, China is positioning itself as a responsible actor in environmental governance.

Second, as a translator, CCCMC interprets and disseminates directives to its member companies, helping them navigate complex regulatory environments. CCCMC experts regularly visit mine sites of Chinese companies abroad. For example, in early 2024 alone, staff visited Nickel mines in Indonesia and Cobalt mines in the DRC to monitor company practices and collect data on challenges in each location. These visits allow for multidirectional information exchange in which upstream and downstream companies in global mineral supply chains share their experiences, roadblocks, and successes.

Implications for Chinese Companies

Although China has made significant strides in developing ESG standards and guidelines for the mining industry, implementing and enforcing these initiatives remain uneven and subject to competing priorities at the firm, non-state, and subnational levels and variable contexts and challenges in host locations. An examination of the implementation of ESG guidelines by ten Chinese firms reveals distinct patterns in the engagement of upstream and downstream companies within CCCMC. Upstream companies, primarily involved in mineral extraction and processing, tend to be more actively involved in CCCMC's initiatives and guidelines development. This could be attributed to the higher reputational risks they face, being directly associated with the environmental and social impacts of mining operations. In contrast, downstream companies, such as purchasers and manufacturers, show relatively lower levels of engagement, possibly due to their indirect connection to the extractive process.

Firms face various challenges in implementing ESG guidelines, varying across minerals and operational contexts. Upstream companies are often directly confronted with issues such as resource availability, infrastructure development, and community relations. For instance, in the DRC, Chinese firms involved in cobalt mining face reputational risks related to child labor, occupational health, and corruption. Similarly, lithium extraction in South America poses challenges related to the impacts on indigenous communities and water resources. Downstream companies, on the other hand, are more concerned with issues such as responsible sourcing, supply chain transparency,

and market competition. These companies must navigate the complexities of ensuring that the minerals they purchase and use in their products are sourced responsibly and ethically. Failure to do so can result in significant reputational damage and loss of consumer trust. Table 2 offers a comparative framework of firm challenges across four key minerals—cobalt, lithium, copper, and nickel—to illustrate the challenges of upstream and downstream operations in the critical minerals sector.

TABLE 2. Firm Challenges Across Critical Minerals

Mineral	Upstream Challenges	Downstream Challenges
Cobalt (DRC)	Child labor, Occupational health, Corruption	Reputational risks; Supply chain transparency
Lithium (South America)	Impacts on indigenous communities, Water resource depletion	Environmental concerns; Social license to operate
Copper (Various)	Environmental degradation, Community relations	Responsible sourcing; Market competition
Nickel (Indonesia)	Deforestation, Pollution	Regulatory compliance; Sustainable production

To manage these challenges, Chinese firms are increasingly adopting ESG standards and engaging in CSR initiatives through CCCMC. CMOG Group, for instance, has been actively involved in CCCMC's efforts to promote responsible cobalt mining in the DRC. The company has implemented various ESG standards, including the RMI RMAP and CIRAF, and has established grievance mechanisms to address community concerns. However, the costs of improving supply chain governance are not evenly distributed across the value chain. Upstream companies often bear the financial and operational burden of implementing responsible mining practices. In contrast, downstream companies may be able to pass on some of these costs to consumers. This imbalance highlights the need for greater collaboration and shared responsibility among all actors in the critical minerals supply chain.

Conclusion

Despite geopolitical tensions, opportunities exist for cooperation on environmental governance in critical mineral supply chains between China and Western countries and businesses, as evidenced by CCCMC's expanding international partnerships and dialogues. This necessitates moving beyond a purely competitive view of China's environmental efforts. To foster collaboration on environmental standards between the United States and Chinese companies and governments, a multi-pronged and multi-scaled approach is necessary. Engagement with non-state actors through multilateral forums such as the United Nations Framework Convention on Climate Change, the OECD Mineral Supply Chain Forum, and the G20 can provide platforms for dialogue and cooperation. These venues allow discussions on global standards and best practices while minimizing direct bilateral tensions. Second, industry-to-industry engagements, particularly between organizations like CCCMC and their US counterparts, could prove effective. These interactions can focus on technical exchanges, shared challenges, and the development of common standards, potentially sidestepping some of the political sensitivities of government-to-government talks. However, the risk of interacting with sanctioned entities must be carefully managed. US companies and government agencies must ensure compliance with existing sanctions while engaging in environmental collaborations. This may involve creating specific carve-outs for environmental cooperation or working through trusted intermediaries.

While China has made significant progress in developing ESG standards for the mining industry, implementation remains uneven due to competing priorities at various levels. Critics may argue that China's ESG standards and guidelines, while impressive on paper, lack meaningful implementation. This is an important point, and US and Chinese actors alike must advocate for improved implementation and monitoring. While comprehensive data on implementation is limited, it's important to recognize the progress made and the potential for future improvements. The increasing international scrutiny and market pressures for responsible sourcing are likely to drive more rigorous implementation over time. Moreover, establishing accountability mechanisms like CCCMC's Mediation and Consultation Mechanism suggests a growing commitment to putting principles into practice.

From a broader perspective, CCCMC's evolution and China's engagement with global ESG standards represent a significant shift in the country's approach to international environmental governance. It demonstrates recognition of the importance of sustainable practices in securing long-term access to critical minerals and maintaining global economic competitiveness. Centrally, the significance of these developments extends beyond China's borders. As the world's largest producer of many critical minerals, China's adoption and promotion of ESG standards have the potential to reshape global supply chains. This could lead to improved environmental and social practices in resource-rich developing countries, many of which host Chinese mining operations. Furthermore, the convergence of Chinese and Western ESG standards could facilitate greater global cooperation in addressing the environmental and social challenges of the energy transition.

The case of CCCMC illustrates how non-state actors, industry associations, and similar organizations serve as crucial intermediaries between government, industry, international stakeholders, and local communities. In turn, they are critically shaping China's environmental governance. Such organizations deserve further engagement and research.

As such, this report serves as a starting point, emphasizing that understanding critical mineral supply and production in the coming years requires a more granular approach, which, by way of conclusion, I suggest might happen in three ways. First, different points in the supply chain, including extraction, processing, and manufacturing capabilities, should be examined. Second, we must consider minerals individually, as they differ materially across their extraction and production networks. Mineral-specific analysis may, for example, examine whether China is consuming or exporting what its companies extract and process, such as processing copper (40 percent) and nickel (35 percent) and consuming much of that domestically. It would also illuminate the environmental challenges and labor practices specific to a particular mineral's modes of extraction and processing. Third, we need to better define what we mean by "China" by not only focusing on Beijing but on non-state and sub-national actors. My other research has explored how provinces in extractive jurisdictions negotiate mining projects, how provincial and city offices within China position themselves to decarbonize, and how non-state Chinese organizations engage in international and domestic ESG standard setting.

As the world grapples with the urgent need to transition to clean energy while ensuring responsible and sustainable practices, understanding China's role and actions across the critical minerals supply chain is paramount. Dialogue and collaboration among policymakers, industry leaders, civil society, and research as they navigate the geopolitical and economic challenges associated with critical mineral supply in the years to come will ensure a more swift, responsible, and equitable energy transition.

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2023-24 WILSON CHINA FELLOWSHIP

The Bureaucratic Factor in PRC Ethnic Policy: Lessons from the 1950s

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Abstract

Over the past decade, the People's Republic of China has sought to aggressively assimilate ethnic minorities. Focusing on developments in Xinjiang, international media and scholarship mostly have analyzed the crackdown on minorities in relation to Beijing's recent fears about terrorism and ethnic separatism, as well as the shift toward state capitalism and economic exploitation of the frontier since the 1980s. However, to understand what is driving the swing toward assimilationism, we also need to analyze the historical and institutional context of the PRC's ethnic policy, in particular the ethnic affairs bureaucracy (EAB). Accordingly, this chapter outlines the Chinese Communist Party's theory of the "national question," the development of the EAB, and an earlier swing toward assimilationist ethnic policy in the 1950s. It shows that bureaucratization in the form of the EAB left ethnic policy prone to politicization, with dire consequence for minorities. Much as we have incorporated institutional dynamics into our understanding of the policy process when it comes to China's economy, foreign relations, and environmental protection, so too should we consider the bureaucratic factor when analyzing ethnic policy and the politics that affect its local implementation.

Policy Implications and Key Takeaways

- It is possible that many officials in the PRC do not support hardline assimilationism, a sentiment that US officials can use to their advantage as they press their Chinese counterparts on minority rights. Notwithstanding current policies, the CCP's theory of the "national question" does not require hardline assimilationism and in fact warns of the political and security risks such measures can create. Officials in the PRC may not support the current policy on the grounds that it is strategically unwise and wasteful. US officials should continue to press their Chinese counterparts on minority rights, raise these concerns in their communications, and make the case that hardline assimilationism harms China's domestic political stability in the long term.
- China's institutional configuration leaves ethnic policy prone to politicization and distortion at the local level. One of the distinctive

but generally overlooked features of the CCP's strategy for controlling ethnic minorities and managing interethnic relations is the ethnic affairs bureaucracy (EAB), which comprises offices throughout the country from the central to the local level. The EAB first developed in the 1950s to ensure local compliance with the central leadership's ethnic policy. However, in periods of greater political pressure on bureaucrats, bureaucratization also makes ethnic policy prone to politicization, as happened during the Anti-Rightist Campaign and Great Leap Forward in the late 1950s.

- US officials should not assume that all cases of minority repression and abuse are the straightforward result of directives from Beijing. Local implementation of ethnic policy can be even more repressive than central policy demands, even when centrally determined policy promotes repression. Assimilationist measures adopted at the local level may reflect local or subordinate officials' efforts to signal loyalty and political enthusiasm to their superiors. This is especially likely in a climate of political distrust.
- Tensions related to ethnic policy in the PRC are not limited to the country's borderlands. First, because the EAB operates throughout China, it would be a mistake to equate ethnic policy with a single region of the country, such as Xinjiang. Part of why ethnic policy is so sensitive in China is that it implicates officials and communities countrywide. Second, because ethnic policy is linked to the wider state bureaucracy through the EAB, it is not insulated from general dynamics in Chinese politics. When planning for different scenarios, it is important to consider how developments such as a financial or leadership crisis could have spillover effects on the implementation of ethnic policy.

Introduction

Over the past decade, the People's Republic of China has sought to aggressively assimilate ethnic minorities. International organizations and media have brought to light the Chinese state's repressive measures against Uyghurs and other predominantly Muslim groups in the northwestern province of Xinjiang, including mass internment, forced labor, family separation, and forced sterilization.¹ More broadly, the state has cracked down on expressions of ethnic identity for many of the 125 million minorities living in China. As of 2021, all "ethnic work" in the People's Republic of China has officially been directed toward the goal of promoting the "contact, exchange, and blending" (*jiaowang jiaoliu jiaorong*) of all groups.² This hardline assimilationism marks a change from the preceding few decades, when the state provided certain protections and occasionally even support for minority religious practices and ethnic customs.

What is behind this assimilationist turn in ethnic policy? Some observers situate current policy within the longer history of Chinese colonialism in Inner Asia since the late nineteenth century, casting Xi Jinping and his lieutenants as the latest and most powerful in a line of ethnic chauvinists intent on conforming the region to their nationalist vision. Others diagnose the repression as a symptom of the Chinese Communist Party's break with its multicultural roots, whether due to marketization and state capitalism, exploitation of the frontier, or militarized Islamophobia spurred by the US-led Global War on Terror. Still others maintain that sporadic incidents of separatist and extremist violence at home and around the world instilled in China's leaders a sense that the older, more accommodating ethnic policy was no longer viable.³

Each of these explanations has its merits, and the unprecedentedly draconian nature of the current crackdown in Xinjiang has appropriately directed attention to these relatively recent developments. But this analysis also overlooks two key points. First, the PRC has experienced prior periods assimilationist rhetoric and policies in its history, dating back to the 1950s. Changes in the economic system and geopolitical environment since the 1980s-90s cannot explain this earlier pattern. Second, while most attempts to understand ethnic policy treat it as a unique area of politics, China's ethnic policy shares many features of the wider political system. China scholars have long emphasized the role of bureaucratic politics and conflicts between central

and local governments in shaping both the formulation and implementation of various areas policy, from energy and development to climate and foreign relations.⁴ Why not for ethnic policy?

In fact, while it is not often discussed, the PRC has an expansive bureaucracy for “managing ethnic affairs” (*guanli minzu shiwu*).⁵ The central-level State Ethnic Affairs Commission (*guojia minzu shiwu weiyuanhui*, formerly translated as the Nationality Affairs Commission) assists the central government in formulating, implementing, and monitoring ethnic policy. It also oversees the work of provincial ethnic affairs bureaus, which in turn oversee offices at the prefectural and county levels. This hierarchy, known in Chinese as the *min-wei* (“ethnic [affairs] commission”) system⁶ and which I will refer to as the ethnic affairs bureaucracy (EAB), extends to every province; it is not limited to the frontier regions that are conventionally associated with ethnic minorities and where the majority of the country’s so-called “ethnic autonomous areas” are located.

Notably, the EAB appears to be distinctive to the PRC’s approach to ethnic governance. The comparable Soviet institution, the central-level Commissariat for Nationality Affairs (“Narkomnats”), was dissolved within a few years of the establishment of the Soviet Union, which adopted a federal structure in which the largest minority populations formed nominally separate republics.⁷ By contrast, in the unitary PRC, the EAB was extended down to the provincial and sub-provincial levels during the 1950s. Although the entire system was abolished during the Cultural Revolution, it has been restored, expanded, and deepened throughout the country in the post-Mao era.

To better understand what might be driving the broader effort to assimilate minorities in China, we need to analyze the historical and institutional context of the PRC’s ethnic policy. In this chapter I attempt to do so by examining the development of the EAB and an earlier swing toward assimilationist ethnic policy in the 1950s. During this period, “ethnic work”—the concrete application of ethnic policy at the local level—was bureaucratized and then politicized. These processes were interrelated.

Expanding the EAB in the early and mid-1950s was an attempt by the central leadership to ensure that local officials adhered to ethnic policy and did not jeopardize political stability by rashly disregarding protections for or cracking down on minority customs. At the same time, the expansion of

the EAB created a contingent of officials with a vested interest in signaling the value of ethnic work to the central leadership. In the late 1950s, amid the witch-hunting and political radicalization of the Anti-Rightist Campaign and Great Leap Forward, these officials were pressured to adopt increasingly assimilationist measures that contradicted earlier protections for minority customs. In other words, bureaucratization made ethnic work vulnerable to politicization, worsening the state's repression of minorities.

The rest of this chapter proceeds as follows. I first outline the CCP's theory of the "national question," which entails an ethnic policy aimed at eventual assimilation while balancing accommodation of minorities' "special characteristics" and implementation of social and economic reform. I then examine internal reports on ethnic work in the early 1950s and show that the central leadership believed that its ethnic policy was being stymied at the local level. In the subsequent section I look at the central leadership's response to that problem: establishing a bureaucracy (the EAB) dedicated to implementing and monitoring ethnic policy. I then analyze how this process of bureaucratization left ethnic policy vulnerable to politicization and distortion amid the broader radicalization of Chinese politics in the late 1950s, despite the concerns of top EAB officials. I conclude with a brief discussion of what this analysis of the PRC's early swing toward assimilationism suggests about the dynamics of ethnic policy today.

The National Question and Ethnic Policy

The concept of the nation (*minzu*) is central to Chinese communist ideology. From a strictly materialist point of view, ethnonational identity, the sense of belonging to a nation, is false consciousness that obscures the class basis of true solidarity. However, as Chinese writings on subject often state, "the nation is a historical category"; it has a material reality that cannot simply be dismissed.⁸ The nation here is a form of political organization and stage of development through which all societies must pass on the way to communism. The "national question" refers to the heterogeneity that arises from the coexistence of multiple nations at different stages of development.⁹

It was clear to Stalin and other communists in the early twentieth century that ethnonational identity was a psychologically powerful force with massive

mobilizational potential. Under the proper guidance of the communist vanguard, nationalism could be progressive, advancing the goal of revolution by forging alliances and mobilizing different peoples against imperialism. The experience of domination by a stronger nation strengthened the national consciousness and solidarity of the weaker, oppressed nations, motivating their movements of national liberation. But such movements could become reactionary once national oppression ended, inhibiting class alliances (“workers of the world, unite!”) across national boundaries and thereby entrenching capitalist domination within nations.¹⁰

For the CCP, the “national question” was further complicated by the fact that the aspirational polity—the territory and peoples that would become the People’s Republic of China—encompassed multiple nations, or “nationalities” (the terms are the same in Chinese: *minzu*, which can also be translated as “ethnic” or “ethnic group”). Respecting differences between nationalities was also a pragmatic strategy for early communist leaders.

During the revolutionary era, the CCP endeavored to build alliances with non-Han nationalities and win them over to the Communist cause. In principle, each nationality could have its own liberation movement, and the CCP initially promised that all the nationalities that were part of “New China” would enjoy self-determination and the right to decide for themselves whether to join a multi-national “federation.”¹¹ The desire to extend control over as much of the territory of the late Qing empire as possible led the CCP to revise these terms: soon after establishing the PRC in late 1949, the CCP leadership directed all cadres to stop emphasizing “self-determination” in their dealings with non-Han peoples and talk instead simply of equality and autonomy.¹²

The “resolution” of the national question entails the elimination of all disparities between nations and the erosion of each nation’s distinguishing characteristics—in other words, the end of national heterogeneity. Ultimately, all nations will merge into a single, homogeneous entity, leaving only a communist, egalitarian, and division-free society. As an early PRC textbook for high-ranking cadres explained:

The more that different nationalities come into contact, the more they influence one another, especially when one of the nationalities is comparatively advanced in government, economy, and culture and

therefore in a position to influence heavily the more backward nationality. Over a long period of time, this mutual influence will naturally produce a new psychological identification that will lead to the gradual disappearance of the original differences between them. This kind of natural assimilation is an unavoidable and progressive phenomenon as well as a natural law.¹³

However, until this “natural assimilation” (in contrast to artificial or coerced assimilation) is complete, national differences must be recognized and accommodated. Disregarding them or attempting to prematurely eliminate them through assimilationist policies is counterproductive. The textbook continues:

We are opposed, however, to an assimilationist policy. The more a policy of oppression and assimilation is employed, the more fearful are the minority nationalities of losing their identity and the more a spirit of fierce resistance is produced among them; only by letting them base the development of their political, economic, and cultural life on their own special characteristics can the ways of life of each of the nationalities be brought closer together and improved; in this way, they can be more easily induced to cast off their backwardness. This is appropriately dialectical.¹⁴

It was by recognizing and respecting such “special characteristics,” in other words, that the Party could most effectively neutralize the latent threat of minority ethnonationalism and ensure that rival political identities would ultimately fade away.

The erosion of distinguishing national characteristics and the attendant formation of a single, homogenous entity is known as “ethnic fusion” (*minzu ronghe*). Adapted from Soviet discourse on the national question, “ethnic fusion” is a “general law” (*guilü*) of history and the ultimate goal of ethnic policy.¹⁵ Per communist theory, it will occur only after the elimination of class differences and the establishment of communism. Yet, the concept has never been completely confined to utopian visions of the future. Even if the completion of the process is a remote possibility, the pace of progress and the role of human agency and social engineering in promoting it remain open questions.

The CCP's theory of the national question thus construes ethnic policy as a balancing act. Too much repression of minority culture risks provoking a reactionary backlash, hardening ethnic consciousness, and jeopardizing political unity, while too much accommodation of minority culture risks inhibiting revolutionary progress and fostering ethnic separatism. Communist victory in the Civil War and the establishment of the PRC transformed the challenge of mobilizing a multiethnic revolutionary alliance into one of maintaining and strengthening multiethnic political unity. But the latent tension of ethnic policy remained unresolved. Once the new regime took on the concrete tasks of government, this tension began to manifest, as local cadres contested the value of slowing social transformation for the sake of respecting minorities' "special characteristics."

The Stymying of Ethnic Policy in the Early 1950s

PRC historiography and foreign scholarship alike generally portray the early and mid-1950s as a period of relatively tolerant and accommodating ethnic policy.¹⁶ Mao's infrequent pronouncements on the subject tended to emphasize the need to overcome "Han chauvinism," reflecting the central leadership's concern about alienating ethnic minorities from the new regime.¹⁷ The CCP also sought to bolster its legitimacy by contrasting what it claimed was unprecedentedly progressive and just treatment of minorities with the "oppressive" and "assimilationist" policies of its predecessor, Chiang Kai-shek's Nationalist regime (which had retreated to Taiwan), as well as the imperialism of the West.¹⁸ The centerpiece of the program was the so-called "system of territorial national autonomy," which, according to the CCP, would ensure that minorities were represented in local government and be able to use their own languages and develop their own cultures.¹⁹

Statements by PRC leaders and foundational PRC documents such as the "Common Program" and first constitution corroborate this benign characterization of central policy.²⁰ However, internal reports by officials responsible for reviewing the local implementation of policy reveal a more complicated reality. Despite its propaganda claims of interethnic fraternity, the central leadership quickly came to believe that disregard for and violations of ethnic policy were widespread and routine, and that local cadres were insufficiently

accommodating of different groups' "special characteristics." Rather than a rosy multiculturalism, it was the discrepancy between central government caution and local government haste that characterized ethnic policy in the early Mao years.

A report on a 1953 inspection of the South-Central Administrative Region (including Guangxi, Guangdong, Jiangxi, Hunan, Hubei, and Henan provinces) reveals a frank assessment of rampant stymying of ethnic policy: "Disrespect or minority nationality customs and religious beliefs is almost ubiquitous."²¹ Han cadres frequently violated rules intended to avoid provoking ethnic antagonism, heavy-handedly pressuring minorities to abandon their customs. The report offered a sampling of these missteps from throughout the region:

In Guangxi, coercing minority nationalities to change their dress, interfering in their sexual relations, being overly rigid in prohibiting superstitions, and not permitting nationalities to speak their own language are widespread phenomena. In Guangxi's Xing'an County, the Han cadre Zhao Yuchang arrested and held for two days members of the Yao nationality who were celebrating the King Pan Festival; in Longjin, slogans like "a long-grown beard is a feudal tail," "if earrings aren't taken off, the landlords can't be taken down" are commonplace. In the Hainan Li-Miao Nationality Autonomous District, prohibition of the *fangleiao* mountain song is extremely widespread, provoking bad reactions from the masses...²²

The South-Central Commission evidently viewed these measures as violations of ethnic policy and counterproductive for ensuring stability and winning the support of the masses, both of which were essential before socialism could be implemented among minority nationalities.

If these measures were such clear and dangerous violations of ethnic policy, why were they common? Internal Party documents indicate several problems diagnosed by the central leadership. One was sheer ignorance of the CCP's theory of the "national question" and need for special protections and policies for ethnic minorities. A November 1952 report from Guangxi criticized the phenomenon of "generalization," meaning the application of policies designed

for Han areas to minority ones and disregard for the latter's "special characteristics." The report listed several causes: "Insufficient study of ethnic policy, shallow experience, a lack of penetrating investigation and research into the circumstances of minority nationalities; and a lack of summarized experience, forceful propaganda, and consciousness-raising,..." all of which "give rise to generalization in work. Some areas mechanically apply work methods for Han areas, neglecting the special characteristics of minority nationalities work, prohibiting superstition through coercion and commands, even coercing minorities to change their dress and customs..."²³

A second problem was opposition to ethnic policy on ideological grounds. Now that New China had been established and ethnic oppression had been abolished, what need was there for special measures and institutions for minorities? If minorities were equal citizens of the PRC, why did they need autonomy? Wasn't treating minorities differently the real source of ethnic "splittism"? In a report delivered at a planning conference for a future Zhuang autonomous area in western Guangxi, Zhang Zhiyi, a top official in the South-Central Administrative Region the United Front Work Department, lectured attendees on the misguided opinions he had encountered:

...all sorts of views have come up, the relatively widespread of which are: "The People's Government is an authority that already includes each nationality, class, and party, so isn't territorial autonomy redundant?" "Everybody is led by Chairman Mao, so what need is there for this additional measure?!" "The [local] People's Government is led by the superior [government], so who leads the authorities in the autonomous areas?" "Isn't this equivalent to 'splitting', each [nationality] handling itself?..." These views are all incorrect...²⁴

Similarly, a December 1951 report on ethnic work in southwest China noted that throughout the region "there are some cadres who do not sufficiently recognize the major significance of national-democratic political construction, believing that 'there's no need for this' and 'it's just needlessly creating trouble' and fearing 'ethnic splitting' and 'stirring up ethnic independence'."²⁵

A third problem was a tendency to downplay or avoid ethnic work because it was troublesome and inconvenient. In the early 1950s, local officials were

under immense pressure to carry out land reform, increase productivity, and restructure society to lay the groundwork for collectivization. Even if cadres paid lip service to the Party's ethnic policy, they had ideological, political, and professional reasons to push ahead with "socialist transformation" in minority areas. After all, ethnic policy was about caution, exceptions, and special provisions, all of which cost time and resources. Other practical considerations regarding communication and training inclined Han cadres to resent the obligation to recruit and work with non-Han cadres.

In a report at an ethnic work conference in late 1953, Tan Yingji, himself an ethnic Zhuang and then the chairman of the Guixi Zhuang Nationality Autonomous Region, criticized cadres who believed that minority cadres "have no ability and low [levels of] culture, and that telling them to handle a matter is not as good as just doing it oneself."²⁶ Other top officials routinely criticized the attitude of "not wanting trouble" (*pa mafan*) on the part of cadres responsible for ethnic work. One major summary of Party experience composed by the United Front Work Department and approved by the CCP's Central Committee in late 1954 noted that some cadres had even said that "the national question was caused by ethnic work and ethnic policy propaganda, that it was trouble [people] sought out for themselves."²⁷

The Bureaucratization of Ethnic Work

The central government's response to this neglect of ethnic work was to expand the ethnic affairs bureaucracy at the provincial and to a lesser extent sub-provincial level. In other words, the expansion of the EAB was intended to solve the problem of policy failure at the local level. By mid-1957, almost every province and dozens of sub-provincial administrative units had established independent bureaus for managing ethnic affairs.²⁸

The expansion of the ethnic affairs bureaucracy was a contingent process. Some in the Party leadership initially opposed establishing separate institutions dedicated to managing ethnic affairs. For example, in April 1950, the Northwest Bureau of the CCP issued a directive instructing officials in Xinjiang, Qinghai, Gansu, and Ningxia to not establish separate nationality affairs commissions. A CCP Central Committee document from the same month and circulated to all regional bureaus gives some indication of

the reasoning behind this proscription. The document, “Directive Regarding Establishing National Democratic Coalition Governments in Regions Where Nationalities Comingle,” reflected a belief that the key to resolving the “national question” was enabling minority nationalities to participate fully in the representative political institutions of the new regime. Accordingly, it deemed special “nationality consultative commissions” to be merely a “transitional means” (*guodu fangshi*) of administration, suitable only until ordinary people’s governments and congresses could be established in areas where different nationalities comingled. The Central Committee directive also noted that there was a risk associated with establishing permanent institutions dedicated to ethnic affairs, which could have the effect of reducing the sense of responsibility for ethnic work on the part of other parts of the government.²⁹

However, by 1952, the central government was beginning to change its calculus. That year, the Government Administration Council (predecessor of the State Council) of the Central People’s Government passed a document outlining “organizational principles” for nationality affairs commissions (NACs) at every level of government. Reversing its previous logic, the central leadership now called for the establishment of NACs in all areas where minority nationalities resided. In areas with a small minority population, it was sufficient to establish an office within an existing bureau of local government or to designate a cadre to focus on ethnic work, but in areas with a substantial minority population, local governments would have to establish separate bureaus dedicated to ethnic affairs.

The local stymying of ethnic policy described above likely motivated this reversal. Notably, although the local NAC “organizational principles” were passed in February 1952, they were only promulgated in August, in the wake of the revelation of missteps in ethnic work during land reform in Guangxi.³⁰ The following November, Guangxi’s NAC was reorganized and expanded to include a work team with 100 employees, which increased to 131 the following year.³¹

The 1952 “organizational principles” were part of a broader shift in the central leadership’s thinking about ethnic policy from an abstract political challenge to a concrete bureaucratic one. It was becoming clear that the only way to ensure that ethnic work was actually carried out was to assign it as the primary responsibility for particular offices. The “organizational principles”

charged local EAB offices and personnel with “coordinating the handling of all matters concerning minority nationalities at with bureaus at the same level of government” and “guiding ethnic work at lower levels of government.”³² A few months later, in October 1952, the Central Committee further instructed the Party’s local organization departments to strengthen “ethnic affairs commission structures” at every level of government.³³ Revisions to one of the Party’s early documents summarizing its experience with minority nationalities reflected this new interest in bureaucratic solutions to shortcomings of ethnic work. The final version, approved by the Central Committee in October 1954, included a stipulation—not present in the original June 1953 draft—that Party bureaus and governments at every level should “set up a specialist or establish a specialized mechanism to carry out nationality-related undertakings and strengthen their leadership of work beneath them.”³⁴

The growth of the EAB at the provincial and sub-provincial level remained slow and largely ad-hoc, despite directives from the central government. In Henan, a provincial NAC was not planned until the spring of 1953, after the discovery of widespread violations of ethnic policy during the South-Central Nationalities Tour in January, and the body was not formally established until 1954.³⁵ While Guangxi, Yunnan, Guizhou, Sichuan, Qinghai, Hunan, Guangdong, and Hebei had all established NACs by the end of 1952, other provinces took longer: Gansu did so in 1953, Heilongjiang, Jilin, Liaoning, and Inner Mongolia together with Henan in 1954, Shandong and Shaanxi in 1955, and Anhui in 1957.³⁶

Although the EAB enhanced the central leadership’s capacity to enforce and monitor ethnic policy at the local level—two countrywide inspections were carried out, in late 1952–53 and 1956³⁷—it did not alter the basic tension inherent in ethnic work, which required local officials to compromise on socioeconomic reform, administrative efficiency, and therefore potentially career advancement for the sake of ethnic accommodation. At a national conference on ethnic work in July-August 1957, Liu Chun, then a vice director of the State Nationality Affairs Commission, detailed several problems that continued to hamper the *minwei* system, including understaffing, uncertainty over which areas of work EAB offices should lead or support other bureaus, a lack of regular convenings to exchange experience, and the “mistaken belief” of “some individual comrades” regarding what the EAB was authorized to do.³⁸

The Politicization of Ethnic Work

Once it was established as a regular responsibility of state organs, ethnic work became bound to some cadres' careers, which in turn depended not just on the satisfactory performance of that work, but also on its perpetuation and continued ideological legitimacy. The cadres that staffed and led the EAB had an incentive to justify the necessity and value of their domain of policy. This incentive was reinforced by the exceptional political precarity of ethnic work, which remained susceptible to charges that it was no longer necessary after liberation or even that it was at odds with the regime's revolutionary goals.

The radicalization of PRC politics during the Anti-Rightist Campaign and Great Leap Forward in the late 1950s increased the pressure on the EAB's defenders to demonstrate their ideological bona fides and the value of what they did—in other words, to convert their work into a signal of political loyalty and compliance. Launched by Mao Zedong in the summer of 1957, the Anti-Rightist Campaign were an attempt to purge the political system of alleged “rightists” sabotaging the revolution. Although it began as a response to the surge of criticism both within and outside the CCP unleashed during the preceding year's Hundred Flowers Campaign, the Anti-Rightist Campaign soon spiraled into a countrywide witch hunt, as cadres at all levels of government came under pressure to “discover” and purge rightists within their ranks. The following year, the promulgation of the second five-year plan marked the onset of the “Great Leap Forward,” which, according to Mao's utopian vision, would bring about rapid industrialization through the mobilization of China's vast and still underutilized labor force.³⁹

In the domain of ethnic policy, the drive to root out rightists and match the pace of the Great Leap Forward had dire consequences for minorities. Theorists and officials engaged in ethnic work reinterpreted “ethnic fusion” to justify rapid assimilation. Previously cast as the ultimate disappearance of differences between nationalities achievable only after the realization of communism, ethnic fusion was rearticulated as the aim of current ethnic work. In a certain sense, the call to accelerate this process—expressed in the new official formulation (*tifa*) “promoting ethnic fusion” (*cujin minzu ronghe*)—was theoretically coherent, since the whole premise of the Great Leap Forward was possibility of rapid industrialization and the development of communism. However, later reports synthesizing lessons about what went wrong during the

Great Leap Forward identify “promoting ethnic fusion” as a dangerously misguided goal: “The harm caused by ‘promoting ethnic fusion’ was very great. As soon as it was raised in 1958, it brought about neglect for nationalities’ special characteristics and the crippling of ethnic work.”⁴⁰

Indeed, over the course of 1958, EAB officials flipped the old ethnic policy on its head. Developments in Guangxi are a case in point. The traditional clothing, customs, and festivals that the EAB had previously protected as nationalities’ “special characteristics” were prohibited and punished as backward and feudal.⁴¹ Claims of the need to respect minority customs and deal practically with the unique characteristics of minorities and the underdeveloped regions they inhabited were condemned as erroneous “theories”—the “uniqueness theory,” “backwardness theory,” “conditionality theory,” among others—excuses for slowing down socialist transformation.⁴²

The preceding two years were derided as the “saddle-shaped low tide period” during which passivity and complacency had left room for a “revival of old things” (*fu gu*) and excessive emphasis on differences rather than commonalities between ethnic groups.⁴³ In late September of 1958, delegates from EAB offices across the country descended on Sanjiang, a Dong nationality autonomous county in Guangxi, for a national conference on ethnic work. Sanjiang was heralded as a model of an especially backward minority region that had long suffered from low productivity but that had finally liberated itself of conservative and rightist thinking and endeavored to “catch up” to Han levels of development. Participants and reports on the conference helped disseminate and legitimize the practice of labeling allegedly conservative cadres as believers in rightist “theories” justifying caution when promoting the Great Leap Forward in minority regions.⁴⁴

The fervor intensified over the following months. The 11th national-level United Front Work conference was held in Beijing. In his speech on ethnic and religious work, Wang Feng, then deputy director of the central Nationality Affairs Commission and first party secretary of the Ningxia Hui Autonomous Region, declared that under the new paradigm of “socialist ethnic relations” (*shehui zhuyi de minzu guanxi*), the country’s nationalities were drawing nearer and nearer together, and thus “the commonalities between nationalities were becoming more and more numerous and the differences between them fewer and fewer, with the factors for ethnic fusion gradually

increasing. Ethnic fusion is a necessary trend of historical development, and with respect to this trend, the peoples of each nationality of our country should adopt an attitude of enthusiastic welcoming, and moreover should actively promote it."⁴⁵

Political fear and insecurity within the EAB motivated this swing toward aggressive assimilationism in this period. Earlier scholarship has explained this shift in terms of the balance of power between gradualist and radical factions, with the latter ascendant in the late 1950s.⁴⁶ However, the most prominent invocations of ethnic fusion at the national level came from established authorities on ethnic affairs, like Wang Feng, whose experience working on ethnic affairs dated back to the 1930s and who was already a top EAB official prior to the Anti-Rightist Campaign.⁴⁷ The swing toward assimilationism therefore cannot be attributed simply to a change in leadership.

Rather, calls to promote ethnic fusion were an attempt to defend the enterprise of ethnic work from attacks emanating from the political left. Some participants at the United Front Work conference maintained that the whole enterprise of ethnic work was no longer necessary now that the Great Leap Forward was underway. It was against these charges that Wang reminded his colleagues of the country's progress toward ethnic fusion and, implicitly, of the necessity of continuing ethnic work to manage that process.

Later on during the conference, Wang again confronted comrades who were skeptical of ethnic work and qualified his prior to call promote ethnic fusion, stressing that ethnic fusion would still require a long time and that it could not be coerced, and insisting that—without questioning the positivity and necessity of ethnic fusion—it was not yet appropriate to incorporate the concept into education for the “minority nationality masses.”⁴⁸ The version of the speech that was ultimately published and circulated for officials to consult omitted this point about education and retained the call to promote ethnic fusion, but added a caveat that it was still be a long-term process.⁴⁹ Ethnic work remained necessary, if contested. Other EAB officials recognized that the “leftist errors” in thinking that infected the Party at that time were reflected in Wang's speech, but they also believed that this performance at the conference ultimately helped safeguard ethnic work and the Party's ethnic policy.⁵⁰

Conclusion

Beijing's ethnic policy has become a point of steady tension in the already strained relationship between the United States in China. PRC officials often claim that their American counterparts politicize the "national question" to tarnish China's image and justify anti-China policies. As we have seen, the politicization of ethnic policy historically has also been domestic problem for China. The stymying of ethnic policy at the local level in the early 1950s prompted the central leadership to institutionalize ethnic work in the form of the EAB, which gradually expanded down to the provincial and sub-provincial levels. The creation of a countrywide functional bureaucracy dedicated to ethnic work enhanced the center's ability to enforce and monitor ethnic policy. But the strategy of bureaucratization also had unintended consequences. Amid the radicalism and witch hunts of the Anti-Rightist Campaign and Great Leap Forward in the late 1950s, EAB officials were pressured to adopt increasingly assimilationist measures to demonstrate their loyalty and utility. Bureaucratization enabled the central leadership to coordinate and execute ethnic work across multiple levels of government, but it also left ethnic work vulnerable to politicization.

This analysis sheds lights on several features and dynamics of the institutions set up by the Chinese state to "manage ethnic affairs": the tension between ethnic policy and other regime goals; friction between different parts and levels of government; the discrepancy between central policy prescriptions and local implementation; and the potential for a rapid shift in policy toward aggressive assimilationism amid broader political radicalization. The survival and indeed expansion of the EAB since the onset of the reform era suggests that we should consider these elements when analyzing ethnic policy today.

Of course, there are important differences between the 1950s and Xi Jinping's "New Era," both in general and with respect to ethnic policy. The dramatic rise in state capacity, the proliferation of new surveillance technologies, the wider effort to construct a unified Chinese national identity through the selective embrace of traditional Chinese culture, and China's increasing connections with and influence over its neighbors and the broader international system have all affected the significance of the "national question" in China and the way the state attempts to address it. Moreover, Xi's personal involvement in articulating the new "main line" for ethnic work and

numerous published speeches and essays on ethnic policy not only contrasts with Mao's relatively scant commentary on the subject but also suggests a concerted effort by the central leadership to clarify the signals sent down to the EAB's local offices.

Nevertheless, the evolution of ethnic policy in the 1950s examined above offers several insights that analysts and policymakers should bear in mind when evaluating ethnic policy in China under Xi Jinping. First, the CCP's theory of the "national question" does not simply dictate an assimilationist ethnic policy and in fact warns of the political and security risks that such measures can create. Thus, it is possible that there are loyal Chinese Communists who oppose the current policies, even if they feel unable to resist or change them. Second, the bureaucratization of ethnic affairs in the form of the EAB has left ethnic policy prone to politicization, particularly in times of political distrust and witch-hunting. Third, it follows that not all cases of minority repression and abuse are necessarily the straightforward result of directives from Beijing. Finally, because the EAB operates throughout China and is linked to other parts of the state bureaucracy, the tensions associated with ethnic policy are not limited to the country's borderlands. The national question is a point of political sensitivity for cadres in every province, and the implementation of ethnic policy can be affected by wider developments in China's political system. Much as we have incorporated institutional dynamics into our understanding of the policy process when it comes to China's economy, foreign relations, and environmental protection, so too should we consider the bureaucratic factor when analyzing ethnic policy and the politics that affect its local implementation.

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Notes

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2023-24 WILSON CHINA FELLOWSHIP

Beyond Nationalism: Understanding Chinese Public Attitudes

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Abstract

This research project uses survey methods to identify a Chinese version of individual-level authoritarianism, a psychological identity trait emphasizing traditional values and political obedience, and its effects on Chinese public foreign policy preferences. Despite growing attention to authoritarianism as a psychological predisposition affecting political preferences in the West, little research has been done to determine the effects of this trait in East Asian societies. This paper shows that authoritarianism is a strong predictor of attitudes toward China's role in the world and preferences for personal engagement with foreigners from the West.

Policy Takeaways and Recommendations

- Though many focus on nationalism as the key political trend to determine levels of hawkishness within China, authoritarianism—a disposition indicating a preference for tradition, political obedience, and collective deference to the majority—is a better indicator.
- More authoritarian individuals in China are actually more eager to see China playing an active role around the world and flexing its military might.
- Authoritarians express less enthusiasm for China's engagement in multilateral efforts and international collaboration than do nationalists.
- Authoritarians endorse preferential hiring of Chinese counterparts over Westerners, and they are also more likely to shy away from US travel or business when they feel the United States has harmed Chinese interests.
- These findings suggest that Western onlookers are putting too much emphasis on nationalism as an indicator of foreign policy preferences in China and undercounting the relationship between social values and international outlook. Policymakers would be wise to broaden the lens through which they examine public attitudes in China today.

Introduction

Given rising tensions, limited opportunities for people-to-people exchange, and significant cultural differences between the United States and China, discussions of Chinese public attitudes within the American intellectual and public spheres are often lacking in nuance and depth. The most frequently studied trait in current research on Chinese public attitudes is nationalism. Scholars have debated the rise of Chinese nationalism, its determinants, and its effects. However, as will be shown in the results from this research, nationalism is not always the best characteristic to measure when seeking to understand Chinese public attitudes toward politics and international affairs.

Some quickly dismiss the importance of understanding the Chinese public, arguing that the country's illiberal political system makes Chinese public attitudes largely irrelevant to global politics. Those individuals overlook the value of understanding the 1.4 billion people living in China today. Indeed, trends in Chinese public attitudes have implications for preferences for trade and international exchange, as well as how foreign individuals, companies, and organizations are treated in China.

This project uses tools and constructs from the field of political psychology to better develop our understanding of Chinese public attitudes toward authority and the outside world. In particular, it focuses on adapting the Right Wing Authoritarianism (RWA) scale—a battery of survey questions created in the West—to the Chinese context. Traditionally, RWA batteries have been used to understand levels of traditionalism, in-group preference, and deference to authority within (often conservative) populations in the United States and Europe. While some scholars have translated and used the scale in China, these translations have either abbreviated the measure or they have not adequately accounted for cultural differences between the US and Chinese contexts. For example, they conform to the original scale by asking respondents about “God’s laws,” invoking a Christian frame in a country where the religion is not popular. Through a survey pilot and testing that reframes cultural and social issues in a manner more suitable to the Chinese context, this project reimagines the scale so that it is better able to provide insight into individual-level differences in authoritarianism. Moreover, the study ties authoritarianism to attitudes about China’s international role and tolerance (or intolerance) of foreign populations and entities within China.

Why the Emphasis on Chinese Nationalism?

Open any public affairs journal, international poll, or academic journal that discusses the Chinese public today, and you will be almost certain to find a reference to rising nationalism. A quick search of *Foreign Affairs* magazine yields over 800 results containing the term “Chinese nationalism.” A top result, a February 2023 article by Yale Law School professor Taisu Zhang, quips: “Nationalism has become arguably the single most important Chinese political current in recent years, shaping both government behavior and public responses to it.”¹

In the academic literature on political science, as well, many have studied and analyzed trends in Chinese nationalism.² Suisheng Zhao describes Chinese nationalism as a pragmatic sentiment motivated by a historical memory of humiliation and a stinging sense of national pride; moreover, he argues that Chinese nationalism shapes ideas about national interests and China’s territorial integrity.³ Jessica Chen Weiss describes historical nationalist protest incidents in China as an indicator of public dismay toward international affairs that the Chinese government can either suppress or allow in order to strengthen its international bargaining position.⁴ Scholars have linked nationalist sentiment in China to anti-foreign attitudes and political behavior within the Chinese public.⁵

At its core, nationalism is a sentiment tied up in loyalty to one’s country, and it is often associated with high levels of endorsement for the political legitimacy of the ruling party.⁶ In Chinese, the word “nationalism,” is translated to *aiguo zhuyi* (爱国主义), a phrase that emphasizes love for the country. Historically, scholars have focused on several different types of indicators to measure the concept. The Beijing Area Study, an annual, geographically representative survey of Beijing residents, has measured nationalism through three related questions,⁷ gauging the degree to which respondents agree with these statements:

- “Even if I could choose any other country in the world, I would prefer to be a citizen of China.”
- “In general, China is a better country than most others.”
- “Everyone should support their government even when it is wrong.”

How Does Authoritarianism Differ from Nationalism?

In attempting to explain a number of recent political events, including the rise of populist leaders in Western democracies and a move toward cultural protectionism manifested through policy decisions like ‘Brexit,’ the referendum-based decision of British citizens to leave the European Union, journalists and political pundits alike have given audience to a profusion of political science and political psychology literature explaining authoritarianism.⁸ According to this literature, authoritarian personalities indicate a tendency towards collectivism and ideological rigidity, as well as a predisposition for intolerance towards racial/ethnic, moral, religious, or political out-groups.⁹

The vast majority of studies on authoritarianism and its political implications have been focused on the United States and other Western, liberal democracies. To date, little work has been done to expand the purview of the authoritarian dynamic to Asian contexts. Yet, there is much to gain from an adapted authoritarianism scale focused on China, especially

given its history of Confucian values of filial piety (孝) and loyalty (忠), which relate to the concept quite directly.¹⁰ While the dominant variable used to discuss Chinese public attitudes in contemporary discourse is nationalism, a greater multiplicity of constructs would aid in adding deeper insight to our understanding of the Chinese public. Moreover, this type of work can help intellectuals in the United States to avoid reliance on overly simplistic tropes about Chinese thinking on policy matters.

Authoritarianism and Political Preferences

Before delving into the study below, it is worthwhile to briefly summarize the authoritarianism literature. Adorno’s *The Authoritarian Personality* marked the first serious academic investigation of authoritarianism as a personal characteristic affecting social and political preferences.¹¹ The book was the result of a research project on religious and racial prejudice— and in particular, anti-Semitism— organized by the American Jewish Committee in the immediate aftermath of World War II. It described authoritarianism as a personality syndrome caused by a “hierarchical, authoritarian, exploitive parent-child relationship” that led to “a dichotomous handling of social relations as manifested especially in the formation of stereotypes and of ingroup-outgroup cleavages” later

in life.¹² Altemeyer re-envisioned authoritarianism thirty years later, describing it as a right-wing characteristic produced through social learning.¹³ Altemeyer replaced Adorno et al.'s F-scale (F stood for fascism), which measured attitudes based on a set of nine categories, with the more psychometrically attuned Right-Wing Authoritarianism (RWA) scale. Around the same time, John Duckitt identified conformity with in-group norms, emphasis upon respect and obedience to leaders, and intolerance towards people not conforming to the in-group's norms as three identifying characteristics of authoritarianism.¹⁴

Shortly after the release of *The Authoritarian Personality*, Daniel Levinson cautioned that a trend towards authoritarianism in American politics during the 1950s had "intensif[ied] our nationalistic-chauvanistic [sic] potentialities," thus threatening the nation's ability to "constitute a democratic force in the world and...reduce international tensions."¹⁵

Scholars have recently begun to apply constructs from political psychology to Chinese politics. For example, Rory Truex demonstrates that a number of personality traits indicating social isolation predict lower levels of satisfaction with the Chinese government.¹⁶ Junhui Wu, Mingliang Yuan, and Yu Kou associate disadvantage during childhood with lower levels of trust in Chinese adolescents, and they then link this distrust to lower levels of behavior to benefit others or to help society as a whole.¹⁷

Scholars have produced a small but growing amount of work regarding the effect of authoritarianism upon political preference in East Asia. Dong-Kyun Im shows that higher levels of authoritarianism are associated with greater economic conservatism (i.e., opposition to redistribution) in China.¹⁸ Similarly, Rong Chen and Peter Beattie find that Chinese individuals who exhibit high levels of authoritarianism tend to place themselves on the ideological right when asked.¹⁹ Meanwhile, Sherry Jueyu Wu and Elizabeth Levy Paluck demonstrate that both Chinese and American workers randomly assigned to attend participatory group meetings in the workplace over a period of six weeks exhibit lower levels of authoritarianism than counterparts who do not attend such meetings.²⁰

As noted by Deyong Ma and Feng Yang, values of filial piety and loyalty originating from Confucianism promote "deference to authority, worship, and dependence" in East Asian political cultures—all characteristics of authoritarianism.²¹ The Chinese society, in particular, places heavy emphasis on

the threefold roles of the “benevolent patriarch” as father, husband, and ruler.²² Due to their Confucian roots, East Asian societies tend to exhibit higher levels of authoritarianism than societies in the West. In fact, a cross-national study by James Liu, Li-Li Huang, and Catherine McFedries found that survey respondents in China, Taiwan, and Japan scored highest, respondents in the United States scored slightly below them, and respondents in New Zealand scored significantly lower on the RWA scale measure of authoritarianism.²³

Beyond scoring high in authoritarianism, Chinese citizens also demonstrate especially high levels of collectivism and in-group favoritism. In one study, Americans, Koreans, and Japanese people all scored at comparable levels of collectivism, while citizens of the People’s Republic of China (PRC) were found to be significantly less individualistic and more collectivistic.²⁴ Another study compared the primacy of collectivism in determining in-group favoritism using samples from the United States and China, and ultimately concluded that Chinese respondents were more likely to show in-group favoritism, especially when primed with information that the out-group had performed better than the in-group.²⁵ This finding suggests that threat may exacerbate Chinese levels of out-group discrimination.

It is important, though, to consider the cultural context of Chinese authoritarianism, collectivism, and in-group favoritism. Several scholars defend these cultural trends, urging observers to understand the unique cultural history, social support structure, and political rationale behind them. Lucian Pye, for example, posits that years of foreign aggression made creating a salient Chinese social identity a political necessity.²⁶ On the other hand, James Liu, Mei-chih Li, and X. D. Yue emphasize the “balance between harmony and hierarchy- enhancing orientations,” lamenting that Western social psychologists tend to portray East Asian authoritarian dispositions in an overly negative manner.²⁷ Richard Nisbett and his coauthors appear to agree, attributing Chinese in-group favoritism to the Confucian values of reciprocal social obligation and in-group harmony, rather than a focus on diminishing any particular out-group.²⁸

The most coherent trend in the East Asian authoritarianism literature links the trait to domestic political trust. Tianjian Shi explored determinants of political trust in Taiwan and mainland China.²⁹ The paper found that political trust in Taiwan is based on government performance, whereas political trust

in mainland China is produced via authoritarian values encouraged by the Chinese Communist Party (CCP). James Liu, Li-Li Huang, and Catherine McFedries used longitudinal data spanning the periods before and after the 2004 presidential elections in Taiwan to discern the effect of the Democratic Progressive Party's (DPP) consolidation of power upon personal levels of authoritarianism.³⁰ The authors argued that the second victory of the DPP indicated to many that Taiwan would not soon return to Kuomintang (KMT) party rule, leading to an increase in levels of authoritarianism for DPP supporters post-election, despite the party's proclaimed "image of being pro-democracy and against oppression and discrimination."³¹ Timothy Ka-ying Wong et al. studied the determinants of political trust in China, Hong Kong, Singapore, Taiwan, South Korea, and Japan. Their article concluded that in many of these places, political and economic performance trumps cultural factors such as authoritarianism in determining political trust.³² However, Deyong Ma and Feng Yang critique the measurement of authoritarianism used in this paper, which gauged authoritarianism by asking respondents whether it is good to respect traditional authority, as overly simplistic.³³ Using a more complex measure of authoritarianism in a sample of 13 Asian nations, Ma and Yang find that "authoritarian orientations are an independent cultural source of political trust in these societies."

A still-nascent literature links authoritarianism and foreign policy preferences in East Asia. James Liu and coauthors administered surveys to undergraduate psychology majors in the United States, New Zealand, Taiwan, Japan, and China to measure psychological predispositions and levels of militarism.³⁴ The authors were surprised to find that Chinese respondents who were high in authoritarianism and social dominance orientation (SDO) were not only more likely to support Chinese military intervention in Taiwan, but also US military intervention in Iraq. Liu et al.'s article serves as a compelling entrée into the study of Asian authoritarianism and foreign policy preferences.

Data and Methodology

This research paper features the results of an online survey administered by a professional survey firm in China in April and May 2024. The paper will share results from a pilot involving 989 individuals. Respondents were asked

to answer questions that measured levels of authoritarianism, social dominance orientation, nationalism, and attitudes regarding China's international role. The sample is not nationally representative. Rather, it is more urban, female, educated, wealthy, ethnically Han, and younger than is the broader Chinese society. If anything, the sample is more representative of the often politically attuned netizens living in China today. Nevertheless, the survey results shed some light on how psychological dispositions affect foreign policy attitudes among young, urban Chinese elites. Analyses use ordinary least squares (OLS) regressions to link authoritarianism and other dispositions to foreign policy preferences within the Chinese public.

Measuring Authoritarianism

The analyses in this project rely on an adapted version of a modernized RWA scale produced by psychologist Bob Altemeyer in 2006. The authoritarianism question battery consists of 20 statements with which respondents must register their level of agreement or disagreement on a 9-point agree-disagree scale. The questions are aimed at gauging individuals' traditionalism, their support for stronger leadership, and their (dis)approval of liberal social values.

The Altemeyer scale, however, is best suited for a Western society founded on Judeo-Christian values. To translate the scale to the Chinese context, a number of changes were required. First, specific references to God or Christianity were replaced with more general references to traditionalism. Consider this item from the 2006 Altemeyer scale: "God's laws about abortion, pornography and marriage must be strictly followed before it is too late, and those who break them must be strongly punished."³⁵ In the new version of the scale, the question reads, "Traditional moral codes must be strictly followed before it is too late, and those who break them must be strongly punished (必须严格遵守传统的道德规范, 否则就为时已晚, 违反者必须受到严厉惩罚)."

Second, social trends that were unfamiliar in the Chinese context were modified. For example, the Altemeyer scale includes an item that reads: "There is absolutely nothing wrong with nudist camps." However, in China, where nudists have been detained and sentenced to jail, nudism is a much less prevalent activity.³⁶ As a result, in the new version of the scale, this item is

replaced with a question about a similarly progressive but more plausible category of activity, reading: “There is absolutely nothing wrong with polyamory, defined as developing romantic relationships with multiple people (多元伴侣关系 [同时与多人发展亲密关系] 完全没有错).”

Finally, the political dynamic in China makes direct questions about the government less desirable in a survey context. Asked directly about the need to obey their government, Chinese citizens may feel the need to overstate agreement due to concerns about repercussions if they do not. As a result, this version of the authoritarianism scale did not ask direct questions about following the government’s rules. One item in the Altemeyer scale states: “It is always better to trust the judgment of the proper authorities in government and religion than to listen to the noisy rabble-rousers in our society who are trying to create doubt in people’s minds.” The new version of the scale states: “It is always better to trust the judgement of those with legitimate permission to speak on issues rather than to listen to the noisy rabble-rousers in our society who are trying to create doubt in people’s minds (相信有话语权的人的判断, 总是比相信社会上试图给人们制造怀疑的捣乱分子的判断要好).”

Indicators for Comparison

Part of the purpose of this research is to distinguish between the effects of authoritarianism as compared to other psychological and social traits. For this reason, authoritarianism will be compared to both nationalism and social dominance orientation (SDO) as determinants of foreign policy attitudes. The study relies on a nationalism index using the same three questions from the Beijing Area Study.

Social dominance orientation (SDO) measures the extent to which individuals seek to reinforce group-based hierarchies, in which subjectively determined “superior” groups dominate “inferior” groups.³⁷ An individual with high SDO would exhibit a greater preference to maintain group-based hierarchy compared to others within his or her society. SDO also has implications for how individuals perceive groups in *other* societies. Recent work has indicated that high SDO is correlated with greater warmth towards those perceived to be more similar to one’s “in-group.”³⁸ Jim Sidanius and Felicia Pratto

note that “[w]hatever SDO values one has developed about intergroup relations of one type (e.g., between races) are likely to be applied to intergroup relations of other types (e.g., between nations or minimal groups).³⁹ This means that people will re-create new hierarchical intergroup relations from the fragments of old hierarchical intergroup relations.” In other words, opinions of foreign societies can be heavily shaped by perceptions of appropriate social ordering in one’s own society. The SDO scale has been used in the Chinese context in previous research,⁴⁰ and the same scale is applied here.

Outcomes of Interest

This research project endeavors to link authoritarian dispositions to foreign policy preferences in China. In order to do so, it also adapts several foreign policy survey questionnaires to the Chinese context. The first are the cooperative internationalism and the militant internationalism scales, defined as the “faces of internationalism” by Eugene Wittkopf.⁴¹ Wittkopf envisions cooperative internationalism (CI) as a measure of an individual’s attitudes towards multilateralism and international collaboration to solve global problems. He describes militant internationalism (MI) as a measure of an individual’s attitudes towards military tools of foreign policy, international aggression, and the use of force abroad.

The survey also includes a measure of isolationism, borrowed from Joshua Kertzer and coauthors.⁴² The scale measures the degree to which respondents believe that China should move away from an active global role and scale down activities aimed at global leadership.

Findings

Regression analysis reveals that authoritarianism, social dominance orientation, and nationalism are distinct traits that have different levels of impact on foreign policy attitudes among Chinese survey takers. Authoritarianism is the strongest indicator of support for Chinese military action overseas, outstripping nationalism as a predictor. Meanwhile, individuals exhibiting high levels of authoritarianism are less likely to endorse China’s cooperation with other nations on the global stage. Nationalists are more likely to support greater

FIGURE 1. Correlations between dispositional characteristics and militant/cooperative inter- nationalism. Estimates come from OLS regressions with standard social and demographic control covariates, including age, gender, education level, income level, urban/rural residence, and attention to news. Plots display both 90 percent and 95 percent confidence intervals.

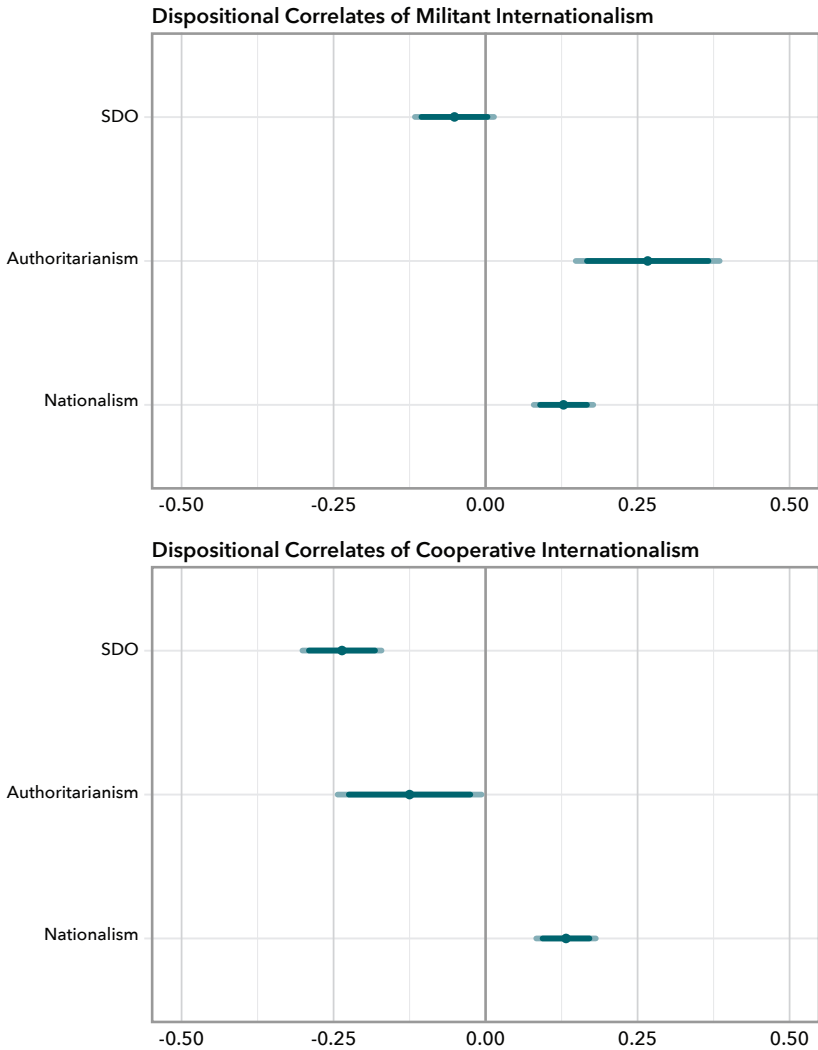
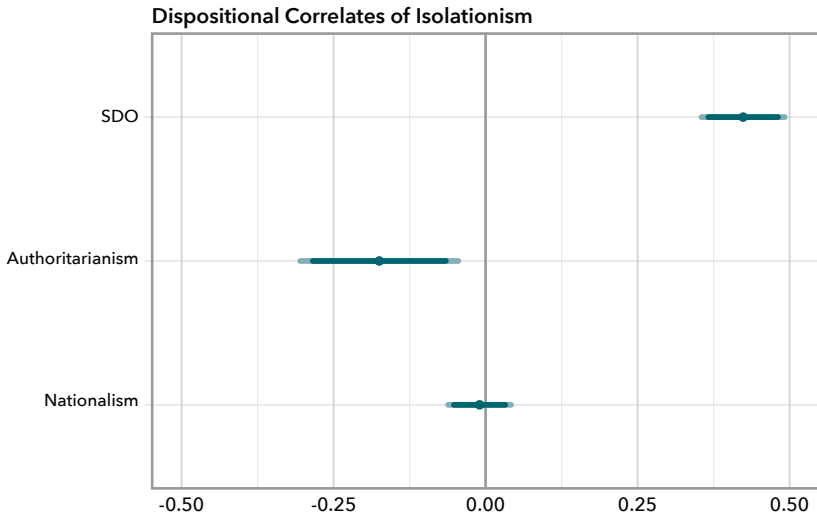


FIGURE 2. Correlations between dispositional characteristics and isolationism. Estimates come from OLS regressions with standard social and demographic control covariates, including age, gender, education level, income level, urban/rural residence, and attention to news. Plots display both 90 percent and 95 percent confidence intervals.



cooperative engagement with other countries; in contrast, those with a preference for maintaining societal hierarchies prefer that China collaborates less with the international community.

Nationalism does not help to predict levels of isolationism at all in the sample. Instead, authoritarianism is correlated with greater support for China taking a more active role internationally, while supporters of social dominance (those with a preference for hierarchy) support less global activity for China overseas. In sum, these findings make clear that traits often associated with Chinese “nationalists” in the media and the academe, such as military belligerence, disdain for international cooperation, and strong support for Chinese global leadership, are actually more accurately attributed to Chinese authoritarians.

The demographic predictors for militant internationalism, cooperative internationalism, and isolationism are interesting in their own right. There are few demographic indicators of support for greater Chinese military engagement overseas: those in rural areas are slightly more likely to score high in MI, though this finding is only significant at confidence levels of 90 percent. Higher education, lower income, and greater attention to the news are associated with more support for international collaboration. Older and rural Chinese people prefer a more isolationist China. Those with higher incomes also prefer isolationism, but this last finding is statistically significant only at a confidence interval of 90 percent.

Finally, the results from the survey show that individual-level authoritarianism also predicts attitudes toward Western individuals and entities. Authoritarians are more likely to agree with the idea that local Chinese job applicants should be hired over individuals from the West. They are also more likely to endorse eschewing travel to America and business with US companies when they perceive US actions as harmful to China. In comparison, social dominance orientation and nationalism are not strong predictors of agreement with the first idea, and they are not as strongly correlated with agreement with the second.

Policy Implications

In recent scholarship and intellectual discussions of China, there is a persistent focus on Chinese nationalism as a catalyst for more aggressive and less cooperative public sentiment. While Chinese nationalism predicts militarism, individual levels of authoritarianism within Chinese survey takers are a stronger indicator of military support and antisocial affect towards the West. These findings are important because they indicate that anti-progressive, collectivist tendencies lie at the root of these foreign policy preferences and affect them more than love for one's country. They also imply that domestic and foreign policy attitudes are intrinsically linked—authoritarians are the individuals in Chinese society who are the most supportive of strong leadership (such as the leadership exercised by Xi) and the least approving of liberal social trends that are gaining popularity in China's more cosmopolitan urban centers. Through a better understanding of the domestic politics surrounding globalization in China and traditionalist

FIGURE 3. Correlations between different demographic variables and foreign policy preferences using estimates from OLS regressions. Estimates come from the OLS regressions shown above, which also estimate coefficients for social dominance orientation, authoritarianism, and nationalism. Plots display both 90 percent and 95 percent confidence intervals.

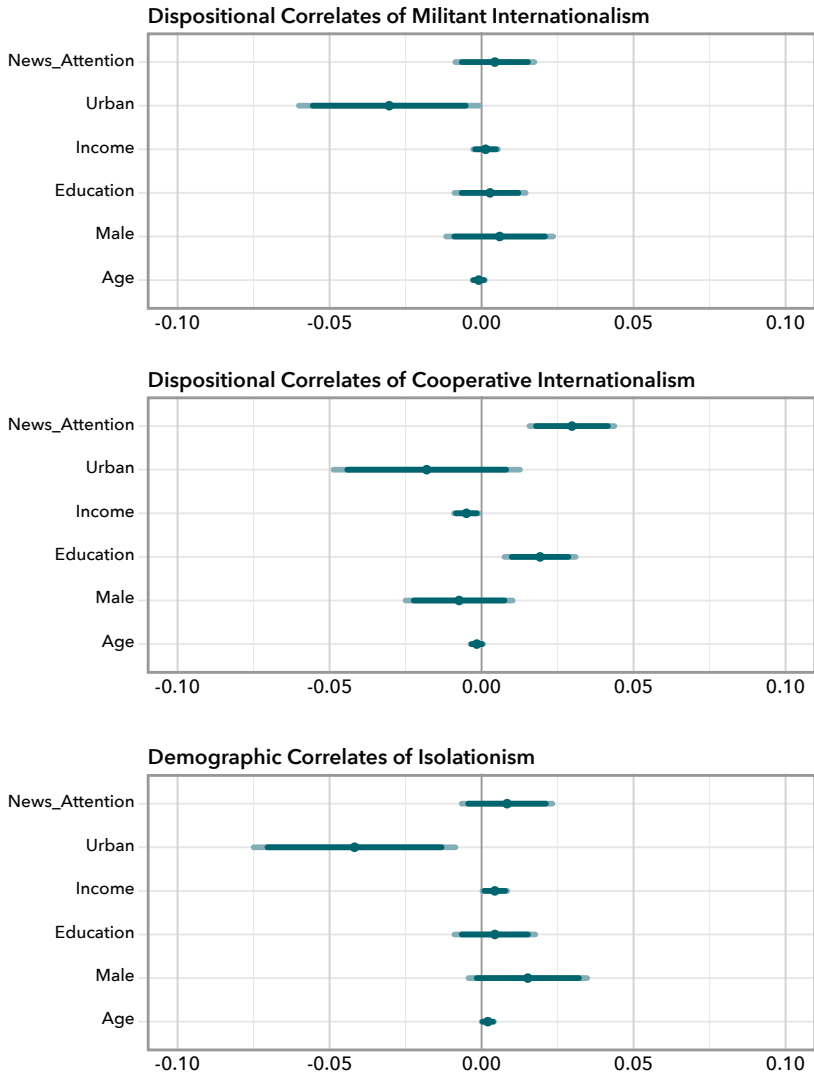
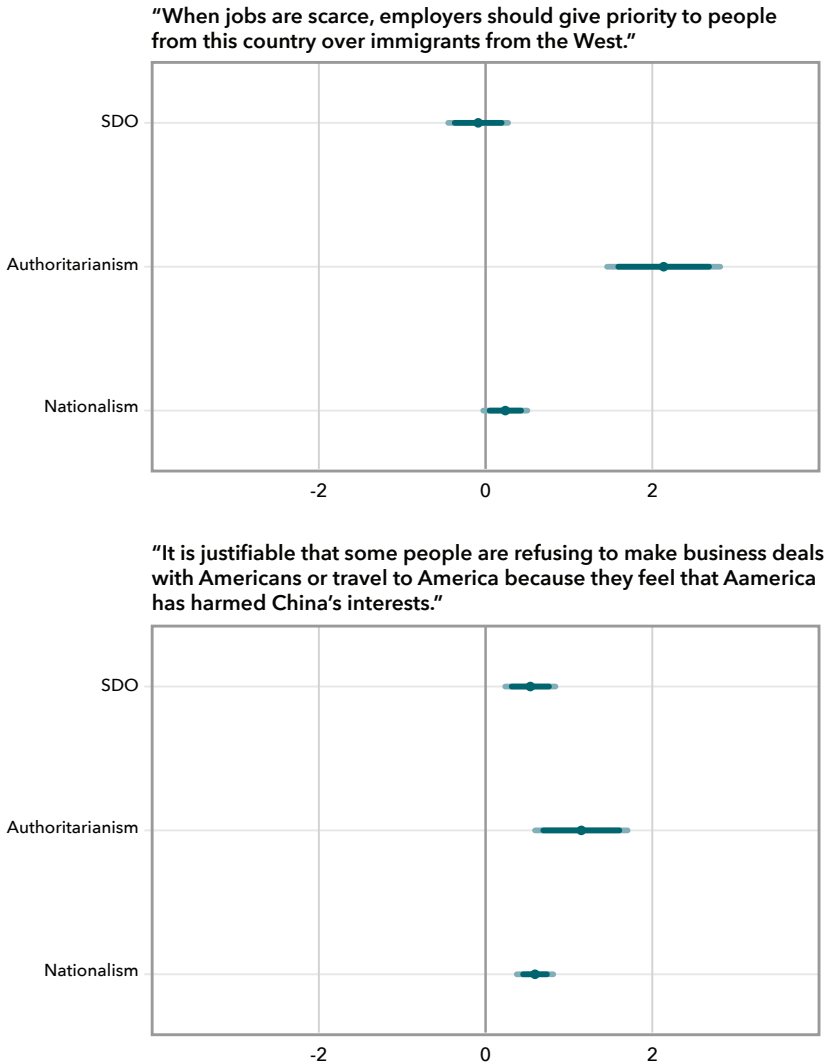


FIGURE 4. Correlations between dispositional characteristics and attitudes about interactions with the West. Estimates come from OLS regressions with standard social and demographic control covariates, including age, gender, education level, income level, urban/rural residence, and attention to news. Plots display both 90 percent and 95 percent confidence intervals.



backlash, scholars and pundits alike may gain a greater understanding of the fault lines that determine Chinese attitudes toward foreign policy.

What practical implications, if any, does this have for those of us outside of China? First and foremost, this research has the potential to broaden the aperture on policy attitudes in China today. Both nationalism and authoritarianism predict support for the CCP in China. However, a singular focus on “nationalism” within the Chinese public does little more than tell us how much Chinese citizens love and support their country. Measures of authoritarianism, on the other hand, clarify the social issues that animate political trust within groups that score high on these survey items in China: an eye towards traditional values, a preference for deference to the collective, and concerns about those who wish to challenge these things. It is helpful to identify the characteristics within Chinese society that predict CCP support based on something other than nationalism so as to better comprehend how values play into the resilience of the party-state.

Moreover, this research sheds light on the direct connections between the domestic social concerns of authoritarians and their preferences for foreign policy. Scholars of RWA have shown that authoritarians tend to react defensively to threats to the social order.⁴³ In China, top-down narratives about prioritizing cultural security (文化安全) abound. Keen policymakers will recognize that Chinese citizens displaying the greatest enthusiasm for attention to cultural security will likely be authoritarians. If the results of this preliminary study persist in the future, then China watchers should expect that higher levels of pro-militarism and greater enthusiasm for expanding China’s international role will cooccur with wariness toward cultural threat domestically. Furthermore, in the tense atmosphere of US-China relations today, it is authoritarians who are most likely to exhibit prejudicial behavior toward Western individuals and firms.

Importantly, paying greater attention to psychometric measures like authoritarianism also has the potential to bring greater discernment to policy discussions about the Chinese public. The range of scores on the authoritarianism scale rest along a spectrum: some score high, while others score low. Given this reality, this attitudinal metric can bring into clearer focus which groups are more likely to express hawkish views and which groups are not within the Chinese citizenry.

Conclusion

This article explains how the authoritarian disposition to be intolerant of outsiders manifests itself within the Chinese public today. In doing so, it sheds light on how Confucian filial values and a distaste for progressive trends yield a distinctly Chinese version of individual-level authoritarianism. Analysis of original survey data indicates that authoritarianism is a strong predictor of militant internationalism and support for Chinese global engagement. Moreover, high levels of Chinese authoritarianism predict greater economic discrimination against Westerners. The relationship between authoritarianism and these outcomes is stronger and more consistent than the relationship between nationalism or social dominance orientation to the same outcomes.

Not enough research has been done on the nature and impacts of authoritarianism outside of the West. In the future, further inquiry into how authoritarian dispositions affect political participation and foreign affairs in East Asia may build upon the insights developed through this study. Nevertheless, this research serves as an initial foray into the topic of authoritarianism and its effect on foreign policy preferences in China.

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2023-24 WILSON CHINA FELLOWSHIP

Maintaining Checks and Balances in a New Age of Conflict

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Abstract

This paper addresses how US-China rivalry is shaping the primary institutions of American constitutional governance. It asks whether new geopolitical demands have eroded traditional checks and balances between Congress, the President, and the courts. History teaches that global conflict can alter the balance of constitutional powers, leading at times to executive overreach, congressional abetment or acquiescence, and judicial deference. Are these structural patterns being reproduced today? How can politicians, policymakers, and governments lawyers ensure that healthy interbranch dynamics persist through a new age of conflict?¹

Policy Implications and Key Takeaways

- Constitutional governance in the United States is premised on robust competition between three co-equal branches of government. Throughout American history, conflicts with foreign adversaries have tended to weaken interbranch competition. Foreign threats have at times motivated executives to amass new authorities, induced legislators to rally around the flag, and persuaded judges to defer to the judgments of national security leaders. While such consensus can facilitate decisive government action, it can also lead to the curtailment of rights and liberties and the suppression of alternative perspectives.
- US-China rivalry has not yet transformed the relationships between the three branches of our federal government. However, there have been troubling cases of prosecutorial overreach and administrative illegality, as well as a marked increase in executive-congressional collaboration, supported by a growing bipartisan policy consensus on China. Courts and other constitutional actors have helped to check certain of these acts, but their willingness and capacity to do so in the future remain uncertain.
- There is no necessary tradeoff between maintaining constitutional protections and successfully competing with Beijing. An unreflective, unchecked response to China may even undermine American interests by supplying Chinese propaganda authorities with fodder for

claims of American hypocrisy and by fostering ill-considered public and foreign policies.

- Policymakers can help fortify constitutional checks, or recreate some of the salutary effects of constitutional checks, in the following ways:
 - » Judicial confirmation processes should probe nominees' views on various doctrines of national security deference and, more generally, the role of courts in foreign affairs.
 - » The White House, executive agencies, and Congress should find ways to both empower and consult civil society and business groups who are distinctly situated to share information about the effects of overreaching policies.
 - » Key agency inspectors general offices ought to in some cases have a broader investigatory charge, and in other cases create a permanent position with a standing civil rights mandate.
 - » The executive and legislative branches should consider instituting other internal checks, as recently advocated by Professors Ashley Deeks and Kristen Eichensehr, including instituting forced dissent policies and incorporating sunset clauses into laws empowering the executive.²
 - » At a time of speech controversies, our political and civic institutions should reaffirm their commitment to free expression to help protect dissenting views and preserve space for civil society advocacy.

Introduction

This paper addresses how US-China rivalry is shaping the relationship between the primary institutions of American constitutional governance: the executive, legislative, and judicial branches. The basic theory of checks and balances is well-known. The US Constitution diffuses power between three coordinate branches of government. Each branch exercises the core of one element of federal power, and shares additional powers with other branches of government. By design, these branches are placed into institutional competition with one another, an ostensibly self-enforcing mechanism for preventing the excessive concentration of power.³

The traditional theory of checks and balances has not always been realized in practice. Interbranch competition is best thought of as an aspirational commitment of American governance, serving not mere abstract constitutional values, but other public goods, including the protection of civil rights and liberties and the enactment of well-considered public and foreign policies. Periods of conflict and crisis have been associated with an erosion in interbranch competition, and in turn, a diminishment in certain rights and the pursuit of ill-advised policy directions. This paper asks whether US-China conflict is beginning to influence interbranch dynamics.

The paper proceeds in three parts. Part I unpacks the connection between global conflict and interbranch competition, drawing on works of legal and constitutional history. It shows how periods of crisis can create a distinctive set of political incentives that motivate executives to expand their powers and discourages other constitutional actors from curbing executive overreach.

Part II assesses, through several case studies, how US-China conflict has begun to reproduce familiar dynamics of interbranch relations. It documents several cases of executive overreach, before surveying a broader trend of interbranch consensus and collaboration on China. While the effects so far are relatively modest relative to historic baselines, they could well intensify if the US-China rift continues to widen.

Part III addresses some ways in which our constitutional institutions continue to be working well. It highlights several examples of Congress and federal courts stepping in to check concerning executive actions responding to China. These developments are encouraging, but a closer look will suggest that future policies may be less vigorously policed.

Part IV concludes by recommending several measures designed either to bolster interbranch competition or to mimic the effects of interbranch competition by institutionalizing certain forms of intra-branch constraint. The specific recommendations are less important than the overarching need to recognize and manage threats to interbranch accountability in a new age of great power rivalry.

I. Background

This Part examines how the American system of checks and balances has historically responded to foreign conflict. The constitutional effects of foreign conflict have been multi-directional. Sometimes, one branch has vigorously checked another; more often, however, interbranch competition has weakened: executives have sought greater powers, legislators have acquiesced or abetted executive initiatives, and courts have deferred to national policymaking authorities. These structural tendencies have some upsides, but they can also work to limit basic rights, stifle alternative perspectives, and facilitate the adoption of ill-considered policies.

Periods of major conflict shape the incentives of constitutional actors in predictable ways. For the President, who is constitutionally charged as the commander in chief and vested with various foreign affairs powers, foreign threats present both a challenge to the President's national security responsibilities and an opportunity for political gain.⁴ Demands for swift and decisive action have at times culminated in an expansion in executive power, often at the expense of the prerogatives of other branches of government or the protection of civil rights and liberties. Examples of the former include the executive's continued resistance to the War Powers Resolution—Congress's attempt to reign in executive unilateralism in initiating and maintaining foreign hostilities, the mass internment of Japanese and Japanese Americans during World War II, and the over-surveillance and over-policing of Muslim-American communities during the War on Terror.⁵

Like the President, Congress has followed certain patterns in times of conflict. Congress is constitutionally vested with certain exclusive and shared authorities over foreign affairs and national security.⁶ While legislators are not as directly accountable for inadequate wartime responses as the executive,

they are elected officials with an incentive to respond vigorously to foreign threat. Congressional responses to foreign conflict tend to follow several patterns: legislators may actively abet executive efforts to amass greater powers by legislating more authority to the president, or they may passively acquiesce to such efforts initiated by the executive.⁷ Historically, there have been waves of war-inspired congressional bipartisanship, for example, during the first few decades of the Cold War.⁸ Many conflict-driven rights contractions were legislated by Congress, from the Alien and Sedition Acts of 1798 to legislation enacted during the McCarthy era.⁹

As with Congress, federal courts have often deferred to executive initiatives during wars and other conflicts. The Supreme Court has expressed an unwillingness to interfere with the political branches' national security judgments on grounds of institutional capacity and comparative expertise. Justices have been especially hesitant to second-guess military or foreign policy judgments during periods of foreign conflict, where the need for swift, decisive, and unencumbered action is perceived to be at an apex.¹⁰ On these kinds of considerations, the Court has given legal sanction to an array of overreaching executive acts, from the internment of entire populations to the use of military tribunals with minimal legal protections for the accused.¹¹ Not long ago, the Supreme Court upheld President Trump's so-called "Muslim ban"—an executive proclamation that forbade nationals of eight designated countries from entering the United States—on the theory that a more "searching inquiry" would be "inconsistent with the broad statutory text [at issue] and the deference traditionally accorded the President in this sphere."¹²

The structural dynamics summarized above are worrying for two reasons. First, as the historical examples show, political leaders are more likely to infringe on fundamental rights and freedoms in times of conflict. Whereas constitutional checks exist in theory to police rights violations of this sort, foreign conflicts can lead to a significant amount of institutional deference to political and especially executive decision making. Second, periods of crisis can lead to less considered policymaking as a result of greater interparty and interbranch consensus. While consensus of this sort can lead to ambitious policy-making—no small thing in a system more concerned with limiting tyranny than empowering a strong federal government—it can also stifle alternative perspectives through imposing a kind of groupthink on national policy

debates and by generating political pressure to rally around the flag.¹³ One wonders whether Congress would still have authorized military interventions in Vietnam or Iraq—two arguably mistaken foreign policy decisions of the last century—had the political environment been more conducive to dissent.¹⁴

To be sure, the trends summarized here admit of important exceptions. Congress has at times sought to limit executive war powers, especially in later phases of conflict where the public had begun to weary of war, and the Supreme Court has in notable cases curbed executive unilateralism in wartime.¹⁵ Scholars have argued that conflict-driven exigencies can sometimes even expand rights where rights enlargement is thought to advance geopolitical goals.¹⁶ Still, the examples of conflict-driven overreach are numerous, and invites the question of whether today's principal conflict—a deepening US-China rivalry—will have similar effects.

II. Structural Trends in the US-China Conflict

The current era of US-China rivalry is relatively new, as measured by the extent to which foreign conflict has consumed national politics. As such, one does not expect it to have immediately transformed interbranch competition. Unlike some of the conflicts of the twentieth century, the United States and China are still highly integrated economically, notwithstanding recent efforts to “derisk,” and they have not clashed militarily. What is discernible, however, are structural trends that are beginning to evoke historical patterns, including a number of instances of prosecutorial overreach and administrative illegality, as well as a rise in interbranch and interparty consensus on China.

Consider first a few examples arising out of the US government's concerns over Chinese espionage—a practice that, though longstanding, intensified as the Chinese Party-state's high-tech economic ambitions grew in the 2010s.¹⁷ Although the federal government has had legitimate basis for sounding the alarms over growing levels of economic espionage, its measures have at times been legally excessive.

During this period, a security unit within the Commerce Department called the Investigations and Threat Management Services (ITMS) began to investigate Asian-American employees as suspected spies. According to a Senate Commerce Committee report, ITMS transformed from an agency

with a limited security mandate “into a rogue, unaccountable police force” that “engaged in a variety of improper law enforcement activities.”¹⁸ The report continues:

Investigations launched by the unit often lacked a sufficient basis...The ITMS...broadly targeted departmental divisions with comparably high portions of Asian-American employees, ostensibly to counter attempts of espionage by individuals with Chinese ancestry...[T]he unit’s improper exercises of law enforcement powers likely resulted in preventable violations of civil liberties and other constitutional rights.¹⁹

In one instance of ITMS overreach, a longtime hydrologist with the National Weather Service named Sherry Chen was interrogated, detained, and portrayed as a spy before prosecutors dismissed their charges on the eve of trial.²⁰ In a follow-on lawsuit, a federal dispute resolution board acknowledged that Chen was a “victim of gross injustice.”²¹

More cases resembling Sherry Chen’s were brought under the umbrella of the Justice Department’s (DOJ’s) “China Initiative”—a federal effort launched in 2018 to direct departmental resources and personnel towards investigating Chinese industrial espionage. To be sure, the Initiative led to successful prosecutions of individuals who had been enlisted by China to advance Chinese industrial goals. But it also led to a number of failed or abandoned prosecutions of scientists of Chinese descent, who—like Chen—were surveilled, fired, detained, and publicly shamed.²² According to legal scholar Margaret Lewis, a prominent critic of the China Initiative, “using ‘China’ as the glue connecting cases under the Initiative’s umbrella create[d] an overinclusive conception of the threat and attache[d] a criminal taint to entities that possess ‘China-ness.’” The result, Lewis argues, was “not blunt guilt by association...It [was] threat by association.”²³ Gisela Kusakawa, the Executive Director of the Asian American Scholars Forum offered a similar portrayal of the Initiative:

Under this initiative, officials have relied on a broad theory of “non-traditional collectors”—a euphemism for “spies”—to broadly scrutinize individuals of Chinese descent. Academics with connections

to China have been painted as national security threats regardless of any wrongdoing. Reports have found the majority of cases under the initiative do not involve charges of economic espionage or trade secret theft. The initiative incited fear that many individuals are being targeted based on their ethnicity rather than evidence of criminal activity, leaving lives and careers ruined, and driving widespread distrust of our government.²⁴

Kusakawa was one of several civil society leaders advocating against the Initiative at the time.

US-China conflict has also led to several cases of administrative overreach, where federal agencies have acted beyond the scope of their governing statutory mandates to counter a purported China threat. This was the case in the Commerce example, with ITMS diverging from its narrow mandate to provide basic security services into performing wide-ranging counter-espionage and law enforcement activities. As the Commerce Department General Counsel's own report later concluded, "The Department's law enforcement and intelligence authorities do not include the full scope of the criminal law enforcement and counterintelligence authority that ITMS claimed to exercise."²⁵ But the examples don't end there.

Several other instances of administrative overreach stem from agency efforts to implement recent executive orders targeting China. According to the US-China Economic and Security Review Commission, the Trump Administration issued eight executive orders "that primarily involved China" and seven more "that did not explicitly target China but affected key policy areas relating to the US-China relationship."²⁶ The Biden Administration has largely continued in this tradition.²⁷ Not all such orders or their implementing regulations have been legally problematic, but several have clearly exceeded statutory authorities.

Consider first an executive order issued by President Trump on "addressing the threat from securities investments that finance Communist Chinese military companies."²⁸ Finding that China was "increasingly exploiting United States capital to resource and to enable the development and modernization of its military, intelligence, and other securities apparatuses," President Trump declared "a national emergency" and forbade United States persons

from transacting in the publicly traded securities of any “Communist Chinese military company” (CCMC). The Order called on the Secretary of Defense to designate certain companies as CCMCs pursuant to Section 1237 of the National Defense Authorization Act for Fiscal Year 1999.²⁹ Section 1237 defines CCMCs as any person who “is owned or controlled by, or affiliated with, the People’s Liberation Army or a ministry of the government of the People’s Republic of China or that is owned or controlled by an entity affiliated with the defense industrial base of the People’s Republic of China.”³⁰

In carrying out this task, the Department of Defense appeared to have violated its statutory mandates. So the Federal District Court for the District of Columbia held in two separate cases brought by Chinese companies that found themselves labeled as CCMCs: Xiaomi Corporation and Luokung Technology Corporation.³¹ The Department of Defense’s decision documents were based on very little. The Xiaomi designation, for example, cited only two facts: that its CEO, Lei Jun, had once been honored as an “Outstanding Builder[] of Socialism with Chinese Characteristics” by China’s Ministry of Industry and Information Technology, and that Xiaomi had prioritized investing in advanced 5G and artificial intelligence (AI) capabilities—“[c]ritical [t]echnologies essential to modern military operations.” The District Court was not persuaded, however. It turns out that that same award had been given to all kinds of company leaders, including executives of firms that produced infant milk formula, chili sauce, and barley wine. And just because there were military applications to AI hardly meant that all companies investing in AI were affiliated with China’s military industrial complex. For these reasons, the Court found that the Department had violated the Administrative Procedure Act on several grounds, including acting “in excess of the agency’s authority.”³²

The Trump Administration also exceeded statutory authorizations in implementing two 2020 executive orders addressing threats associated with the Chinese social media apps WeChat and TikTok. Both orders urged that “the spread in the United States of mobile applications developed and owned by companies in the People’s Republic of China (China) continue to threaten the national security, foreign policy, and economy of the United States,” and ordered actions that would have amounted to a complete ban of both apps in the United States.³³ The principal legal basis for these orders was the International Emergency Economic Powers Act (IEEPA). That statute authorizes the

President to assume a number of powers upon a declaration of national emergency, including the power to regulate or prohibit transactions involving property in which foreign countries or persons may have an interest.³⁴ An order forbidding persons in the United States from engaging in transactions relating to WeChat or TikTok would seem at first to fall under this grant.

The problem, as several federal district courts later concluded, was that IEEPA also contained express exceptions to this grant of authority. Most relevant here, a President may not, under IEEPA, “regulate or prohibit, directly or indirectly...the importation from any country, or the exportation or any country...regardless of format or medium of transmission, of any information or informational materials, including but not limited to publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, compact disks, CD ROMs, artworks, and newswire feeds.” IEEPA also excepts regulations or prohibitions on “any postal, telegraphic, telephonic, or other personal communication, which does not involve a transfer of anything of value.”³⁵ TikTok and WeChat users routinely share photographs and artworks on those platforms, as well as all kinds of other personal data. For these reasons, multiple federal district courts have found that the Administration likely violated IEEPA.³⁶ (Note, however, that the legality of President Trump’s executive order banning TikTok is a separate question from the legality and constitutionality of Congress’s recently enacted TikTok divestiture law).

Finally, there has been a notable rise in interbranch and interparty consensus on China. “Not only have Democrats and Republicans in Congress found consensus on the underlying rationale and elements of a hardened China policy,” writes David Shambaugh, “but it spans across various professional sectors.”³⁷ Shambaugh’s assessment is supported by a recent empirical study of China-related legislation and American lawmakers’ China-related social media messaging, which found that bipartisan consensus on China arose in the 2017–2018 period and has led to concrete and substantive proposals in a number of areas, including human rights, technology, public health, the environment, trade, investment, and military affairs.³⁸ The new consensus has had some clear upsides, for example helping the federal government to enact major semiconductor legislation amid stark political polarization.³⁹

The new consensus is more worrying from a structural constitutional law perspective. It can result in what Deeks and Eichensehr call “friction-

less government,” where “there is overwhelming bipartisan and bicameral consensus about a particular set of policies, as well as consensus between Congress and the Executive.” They continue:

“In such cases, the normal checks and balances that typically arise during policymaking weaken and, in some cases, disappear entirely, creating a risk of policy going off the rails. The usual tensions between congressional and executive desires disappears; the rough-and-tumble partisan interactions between Republicans and Democrats fade; and the often-contentious interagency negotiations inside the executive branch are streamlined. These conditions can amplify the cognitive biases that often arise in decision-making, including optimism bias, confirmation bias, and groupthink, and often result in governmental actions that spark or escalate conflict, trigger actions by US adversaries that undercut US security goals, and unlawfully target domestic constituencies perceived to be linked to foreign adversaries.”⁴⁰

In separate work, Eichensehr and Cathy Hwang use the example of the Committee on Foreign Investment in the United States (CFIUS), an inter-agency committee that reviews inbound foreign investments for national security risks, to illustrate how interbranch collaboration against an ostensible foreign threat can raise structural constitutional concerns. They note how, over time, Congress has expanded the President’s CFIUS authorities in response to China. “A Congress seemingly pushing the executive to exercise power may not scrupulously monitor that such power is used properly,” they warn, “and an executive pushed to use delegated authorities...by the branch doing the delegating may be less careful than it would if facing robust critical oversight.”⁴¹

III. Resilient Institutions

The preceding section discussed several cases of executive overreach and administrative illegality that have grown out of worsening US-China tensions. An important question is how other constitutional institutions have responded to these episodes, and in particular, whether they have successfully checked instances of illegality. The first part of this section will suggest that checks and balances has worked reasonably well so far. In many cases, coordinate constitutional institutions have sought to curb instances of abuse or illegality. Yet, as the second part will show, the general trends remain concerning. They impose

real human costs, even if they are eventually remedied. And there is reason to believe that growing interparty consensus on China and a highly deferential Supreme Court will be less likely to maintain strong checks if bilateral relations deteriorate in the years ahead.

Consider each of the examples in turn. After years of ITMS misconduct, whistleblowers began to come forward. The Republican minority staff of the Senate Commerce Committee interviewed several dozens of them before composing a committee report detailing ITMS abuses.⁴² Senate Commerce Committee Ranking Member Roger Wicker (R-MS) portrayed the committee report in classic separations of powers terms: “It is my duty to ensure that we hold agencies accountable, especially when whistleblowers come forward with information suggesting chronic abuses of power.” “Congress has a defined role in performing oversight,” he continued, “and I intend to make sure that the federal agencies operate within the proper bounds.”⁴³ The committee report garnered significant media attention and prompted the Commerce Department Office of General Counsel to investigate. That office substantiated several of the report’s key findings and ultimately recommended that the Department eliminate ITMS—which it agreed to do in late 2021.⁴⁴

The Biden Administration likewise terminated the China Initiative in 2022. In remarks explaining the Justice Department’s decision, Assistant Attorney General for National Security stated that, “By grouping cases under the China Initiative rubric, we helped give rise to a harmful perception that the department applies a lower standard to investigate and prosecute criminal conduct related to that country or that we in some way view people with racial, ethnic or familial ties to China differently.”⁴⁵ The elimination of the China Initiative followed significant outcry from several members of Congress and civil society. In July 2021, for example, Congressman Jamie Raskin (D-MD) and Judy Chu (D-CA) convened a roundtable that was highly critical of the China Initiative.⁴⁶ Asian-American advocacy groups called repeatedly for ending it.⁴⁷ More recently, an effort to reinstate the China Initiative through legislation was blocked following similar opposition from lawmakers and advocacy groups.⁴⁸

As precluded in an earlier section, several instances of administrative illegality have been curbed through judicial injunction. In separate lawsuits brought by Xiaomi and Luokung, the Federal District Court for the District

Court of Columbia agreed that the Department of Defense had likely violated the Administrative Procedure Act when it designated both companies as CCMCs.⁴⁹ The judge criticized the Department for misstating the governing statutory language, adopting an implausible definition of a key statutory term, and neglecting to adequately explain the basis for its decision, noting at one point that the Department failed to “provide a rational connection between the facts found and the choice made.”⁵⁰ Later in both decisions, the same judge asserted that he was “skeptical that weighty national security interests are actually implicated here,” given both the “innocuous facts” relied on to designate these companies as CMCCs, and the fact that the Department had failed to use its CCMC designation authority for two decades until “a flurry of designations were made in the final days of the Trump Administration.”⁵¹

The district courts that reviewed President Trump’s WeChat and TikTok orders similarly enjoined these orders. A group of WeChat users challenging the former persuaded the court to issue a preliminary injunction on free speech grounds. The judge concluded that the users showed “serious questions going to the merits of their First Amendment claim that [the ban] effectively eliminate the plaintiffs’ key platform for communication, slow or eliminate discourse, and are the equivalent of censorship of speech or a prior restraint of it.”⁵² As for TikTok, the company itself won preliminary injunctions from Judge Carl Nichols, who had been appointed by President Trump, on the theory that the ban likely violated IEEPA.⁵³ A group of Tiktok users also won a preliminary injunction after making a similar argument.⁵⁴ In each of these cases, judges noted the thinness of the government’s national security justifications.⁵⁵

There is much to commend and to criticize in these developments. Beyond question, the political branches are beginning to mobilize to meet challenges posed by China, at times in ways that overstep legal bounds and raise constitutional concerns. The institutional response, however, has in many cases been to check executive assertions of authority through congressional or judicial oversight.

To celebrate eventual policy correction, however, would be to overlook the real human and institutional costs of aggrandizing executive behavior to begin with. Many scientists, for example, were eventually vindicated in the course of their legal process and in the Department of Justice’s ultimate abandonment of

the China Initiative. But those outcomes did not prevent them from being surveilled, fired, arrested, detained, and depicted as spies—sometimes for years, and with harmful effects that continue to reverberate today.⁵⁶

More worrying still, there is reason to believe that curbs on executive overreach may not always be as robust as they have in recent cases. Start with Congress. In the various cases of congressional oversight discussed here, most involved individual members of Congress exercising oversight over specific instances of executive overreach. There is little question that members of Congress who are especially focused on Asian-American affairs or civil rights will continue to speak out against abuse. It is less likely, however, that Congress, when acting collectively to enact legislation or to make or withhold appropriations, will be similarly skeptical of China-driven executive actions. Given recent bipartisan trends, we are far more likely to see Congress abet and empower executive efforts than to constrain them.

Courts too may not always be relied on to police wayward executive or congressional acts on China. While several courts enjoined the implementation of Trump Administration executive orders, those decisions are of limited predictive value. Each were issued by district courts at the first level of the federal judicial system. It is an open question whether appellate courts, and especially the Supreme Court, would have held the same. The modern Supreme Court is highly deferential towards executive claims of national security exigency. In *Trump v. Hawaii*, the Court upheld President Trump's "Muslim ban" on the reasoning that even if that order was "overbroad" or had only tenuous ties to national security, the Court could not as a matter of its institutional role "substitute [its] own assessment for the Executive's predictive judgments."⁵⁷ Deference doctrines like this one will make it exceedingly difficult for any party to successfully challenge executive actions taken with respect to China.

Finally, checks and balances will face further pressure if US-China conflict deepens over time. Despite efforts to decouple or de-risk, the two powers continue to trade in large volumes and are not clashing militarily. Were American society and government to mobilize more forcefully against China, as it has in previous periods of actual war, the forces that tend to erode checks and balances in periods of conflict will likely exert far greater impact on our constitutional system. As legal scholars have noted, large-scale "total" wars may occupy a constitutional category of their own.⁵⁸

IV. Policy Implications and Recommendations

The aim of this final section is to propose recommendations to help maintain constitutional checks in the years ahead. The goal is not to discount the real policy challenges associated with managing China's rise, but to suggest ways to guard basic principles of American governance against the temptation to concentrate power in the face of foreign threat. It is a false choice to say that successfully competing with Beijing will require relaxing our foundational constitutional protections. Properly situated, checks and balances can help to promote sound policy and to protect civil rights and liberties. In fact, an unreflective, unchecked response to China may even undermine American interests by supplying Chinese propaganda authorities with fodder for claims of American hypocrisy, and by pushing American policy into reckless provocation.

Policymakers can help maintain constitutional checks in the following ways.

- Judicial confirmation processes should probe, more than is currently stressed, nominees' views on various doctrines of national security deference and, more generally, the role of courts in foreign affairs. Where possible, senators and their staff should scrutinize nominees' prior record for evidence that they believe there is a meaningful role for courts to check the activity of the political branches even in times of conflict. Legislators examining nominees for key executive branch positions should also probe their views on the constitutional role of the other branches in foreign affairs in particular.
- The White House, executive agencies, and Congress should find ways to both empower and consult civil society and business groups who are distinctly situated to share information about the effects of potentially overreaching policies. These exchanges can happen through regular meetings and events or through more formal hearings or administrative law channels. Institutionalizing regular standing meetings with key groups will help ensure that information about potential abuses are collected in real time.

- Inspector generals at key agencies should be accorded a wider and more permanent mandate to police prosecutorial and investigative overreach. Within the executive branch, inspector generals are particularly important safeguards because they are formally insulated from presidential control and more beholden to Congress. As Professor Shirin Sinnar has proposed in the context of the War on Terror, Congress should consider broadening the Justice Department Inspector General's charge to include professional misconduct allegations in the course of investigations or litigation, and to create a permanent Assistant Inspector General for Civil Rights with a standing civil rights mandate.⁵⁹
- The executive and legislative branches should consider instituting other internal checks, as recently advocated by Professors Deeks and Eichensehr, to replicate some of the salutary benefits of checks and balances in times of "frictionless government." Their recommendations include: requiring a subset of key policymaking groups to dissent (i.e. play devil's advocate), mandating reason-giving by various branches in the policymaking process, and adding "off-ramps" such as sunset clauses to statutes that empower the executive.⁶⁰
- More broadly, our political and civic institutions, including universities, should reaffirm their commitment to free expression, at a time when speech rights are a matter of national controversy. Maintaining America's culture of free expression is vital towards protecting and encouraging dissenting views in periods of conflict, and in empowering civil society groups whose efforts will be vital in ensuring that government continues to work well and for everyone.⁶¹

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Notes

1. Parts of this policy report draw on my recent publication, “American Law in the New Global Conflict,” *New York University Law Review* 99, no. 2 (May 2024).
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2023-24 WILSON CHINA FELLOWSHIP

Logics of War in the Era of Reform and Opening

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Abstract

One of the earliest major foreign-policy initiatives of Reform and Opening during the late 1970s was China's brief, bloody war with Vietnam between February and March 1979. China's invasion of Vietnam demonstrated a willingness among post-Mao leaders to use military force abroad in pursuit of policy aims. But the war itself raises questions about how the Chinese Communist Party (CCP) reconciled the attack on Vietnam with the emerging logic of Reform and Opening, which emphasized peace, stability, and development. This essay draws on declassified documents from China, the United States, and the United Kingdom to investigate the logic deployed by Chinese leaders, especially Deng Xiaoping, to link the 1979 invasion to the context of Reform and Opening. It finds that Deng and others framed the war not as a departure from Reform and Opening, but rather as a military campaign to achieve it. A short war would foster the regional stability China desperately needed to achieve economic development and modernization, which the party viewed as essential to reinforcing its own legitimacy in the post-Mao era. The United States, committed to strengthening US-China relations, did little to disabuse Chinese leaders of this conviction, which only reinforced it. The essay concludes by identifying lessons for policymakers today from this moment in the history of US-China diplomacy.

Policy Implications and Key Takeaways

- The CCP legitimacy narrative matters. US officials who analyze Chinese security policy should devote time and resources to building expertise on the nuances of the CCP's evolving legitimacy narrative and its implications for the use of force.
- The United States and China have shared an interest in regional stability as a prerequisite for development and growth since the late 1970s. The United States should emphasize this common ground in bilateral security exchanges to help foster productive narratives and escalation management despite ongoing territorial disputes in the region.

- China's 1979 war with Vietnam highlights the potential risks to China's neighbors of deepening security ties with the United States, particularly if US-China relations remain tense and the neighboring state in question is locked in territorial or other longstanding disputes with China. Under these circumstances, the CCP leadership may become more inclined than otherwise to use military force against its neighbor to disrupt what it perceives as a trend toward strategic encirclement.
- The past can help policymakers prepare for the future in US-China relations. The Department of State, in coordination with historians and experts from other federal agencies, should develop a series of "lessons-learned" studies focused on the history of US-China diplomacy. This initiative should mine past crises, triumphs, failures, and pivotal moments to produce short, nuanced capsule histories for busy policymakers and diplomats.

War and Development in Reform and Opening

In the early post-Mao period, two events appeared to pull Chinese foreign relations in different directions. In December 1978, the Chinese Communist Party (CCP) launched domestic reforms designed to spur economic growth and jumpstart China's modernization. Central to this strategy, known today as Reform and Opening (*gaige kaifang*), was the belief that rapid economic development in China required a peaceful international environment and cooperative relations with other nations. Peace and cooperation would unlock the foreign capital, technology, and expertise China needed to grow its economy, improve living standards, and accelerate China's modernization. Yet two months later in February 1979, China lashed out at Vietnam in a brief, bloody war. The conflict was more than a skirmish. For over two weeks, some 200,000 Chinese troops attacked 26 sites along the Sino-Vietnamese border.¹ The war demonstrated to the world a willingness among post-Mao leaders to use military force abroad in pursuit of policy aims. Yet the decision to pursue cooperation and conflict in tandem also suggests a tension at the heart of China's foreign-policy agenda in the era of Reform and Opening.

For over forty years, these two dimensions of post-Mao Chinese foreign policy—one committed to peace and economic development and another willing to use military force to achieve policy aims—have driven debate over the true nature and intentions behind Chinese foreign policy. Scholars have examined each element separately, but few have probed the underlying connections between them.² Missing is a detailed exploration of how the CCP sought to reconcile China's invasion of Vietnam in 1979 with the logic of Reform and Opening. The result is a fragmentary understanding of Chinese foreign policy in the post-Mao age, an academic deficiency with important policy implications. How can policymakers today understand the intentions behind a globally integrated, militarily modernized China if fundamental assumptions about the roots of these intentions and the logics that underpin them remain insufficiently examined?

This essay investigates the logic for war deployed by CCP leaders in late 1978 and early 1979 for insights into how China justified its use of military force against Vietnam to accord with the emerging framework of Reform and Opening. Based on an examination of declassified documents from China, the United States, and the United Kingdom, the essay shows that Chinese

leaders, especially Deng Xiaoping, framed the decision to attack Vietnam not as a departure from Reform and Opening, but rather as a military campaign to achieve it. Both publicly and privately, CCP leaders invoked the long-term needs associated with economic growth, especially the imperative for stability as a prerequisite for rapid development, to justify near-term war with Vietnam. US policymakers knew of China's plans for war beforehand but failed to dissuade Deng from launching the invasion. Instead, bilateral relations blossomed as though no conflict had occurred, creating the impression that the United States had condoned Beijing's new logic for war in the age of Reform and Opening.

The essay proceeds in four sections. First, it traces the emergence of a new stability imperative in post-Mao China with roots in the party's ambitions for rapid economic growth. During the Third Plenum of the Eleventh Central Committee in December 1978, the party jettisoned its emphasis on class struggle and shifted its focus instead to economic development as the key to China's future and CCP legitimacy. The party hoped to reinvigorate its legitimacy following the trauma and disappointments of the Cultural Revolution (1966–1976) by overseeing rapid economic development and improving daily life in China. This shift created powerful incentives within the CCP to foster stability at home and abroad, which party leaders believed was essential to economic development.

Next, the essay examines how CCP leaders fused this stability imperative to the logic of conflict. Party leaders believed the Soviet Union posed the greatest threat to global stability. They also identified Vietnam as a growing menace to regional stability, especially following Moscow's Treaty of Friendship and Cooperation with Hanoi in November 1978 and Vietnam's invasion of Cambodia, China's ally, in December 1978. Scholars have identified multiple reasons why China attacked Vietnam in 1979, with many rightly noting the fear in Beijing of strategic encirclement.³ But party leaders also framed the conflict as a move to prevent regional threats from upsetting the stability deemed necessary for China's new development agenda. According to this logic, which Chinese leaders articulated publicly and privately, China attacked Vietnam not just to safeguard national security, but also to create a safer world for Reform and Opening by standing up to Vietnam and its enablers in Moscow.

The essay then examines the role of the United States in cementing Beijing's logic for war. CCP leaders shared this logic with foreign officials during a flurry of diplomacy before, during, and after the war, including a prominent visit by Deng Xiaoping to the United States just weeks before the war began. In the United States, Deng consistently linked his plans for war to a desire for peace and stability. US leaders did little to challenge or discourage this linkage. Torn by a perceived need to maintain positive momentum in US-China relations and fears that China's war could protract or escalate, US officials adopted an ambivalent posture that bolstered bilateral relations but also appeared to sanctify Beijing's war.

The final section identifies legacies from China's 1979 war with Vietnam and four lessons for policymakers today. First, the CCP legitimacy narrative remains as central to understanding China's potential use of military force today as it was in 1979. CCP leaders are likely to reconcile any future use of military force to the prevailing legitimacy narrative at the time of conflict. This narrative may change over time. US policymakers and security analysts should devote resources to building expertise on the nuances of this evolving legitimacy narrative and its implications for the use of force.

Second, the United States and China have shared an interest in regional stability as a prerequisite for development and growth since the late 1970s. Emphasizing this common ground may prove useful for constructing productive narratives and escalation management throughout the region despite ongoing territorial disputes.

Third, the 1979 war illuminates the potential risks to China's neighbors today of deepening security ties with the United States, particularly if US-China relations remain fraught and the neighboring state in question is locked in territorial or other longstanding disputes with China. Under these circumstances, a closer strategic bond between a neighboring state and the United States could increase the CCP's willingness to use military force to disrupt what it perceives as a trend toward strategic encirclement, just as China's post-Mao leaders did against Vietnam in 1979.

Fourth, US policymakers should support the development of concise but nuanced case studies in US-China diplomatic history to sensitize US officials to themes, challenges, and opportunities from the past that could illuminate diplomacy and policy today. A core premise of this essay is that a detailed

examination of past episodes in diplomatic history can enlighten policymakers despite the passage of time and changes in context. Much has changed in China and the world since the advent of Reform and Opening. Yet many of the operating logics that emerged four decades ago, including fundamental connections between stability, development, and defense, continue to shape Chinese foreign policy and US-China relations today.

Reform, Opening, and the Stability Imperative

Before Reform and Opening was fully underway, the CCP had identified stability and peace as essential for rapid economic development and modernization in China. Deng addressed the issue at a news conference in Tokyo on October 25, 1978, weeks before the Third Plenum of the Eleventh Central Committee, which launched the Reform and Opening era.⁴ He was in Japan to ratify a Treaty of Peace and Friendship that had been signed in August. Also at the top of his mind was a desire to discuss technology, management, and modernization. Deng wanted to learn from Japan's experience, but he had already decided stability and peace were essential prerequisites for China's own rapid development. "We too need a peaceful environment in which to build up our country and achieve the four modernizations as soon as possible," he said.⁵

The Central Committee elaborated on this view in December at the close of the Third Plenum. In a communique issued on the final day of the plenum, December 22, the Central Committee declared a "new era" of rapid economic development and modernization was emerging. The age of "violent mass class struggle" had "basically concluded," the document announced. China now needed stability at home.⁶ Stability would permit the nation to devote itself fully to rapid growth in four key sectors, the so-called four modernizations (*si ge xiandaihua*): agriculture, industry, science and technology, and defense. The Central Committee said development in these sectors would enable China to transform into a "great socialist power" (*weida de shehui zhuyi qianguo*) by the close of the twentieth century.⁷ To create the proper conditions for economic growth, the Central Committee called on the party, the army, and the entire population to "work with one heart and one mind to develop a stable and united political situation."⁸

Stability abroad was also essential in China's "new era" of economic growth, the CCP believed. Tension or conflict abroad, particularly near China's borders, could imperil modernization by diverting resources and attention away from economic construction and toward national defense. Hostile foreign relations might also impair China's ability to import the capital, technology, and expertise Deng and others believed would fuel China's economic development.⁹ More gravely, an attack on Chinese territory could upend the domestic economy entirely by damaging industry, agriculture, and production. A serious conflict, such as a Soviet invasion from the north, could pose an existential threat to the state. Chinese forces had clashed with Soviet troops just a decade earlier over a territorial dispute, and Moscow still maintained roughly 50 divisions along the Sino-Soviet border, all of which made the possibility of an attack seem feasible to Chinese officials.¹⁰

The Central Committee believed that if these threats to stability could be kept at bay, and China leaned into breakneck development, the nation and the CCP itself would have much to gain. Rapid growth would propel China's rise in the ranks of global power, Deng believed. "If our material foundation [and] material power become stronger," he told party members in 1980, "our role [in international affairs] will be greater."¹¹ Economic growth would also aid unification with Taiwan, not just by creating greater military capacity to compel unification through defense modernization, Deng reasoned, but also because superior economic development in China would demonstrate to Taiwan and the world the superiority of CCP governance and modernization.¹²

Yet rapid economic growth, and the stability it required, also held a deeper significance for Deng Xiaoping because of its connection to the party's pressing legitimacy challenge. Mao's revolution had failed to produce the justice, equality, and prosperity the CCP had long promised the Chinese people. Instead, the Cultural Revolution brought tumult, bitterness, and exhaustion, all of which had cracked the party's legitimacy and raised questions about its ability to lead China to a better future.¹³ Sensing this mood and its latent threats to party legitimacy, Deng turned to rapid economic development as a mechanism for improving everyday life under CCP rule. "Whether or not [we] can realize the four modernizations, will determine the fate of our country and our nation," he said in early 1979.¹⁴ If it determined the fate of the nation, it also determined the fate of the party.

By this reasoning, growth and stability became essential to the rejuvenation of CCP legitimacy.

The urgency behind Deng's push for growth reflected his view that the international environment seemed auspicious for the four modernizations, though only fleetingly so. Peace and stability were possible, he believed, but another global war remained inevitable in the long run. "We have always believed [another] world war is unavoidable and will be fought sooner or later," Deng told senior officials in an internal speech in February 1979. "We hope world war will not break out until at least the end of this century," he said. "This will help us realize the four modernizations. This is our true strategic intention."¹⁵

Whether a global war erupted was beyond own Beijing's control, CCP leaders believed. Much depended on events elsewhere, particularly in Moscow. Party leaders said often in the late 1970s that the Soviet Union posed the greatest threat to global peace.¹⁶ This assessment drew from the conclusion, based on nearly two decades of Sino-Soviet hostility, that the Soviet Union was a "social-imperialist" power bent on global hegemony. CCP leaders worried about Soviet actions around the globe but paid particular attention to Moscow's tightening bonds with Hanoi. Sino-Vietnamese relations had soured during the late 1970s for many reasons, including ongoing territorial disputes, border skirmishes, Hanoi's mistreatment of the ethnic Chinese community in Vietnam, and Hanoi's aspirations for dominance in mainland Southeast Asia.¹⁷ What alarmed Beijing most about these actions was their apparent link to the Soviet Union. As China's relations with Vietnam worsened, Hanoi's ties to Moscow seemed to improve. Hanoi's decision in June 1978 to join the Council for Mutual Economic Assistance (COMECON), a Soviet-orchestrated trade bloc, further raised suspicions. A Soviet-Vietnamese Treaty of Friendship and Cooperation, signed in November, raised the alarm in Beijing still higher. Finally, when Vietnam invaded China's ally, Kampuchea (now Cambodia), in December 1978, it seemed to confirm for Deng and others not only Vietnam's "regional hegemonism" (*diqu baquan zhuyi*) but also Moscow's role in supporting Vietnam's actions.

These conjoined threats—one from the north, one from the south—endangered (*weihai*) the four modernizations, the Central Committee said in early 1979.¹⁸ These threats also raised questions about the durability of peace and stability in the near term. Yet Deng and other party leaders believed

Beijing could diminish, if not control, the likelihood of a world war by adopting certain strategic positions.

Deng proposed three actions that might delay global war during a discussion with senior officials in February 1979. These private comments were more forthright but broadly consistent with his public commentary at the time.¹⁹ First, since Moscow presented the main danger, China should unite with others to “destroy every strategic position, strategic deployment, and strategic plan of the Soviet Union.” He expected Moscow to pursue gains around the world, from access to petroleum in the Middle East to air and naval bases in regions elsewhere. To forestall these gains, he argued, China should urge others, especially the United States, to stand firm against Soviet maneuvering. Second, China and its partners should reject a policy of appeasement when dealing with the Soviet Union and its allies.²⁰ In the case of Vietnam, he said, Beijing should prevent Hanoi from concluding mistakenly that “Chinese are weak and can be bullied.”²¹ Finally, China should strengthen preparations for war alongside the United States and other developed and developing nations. Serious preparation for war would induce caution in Moscow, Deng reasoned.²²

When Deng made these private remarks, he had already brought China to the brink of war. The People’s Liberation Army (PLA) had made extensive logistical arrangements to support the war. PLA troops stood poised at the border, ready to invade. In other words, as Deng reflected on the need for peace and stability, both of which he believed essential to China’s modernization and CCP legitimacy, he was also preparing for war. A short war with Vietnam, he reasoned, would help make the world safe for Reform and Opening.

Fighting for Stability and Development

Deng outlined the logic behind China’s attack on Vietnam on February 16, 1979. That afternoon, hours before PLA troops crossed into Vietnam, he delivered somewhat unstructured remarks to the Central Committee. His speech, intended for internal use by party, state, and military officials, offered several reasons for the impending war. But it also established clear connections between the war and China’s ambition for peace, stability, and economic development.

Deng explained that the conflict offered a chance to mobilize the Chinese people to unite behind the CCP and the four modernizations. The CCP had already framed ongoing border skirmishes with Vietnam as evidence of Chinese victimization at the hands of Hanoi. Deng invoked this narrative in his speech by claiming that Vietnamese troops had attacked China along the border for years, creating hundreds of incidents and harming Chinese people in the region. China had not enjoyed a single day of peace in the past two to three years, he said.²³ This framing, inspired by the Mao-era technique of using international tension to promote domestic mobilization, was effective because it resonated with a pervasive “victim mentality” in China, a scar from China’s sense of humiliation at the hands of foreign imperialism beginning in the mid-nineteenth century.²⁴

Deng’s emphasis on Vietnamese aggression offered more than a mobilization device. It also provided a pretext for war that aligned with China’s need for stability. If Vietnam had already broken the peace, then China had no choice but to attack to restore it. In this sense, China’s attack became an act of aggression today in search of stability and growth tomorrow. The war became a “self-defense counterattack” (*ziwei fanji*) in the parlance of the party, an act of self-defense to achieve a stability that had yet to emerge.

Reinforcing the coherence of this narrative was its consistency with the CCP strategic concept of “active defense” (*jiji fangyu*), which had framed and guided the party’s military thinking since the mid-1930s. The concept had evolved over time, but at its core it meant the party’s armed forces must use active, offensive measures for fundamentally defensive purposes.²⁵ Socialist China fought only defensive wars, in other words. This outlook, rooted in the CCP’s sense of the justness of its own revolution, imputed strategic intentions based upon the political character of the state itself. Just as Chinese leaders could infer Soviet intentions from the “social-imperialist” nature of the regime in Moscow, so too could they construe China’s invasion of Vietnam as an act of self-defense in pursuit of stability, peace, and development.

The Central Committee also reasoned that an attack on Vietnam would expose Soviet and Vietnamese weakness, thereby undermining the threat they posed to international peace and stability. In early March, after China had declared the war a success and as the last troops had withdrawn from Vietnam, the Central Propaganda Department claimed in a secret report that the war

had destroyed the prestige (*wei feng*) of the “polar bear.” No one else had dared to stand up to Moscow, the report claimed: not the United States, not Britain, neither France nor Japan. When China alone struck Vietnam, it had shamed the Soviets.²⁶ The war exposed the Soviet Union as a paper tiger, the report said, because it failed to intervene on Vietnam’s behalf.²⁷ This public shaming undermined Soviet and Vietnamese pretensions to hegemony and, perhaps, would goad China’s partners to resist Soviet hegemony as well.

The Central Committee believed joint resistance with allies could inhibit Soviet and Vietnamese aggression and, by extension, promote regional and international stability. Inspired by Mao’s concept of a “line” of anti-hegemonic forces united to encircle the Soviet Union, Deng also called for a “single line” (*yi tiao xian*) uniting China with the United States, Japan, Europe, and parts of the developing world.²⁸ China’s peace and friendship treaty with Japan in August 1978 began to knit this line together. Normalization of relations with the United States in January 1979 added another critical link. Deng’s public diplomacy tour in the United States on the eve of the war with Vietnam further solidified US-China relations.

Despite this progress, Deng believed the emerging united front also needed to send a strong message of defiance to the Soviet Union and Vietnam, one that others seemed unwilling to deliver. Lashing out at Vietnam would achieve this aim. “The United States and Japan say they want restraint” (*kezhi*), he said in his internal speech the day before the war began. “Don’t read those official writings,” he told the audience. “[They ask China] not to take risks no matter what, [not to] cause more trouble,” he said. “In fact,” he continued, “these countries are considering that a weak China is of no use to them, but a more powerful China is.”²⁹ Believing he was reading between the lines of cautious statements in Washington and Tokyo, Deng had concluded that China’s war would inject firmness into the anti-Soviet united front that the United States and Tokyo needed to help forestall the outbreak of a world war, even if they would not acknowledge it openly.

The war did create risks for the four modernizations and China’s national security, Deng acknowledged.³⁰ But the Central Committee thought them worth taking in early 1979. Short-term conflict for long-term stability seemed a sensible gamble for CCP leaders committed to China’s new economic development agenda. This rationale fit with a persistent “window logic” in CCP

strategic thinking: the view that if force is not used soon, a window of vulnerability might open or a window of opportunity might close.³¹ In 1979, Beijing justified its war in part as a bid to prop open a window of opportunity. China had to fight to safeguard development and modernization. “To defend the four modernizations and build a powerful socialist country,” Hu Yaobang, China’s famed economic reformer, argued during the war, “we must dare to fight and win against hegemonists and aggressors.”³²

A Missed Chance to Challenge Emerging Logic for War

The United States had its own window of opportunity to influence the CCP’s emerging logic for war with Vietnam. Deng Xiaoping visited the United States in 1979 from January 29 to February 5, just weeks after the United States and China normalized relations on January 1 and less than two weeks before China invaded Vietnam. The timing was ideal for the United States to exert influence on Deng’s thinking. Fresh from the success of normalization, Deng needed US support. He hoped to discuss investment and exchanges in science, technology, management, and education, all of which he believed China needed to fuel economic development. Yet Deng also wanted to discuss China’s plans to attack Vietnam in the weeks ahead and to gauge the reactions of Carter Administration officials.

Before Deng arrived in Washington, US officials had been monitoring the buildup of Chinese troops and equipment along the Sino-Vietnamese border and had already concluded that the United States should deter China’s plans for war.³³ A war between China and Vietnam risked escalation and Soviet involvement, Secretary of State Cyrus Vance wrote to President Carter on January 26th. It might also induce Moscow to increase its military aid to Vietnam, which would heighten tensions in Southeast Asia. It would also conjure images of a Chinese attack on Taiwan, Vance wrote, which would weaken the Carter Administration on Capitol Hill because the White House had said repeatedly and in public that normalization of relations with China would foster stability and peace in the Pacific.³⁴ Even Zbigniew Brzezinski, the president’s national security advisor and a leading advocate of deepening US-China relations, urged Carter to do what he could to deter a Chinese attack on Vietnam during Deng’s visit.³⁵

But, ultimately, US officials did little to puncture Deng's willingness attack Vietnam during the visit. Nor did US policymakers challenge the CCP narrative of the impending conflict, publicly or privately, in ways that may have undermined CCP confidence in what the war would achieve or how it might be perceived abroad, including by key partners along the "single line." By not challenging more forcefully China's logic for war during Deng's visit, the United States not only missed an opportunity to deter the conflict; it also reinforced the logic deployed by Beijing to justify the war.

Deng raised the subject of Vietnam with Carter on the first morning of his visit. During a 50-minute discussion with the president and other top officials, Deng reviewed the threats posed by the Soviet Union and Vietnam—the "Cuba of the East," he said. Deng also reiterated that China needed a prolonged period of peace to pursue the four modernizations, and he stressed the need for China, Western Europe, Japan, and the United States to unite to confront global threats.³⁶ No one from the US side challenged any aspect of Deng's strategic overview, aside from Carter observing at the close of the meeting that the United States and China "differ in some places."

Deng became more explicit about Vietnam during another meeting later that afternoon, this time with a smaller group that included the president, Deng, six top officials, and translators.³⁷ Vietnam had become "totally Soviet controlled," Deng said. He offered several reasons why Vietnam must be attacked, ranging from hegemonic aspirations to Vietnam's "conceited" behavior, but he did not explain which reasons were more important than others when explaining his thinking about the coming war. Deng also did not discuss whether addressing one or some of his concerns might change China's willingness to attack Vietnam. Nor did Carter or any other senior official question Deng on these points or probe his reasoning. Nobody suggested the war might undercut momentum toward deeper US-China relations or jeopardize China's future access to technology, expertise, or investment, all of which were top priorities for Deng because of their importance to the four modernizations. Had US officials raised these points, it may have prompted Deng to reevaluate the risks to modernization of a war with Vietnam. At the least, it likely would have highlighted for Deng that US reactions could not be taken for granted in the new relationship.

President Carter did express trepidation about the prospect of a Sino-Vietnamese war. He said a Chinese attack on Vietnam would be a "very serious

destabilizing action.”³⁸ He also said it would be difficult for the United States to “encourage violence.” But Carter also appeared to accept Deng’s determination to attack Vietnam by offering to share relevant intelligence with China.³⁹ Ultimately, Carter said, “this matter requires more study.” Deng interpreted this ambivalent response as tacit consent. “We have noted what you said to us, that you want us to be restrained,” he said. “We intend a limited action,” he explained. “Our troops will quickly withdraw. We’ll deal with it like a border incident.”⁴⁰

Again, no one challenged Deng’s plans or objected to his rationales. Instead, Carter requested to meet again the following morning. During this exchange on the morning of January 30th, Carter read from a prepared script. He said an invasion would be “a serious mistake” because it could escalate into a regional conflict. It might create sympathy for Vietnam just as it was being criticized for regional aggression. It would also cause serious concern in the United States about the general character of China and the future peaceful settlement of the Taiwan question. A war would also refute “to some extent” the claim by the United States and China that normalization would foster peace and stability. Because of these and other reasons, the president concluded, he had to “strongly urge” Deng not to approve the invasion.⁴¹

But this note of caution had no discernable effect on Deng’s thinking, in part because he recognized the Carter administration had invested too much in normalization to inject tension into the new relationship by pushing back forcefully. He also sensed a “China fever” had emerged in the United States and elsewhere.⁴² Deng expected a “scolding” from the international community after the invasion, he told senior party officials in Beijing shortly after he returned from his trip. But it would be gentle from the United States, Japan, and Western Europe.⁴³ He even claimed Americans had expressed support for a Chinese assault on Vietnam during his trip.⁴⁴

Deng’s assessment of the situation was broadly correct. Zbigniew Brzezinski had concluded that China was too important to US global strategy to alienate. China had become a “central stabilizing element of our global policy and a keystone for peace,” he wrote.⁴⁵ On the eve of Deng’s visit, Brzezinski had written to the president that the United States needed to deepen its relationship with China from “cooperation” to “coordination” on issues of shared interest, including Southeast Asia.⁴⁶ Criticizing Beijing or refuting Deng’s logic too forcefully would push in the wrong direction.

Deng took full advantage of the leverage he perceived in the relationship. Not only did he press his views consistently in private meetings with US officials, he also used the trip to encourage the public impression that Washington and Beijing were cooperating to plot the war. In an interview with *Time* magazine four days before he left for Washington, Deng reiterated the global threat posed by the Soviet Union and drew attention to Vietnamese aggression. He also stressed the importance of unity among China, the United States, and Japan in the face of these threats.⁴⁷ In Washington, he threatened Vietnam publicly. “If you don’t teach them [the Vietnamese] some necessary lessons,” he told reporters at a lunch, “it just won’t do.”⁴⁸

US officials recognized what Deng had been up to once the war began. He was “using [relations with the United States] as an umbrella,” Brzezinski said during an emergency meeting called just after the attack began.⁴⁹ Brzezinski had predicted before the visit began that Deng might use the trip to “hit Vietnam with the appearance of United States acquiescence.”⁵⁰ Secretary Vance had also recognized the possibility that if China attacked Vietnam shortly after Deng left, it would be viewed widely as US complicity in the attack.⁵¹ Both senior officials had anticipated this outcome, but neither offered a solution to avoid it.

President Carter sought to dispel the notion of US support for the war as soon as it began, but his efforts only seemed to confirm suspicions of collusion. He wrote privately to Soviet President Leonid Brezhnev, thinking a personal letter from the president would demonstrate the United States was responding to Chinese attack on its own, without Chinese coordination. Yet the president’s letter linked the “Chinese action” to the “Vietnamese invasion” of Cambodia in November. It also reiterated the importance of stability and peace in Asia, points Deng had made in his own justifications for initiating the conflict.⁵² Brezhnev interpreted the letter just as Deng would have hoped: the United States was tacitly supporting China’s attack and the logic that justified it. In his reply, Brezhnev observed that Deng had visited the United States just before the war. The Soviet leader also noted—correctly—that Deng had made remarks “openly inimical to the cause of peace” while in the United States.⁵³ In private meetings elsewhere, Brezhnev bluntly accused Carter of having “sanctioned the Chinese aggression against Vietnam.”⁵⁴

US actions during the war only reinforced the appearance Washington’s support for Beijing’s decision to attack Vietnam. The US-China relationship

gained momentum as though no war existed. The administration proceeded with a previously scheduled visit to China by Treasury Secretary Michael Blumenthal, who arrived in China on February 27, while the war raged. On March 1, with still no end to the war in sight, the United States and China opened new embassies in Beijing and Washington. Behind the scenes, US officials worried the conflict might escalate. Beijing contributed to this unease in Washington by not providing updates on the fighting or telling US officials when the fighting might stop, despite numerous appeals for information from senior US officials, including Carter himself.⁵⁵ Torn by a desire to support a new partner, fearful of an escalating conflict, and concerned about being perceived as abetting China's attack, the Carter Administration sought a balanced position that, ultimately, missed the opportunity to challenge China's war and the new logic that justified it.

Lessons for Policymakers

China announced the conclusion of its war against Vietnam and began to withdraw its forces on March 5, 1979. From that day forward, Deng and the CCP touted the war as a victory and a vindication of the logic that underpinned it. On March 16, the Central Committee circulated an internal notice to party members explaining that the war had achieved all its objectives. China had given its neighbor a "severe lesson," the notice said, with the aim of creating stability along the border for a considerable period.⁵⁶ Looking ahead, the Central Committee reaffirmed that, for China, "the most important thing is to concentrate efforts on socialist modernization [and], at the same time[,] always remain vigilant, repel attacking enemies at all times, defend border security, and defend socialist modernization."⁵⁷ The war had proved the correctness of the party's policies, the Central Committee said.⁵⁸ It had also validated the logic used to justify the attack from the outset.

The Central Committee also learned lessons from international responses to the conflict. China's attack had won sympathy and support in international public opinion, the Central Committee claimed.⁵⁹ Not everyone supported the war publicly, the committee acknowledged. Some nations expressed "regret" or "condemnation" toward China, but most of these nations spoke "not from the heart."⁶⁰ In other words, these nations adopted a public posture of

opposition, but in truth supported the war, a clear reference to the United States' ambivalent response.

US analysts and policymakers drew their own assessments from the conflict. A CIA analysis concluded China had made a major gamble with the war. Beijing risked rich nations refusing to sell technology to China in response, for example. The war may have delayed modernization in the near term by diverting resources to the war effort.⁶¹ China had also failed to achieve the stability it claimed. Border clashes between China and Vietnam continued despite Beijing's upbeat predictions.⁶² Despite these shortcomings, Chinese leaders were probably more confident than before that a short invasion would not prompt foreign refusals to extend credit or sell technology to China, the CIA assessed.⁶³ China could use military force abroad, in other words, without necessarily losing access to foreign resources required for China's rapid economic development. As the Central Committee's own postwar analysis made clear, this was precisely the lesson Beijing had learned.

For policymakers and analysts today, more than four decades later, China's war with Vietnam in 1979 offers at least four key insights with direct policy implications.

First, the CCP legitimacy narrative matters. US officials who analyze Chinese security policy should devote time and resources to building expertise on the nuances of the CCP's evolving legitimacy narrative and its implications for the use of force. Expertise in Chinese strategy, doctrine, forces, and capabilities is essential. But so too is a working knowledge of how any potential use of force by China might be shaped by CCP political frameworks and associated legitimacy concerns. If the 1979 war is any guide, CCP leaders would likely reconcile any future use of military force to the party's own prevailing legitimacy narrative. Party leaders did not invent new rationales to justify China's invasion of Vietnam. Nor did they disregard the four modernizations agenda or depart from its underlying logic. Rather, they justified the war as a necessary step to achieve economic development and modernization because these objectives were linked to CCP perceptions of the sources of its legitimacy.

For US security and defense analysts today, monitoring the CCP's legitimacy narrative can aid efforts to anticipate how and when Chinese officials might build a case for conflict, rationalize the use of force should conflict

arise, or avoid conflict altogether. Perhaps more important, understanding this narrative would sensitize analysts to the dangers of policies or actions that threaten CCP legitimacy. Any such moves could be perceived as existential challenges to CCP leaders, whether intended or not, and could precipitate or exacerbate a crisis. Legitimacy threats are hidden red lines. Because they involve regime insecurities, party leaders are loathe to discuss these concerns openly, making it all the more important that security analysts understand them.

Second, the United States should emphasize that it shares with China a longstanding commitment to regional stability as a prerequisite for economic growth. The nexus linking legitimacy, development, and defense forged under Deng Xiaoping remains just as relevant in Xi Jinping's China today. According to the "basic line" of the party constitution, which was updated in 2022, the party remains focused today on economic construction and Reform and Opening. The CCP also remains committed to building a prosperous and modern socialist country and to safeguarding national "development interests" (*fazhan liyi*).⁶⁴ CCP leaders today link these ambitions to an imperative for peace and stability, just as Deng Xiaoping did decades ago.

The United States should stress that it shares this commitment to stability and economic growth in bilateral security exchanges and in the defense realm more broadly to highlight common ground and aspirations. For example, underscoring this shared legacy could be useful for crafting US responses to "gray-zone tactics" used by Chinese air and naval assets near disputed territories in the region. US responses to these tactics often highlight the importance of international rights, rules, freedoms, and lawful use of the sea. By also framing these actions consistently and prominently as violations of a shared investment in regional stability and development, the United States would be responding in terms that correspond to China's own ambitions and the party's legitimacy claims.

Third, China's 1979 war with Vietnam also highlights the potential risks to China's neighbors of deepening security ties with the United States. This is particularly so if US-China relations remain fraught and the neighboring state in question is locked in territorial or other longstanding disputes with China. Under such circumstances, a closer strategic bond between a neighboring state and the United States could increase the CCP's willingness to use

military force to disrupt what it perceives as a trend toward strategic encirclement, as China's post-Mao leaders did against Vietnam in 1979.

In late 1978 and early 1979, CCP leaders feared that Soviet-orchestrated encirclement threatened China's national security and the stability China required for rapid economic development. Bilateral tension between Vietnam and China certainly helped to convince Deng and other top leaders to attack Vietnam, but the growing strategic bond between Moscow and Hanoi encouraged CCP leaders to view Sino-Vietnamese tension in a more ominous light. Despite many changes since the late 1970s, the possibility exists today that US efforts to deepen security ties with China's neighbors could provoke similar fears of encirclement in Beijing and, perhaps, trigger a similar response.

Fourth, the past can help policymakers prepare for the future in US-China relations. Yet policymakers and diplomats who recognize the importance of diplomatic history to contemporary affairs face practical challenges. Demanding schedules, divided attention, and urgent priorities leave little time for reading and reflecting on lengthy histories of US-China relations. The decline of diplomatic history as an academic sub-discipline has compounded the problem by stanching the supply of clear, accessible studies of US-China diplomacy.

To surmount these challenges, the Department of State, in coordination with historians and experts from other federal agencies, should develop a series of "lessons-learned" studies focused on the history of US-China diplomacy. This initiative should mine past crises, triumphs, failures, and pivotal moments to produce short, nuanced capsule histories for busy policymakers and diplomats.

A capsule history of US-China exchanges during Deng's trip to Washington in 1979 might prompt policymakers to consider the risks of unclear communication, for example, by sensitizing them to Carter's efforts to dissuade Deng from attacking Vietnam without upsetting positive momentum in the bilateral relationship, an approach that Deng interpreted as tacit approval for the war. The same capsule history might prompt policymakers to reflect on the importance of perceived leverage in US-China relations and its impact on actual leverage. Deng assessed correctly that the United States believed it needed China as a check against the Soviet Union, and he used this perceived leverage to mute the Carter Administration's objections to China's attack on Vietnam

despite the president's own concerns about risk. No matter the themes emphasized or episodes selected in these studies, they should avoid pat solutions to current diplomatic challenges. Instead, they should offer vicarious, concentrated experience to spur busy policymakers to reflect on the limitations and possibilities in their own daily work through the lens of the past.

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Notes

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2023-24 WILSON CHINA FELLOWSHIP

Sino-Russian Relations in China's Territorial Disputes with India and Vietnam

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Abstract

Despite Beijing's longstanding discontent with Moscow's close ties with New Delhi and Hanoi that at times conflict with China's territorial interests, against the current backdrop of intensifying US-China strategic competition, Beijing has to a large extent put up with Russia's involvement in these territorial conflicts, especially the Sino-Indian dispute, as a useful instrument to prevent New Delhi and Hanoi from leaning further toward Washington. With US ties to both India and Vietnam improving in the context of competition with China, understanding when and where Russian relations with New Delhi and Hanoi conflict with Chinese interests is vital for navigating a complex geopolitical environment.

Policy Implications and Key takeaways

- The purportedly “no-limits” Sino-Russian alignment does have limits and divergent interests when it comes to China's territorial disputes with India and Vietnam. This divergence of interests could be traced to the early days of the Cold War and was a factor contributing to the Sino-Soviet split. US policymakers are cautioned against taking today's Sino-Russia “no-limits” vow at face value or treating their alignment as an “autocratic axis,” because confrontation and consistent pressure could be counterproductive by driving Beijing and Moscow even closer.
- Beijing's actions toward Moscow are not solely determined by factors within the Sino-Russian bilateral relationship but also shaped by the dynamics and interactions involving multiple third-party actors and in multiple directions. As such, the growing power asymmetry between China and Russia does not necessarily translate into a corresponding increase in Beijing's leverage with Moscow in pressuring for stronger Russian support in China's territorial disputes with India and Vietnam.
- Chinese experts often express explicit frustration and criticism regarding Russia's role in China's territorial disputes with India and Vietnam. The United States should invest more resources in collecting, translating, publishing, and analyzing such Chinese writings to shape a more

nuanced understanding of Sino-Russian relations and expose important but underappreciated discrepancies between Beijing and Moscow. The United States should also facilitate dialogue and exchanges with Chinese experts specializing in Sino-Russian relations, who have traditionally not been systematically involved in US-China dialogue, to foster a better understanding and assessment of how these experts view China's relations with Russia and the United States. This would complement the prevailing perspective typically gained from exchanges with Chinese experts specializing in US-China relations.

- Concerning India and Vietnam, the United States should exercise great caution when considering whether to apply the 2017 Countering America's Adversaries Through Sanctions Act (CAATSA) to the two countries for their continued defense and energy transactions with Russia since the outbreak of the war in Ukraine. Washington must approach this issue with a clear recognition that compelling India and Vietnam to sever their ties with Russia may unintentionally eliminate a longstanding source of discord between Beijing and Moscow.
- The United States faces political and strategic costs for not applying CAATSA to India and Vietnam. To mitigate these costs, Washington should call out the two countries' transactions and engagement with Russia and encourage US allies to do the same. Washington should also urge India, which maintains an official policy of non-use of nuclear weapons against non-nuclear weapon states, and Vietnam, which is a non-nuclear weapon state, to leverage their relationships with Moscow to oppose the use or threat of use of nuclear weapons in Ukraine, as a quid pro quo for not imposing CAATSA and a measure of damage control.

Introduction

China has a multitude of outstanding territorial disputes with its neighboring countries. Its land territory dispute with India and maritime disputes with Vietnam are particularly tense, given historical military conflicts and recent clashes that have claimed lives from all sides.¹ Yet, China's increasingly close partner, Russia, enjoys close relations with both New Delhi and Hanoi.

Since the Cold War era, both India and Vietnam have been close partners of the Soviet Union/Russia, which has a longstanding history of indirect involvement in these territorial disputes. For example, the Soviet Union/Russia has served as the primary supplier of weapons systems for both Vietnam and India. The Soviet Union/Russia's oil companies have engaged in collaborative ventures with Vietnamese counterparts in the exploration and production (E&P) of hydrocarbon resources in areas embroiled in the South China Sea disputes.

Meanwhile, the Sino-Russian relationship has become both closer and increasingly asymmetric since the end of the Cold War. China's robust economy and growing global influence have juxtaposed Russia's economic stagnation and waning power. This asymmetry has been exacerbated by the imposition of international economic sanctions on Russia following since the 2014 Crimea crisis and the invasion of Ukraine in 2022. Some observers predict that Russia will become a "junior partner" to China, allowing Beijing to push for greater Russian support of China's claims in its territorial disputes with India and Vietnam.²

How has China perceived and dealt with the Soviet/Russia's complicating role in its territorial disputes with India and Vietnam? Does the power asymmetry in Sino-Russian relations, increasingly favorable to China, furnish China with greater leverage to press for stronger Russian support in these disputes?

This study examines Sino-Soviet/Russian relations in the context of China's territorial disputes with Vietnam and India, and based on this analysis, addresses the question of whether and to what extent China can leverage its favorable power position to compel stronger Russian support. Drawing upon archival documents, Chinese scholarly writings, memoirs, and interviews with Chinese experts, I trace Beijing's longstanding discontent with Moscow's close ties with New Delhi and Hanoi since the Cold War that contributed to

the Sino-Soviet split. I also show that during the post-Cold War era, Beijing has adopted an approach toward Russia's involvement in these disputes fundamentally different from the Cold War era. China has tolerated Russia's involvement in these territorial conflicts, especially the Sino-Indian dispute, viewing Moscow as a useful instrument to prevent New Delhi and Hanoi from leaning further toward Washington. This study underscores the caveat that the growing Sino-Russian power asymmetry may not necessarily translate into a corresponding asymmetry of leverage that Beijing will or can use to extract greater Russian support in these territorial disputes. Additionally, this study shows that China's approach toward Russia is driven by a strategic dynamic that more often than not transcends bilateral factors.

Unpacking China's approach to Russia's relationships with its other partners, especially India and Vietnam, is crucial for US policy considerations. It sheds light on at least two key aspects of US strategy toward the Indo-Pacific. First, it provides a nuanced understanding of Sino-Russian relations by highlighting a longstanding but often overlooked discrepancy between Beijing and Moscow, offering insights into how US policies could exploit this discrepancy. Second, the study addresses the challenge of how the United States and its allies should navigate their relationships with India and Vietnam. Both countries are vital US partners in the Indo-Pacific but continue to maintain strong ties with Moscow despite the war in Ukraine and in defiance of Western sanctions.

This study proceeds in three parts. The first section traces the history of Sino-Soviet relations in China's territorial disputes with India and Vietnam during the Cold War. The second part examines Sino-Russian relations in the context of these disputes in the post-Cold War era, explaining why China does not deem stronger Russian support as imperative or unequivocally advantageous. This article concludes by assessing implications for US policies.

During the Cold War

Sino-Indian Land Border Dispute During the Cold War

Both preceding and during the 1962 Sino-Indian border war, Beijing sought unequivocal political and moral support from the Soviet Union, but Moscow declared neutrality, a position resented by Beijing as favoring India.³ The initial signs of Sino-Soviet divergence emerged in 1959

following an armed clash between India and China in Longju on August 25. Moscow, while supporting Beijing's suppression of the Tibet uprising in March 1959, refrained from adopting a similar stance on the border issue, aiming to preserve amicable ties with Indian Prime Minister Jawaharlal Nehru. Concerns also arose in Moscow regarding the potential impression that China, by emphasizing the Soviet's leading role in the Socialist bloc, confronted India with Soviet backing.⁴

Attempts by Beijing between September 6–9 to dissuade Moscow from officially declaring neutrality in the dispute proved unsuccessful. On September 9, TASS, the Soviet state news agency, released a statement expressing Moscow's "regret" about the Longju clash and urging China and India to peacefully resolve their difference, but refrained from taking sides. Beijing viewed the statement as "a slap in our face" that laid bare the divergent attitudes of China and the Soviet Union to the world.⁵ A cable sent from the Chinese embassy in Moscow the next day interpreted the statement as intended to deescalate tensions on the eve of Soviet leader Nikita Khrushchev's visit to the United States.⁶

Beijing's dissatisfaction with Moscow's declared neutrality intensified during Khrushchev's visit to Beijing in October. During their meeting on October 2, Mao Zedong and Khrushchev got into a heated argument over the Sino-Indian border clash as well as Beijing's decision to bombard Quemoy and Matsu in 1958 without consulting Moscow.⁷ Khrushchev defended the TASS statement, emphasizing its necessity to dispel the perception that socialist countries were colluding against Nehru. Khrushchev also insisted that China find a way to resolve the conflict with India peacefully in order to win Nehru to the socialist side in the world struggle.⁸ This meeting is regarded by Chinese Cold War historians such as Shen Zhihua and Niu Jun as a key turning point in Sino-Soviet relations leading to the two countries' eventual open split.⁹

On October 20, another Sino-Indian clash occurred at Kongka Pass. In January 1960, Moscow informed Beijing that it would observe "strict neutrality" on the Sino-Indian border conflict. During a meeting on January 26 with Stepan Chervonenko, the Soviet Ambassador to China, Chinese Premier Zhou Enlai complained that it was "inconceivable and unprecedented" for Moscow to observe strict neutrality between "socialist China" and "capitalist India" and that even merely an expression of neutrality would be "no good."¹⁰

As tensions along the Sino-Indian border escalated prior to the 1962 war, Beijing made several additional attempts to alter Moscow's position. On October 8, 1962, Zhou Enlai informed Chervonenko about India's readiness for a massive attack on the eastern section of the Sino-Indian border. The issue of Soviet arms transfers to India was a focal point of the discussion. Zhou told Chervonenko that Indian troops were using Soviet-made aircraft for transporting military supplies and undertaking provocative acts in the border areas. On October 14, Khrushchev told Liu Xiao, China's ambassador in Moscow, that he would consider suspending the sale of 12 MiG-21 fighter jets to India, a deal concluded between the Soviet Union and India in May 1962. Meanwhile, Khrushchev cautioned that Beijing and Moscow should not jointly oppose India, fearing it would drive India toward the United States.¹¹

The onset of the Cuban missile crisis precipitated an abrupt shift in Moscow's position in the favor of China, with the expectation that Beijing would reciprocate with active support for Moscow. On October 16, after the Kennedy administration confirmed the Soviet placement of missiles and atomic weapons in Cuba, Secretary of Justice Robert Kennedy met with Soviet ambassador to the US Anatoly Dobrynin regarding the revelation.¹²

On October 22, two days after China launched an offensive along its disputed border with India, President John F. Kennedy announced the implementation of a naval blockade of Cuba. On the same day, Moscow sent a memorandum to Beijing, affirming the Soviet understanding of China's position that rejected the McMahon Line as an established boundary between China and India. The memorandum endorsed Beijing's proposal made in September for both the Chinese and Indian forces to withdraw 20 kilometers beyond the 1959 border and engage in talks—an overture rejected by New Delhi. Addressing Beijing's complaint about Soviet arms transfers to India, the memorandum claimed that the transfers, which included eight AH-12 transport aircraft and twenty MU-4 helicopters, would have "no military significance" and thus would not impact the power balance between China and India.¹³ Concurrently, Moscow notified New Delhi of its postponement of the MiG-21 aircraft delivery.¹⁴ On 25 October, *Pravda*, the Soviet Communist Party's mouthpiece, published an editorial rejecting Moscow's hitherto maintained neutral stance and echoing the claims articulated in the memorandum that the McMahon Line was imposed by the

British and legally invalid.¹⁵ China's reciprocation, however, was more subdued than the Soviet Union had hoped for. Beijing issued a declaration on October 25 expressing "complete support" for Moscow. The *People's Daily* published two articles endorsing Soviet actions, and no massive rallies were organized in China to show support for the Soviets.¹⁶

The denouement of the Cuban missile crisis prompted another reversal in the Soviet attitude toward the Sino-Indian border conflict. Khrushchev's decision on October 28 to withdraw missiles from Cuba sparked fierce criticism from Beijing, characterizing it as a manifestation of Moscow's apprehension of "imperial aggression" and a compromise with "the freedom and independence" of the Cuban people.¹⁷

On November 5, *Pravda* issued another editorial that made no reference to the McMahon Line, suggesting, in China's perception, a return to the Soviet's previous position on the border issue. According to Wu Lengxi, then head of Xinhua news agency and editor-in-chief of the *People's Daily*, the two shifts in the Soviet's attitude were seen by Beijing as evidence of Khrushchev's double-dealing—temporary support for China on the border dispute when it needed Beijing's backing in the Cuban missile crisis, followed by a withdrawal of support once the crisis was over.¹⁸

For Beijing, the issue of Soviet military ties with India starting from 1960–1961 presented another contentious matter indicative of Moscow's actual support for India. A 1963 top-secret report from the Chinese foreign ministry noted that the Soviet Union initiated military aid to India following the incident at Kongka Pass. Specifically, Beijing complained that while the Soviets sold MiG-21s to China, they refused to transfer all equipment and instruments for manufacturing the fighter jets. In contrast, the Soviets not only sold MiG-21s to India but granted India a license for indigenous production and provided training for Indian air force personnel. On February 23, 1963, Soviet Foreign Minister Andrei Gromyko told Pan Zili, China's ambassador in Moscow, that the agreement to sell aircraft to India was signed before the outbreak of the 1962 war. Pan rebuked Gromyko's explanation, stating that border clashes between China and India started in 1959. For this reason, Beijing concluded that the Soviet's actual position was to support India, constituting a "serious breach" of the 1950 Sino-Soviet Treaty of Friendship, Alliance, and Mutual Assistance.¹⁹

Following the Sino-Soviet split and the 1969 Sino-Soviet border clash, Moscow and New Delhi forged even closer ties, driven by a shared perception of the security threat from China, particularly in light of US President Richard Nixon's visit to China and the emerging China-Pakistan-US alignment in the early 1970s. This converging threat perception culminated in the signing of the Indo-Soviet Treaty of Peace, Friendship and Cooperation in 1971.

In the post-Mao era, Beijing and New Delhi made three attempts at reconciliation, with the first two thwarted by Moscow.²⁰ The first endeavor occurred in the late 1970s when Morarji Desai's Janata Party came to power, roughly coincident with Deng Xiaoping's return to power and overture to India as part of Beijing's efforts to counter geopolitical pressure from Moscow. Despite Desai's willingness to reopen border talks with Beijing, Moscow, disturbed by the potential Sino-Indian reconciliation, covertly destabilized the Desai government to sabotage the progress toward a Sino-Indian rapprochement. The second attempt came under Indira Gandhi's second term in the 1980s amidst the Soviet's invasion of Afghanistan. Despite initial progress in Sino-Indian relations and reopening of border talks in 1981,²¹ Moscow impeded the reconciliation by leveraging its arms transfers and economic aids to India, all while spreading fake information accusing Chinese troops of violating India's border.²²

The third Sino-Indian reconciliation attempt occurred in the 1980s after Rajiv Gandhi became India's prime minister, in tandem with the Sino-Soviet rapprochement under Mikhail Gorbachev. In 1985, Beijing agreed to discuss the border settlement on a sector-by-sector basis, a method that India had preferred over China's preference for a "package deal." The progress was disrupted when the two countries' forces clashed in the Sumdorong Chu Valley between 1986 and 1987.²³ Unlike previous instances, Moscow refrained from taking a stance, reinterpreting its 1971 treaty with India by emphasizing that it was not directed at any third country. During his visit to India in November 1986, Gorbachev, although reassuring New Delhi that the improvement in Sino-Soviet relations would not come at the expense of Indo-Soviet relations, refused to back India against China. This altered dynamic likely prompted India to reassess the prospect of securing Soviet support in a potential conflict with China. The confrontation eventually deescalated, leading to Sino-Indian reconciliation highlighted by Rajiv Gandhi's visit to Beijing in 1988. Moscow

has since maintained an official position of equal-distance on the Sino-Indian border dispute.

Sino-Vietnamese Maritime Disputes During the Cold War

After World War II, the Republic of China's (ROC) Nationalist government (KMT) controlled the northern part of the Paracels whereas the southern part was under French colonial administration on behalf of Vietnam. At the San Francisco Peace conference in 1951, Vietnam asserted sovereignty over both the Paracels and Spratlys.²⁴ This position conflicted with that of the Soviet Union's, which refused to sign the treaty due to its disagreement with Japan on the sovereignty of the Northern Territories. Moscow also backed Beijing's claims in the South China Sea, condemning the treaty for "grossly violat[ing] the indisputable rights of China to the return of integral parts of Chinese territory: Taiwan, the Pescadores, the Paracels, and other islands severed from it by the Japanese militarists."²⁵

In the 1950s and 1960s, Beijing managed to secure certain forms of acceptance of its claims by Hanoi on several occasions, the most prominent of which was Pham Van Dong's note on September 14, 1958.²⁶ After their open split in the 1960s, China and the Soviet Union competed for influence over Hanoi through substantial military and economic aid. When China gained the control of the whole of the Paracels in 1974 after a naval skirmish with South Vietnam, neither Hanoi nor Moscow protested as they "could not take the side of South Vietnam." Moreover, Hanoi still needed Beijing's support to complete the war against the Saigon regime.²⁷

Following the 1974 skirmish, the South Vietnamese government occupied six land features in the Spratlys, which were transferred to Hanoi in April 1975 after the demise of the Saigon regime. The unification of Vietnam altered Hanoi's priorities, making its conflicting claims with China in the South China Sea a more salient issue. The end of the war also reduced Vietnam's dependence on China, putting Hanoi in a stronger position vis-à-vis Beijing to make demands at odds with China's interests.²⁸ Meanwhile, economic constraints stemming from the Cultural Revolution further weakened China's ability to aid Vietnam's reconstruction.²⁹ In September 1975, then General Secretary of the Vietnamese Communist Party (CPV) Le Duan visited Beijing. During his meeting with then China's Vice Premier Deng Xiaoping,

Duan raised Vietnam's Spratly claims with the PRC leadership. Deng rejected Vietnam's claims but attempted to preserve diplomatic leeway by telling Duan that this issue "could be discussed in the future."³⁰ Upon Deng's purge by the Gang of Four in April 1976, one of the attacks mounted against him was that he had supported negotiations with Vietnam over the Spratlys.³¹

However, when Deng returned to power in 1977, he was confronted with a drastically different situation. A softened Chinese position on the Spratlys became politically untenable. By 1977, Vietnam permitted the Soviet Union to use the US-constructed port facilities at Danang and Cam Ranh Bay, leading Deng to perceive a geopolitical encirclement threat from the Soviet Union and its allies, India and Vietnam, on China's southern flank.³² The formal alliance between Hanoi and Moscow in November 1978 against the backdrop of deteriorating Sino-Vietnamese relations and a looming Vietnamese invasion of China-backed Cambodia, sent a clear signal of warning to Beijing.³³ In December shortly before the outbreak of Sino-Vietnamese armed conflict, Hanoi began to openly assert its claim to the Spratlys.³⁴

Meanwhile, from the 1970s, coastal states in the South China Sea began displaying a heightened interest in tapping maritime resources in the area, particularly hydrocarbons. South Vietnam initiated surveys and exploration activities in 1971.³⁵ Near the end of the Vietnam War, Mobil discovered oil off the coast of South Vietnam and identified prospects in the Blue Dragon and Big Bear fields. The company also held exploration acreage in the White Tiger field.³⁶ Shell also discovered commercially valuable reserves south of Vung Tau.³⁷ After the war, US trade embargoes, coupled with unsatisfactory test drilling results, led western oil companies to reduce or discontinue their operations in Vietnam. This created an opportunity for the Soviet Union to fill the void.³⁸

In 1980, the Soviet Union and Vietnam signed a framework agreement for jointly developing oil and gas in the southern part of Vietnam's claimed continental shelf.³⁹ A joint venture, Vietsovpetro, was established in 1981 between Vietnam's state-owned Petrovietnam and the Soviet's state-controlled Zarubezhneft to implement the agreement, drawing vehement opposition from Beijing to the deal.⁴⁰ The Soviet-Vietnam collaboration also raised concerns for the Association of Southeast Asian Nations (ASEAN) member states, as it could lead to a permanent Soviet naval base in Vietnam and military support for Vietnam's territorial claims.⁴¹

In 1986, Vietsovpetro acquired Mobil's assets, including the Big Bear oil field at Vanguard Bank.⁴² Production from these offshore fields started in 1986, transforming Vietnam into a net crude oil exporter in Southeast Asia by 1987.⁴³ Despite Vietnam's reliance on the Soviet Union for hydrocarbon exploration in the South China Sea during the 1980s, the Soviet offshore drilling technology lagged behind that of western firms, particularly in deepwater drilling.⁴⁴ Also, the stagnating Soviet economy severely constrained Moscow's financial capabilities. Consequently, in 1988, Vietnam reopened its offshore blocks to western oil companies—except for American firms because of the US embargo.⁴⁵ Despite Vietnam's efforts to diversify its international partnerships, the decade-long Soviet-Vietnamese collaboration laid the groundwork for Russia to remain a key partner for Hanoi in hydrocarbon E&P in the South China Sea during the post-Cold War era.⁴⁶

In the defense dimension, Soviet military aid to Vietnam during the last decade of the Cold War was substantial, but it was primarily used by Vietnamese troops in Cambodia and to support the Soviet military presence at Cam Ranh Bay.⁴⁷ Hence, unlike in Sino-Indian border clashes, Soviet arms transfers was not a major point of contention in Sino-Vietnamese maritime clashes during the Cold War.

The 1988 Sino-Vietnamese naval clash at the Spratlys put Moscow in a difficult situation where it needed to strike a balance between maintaining close ties with Hanoi and advancing the rapprochement with Beijing. As such, Moscow rebuffed Hanoi's multiple requests for Soviet support in jointly condemning China's actions.⁴⁸ To the extent that the 1978 Soviet-Vietnamese treaty did not obligate the Soviet Union to defend Vietnam if attacked, Moscow claimed that it would not support either side in the event of a conflict and that its military vessels deployed to the Cam Ranh Bay would stay out of such conflict.⁴⁹ A senior Soviet diplomat in Manila, while acknowledging the Soviet alliance with Hanoi, told the press: "I don't see any realistic grounds for our participation in the resolution of this problem."⁵⁰ In private, Vietnamese officials were reportedly upset by the Soviet's neutrality.⁵¹ Moscow's approach of not taking sides in the Sino-Vietnamese maritime disputes remained Russia's official position after the end of the Cold War.

After the Cold War

Following the collapse of the Soviet Union, Russia lost its global power status, while China emerged as the more powerful party in the Sino-Russian dyad by the end of the 20th century. In this geopolitical landscape, Russia is keen on securing the permanence of its contemporary border with China, settled at the turn of this century. The persistent Chinese characterization of the current Sino-Russian border as a consequence of the 19th century “unequal treaties” is disconcerting for Russians.⁵² With the shared unease regarding potential Chinese historical irridentism and territorial assertiveness, India and Vietnam stand out as natural partners for Moscow.

Sino-Indian Land Border Disputes

Despite a brief drift in Moscow's ties with New Delhi immediately after the Cold War, the Indo-Russian relationship reinvigorated in the 21st century. While officially maintaining a neutrality in the Sino-Indian border dispute, Russia's close ties with India afford Moscow additional leverage to delicately balance China's growing power when necessary, according to Dmitri Trenin, a former Russian military intelligence officer and former director of the Carnegie Moscow Center.⁵³

Chinese strategists remain concerned about the potential implications of the Indo-Russian partnership for China's strategic interests. A PLA scholar cautioned in a 2001 study that, despite Putin's claim that Indo-Russian cooperation would not target third parties, strengthening partnership between the two countries would be “very unfavorable to China” because their strategic incentives to counterbalance China remained unchanged during the post-Cold War era.⁵⁴ A researcher at the China Institutes of Contemporary International Relations (CICIR) warned in a 2002 analysis that in the face of a favorable shift in China's power relative to Russia's and a perceived threat from China, Moscow might align itself with New Delhi to check China.⁵⁵

A major divergence between China and Russia regarding India soon surfaced following India's nuclear tests in 1998. While Beijing actively campaigned for international sanctions in response, Moscow refrained from voicing substantial criticism of India. In a letter addressed to US President Bill Clinton, Indian Prime Minister Atal Bihari Vajpayee blamed China for

India's seeking of nuclear weapons: "We have an overt nuclear weapon state on our borders, a state which committed armed aggression against India in 1962. Although our relations with that country have improved in the last decade or so, an atmosphere of distrust persists mainly due to the unresolved border problem." To add to the distrust, the letter continued, "the country has materially helped another neighbor of ours to become a covert nuclear weapons state"—a clear reference to China's assistance to Pakistan's nuclear weapons program.⁵⁶

China initially reacted cautiously to India's nuclear tests, but its stance notably hardened following the publication of Vajpayee's letter. Beijing launched a coordinated diplomatic effort to mobilize international sanctions against India.⁵⁷ Contrary to China's expectations, Russia, prioritizing its commercial ties especially defense cooperation with India, not only refrained from sternly criticizing New Delhi but also refused to join the international sanction regime.⁵⁸ Privately, Chinese diplomats expressed concerns about Russia's perceived leniency and lobbied for a more stringent posture from Moscow.⁵⁹ Adding to China's displeasure, Russia entered into a ten-year military and technological cooperation agreement with India in December of the same year.

Although both China and India have been the leading buyers of Russian weaponry, Chinese strategists noted a discernible discrepancy in the quantity and quality of arms, especially advanced weapon systems, sold to the two countries. According to a PLA scholar, Russia has been inclined to sell larger quantities and a greater variety of weapons to India. For a given weapon system exported to both China and India, the version supplied to India is often more advanced and provided earlier than the one sold to China.⁶⁰ Such differentiation is exemplified by the Su-30 fighter jets, where the Su-30MKI model for India boasts more advanced configurations compared to the Su-30MCK variant exported to China.⁶¹ Additionally, Russia's willingness to engage in joint production and licensed production of various weapons systems in India, as noted by PLA scholars, has significantly boosted India's indigenous defense industry.⁶²

In a stark contrast, Russia has been reluctant to engage in similar collaborative undertakings with China. Russia's reservations about expanding defense cooperation with China are twofold. Security-wise, Moscow harbors the concern that weapons sold to China might at some point be used against

Russia. On the economic front, Russia is worried that China may reverse-engineer Russian equipment—as exemplified by the case of J-11, a derivative of the Su-27 fighter jet—and then compete with Russia on the international market. Consequently, Russia has restricted the types of weapon systems that can be sold to China, and technology transfers are subject to stringent regulations. By contrast, Moscow has few if any reservations regarding its defense ties with India.⁶³

Nonetheless, the 2014 Crimea crisis and the ensuing confrontation between Russia and the West led Moscow to reassess the strategic value of Sino-Russian relations. Russia began to ease its longstanding restrictions and permitted sales of advanced weapon systems to China. In 2014, the Kremlin agreed to sell four to six regimental sets of the S-400 surface-to-air missile (SAM) system to China.⁶⁴ But after delivering two regiments between 2018 and 2019, Russia suspended the delivery of the remaining units to China.⁶⁵ Meanwhile, in October 2018 India finalized a deal with Russia to acquire five regiments of the S-400 system.⁶⁶ Between December 2021 and March 2023, Russia delivered the first three systems to India, while the suspension of delivery to China seemingly continues.⁶⁷ This disparity is viewed by Chinese experts as another vexing illustration that Moscow's quiet preference for India and distrust of China. Chinese experts are particularly concerned about strategic implications of the S-400, as India has deployed these advanced systems to the contested Sino-Indian border area.⁶⁸

Sino-Vietnamese Maritime Disputes

With its enduring Soviet-era legacy, Vietnam continues to represent a premier economic and strategic partner for Russia in Southeast Asia in the post-Cold War era, especially in the realms of offshore energy development and arms sales.

Russia inherited the Soviet share in Vietsovpetro, with its ownership structure remaining unchanged.⁶⁹ By 2001, Vietsovpetro had contributed to nearly 20 percent of Vietnam's hard currency earnings. Russian President Vladimir Putin commended this joint venture as the “pivot of economic cooperation” between Russia and Vietnam, establishing a “firm foundation” for advancing mutual interests in the Asia-Pacific region.⁷⁰ Gazprom entered

Vietnam's energy sector in 2000. A joint venture, Vietgazprom, was established in 2002 to implement the contract.⁷¹

As the Sino-Vietnamese maritime disputes intensified in the late 2000s, China quietly pressured a number of international oil companies (IOCs) to withdraw from their E&P projects with Vietnam in the South China Sea.⁷² Notably, no information indicates that Russian companies were subjected to such pressures, likely because the offshore blocks they were involved in at the time were predominantly located outside the disputed areas.

As western energy firms ceased their projects in the contested waters under China's pressure, the Russian energy companies embarked on joint ventures with Vietnam in offshore blocks that either partially overlapped with or completely fell within China's claimed areas in the South China Sea. In 2008, Gazprom and Petrovietnam signed a 30-year E&P contract in four blocks within the contentious ten-dash line.⁷³ In April 2012, Gazprom made an announcement to partner with PetroVietnam for the development of two blocks located within the nine-dash line.⁷⁴

Rosneft, the third Russian energy company to enter Vietnam's offshore energy industry in the South China Sea, gained stakes in 2013 in two blocks at resource-rich Vanguard Bank. The blocks are proximate to the Wan'an Bei-21 (WAB-21) block, where China had previously signed a contract with the US-based company Crestone in 1992 to explore but halted after triggering a militarized standoff with Vietnam in 1994.⁷⁵ In 2015, Rosneft signed an agreement with Japan Drilling Co, Ltd (JDC) to lease Hakuryu-5, an offshore drilling rig, to drill exploration wells in both blocks.⁷⁶

Unease between China and Russia grew quietly after Rosneft started drilling in Block 06-1 and China pressured Spain's oil company Repsol to terminate operations in a disputed area in 2018. Russian diplomats privately expressed concerns that China might one day compel Moscow to suspend its energy projects in the South China Sea.⁷⁷ Beijing's displeasure with Russia's involvement in the South China Sea became conspicuous in 2019 when it deployed coastguard vessels, fishing ships, and a marine survey ship to intimidate Hakuryu-5 and Vietnamese vessels servicing the drilling rig, creating a tense standoff. During the standoff, China's foreign minister Wang Yi requested that Russia terminate Rosneft's exploration activities in Vietnam. Wang's Russian counterpart Sergei Lavrov rebuffed the request.⁷⁸

Russia's defense cooperation with Vietnam, while of a smaller scale than that with India, remains another thorny issue in Sino-Russian ties. A pivotal development occurred in 2009 when Vietnam signed a contract with Russia to purchase six Kilo-class diesel-powered attack submarines. This contract also included provisions for crew training and the construction of an onshore maintenance facility.⁷⁹ Chinese observers warn that Russia's transfer of defense technology to Vietnam has enabled Hanoi to make a licensed copy of the Russian Kh-35 medium-range anti-ship missiles (with a range of 260 km) as of 2016, boosting Vietnam's indigenous defense industrial capabilities vis-à-vis China.⁸⁰

Parallel to the Indo-Russian partnership, Chinese analysts have openly criticized Russia's collaboration with Vietnam for coming at the expense of China's interests in the South China Sea. In a 2014 study, scholars from the China University of Geosciences categorically labeled Russian energy companies as "accomplices in Vietnam's stealing of China's oil and gas resources in the South China Sea."⁸¹ Two scholars at the CCP's Central Party School contended in a 2018 study that Russia's energy development activities in the South China Sea have generated substantial revenues for Vietnam, allowing Hanoi to allocate more financial resources to procure weapons systems from Russia that can be used to confront China in the South China Sea.⁸²

Chinese analysts also question Russia's long-term intentions in the South China Sea and the broader Asia-Pacific region. In a 2016 study, an analyst from the South China Sea Center of Nanjing University cautioned that China should not overlook Russia's interest in restoring its military presence in the South China Sea, as evidenced in Russia's expression of a strong interest in 2010 in signing a new lease for Cam Ranh Bay. Consequently, the study warned against a "too naïve" approach toward Russia and argued that China should not assume Russia would relinquish its strategic interests in the region.⁸³

China's Rationale for Tolerating Russia

Despite its thinly veiled dissatisfaction with Moscow, Beijing has been relatively cautious in pressuring Russia to align its position with China's interests in its territorial disputes with India and Vietnam likely due to three considerations.

First, in the context of the escalating US-China strategic competition in the Indo-Pacific, China perceives that a significant weakening of Russia's ties with India would be more detrimental than beneficial by potentially pushing India closer to the United States. A 2021 study by researchers at CICIR articulated such anxiety that a divergence between Russia and India would lead the latter to lean more closely toward the US and its allies.⁸⁴

The imperative to keep India on the fence sometimes requires Beijing to acquiesce to Russia's pursuit of self-interests with India even if it comes at the expense of China's own secondary national interests, a logic Chinese foreign policy experts frame as "choosing the lesser of two evils." An illustrative instance occurred in 2017 when Moscow persuaded Beijing to accept India's entry into the China-led Shanghai Cooperation Organization (SCO) despite Moscow's clear intention to use India as a counterbalance to China's influence within the multilateral organization. A Chinese scholar plainly described Beijing's decision as a "resigned choice."⁸⁵ China's tolerance of Russia's ongoing arms trade with India is similarly construed by Chinese experts as a strategic necessity.⁸⁶

This rationale, albeit unpleasant for Beijing, is likely to persist insofar as the US-China strategic competition in the Indo-Pacific remains the top geopolitical concern for China. In contemplating the future trajectory of the China-Russia-India triangle, a Chinese scholar at the China Foreign Affairs University, which is under the auspice of China's foreign ministry, emphasized in a 2021 study, "The Indo-Russia relationship will be better than the Sino-Indian relationship, and Russia's inclination to use India to hedge against China will be a long-term trend...[But] it is in China's interest to adopt an open attitude toward Russia's hedging behavior."⁸⁷

However, unlike the conspicuous absence of Chinese pressure on Russia regarding the Sino-Indian border disputes, Beijing has selectively exerted pressure on Russia over the South China Sea issue, exemplified by the Rosneft episode. This disparity is likely driven by the perceived capabilities difference between Vietnam and India and the resulting geostrategic weights that each of them carries. In the Chinese calculation, India falls under the category of great power relations and carries strategic importance, thus necessitating a cautious Chinese approach in pressuring Russia on its defense cooperation with India. By contrast, Vietnam "is not a major power but a subregional

rival,⁸⁷ suggesting a less circumspect Chinese approach in pressuring Russia on its joint energy venture in the South China Sea.⁸⁸

The second rationale behind China's refraining from pressuring Russia probably lies in Beijing's growing skepticism of Moscow's capacity to shape New Delhi and Hanoi's foreign policy choices. In the aftermath of the 2020 Sino-Indian border clash, Russia attempted to leverage its ties with both China and India to facilitate engagements between the two countries' defense and foreign ministers at multilateral platforms such as SCO and BRICS. While some Russia observers argue that Moscow played a crucial role in deescalating the deadliest Sino-Indian clash since the 1960s,⁸⁹ some Chinese experts expressed doubt about the actual influence Russia actually exerts on India. In the 2021 study, the CICIR researchers projected limited potential for the Indo-Russian relationship to expand beyond traditional defense and energy realms.⁹⁰ Even in the arms sales dimension, Russia's influence has eroded, with a decline of over 40 percent in Russian arms sales to India from 2010 to 2022. This contrasts with the threefold increase in India's arms purchases from the United States and a 33-times surge from France.⁹¹

Similar skepticism is evident in China's evaluation of Russia's influence on Vietnam in the South China Sea disputes. Chinese scholars contend that Russia's traditional preoccupation with Europe, coupled with geopolitical pressures on its European front since 2014, impedes Moscow's ability to maintain significant influence in the Asia-Pacific. Consequently, the South China Sea may become a secondary strategic consideration for Russia where it is unlikely to diverge significantly from China's position due to a lack of will and capabilities for intervention.⁹²

Third, as Beijing transformed its relationship with Moscow into a strategic partnership in the post-Cold War era, China seems to have adopted a more pragmatic approach regarding how much support to expect from Russia in China's territorial disputes. Strategic partnerships, unlike alliances, tend to "be informal in nature and entail low commitment costs, rather than being explicitly formalized in a specific alliance treaty that binds the participants to a rigid course of action."⁹³ In the context of China's territorial dispute with India, despite a closer Sino-Russian alignment, Beijing seems to harbor a pragmatically limited expectation of Russia's support. China is well aware that the importance of India for Russia is also on the rise.

Indeed, Russia's 2021 National Security Strategy lists China and India under the same section, expressing Moscow's aspirations to forge a "comprehensive partnership and strategic engagement" with China and a "particularly privileged strategic partnership" with India. This objective is reiterated in the Russian foreign ministry's 2023 document outlining Moscow's foreign policy vision.⁹⁴ A 2022 study by analysts at CICIR noted that the latest framing of Russia's relations with China and India stands in contrast to the 2015 version of National Security Strategy, which placed India in a separate section after the one on China. This change, in the Chinese perception, suggests that the importance of India in Russia's foreign relations hierarchy has been elevated to a level equivalent to that of China's.⁹⁵

In the South China Sea, some Chinese scholars also noted that Beijing maintains pragmatic expectations as to how far China can push for Russian support, as Moscow has its own interests in this region and Beijing "cannot possibly require Russia to behave in a way perfectly aligned with China's position."⁹⁶

Conclusion and Policy Implications

This study, by putting Russia's role in China's territorial disputes with India and Vietnam in a historical context, traces an important but often understudied aspect in Sino-Soviet/Russian relations and shows that the purportedly "no-limit" Sino-Russian alignment does have limits and divergent interests when it comes to China's territorial interests. Despite Beijing's efforts to play down its displeasure in official narratives, Chinese experts are often explicit in their expressions of frustration and criticism of Russia's role in these disputes. Beyond these specific disputes and at the strategic level, leading Russia experts in China have cautioned against overestimating the irreversibility of Russia's confrontation with the West and suggested that Beijing should manage ties with Moscow on the basis of a "more realistic assessment of China's national interests."⁹⁷

This study has several major implications for America's Indo-Pacific policies. First, US policymakers are cautioned against taking the Sino-Russia "no-limits" vow at face value. Treating the alignment as an "autocratic alliance" or an "autocratic axis," as some analysts in Washington have portrayed,⁹⁸ may be counterproductive because confrontation and consistent toughness could

drive Beijing and Moscow even closer, while ignoring the prospect that the Sino-Russian relationship may contain the seeds of its own weakening if not ultimate unraveling. Indeed, existing scholarship has shown that selective accommodation, aimed at alluring away one party, is often more effective and less risky than confrontation to pry a coalition apart.⁹⁹

Aside from adjusting the way it evaluates and approaches the Sino-Russian alignment, the United States should invest more resources in collecting, translating, publishing, and analyzing Chinese-language primary sources to shape a more nuanced understanding of the alignment and expose important discrepancies between Beijing and Moscow. The United States should also facilitate dialogue and exchanges with Chinese experts specializing in Sino-Russian relations, who have traditionally not been systematically involved in US-China dialogue, to foster a better understanding and assessment of how these experts approach China's relations with Russia and the United States. This could complement the prevailing perspective gained from exchanges with Chinese experts specializing in US-China relations.

Second, this study reveals that the growing power asymmetry favorable to China does not necessarily translate into a corresponding increase in Beijing's leverage with Moscow in pressuring for stronger Russian support in China's territorial disputes. Beijing's actions toward Moscow are not solely determined by factors within the Sino-Russian bilateral relationship but also shaped by the dynamics and interactions involving multiple actors and directions. Understanding these complexities is crucial in analyzing what drives China's approach toward Russia.

Third, concerning India and Vietnam, the United States should adopt a cautious approach when considering whether to apply the 2017 Countering America's Adversaries Through Sanctions Act (CAATSA) to the two countries' continued defense and energy transactions with Russia. India has emerged as one of Russia's top buyers of oil since the outbreak of the war in Ukraine, whereas Vietnam is making clandestine arrangements to continue its defense cooperation with Russia in contravention of US sanctions.¹⁰⁰ Washington must approach these issues with a clear recognition that compelling India and Vietnam to sever their ties with Russia may unintentionally eliminate a longstanding source of discord between Beijing and Moscow.

To be sure, there are costs associated with not applying CAATSA to India and Vietnam. Allowing the two countries to continue their defense and energy purchases from Russia would undermine the US-led international effort to contain Russia's aggression against Ukraine. But these costs are justifiable given the greater strategic implications of removing an important source of discord in the Sino-Russian relationship. Moreover, there are ways that Washington could mitigate these costs.

First, Washington could call out the transactions and engagement of India and Vietnam with Russia and encourage US allies to do the same. This would signal that all countries, irrespective of their relationships with the West, would face political consequences for supporting Russia's war machine. Although the United States strongly criticized Vietnam's recent reception of Putin to Hanoi,¹⁰¹ its response to Indian Prime Minister Narendra Modi's hug of Putin during his latest visit to Moscow was more muted, only expressing "concerns" and calling the Indo-Russian relationship a "bad bet" for India.¹⁰² A more consistent and even-handed approach from Washington is necessary in this regard.

Additionally, as a quid pro quo and a measure of damage control for not imposing CAATSA, Washington could urge India, which maintains a nuclear policy of "no first use" and no use against non-nuclear armed states,¹⁰³ and Vietnam, which is a non-nuclear weapon state, to leverage their special relationships with Moscow to more vigorously oppose the use or threat of use of nuclear weapons. The Biden administration reportedly secured help from non-US allies, including India and China, to help dissuade Russia from nuclear attacks in late 2022.¹⁰⁴ But as Putin continues to threaten to use tactical nuclear weapons against the West,¹⁰⁵ persistent diplomatic pressure from two of Russia's most important partners may carry unique weight in dissuading Moscow.

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Notes

1. The most recent clash between China and India occurred in Galwan Valley in 2020, which killed four Chinese soldiers and 20 Indian soldiers. The most recent clash between China and Vietnam occurred in the Paracels in 2014. The clash triggered anti-China riots in Vietnam, during which at least four Chinese civilians were killed.
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2023-24 WILSON CHINA FELLOWSHIP

Crossroads of Regret: The Developing World's Belt & Road Dilemma

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Abstract

China's flagship global infrastructure development program has elicited polarized responses around the world, including buyer's remorse in some recipient countries and anxiety in Western capitals. While some perceive it as a benevolent endeavor fostering economic growth and goodwill among recipients, others decry it as a "debt trap" leading to unsustainable projects and compromised sovereignty. This paper employs a rigorous, data-driven approach to examine the impact of the BRI on China's soft power, utilizing project-level data from AidData's Global Chinese Development Finance Dataset and public opinion surveys from the Gallup World Poll. The data analysis reveals that the BRI's influence on public sentiment is nuanced and varies significantly across regions and countries. While China has made notable gains in certain areas, it also faces challenges and setbacks in others. Analysts that apply one-size-fits-all approaches to assess China's global engagements do it at their own peril. In fact, Beijing's playbook is hardly static and has constantly evolved in response to changing on-the-ground realities. The case of Pakistan, the BRI's flagship recipient and one of the largest in financing, underscores the complexities and potential pitfalls associated with China's engagement model. By choosing not to help BRI recipients improve public governance, Beijing is risking the viability of its own infrastructure projects. As BRI participants experience buyer's remorse and Chinese financiers pull away from new commitments, Washington must be prepared to fill the resulting voids through real-time, country-level analytics. But taking a page of China's playbook, Washington should also carefully identify and prioritize countries where its limited resources would likely offer the greatest soft power gains. The conceptual framework and methodological approach introduced in this paper could be built upon and deployed by analysts to support a more nuanced, real-time, and context-specific approach to strategic competition.

Policy Implications and Key Takeaways

- The United States should adopt a targeted and strategic approach to prioritize its engagement in countries where China's BRI is facing challenges, or where there is potential for strategic gains. The paper's

analysis of country-level soft power dynamics, particularly in relation to development financing, can help identify such opportunities.

- Country-level data on public, elite and media sentiments is now available in real-time, and must be channeled into country-level analytics that should in turn inform Washington's decision making related to new development finance offerings.
- The United States should develop and promote alternative development finance models that address the needs of recipient countries while emphasizing transparency, sustainability, and which are the core strengths of its own economic development model.

Is the BRI Boom, or Bust?

Through its flagship Belt and Road Initiative (BRI), China is maintaining its position as the world's single-largest provider of foreign aid and credit to the developing world. With nearly \$85 billion in new commitments during 2021, even as Covid-19 lockdowns were significantly impacting all economic activity, Beijing maintained a \$25 billion lead over its chief competitor, the United States.¹ Contrary to popular perception to the contrary, fueled by datasets that claim that Chinese development financing in 2021 was almost zero,² the BRI remains an active force in global development. Besides the ability to doll out multi-billion-dollar project loans in riskier environments, China's true competitive advantage over rivals is the scale, speed and efficiency of its state-owned construction companies to deliver large-scale infrastructure in hard-to-reach places in record delivery times and within budgets.³ Surveys of LMIC elites show that they recognize China's clear advantage in delivering "hardware," but still rely on Western technical assistance for the "software" of development such as improved governance systems and upskilling of workers.⁴

But, in response to local pressures related to debt distress and project performance, in recent years China has restructured the composition of its overseas lending portfolio. From the peak level of 89 percent in 2017, the percentage of development financing going toward infrastructure projects had dropped to just 31 percent by 2021. This was replaced by rescue lending to borrowers facing balance of payment pressures, which grew from just 5 percent of the total portfolio in 2014 to over 58 percent in 2021.⁵ This is a clear indication that all is not well on the BRI, and Beijing is recalibrating its approach. On the other hand, Western governments perceive the BRI to be more than just an infrastructure financing effort, but rather China's grand strategy to challenge the so-called "rules-based world order."⁶ After ten years of BRI implementation, there are two competing narratives dominating the airwaves of think-tanks, media outlets, and government agencies in Western capitals:

- Developing countries are grateful to China: The provision of much needed public infrastructure has generated tremendous goodwill for China around the world and in many countries, political elites are ever-so-grateful to its leadership for helping resolve infrastructure bottlenecks that they blame for stifling economic progress. By showing up in all

corners of the developing world with the robust combination of financing and rapid delivery capacity, Beijing has won the respect of global South publics and leaders alike. Low- and middle-income countries are preferring the 'Chinese model' of economic development, which relies on big ticket infrastructure supply to propel export-oriented growth, rather than the Western alternative that aid to support democratic institutions like the rule of law, freedoms and transparency. Obviously, this presents a major challenge to Western democracies.

- Recipients are experiencing buyer's remorse: Because BRI projects have made sovereign debt levels in participating incredibly high and unsustainable, and many BRI projects have created environmental and social concerns, governments across the developing world are experiencing buyer's remorse. This is because, the narrative goes, Chinese companies have undertaken substandard construction, and their financiers have based projects on inadequately rigorous pre-feasibility studies. Today, even the citizens and elites in recipient countries have realized that the development brought by China's infrastructure-heavy model is largely unsustainable with most growth benefits limited to the creation of short-term job opportunities for local host populations. This is why China is facing a significant crisis on the BRI.

Regardless of whether the BRI has generated goodwill, or reputational liabilities, for China, two facts are obvious: first, unlike the early-BRI period, Beijing is now facing stiff competition in the development finance marketplace; and second, the composition of total Chinese development financing has shifted significantly as Chinese financing is now more likely to be in partnership with Western financiers, have stringent environmental and social safeguards in place, and focused on short-term balance of payment support rather than big-ticket infrastructure. But despite the popularity of both narratives, there is a dearth of evidence-based insights into their validity, partly because China does not disclose the details of these activities at any international forum. However, public decision makers in Washington require such an analysis to craft their responses, which need to be nuanced on a country-by-country, and sector-by-sector basis.

This paper attempts to fill this evidentiary void by combining project-level data on BRI projects from AidData's Global Chinese Development Finance Dataset Version 3.0 (GCDF 3.0) with granular public opinion data from Gallup World Poll to assessing China's soft power performance in BRI-participating countries. It is intended to provide public decision makers a more nuanced understanding of not only China's playbook in various subdomains within the BRI, but also a deep dive into where it has made gains, or lost ground, in recent years. Specifically, it seeks to answer the following questions:

- First, what does the latest available data on Chinese development finance flows and its impact on public opinion, media sentiment, and elite alignment tell us whether recipient LMICs are fully captured by China's worldview or are they experiencing buyer's remorse?
- Second, given that there are dozens of LMICs across continents and stages of development, in which places does Beijing enjoy the greater advantage, where it faces greatest challenges, and why?
- Third, what does the case of Pakistan, arguably China's closest global South ally with the most pro-China public sentiment and one of its largest beneficiaries, tell us about the strengths and limitations of China's development financing model?

As the flagship of China's BRI, the multi-billion-dollar China-Pakistan Economic Corridor (CPEC) holds enormous strategic and symbol value for Beijing. Not the least because public sentiment toward China, relative to the United States, is literally the most positive in Pakistan than any of the 160 countries for which GWP data is available. While every BRI country offers its own challenges and opportunities, in Pakistan it has failed to deliver public welfare benefits because of poor public governance by Islamabad.

As China grapples with its benefactor's inability to repay the billions it had borrowed for ambitious energy and transport projects, it faces an interesting policy conundrum with reverberations for the entire BRI. On the one hand, China cannot publicly admit that the underlying theory of change behind expensive CPEC infrastructure projects, i.e., removing infrastructure bottle-

necks will generating sizable economic returns, has not materialized. On the other, it can also ill-afford to continue providing short-term rescue loans for bailing out its own funded infrastructure projects indefinitely. Since 2018, Pakistan has already received over \$20 billion in such flows,⁷ but has still continuously relied on IMF programs to stabilize its economy.

Did the BRI Improve Global Public Sentiment toward China?

To increase global influence and augment their standing as world leaders, great powers like the United States, China, and former Soviet Union (USSR) have always vied for the hearts and minds of elites and citizens in LMICs.⁸ They do this by deploying non-coercive “soft power” enhancing measures like establishing international political institutions, offering scholarships, and providing financing for infrastructure projects.⁹ Ultimately, this helps them protect strategic interests, including through crucial UN votes on high priority issues, and promote or export their own models of economic development.¹⁰ The most obvious historic example is the Cold War, when the ideological fault lines between communism and capitalism divided LMICs into two blocks, which the United States and USSR strengthened by providing record sums of development finance for agricultural reforms, infrastructure development, and social capital.¹¹

As US-China strategic heats up, both sides are offering development financing that mimics their own trajectories of gaining economic prosperity. China's appeal lies in its state-capitalist model of infrastructure-led economic growth and poverty alleviation,¹² whereas the West naturally prioritizes democratic values of market-capitalism, freedoms, and accountable governance.¹³ During the BRI-era, political elites in dozens of infrastructure-deficient LMICs, seeking quick-wins during short electoral cycles, signed up for the BRI. In competitive public spaces, they felt that \$500 million spent on a highly visible urban mass public transport system would bring greater return than the same amount spent on improving schools in the hinterlands. As opposed to Western donors who bring their own values and priority sectors, China's highly demand responsive engagement model enables recipient country leaders to get what they consider to be the most valuable projects.

AidData's GCDF 3.0 reports that between 2000 and 2021, 165 LMICs accepted \$1.34 trillion in development financing from China's official sector. This includes \$825 billion for infrastructure alone, which is in turn dominated by energy, transport, and mining projects. During the pre-pandemic heyday of the BRI, Beijing's annual commitments of nearly \$80 billion were far outstripping the United States by a two-to-one margin. During the BRI-era since 2014, nine of every 10 dollars committed by China for overseas development financing were allocated for loans that were primarily used for physical infrastructure. On the other hand, the United States did the opposite by allocating nearly all its \$40 billion annual development financing toward grants for social development priorities such as health and education. This begs an obvious question: to what extent, if at all, did China's greater spending budget and demand responsiveness to recipient country elites help improve its soft power image in LMICs?

The most widely used indicator of great powers' global influence is LMIC public sentiment. This is done through nationally represented public opinion polls asking respondents whether they "approve of the leadership of" powers like China, United States, or Russia.¹⁴ The robust sampling frame of repeated cross-section surveys by the Gallup World Poll (GWP) since 2006 provides a powerful indicator of great powers' soft power influence.¹⁵ Originally launched in the aftermath of the 9/11 attacks to better understand the sources of anti-Americanism globally, it is now widely used by social scientists to assess great powers' relative "attractional global influence."¹⁶

The trend analysis in Figure 1 averages leadership approval across dozens of developing countries in GWP. It shows that prior to the launch of the BRI in late-2013, the United States enjoyed a comfortable lead over China despite the global financial crisis of 2008 that originated in the US mortgage market. But as BRI projects began implementation in the mid-2010s, LMIC public opinion began shifting toward China. As dozens of LMICs signed up for the BRI, citizens were now presumably experiencing direct economic benefits from Chinese-built infrastructure. China was also investing in building-up its positive image by investing in local media partnerships, including content-sharing agreements and journalist exchange programs, that helped propagate pro-Chinese policy positions.¹⁷ For LMIC elites, China's combination of big-ticket infrastructure financing and delivery, without the

FIGURE 1. Average Public Approval (China vs USA) – All LMICs (2006–2021)

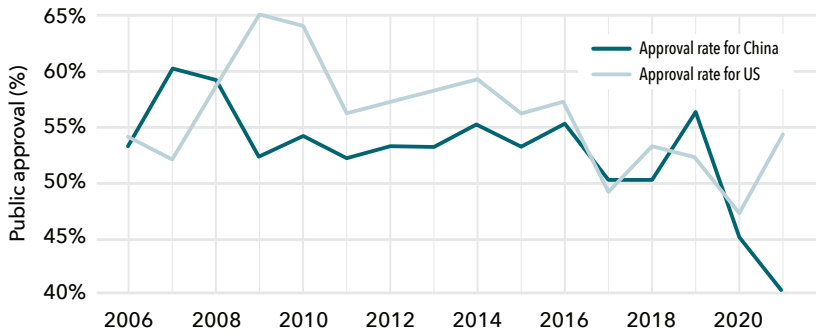
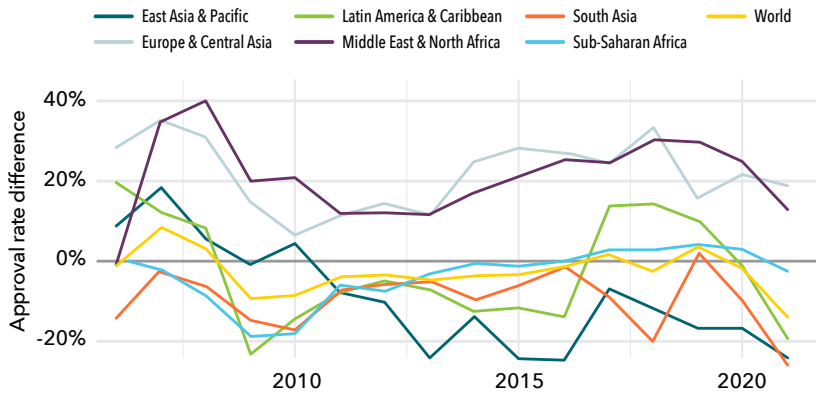


FIGURE 2. Public Approvals (China minus USA) for all LMICs regions per World Bank Country Classification System (2006–2021)



insistence on improving human rights which are typical of western donors, was creating big wins for recipient country elites.

All of this happened at just the right time for China. In Washington, the Trump was questioning much of the international system and even threatening to withdraw from its flagship global partnership, NATO.¹⁸ But after

years of gains, it was likely the Wuhan origins of the Covid-19 pandemic that adversely impacted LMIC and global public opinion toward China during the 2020 and 2021 GWP rounds. Additionally, pandemic induced lockdowns and economic turmoil brought BRI projects and new financing commitments to a grinding halt. By late-2020, the new Biden administration in Washington had announced plans to reverse Trump's "America first" foreign policy. At the time, such pronouncements won Washington tremendous goodwill across LMICs, all of whom were reeling from the economic and social ravages of the pandemic. They expected large-scale debt and covid relief assistance from Washington and multilateral institutions that were under its direct influence.¹⁹

Notwithstanding China's soft power gains during the 2014 to 2019 period, there were also significant variations across major LMIC regions. These differences become more vivid when calculating approval rate differences between China and the United States. This means that larger values on the y-axis imply higher relative approval for Beijing vis-a-vis Washington. From a methodological standpoint, this approach is appropriate because recent research²⁰ has shown that in this era of strategic competition, recipient countries view development financing overtures as zero-sum. The closer they move to one side, the farther they consider themselves to the other. The regional trendlines in Figure 2 reveal that even though global competition for public approval was neck-to-neck throughout the BRI-era, China enjoys a significantly larger lead in two key regions: Middle East & North Africa, and Europe & Central Asia. It rose from the lowest point of around 10 percent in 2014 to over 30 percent in 2017, which is also the year with largest-ever BRI financing commitments. But even before the pandemic, by 2019 LMICs were beginning to face debt repayment challenges on BRI projects, while they also faced greater public scrutiny for their poorer environmental and social protections.

On the other hand, China faced relatively negative public sentiments in the East Asia & Pacific regions, even during years of the BRI financing bonanza. This is a contrast to the 2006 to 2009 period, when public opinion was significantly more positive sentiment toward China. This change of heart could be driven by China's more visible military presence and belligerent posturing in the south China Sea. Beijing has competing territorial claims with several smaller countries, which likely feel intimidated due to their naval

power asymmetry with China. Another major change in sentiment between the pre-BRI and BRI-eras was experienced in the Latin America & Caribbean region. This is America's strategic backyard and one where Washington has historically had near exclusive influence. China's state-owned banking and construction companies showed up big time in major regional powers like Brazil and Argentina. They also easily filled the void in anti-American countries like Venezuela, thus putting the average regional sentiment into the positive territory. As compared to the 2009–2013 period, when China faced a 12 percent deficit in public sentiment, by 2017 it was enjoying a 13 percent advantage over the United States. But out of all countries for which GWP makes data available, the one with the highest average public support for China vis-à-vis the United States is Pakistan, which is also one of the top 5 recipients of Chinese development finance over the 2000–2021 period.

The Case of the China-Pakistan Economic Corridor

Though the Pakistani love affair with China began prior, CPEC is arguably a flagship for China's BRI. Launched in 2014 with tremendous fanfare, then Prime Minister Nawaz Sharif termed it a "game changer" for Pakistan's economic future. Given that Beijing committed over \$70 billion in aid and credit to Pakistan between 2000 and 2021 alone, success (or failure) here would establish the efficacy (or uselessness) of China's model of infrastructure-led development.²¹ With such high stakes at play, and Pakistan's standing as the LMIC with the largest gap between public approval for China versus the United States over the past 15 years, this is a case study of the opportunities and challenges associated with Beijing's use of development finance to gain global influence.

The idea of an economic corridor between China and Pakistan connecting Xinjiang to Gwadar Port follows the footsteps of the ancient Silk Road dating back centuries.²² But despite the remarkable 1970s China-Pakistan feat of constructing the Karakoram Highway from Hasan Abdal, Punjab to Khunjerab Pass, Gilgit-Baltistan, no significant practical steps had been taken on the realization of this potential before the CPEC's establishment. In 2006, the then-Pakistani president Pervez Musharraf proposed a trade and energy corridor between China and Pakistan through Western Pakistan, resulting in

FIGURE 3A. Chinese development finance in Pakistan (2000–2021) – Major Events

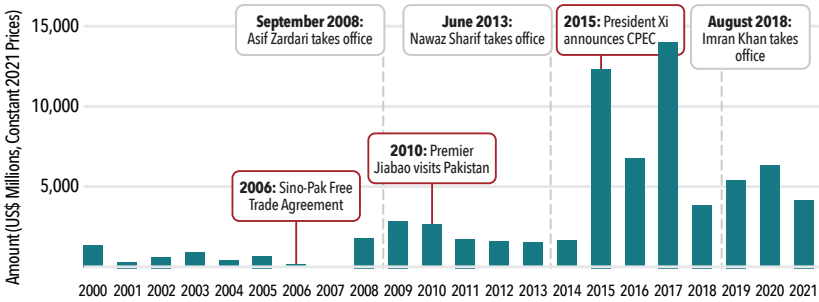
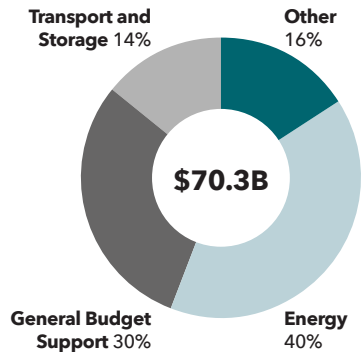


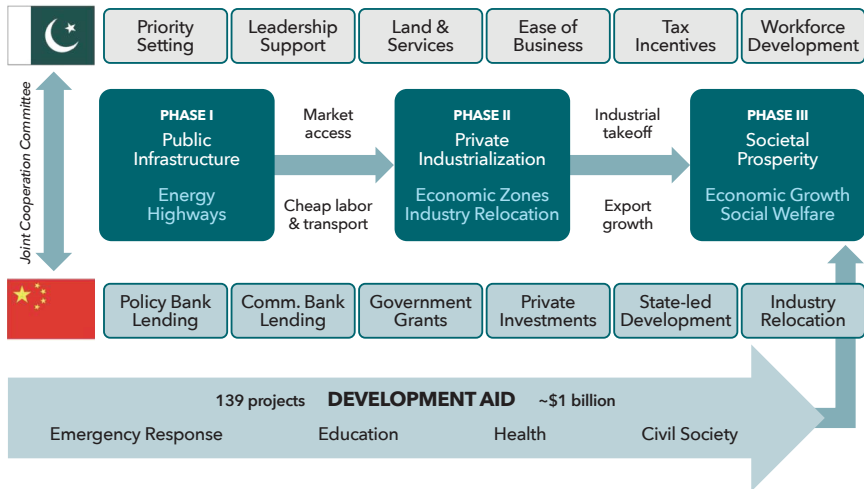
FIGURE 3B. Chinese development finance in Pakistan (2000–2021) – Top Sectors



a framework agreement on energy cooperation that included a proposal for a joint feasibility study for constructing an “energy corridor” between the two countries.²³ Among the projects being considered was a rail link between the two countries, but the project has yet to move beyond the conceptual stage as both countries could not reach an agreement on the cost and the mode of financing, despite years of negotiation.²⁴ Nonetheless, these earlier deliberations led to the later formulation of the CPEC as a connectivity corridor originating in western China, passing through the length of Pakistan, and terminating at the seaports of the Arabian sea at the southernmost tip of Pakistan.

Despite the 2006 Sino-Pak free trade agreement and Premier Jiabao's 2010 visit to Pakistan shown in Figure 3a, tangible development finance was never part of the two countries' longstanding and strong strategic relationship. But soon after Prime Minister Nawaz Sharif came to power in 2013 on an electoral promise of ending crippling power outages, Chinese leaders decided to make their biggest ever bet on the future of Pakistan. During President Xi's landmark visit in 2015, Beijing formally announced it would build a multi-billion-dollar infrastructure and connectivity corridor through the length of Pakistan. Such would be its scale that it would transform Pakistan's economic trajectory by helping it leapfrog the usual decades long and reform intensive economic development process. During the first four years of CPEC, Pakistan had 71 ongoing projects worth \$27.3 billion, a level of Chinese financing that is larger than any other BRI partner country. Pakistan experienced a dramatic increase of 346 percent in annual Chinese average financing commitments during CPEC's first four years, compared to an average of only 63 percent increase across the entire BRI portfolio. Such was Pakistan's emphasis on power that two-thirds of all CPEC commitments have been in the energy sector alone, topping over \$20 billion, which is the single-largest energy portfolio in any BRI participating country.

FIGURE 4. CPEC Theory of Change, created by the author based on data the long-term theory of change and interviews with policymakers in Pakistan²⁵



CPEC's theory of change shown in Figure 4, which was jointly developed by the two planning ministries and formalized in 2017, envisions a three-phase approach toward economic development over two decades. In Phase I, the focus will be on addressing Pakistan's infrastructure deficiencies, particularly in energy and transportation, to lay a robust foundation for bolstering its economic productivity capacity. This has largely been completed as of 2024, though with a four-year delay. Phase II will then target private industrialization by attracting Chinese industries to 19 Special Economic Zones (SEZs) through improved market access and streamlined facilities, including cheap land and utilities. Chinese and other international private companies would bring fresh investment, which would then benefit from the first-rate infrastructure built through Phase I. Through these investments, due to technology transfers and the development of supporting supply chains, Phase III would bring widespread societal prosperity by enhancing Pakistan's export competitiveness, creating jobs, and fostering widespread economic benefits through increased manufacturing outputs for the global market. Even after a decade of this vision being under implementation, interviews with key stakeholders in Islamabad revealed a consensus that following the US withdrawal from Afghanistan, Pakistan's economic future depends on stronger ties with China.

But despite all of Pakistan's state institutions including the powerful military supposedly being on the same page about this imperative, CPEC has been facing implementation challenges since 2018. Over time, these problems have only worsened due to political instability after 2022. First and foremost is the security of Chinese nationals working on CPEC projects on the ground, which has already halted construction activities on multiple sites. Not only have there been at least 100 violent attacks on Chinese interests in the country since 2000, but in recent months a spate of deadly and high-profile Chinese deaths has forced Pakistan to pay \$2.6 million in compensation to the families of each victim.²⁶ The popular perception in Islamabad's policy circles is that Beijing is unhappy with the security assurances provided by Pakistan. During the June 2024 visit of Pakistan's newly elected Prime Minister Shahbaz Sharif to Beijing, during summit meetings with Chinese President Xi Jinping he was seated next to an unusual, but critical official: Pakistan's Army Chief General Asim Munir. This is the clearest indication

yet of the gravity of Beijing's concerns about the deteriorating law and order situation, which is only one of the two primary challenges facing CPEC.

In addition to security, several Chinese state-owned policy and commercial banks are facing tremendous difficulties recovering an estimated \$2 billion in energy sector debt owed by Pakistan's various Independent Power Producers.²⁷ Even though these entities are technically privately held companies owned by a combination of Chinese and Pakistani commercial creditors, under the current policy regime all of this debt (with interest payments) is backed by sovereign guarantees issued by Islamabad. More broadly, 57.9 percent of Pakistan's bilateral external debt is owed to a combination of Chinese creditors, which in the context of the country's unsustainable debt situation makes Beijing a key stakeholder in the country's ongoing discussions with the IMF for yet another bailout loan package. The reason for this is simple: Pakistan's 1994 power policy is structurally flawed, and CPEC's \$28 billion energy sector financing has exacerbated its long-standing energy sector circular debt challenges. The government is by design the sole purchaser of all power from private producers in dollars at pre-guaranteed rates of return, which it is supposed to do by selling electricity to local consumers in a rapidly devaluing local currency through highly inefficient distribution companies. Due to political interference in their operations, electricity bill recoveries are incredibly low and line losses due to theft are incredibly high.

To salvage its own infrastructure-heavy debt portfolio, which is in mortal danger, Beijing's strategy in recent years has been to offer emergency loans to enable Pakistan to technically remain in good standing on all CPEC loans. But its diplomats in Islamabad likely know well that their belief that these repayment challenges are simply a short-term liquidity problem, not a longer-term solvency challenge due to structural issues, is wishful thinking. In the run-up to Pakistan's 2023 IMF standing arrangement, it became obvious that China's strategy was to provide short-term liquidity injections through deposits and currency debt swaps, but only to the extent that it remains in good standing with the IMF. As soon as Pakistan entered its 24th IMF deal, Beijing stepped back and allowed the international lender of last resort to force the government to take difficult decisions that further squeeze the already economically squeezed population suffering from rapidly falling purchasing power.

Previous political relations between China and Pakistan had remained relatively friction-free, due to shared geopolitical objectives and limited economic and societal interactions. The paradox emerges, however, as increasing economic engagements create heightened expectations that prove challenging to fulfill, thus fostering a climate of mistrust. While both countries continue to maintain the diplomatic rhetoric of “iron brothers,” there are discernible signs of divergence. The Chinese authorities have noted a rise in incidents targeting Chinese nationals, despite an overall decline in terrorist activities within Pakistan. Consequently, the Chinese side has suggested bringing in private security personnel from China, which was rejected by the Pakistani side for concerns about potential encroachment on its sovereignty. Meanwhile, Pakistan appears to be redirecting its attention towards alternative avenues for attracting investments, exemplified by the establishment of the Special Investment Facilitation Council (SIFC) in 2023.

Do Great Power Actions Cause Soft Power Reactions?

The GWP data shows that country level soft power indicators shift every single year in response to exogenous local, regional, and global events, including manmade conflicts and natural disasters. They could also respond to when, where, and how great powers deploy the various instruments of economic statecraft that are at their disposal, such as foreign aid, debt relief, or tariff reductions. When analyzing China’s growing global influence, the most obvious factor shaping public opinion about its leadership is the extent and visibility of development finance allocations, particularly big-ticket infrastructure. Studies have shown that citizens of developing countries receiving such projects are more likely to hold a favorable view of China’s leadership and its development model.²⁸ This is particularly true in the short-term, when citizens are mostly likely to benefit from the economic growth benefits associated with new Chinese financed infrastructure without necessarily experiencing their downsides such as longer-term environmental degradation, or disparities in the availability of economic opportunities.

Even great powers work within a finite set of development finance resources which are far outstripped by the scale of their soft power enhancing ambitions. They make “risk-adjusted reward calculations” by prioritizing

countries where their resource allocations would be most likely to reap tangible reputational benefits, particularly in countries with greater geostrategic value.²⁹ With acute awareness of the likely reception new project commitments would get in each country, Beijing could either double down into safer territories like Sierra Leone where public sentiment is already positive, or venture into more challenging places like the Philippines where the general population would likely be skeptical of China's overtures. Contrary to conventional wisdom that China's various government institutions engaging with international partners are operating within a fragmented and uncoordinated system, it appears that in key countries, Chinese diplomatic missions are proactively managing engagement strategies across various state-owned financiers and implementers.

This is certainly the case in Pakistan, where every time Chinese state-owned financiers and power plant operators have threatened to shut down operations due to the \$1 billion in overdue loan repayments by the government of Pakistan, the public affairs section of the Chinese embassy in Islamabad has stepped into the breach. In late-2021, at the height of Pakistan's sovereign debt crisis, this process resulted in the Ministry of Finance creating an escrow account holding a token amount of \$50 million. It was likely just a gesture of goodwill to reassure Chinese counterparts that Pakistan took its financial obligations seriously but was not in any fiscal position to make full repayments.

From Beijing's perspective, it was a win-win solution intended to avert a PR disaster and to protect the sanctity of China's much professed "all-weather strategic relationship" and "iron brotherhood" with Pakistan. It likely prevented another round of anti-CPEC foreign media reporting which would have been triggered by any public statements of discontent from any of Pakistan's Chinese debtors. While Pakistan is indeed a special case where China's geostrategic interests compel it to become very sensitive to any negative PR, in some form or fashion, Beijing is undertaking host country government and media relationship management in every LMIC participating in the BRI.³⁰

But its greatest soft power play remains its multi-billion dollar development finance program, and particularly its big-ticket infrastructure offerings, through which Beijing can build tremendous goodwill among citizens of recipient LMICs. To systematically analyze the link between development

finance and soft power, this paper exploits AidData and GWP to untangle the two from each other. This so-called “action-reaction” conceptual framework can be operationalized, and results used to infer policy lessons through a multistep empirical approach.

Can Soft Power Changes Be Systematically Measured?

To better understand China’s playbook, this conceptual framework is operationalized by following a four-step empirical process to calculate relative soft power gains for China across 104 LMICs for which both AidData and GWP datasets provide coverage.

Data Sources

Based at the College of William & Mary, AidData’s Chinese development finance program collects and publicly reports granular data on thousands of projects committed by China’s vast state-owned sector. It follows the tracking underreported financial flows methodology to bring together this information on the same format as the OECD’s development assistance committee’s guidelines for their 51-donor country strong International Development Statistics to enable apples-to-apples comparisons with other donors. In November 2023, AidData released its Global Chinese Development Finance Dataset Version 3.0, which provides 140 variables on over 21,000 projects committed by 791 Chinese state-owned institutions worth \$1.34 trillion across 165 countries between 2000–2021. For each commitment, it documents comprehensive financing details including but not limited to the following: flow class—aid, or credit; financial terms—interest rate, grace period, and maturity; stakeholders—financiers, implementers, and technical assistance providers; and precise geospatial attributes such as the boundaries of project sites on the ground. In the absence of any official development finance reporting from China, the GCDF series is widely considered to be the go-to resource for granular information on China’s official sector aid and credit program.

Since 2005, Gallup International has conducted nationally representative annual public opinion polling across dozens of LMICs all around the world. These surveys are conducted both in-person and over the phone with

a repeated cross-section of citizens, i.e., every single year they collect data from a unique set of citizens.³¹ Being the most comprehensive global dataset of its kind, GWP tracks global attitudes and behaviors across over 160 countries via nationally representative repeated cross-section surveys every year that cover 99 percent of the world's adult population. It deploys telephone surveys in regions where at least 80 percent of the local population has access to them, and supplements this with face-to-face interviews with the remainder of the sample. Every year, interviewers cover the standard set of 100 questions to allow consistent year-on-year and cross-country comparisons by research analysts. This analysis benefits from two of these questions, i.e., "Do you approve or disapprove of the job performance of the leadership of China/United States?" as it forms the basis of our country-year scores. Using robust sampling frames from official census and other datasets, every country is covered by at least 1,000 respondents every cycle, with significantly greater numbers for larger countries. The data is then reweighted by Gallup statisticians based on demographic characteristics of respondent populations to form nationally representative results for every single year.

Framework Application

The methodological approach followed for operationalizing the action-reaction framework is best illustrated through the example of Bangladesh. For each LMIC in GWP, the average approval rating for the leadership of China and the United States is provided, which serves as the basis for all subsequent calculations. This is done by transforming respondent-level data into binary indicators that assign the score of 1 or 0 depending on whether the respondent approves of the leadership of the great power or not. The resulting data is then used to calculate the country-year level scores to calculate the percentage of respondents who approved of the Chinese or American leaderships.

TABLE 1. Is China gaining or losing ground to the United States? The case of Bangladesh

Early-BRI Years	China Approval	Step 1a: Single Difference China	United States Approval	Step 1b: Single Difference United States	Step 2: China-United States Double Difference
2013	69.6	–	66.2	–	–
2014	47.5	-22.1	44.9	-21.3	-0.817
2015	55.6	+8.1	55.5	+10.6	-2.52
2016	70.4	+14.8	70.5	+15.0	-0.164
2017	62.0	-8.4	52.1	-18.4	+9.99
Avg. (2014-17)	58.8	-1.9	55.7	-3.5	+1.6

- **Step 1: Single Difference China.** Calculate year-on-year changes in average public approval for both China and the United States for each of the years for which data is available in GWP. For example, as shown in Table 1, between 2016 and 2017 the average public approval for China’s leadership fell from 70.5 percent to 62.0 percent and the United States from 70.5 percent to 52.1 percent. The resulting “single difference” scores, obtained by subtracting 2017 scores from 2016 scores for each country, are -8.4 percentage points (pp.) for China and -18.4 pp. for the United States. The latter’s huge fall is likely due to the Trump effect. His aggressive Presidential campaign rhetoric—border wall with Mexico and Muslim ban—had sent shock waves about America’s foreign policy future.
- **Step 2: China-United States Double Difference.** Simply calculate the difference between the two single differences (Step 1a and Step 1b) to obtain the double difference for each year, as shown in the last column in Table 1. In Bangladesh for 2017, the single difference for China is -8.4 percent and for the United States is 18.4 percent, and their difference is +9.99 in favor of China. Because both great powers’ approval ratings fell

during the 2016 to 2017 time, this means that China's loss was *relatively* less than that suffered by the United States.

- **Step 3: Average Double Difference.** For every key time, such as the early- (2014–2017) or late-BRI (2018–2021) eras, calculate the average of double differences. In Table 1, because the double differences for 2014 through 2017 are -0.817, -2.52, -0.164, and +9.99 respectively, the average double difference is +1.6. This means that during the early-BRI period (2014–2017) in Bangladesh, China gained slightly more soft power ground than the United States. However, the magnitude of this gain is small, particularly considering the billions in development financing that Beijing spent in Bangladesh during this period.
- **Step 4: Country Distribution.** Repeat the same calculation for each LMIC and statistically distribute countries as follows: (1) Safe bets: 75th to 100th percentile, these are countries where China made largest gains as compared to the United States; (2) Toss-Ups: 25th to 75th percentile, these are competitive jurisdictions when both great powers are in competition; and (3) Moonshots: 0 to 25th percentile, where China suffered greatest losses and the country has moved decisively toward the United States. These values range wildly from -18 pp. for Malaysia and +60 pp. for Libya.

This prepares the data for final analysis, i.e., comparing predicted and actual allocations of development finance by China in the late-BRI era. We assume that late-BRI financing allocations are decided by Chinese officials' assessment of the direction of relative soft power movement during the period. This is done via a three-step process:

- **Step 1: Average Population by Cohort.** Calculate the average population of each cohort of countries based on the double difference-based country distribution described earlier.
- **Step 2: Expected Allocation.** Allocate expected development finance levels for each country based on their population shares within relevant

LMICs, e.g., since 14.9 percent of all LMICs' population resides in countries in safe bet category during early-BRI era, it is expected that 14.9 percent of its \$368.8 billion (\$54.9 billion) development financing during late-BRI era will be allocated to them; and

- **Step 3: Gap Analysis.** Because the actual late-BRI era development finance commitment levels are known to us thanks to AidData, calculate country-level gaps between expected and actual allocations. This in turn becomes a soft power metric for later use.

For the safe bet category of countries, AidData finds actual allocations of \$62.2 billion, which is 17 percent of China's total development financing in this period, hence the gap between this actual and expected (\$54.9 billion) is \$7.2 billion. This +2-pp. difference between the hypothetical scenario of making a purely non-strategic population-based allocation as compared to the actual presumably strategic allocation approach for safe bet countries suggests that Beijing is prioritizing these countries for strategic reasons.

Findings

During the early-BRI period, China gained over the United States in two-thirds of all LMICs. The average double difference score however is only +3 pp., pointing to a weak relationship between volumes of development finance and opinion. Alternatively, it could be the case that during this period, China's official sector was mostly just committing new projects and had not yet begun implementing them. As a result, recipient country populations were not yet experiencing economic benefits promised by big ticket infrastructure. But beyond these averages, the distribution of countries indicates that China experienced large-scale losses in major countries like Malaysia (-18 pp.), Vietnam (-10 pp.), and Niger (-2 pp.). On the flip side, China experienced significant gains in several others like Jamaica (+16 pp.), Namibia (+10 pp.), and Egypt (+8 pp.).

In at least two-thirds of these countries, there is stiff Sino-US competition, as indicated by double difference scores remaining between -5 and +5 pp. Even though every country context is unique, and several factors shape any country's public sentiment, data suggests that it is particularly sensitive

to a handful of key factors: change in recipient country administrations from pro- to anti-China regimes, or vice versa, as was the case in Malaysia. Another factor is the existence of longstanding, and particularly rapidly worsening, territorial disputes with China, such as in the case of the Philippines. At times, these two interplay to make matters worse, as in the case of the June 2022 change of government in Manila which has crated tensions with Beijing over contested islands and atolls in the south China Sea.

TABLE 2. Expected versus Actual Allocations and Strategic Premiums (by cohorts)

Country Cohorts	Expected (percent)	Actual (percent)	Strategic Premium (percentage points)
Safe Bets	15	17	+2
Toss-Ups	40	63	+13
Moonshots	43	16	-27

Another key finding is that China has allocated two-third of all aid and credit allocations to countries in the toss-up category, implying two points. First, Beijing has an effective nervous system that observes on-the-ground developments to suggest strategic adjustments at a country-by-country level. This is contrary to conventional wisdom that China's vast diplomatic and state-capitalist system is so fragmented that the activities of individual actors are often uncoordinated. As discussed in the Pakistan case study, it appears that China's embassies are playing the coordination role, particularly in managing public relations.

Second, Beijing cares enough about soft power outcomes that it is willing to change the directional flow of multi-billion-dollar financings toward greater strategic needs. A key objective of the BRI is for China to gain new friends, allies, and admirers across the global South. This became obvious to this author in September 2021 after the launch of AidData's flag report "Banking on the Belt and Road." It included granular loan-level details of Pakistan's high indebtedness to China, prompting the leading English daily to write a hard-hitting editorial "Transparency needed" criticizing the government for not being fully transparent on the terms of CPEC loans. This prompted the

Chinese ambassador himself to intervene, reaching out to seniormost officials in Islamabad to “fix this,” i.e. the public relationships debacle caused by this new dataset and report.

The data makes it clear that Beijing is a risk-averse development financier. It allocates only 16 percent of total development finance to moon-shot countries where it knows development finance would not have the reputational gains. This suggests that China’s development finance thinkers have decided that it would play safe and avoid playing the “high risk high reward” play that it could have considered during the late-BRI years. In countries where Beijing facing headwinds, and the LMIC’s public opinion is shifting toward the United States despite being part of the BRI, China’s approach has been to check out rather than aggressively pursue development financing led recovery efforts.

The case of Zambia during Edward Lungu’s government is a case in point. After three years of unprecedented new commitment levels touching \$3 billion, the debt-to-GDP ratio hit the alarming level of 100 percent by 2017. When the IMF’s surveillance report pushed the alarm button on debt sustainability in 2018, Chinese financiers had all but checked out of the country due to high financial risks. Since the IMF’s warning, which later proved true as Zambia defaulted on external obligations in November 2020, China has not made any new development finance commitment.

Policy Lessons for Washington

In a world where Beijing is outspending Washington, and will likely continue in the foreseeable future, US policymakers must adapt to the need to accomplish more with fewer resources. Amidst the growing sovereign debt crisis and frequent implementation challenges on the BRI, and the US government’s strong push to compete with China in development arenas, policymakers at Departments of State, Treasury, USAID, and beyond sense a silver lining. As China faces backlash from the recipients of its various BRI projects, they have an opportunity to fill the void by offering alternatives that are more sustainable from an environmental and social standpoint.

However, as many agencies are now discovering, this is easier said than done. They are grappling with new ways to allocate their limited time, money,

and effort in making inroads within some of these BRI buyer's remorse countries. For starters, several Southeast Asian and Pacific countries are increasingly seen as fertile ground for competitive engagement. They have either experienced backlash against the BRI or are otherwise seen as being strategically vital for American national security interests in the region. For example, after coming to power in 2018, the Pakatan Harapan coalition under Prime Minister Mahatir Muhammad of Malaysia immediately suspended two allegedly overpriced and corruption-riddled BRI projects: the \$20 billion East Coast Rail Link megaproject funded by China Eximbank and a \$2.5 billion gas pipeline project.³² Muhammad vowed to renegotiate contract terms, citing excessive borrowing for unnecessary projects based on media reports that the Chinese government had advised the previous government of Najib Razak to set project prices above market value.

But, because countries like Malaysia in such situations will then rapidly require alternative financing options, the United States and its allies would have to build surge capacity to fill gaps left by such instances of BRI backlash. Yet, in reality, mobilizing multi-billion-dollar infrastructure financing, let alone organizing construction consortiums, requires intensive coordinated efforts over many months if not years. The only viable way in which they could truly provide alternatives is to have their hands on the pulse of potential backlash in at least a key set of BRI countries of interest.

This paper provides a conceptual framework, measurement methodology and some early findings in this regard that lays the groundwork for further analysis on a country-by-country basis. Such elevated policy analytics would require a whole-of-government effort led perhaps by the Department of State with strong support from agencies like the USDFC, USAID, Treasury, MCC, Commerce, and the White House.

Because 70 percent of Beijing's BRI debt portfolio is in countries which are either already facing, or about to enter, sovereign debt distress, it is expected that many more countries will face public finance crises as in Zambia, Ethiopia, Sri Lanka, and Pakistan in recent months. While China is not the largest bilateral debtor to most developing countries, recent cases of post-default debt reprofiling like Zambia and Sri Lanka have shown that Beijing tends to play hardball when it comes to coordinating with Paris Club donors. It is likely that more LMICs might experience their own version of BRI buyer's

remorse, perhaps regretting their overenthusiastic embrace of large-scale project loans without adequate due diligence. In addition to more project financing, debt relief on existing burdens is another arena where the United States and its allies could make inroads. Together, they are majority shareholders in major MDBs including the IMF which is responsible for rescuing countries in severe debt distress.

To achieve both objectives, the US government must first have tacit knowledge of every LMIC's standing on the BRI buyer's remorse meter which can be calculated using the measurements introduced in this paper. In fact, this analysis could be further developed by adding other indicators of elite support and even media sentiment using real-time data sources, such as UNGA voting patterns, elite surveys, and sentiment analysis on social media, and regional journalism reporting. This evidence-based body of knowledge could then be supplemented by concerted efforts, in partnership with US development and diplomatic agencies with on-the-ground presence in LMICs, to develop a more robust understanding of the local political economy related to development financing. This analysis could then become the basis for developing ready-made intervention packages in coordination with multiple agencies and coordinated through US embassies. These could include a combination of financing and planning for infrastructure projects, coupled with technical assistance to improve the environmental and social governance of public infrastructure. This preparatory work will make it much easier for the United States and its allies to quickly and effectively offer alternatives if and when opportunities arise in BRI partner countries.

Moreover, this paper can therefore become the starting point for such an approach as it aims to empower public decision makers in Washington to be better equipped with a conceptual framework, accompanying measurement framework, and a highly localized case study of Pakistan to operationalize it in a key strategic priority country. During and after political transitions, particularly those where long serving and/or pro-China incumbents like Sheikh Hasina of Bangladesh or Nawaz Sharif of Pakistan lose power, the United States and its allies will naturally have space to enter the fray with civil society-based interventions and government capacity-building programs to evaluate the long-term benefits of big-ticket infrastructure. This will be particularly helpful in countries where political opponents fought and won elections on

electoral manifestos promoting visions of economic development that prioritize social spending over new public infrastructure.

Because China's BRI is based on its own model of development, i.e., infrastructure-led economic growth based on productivity gains in the absence of democratic institutions such as transparent governance or freedoms, leaders opposed to this manifestation will likely be more receptive to Washington's overture. Even in the most pro-China LMIC Pakistan, where elites, media, and public alike associate their country's fortune entirely with Beijing's worldview, immediately after the 2018 election when the social spending leaning Imran Khan came to power and was negotiating a new bailout with the IMF, prominent members of his ruling party publicly questioned the wisdom of their predecessor's big ticket infrastructure heavy approach to development.

In the foreseeable future, Washington would likely have plenty of such opportunities for making inroads in countries that have been leaning toward China. But its capacity to mobilize its own resources and re-engage with its erstwhile civil society partners will hold the key to success.

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2023-24 WILSON CHINA FELLOWSHIP

Feeling Blue: Are Taiwanese Youth Becoming Less Pro-Independence?

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Abstract

The goal of this project is to address two interconnected puzzles, one of scholarly inquiry and the other of critical relevance to the foreign policy community: why are Taiwanese youth less pro-independence than in previous years? Why have young Taiwanese voters become more attracted to the pan-blue Taiwan People's Party (TPP) instead of the pan-green Democratic Progressive Party (DPP)? By conducting 20 qualitative focus groups around Taiwan with over 100 college students, this paper begins to theorize why exactly we may be seeing a change in political attitudes within Taiwan's youngest voting demographic. This project is particularly relevant to both the policy and academic communities because it addresses a growing foreign policy question: what explains fundamental changes in voting behavior in Taiwan? How might these changes alter Taiwan's own foreign policy goals? How can we better understand, and subsequently predict, how Taiwanese voters will behave in the future? Understanding how the youngest cohort of voters in Taiwan feels about politics, identity, China, the United States, and their own aspirations will become a paramount question for both scholars and politicians in the coming years. This project is the first to exclusively focus on Taiwan's youngest voting demographic. Despite speculation and inference from other data sources, we lack meaningful data that helps us understand Taiwan's youth. This project will fill an increasingly important gap for both the foreign policy community and academics alike.

Implications and Key Takeaways

- Contrary to common wisdom about young Taiwanese having strongly pro-independence views, research indicates that most of Taiwan's youngest voters are adamantly pro status quo and do not want Taiwan to pursue formal *de jure* independence.
- Support for third parties in the 2024 election has much more to do with a rejection of the DPP and Kuomintang (KMT) as dominant parties than genuine support for Ko Wen-je or the TPP's party platforms. Young voters do not value identifying with a major political party, and instead see Ko and the TPP as a means to express opposition to the status of party politics in Taiwan today.

- Youth voters do have sincere demands for better wages and housing in Taiwan. While some do cite these two social issues as their reason for not supporting the DPP in the 2024 election, focus groups reveal that these social issues are not enough for either major party to win back youth support.
- Taiwanese identity may be shifting for its youngest cohort. How political parties try to appeal to youth voters will have to change because of their qualitatively different view of political parties.
- Support for the status quo is likely to endure across generations. Foreign policy analysts should not anticipate Taiwanese civil society advocating for any major change in the status-quo. Instead, we should anticipate pragmatic voting behavior from Taiwanese citizens in the coming years.

Introduction

Youth politics in Taiwan are changing. Ever since the 2014 Sunflower Movement, a mass social protest that mobilized around anti-PRC influence and pro-Taiwanese independence, a common wisdom emerged around the politics of Taiwanese young people. This so-called “naturally independent generation (天然獨)” are green-leaning, pro-independence, and anti-China.¹ Indeed, research in the years after the Sunflower Movement demonstrates that the young generation that grew up with and were politicized by the Sunflower Movement hold such pro-Taiwan leaning views.² Through the 2020 presidential election, the youth vote was seen by most Taiwan experts to be pan-green.³

In the buildup to the 2024 presidential election, however, there has been a rude awakening for those who follow Taiwan’s youngest generation of voters. This new cohort— between 18–25 years old, who did not vote in 2020, and were likely not politicized by the Sunflower Movement —seem to have qualitatively different politics than the slightly older generation above them. The new youngest generation of Taiwanese voters were reported to be less supportive of the DPP and pro-independence politics than many Taiwan observers would have inferred. Indeed, public opinion data in the lead up to the 2024 presidential election showed that the DPP was not the most popular party for 18–30 year-old citizens.⁴ In fact, this young cohort was not supportive of any pro-independence leaning party. Instead, their support was coalescing around a new political party: the Taiwan People’s Party.

The Taiwan People’s Party is headed by former Taipei mayor Ko Wen-je. Ko may be a new name for those who do not closely follow Taiwan’s domestic politics, but he has been a regular feature of Taiwan’s political scene since the 2014 Sunflower Movement. Ko himself was present at and supportive of the movement, which is where his original base of support came from.⁵ When he first ran for mayor in 2014, it was a pan-green, pro-independence base of voters that mobilized for him. The DPP endorsed his candidacy in 2014 and did not run anyone against him. Ko even endorsed Tsai and many DPP candidates in 2014, as well as some fringe pro-independence candidates from the New Power Party. While Ko’s rhetoric claimed he was beyond traditional pan-Blue and pan-Green political distinctions, he was considered *de facto* pan-green.

Ko, however, became a very different politician once he was elected. His *de facto* sympathy for pan-green politics radically changed, and his green-leaning

base of support quickly began to question their loyalty to him. His notorious rhetoric of “兩岸一家親 (two sides of the Strait, one family)” was seen as an unacceptable framework for his base of support.⁶ He also created a new robust relationship with Shanghai’s city government to increase relations between Taipei and Shanghai.⁷

In light of these and other incidents Ko was already seen as more pan-blue than pan-green by 2018.⁸ Without the endorsement of pan-green politicians, he struck out and formed his own new political party in 2019, the Taiwan People’s Party. Ko recruited mostly existing pan-blue politicians who were open to joining a new party, including former KMT and even deep-blue New Party members. Ko and the TPP even worked closely with Terry Gou, the former CEO of Foxconn and KMT presidential hopeful. After the party saw mild success in 2020, it was able to build momentum for four years under Tsai’s second term, during which Ko began making major moves to portray himself as different from other politicians.

Ko would not self-describe as pan-blue or pan-green. Instead, his whole appeal is his claim of being above the partisanship of blue-green politics.⁹ He began building an incredibly successful online persona, taking advantage of TikTok, Little Red Book, and other social media platforms that are particularly popular with Taiwan’s youngest generation. Ko’s speaking style is bold, blunt, belligerent, and very different from how most politicians in Taiwan talk. This direct, almost populist approach has created a strong cult of personality for Ko within Taiwan’s youngest generation.

Two connected themes began to dominate the 2024 election: young people are less supportive of the DPP and more supportive of Ko Wen-je, who is more sympathetic to pro-China politics than the DPP. This has created an empirical question that social scientists have been trying to better understand: what exactly are the politics of Taiwan’s youngest generation? How do Taiwan’s youngest voters vary in comparison to older generations? Are young people in Taiwan actually less pro-independence, and even perhaps, more open to China?

The goal of this paper is to begin a proper empirical study to explain what exactly young people in Taiwan feel about their politics and Taiwan’s future. Despite many analysts hypothesizing what exactly young people want, there is a major gap in empirical data and evidence to answer these questions.

Methodology

Rather than assume the politics of young people, this paper begins to build a theory of youth politics from the beginning. To do so requires qualitative data that allows young voters the opportunity to openly and freely express their political ideals and stances. In order to account for as much variation as possible, while also eventually narrowing in on key themes and factors that matter most to young voters, I utilize focus groups with young college-aged students between 18–22 years old on college campuses around Taiwan. Focus groups allow me to collect open answers to large, complex political questions that could not be answered in a survey.¹⁰ They also allow for an opportunity distinct from one-on-one interviews: dialogue between fellow young voters. Unlike an intimate one-on-one interview, focus groups give respondents opportunities to engage, build on, and disagree with other voters. Doing so gave me unique insight into how widely youth political attitudes can vary. Focus groups, however, did illuminate a number of consistent key themes that are clearly part of most youth political attitudes.

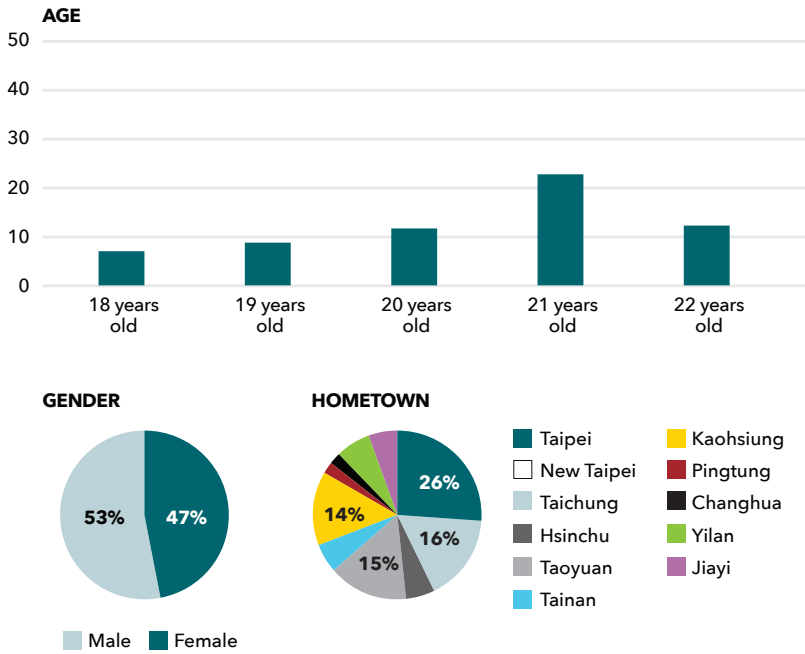
The qualitative data presented here cannot and does not claim to represent all young voters in Taiwan. Instead, it highlights key variations and themes within youth politics. Future survey research will better highlight more specific trends within youth politics. However, before surveys can be properly conducted, qualitative research is integral for deriving hypotheses and identifying what exactly what surveys should be testing. The data here should not be taken as representative. Instead, it should be read as an analytical starting point that highlights key themes for further, more narrow investigation.

Twenty focus groups were conducted at 16 different universities around Taiwan, with 107 participants in total, averaging five participants per focus group. All participants were undergraduates ranging from 18–22 years old. Although most universities were located in Taipei, only 42 percent of participants were from Taipei or New Taipei, with 58 percent coming from outside of Taipei.

Results

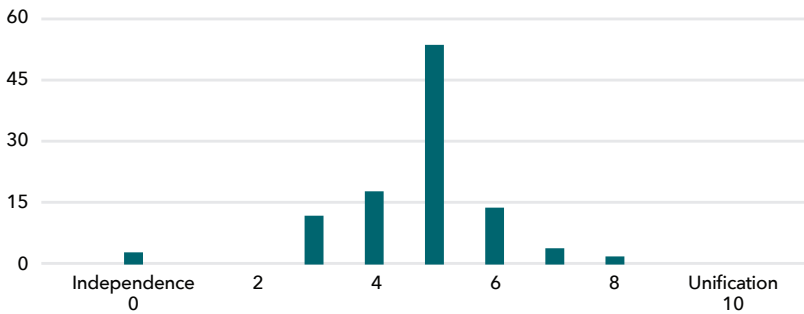
Before delving into the findings from the focus groups, there is one key finding to address upfront. Although I did not conduct any formal written surveys with the focus group participants, I did have them fill out a short

FIGURE 1. Age, Gender, Hometown



questionnaire that asked their age, hometown, etc. I took advantage of the opportunity, however, to ask one survey question: on a scale of 0–10, with 0 being very pro-independence, 5 being pro-status quo, and 10 being very pro-unification, where would you place yourself? The language I used was consistent with how most surveys in Taiwan ask about support for independence, status quo, and unification.

If the main question of this paper asks if young voters are feeling politically “blue,” then this one survey question offers immediate insight: No, they do not. Young voters are not skewing more towards unification. They are also not, however, skewing “green,” although there were more green-leaning respondents than blue-leaning respondents. Most critically, the majority of respondents placed themselves neatly in the middle. Young people that participated in my focus groups were overwhelmingly pro-status quo.

FIGURE 2. Attitudes Towards Independence-SQ-Unification

Contrary to common wisdom that all young people must be deep green pro-independence supporters, my immediate findings challenge this wisdom. Instead, young voters see themselves as far more moderate in what they want for Taiwan’s future compared to more radical positions on Taiwan’s contested status. This single question was a valuable source to contextualize and ground my discussions and analysis of these focus groups. Although we may already have a short answer to the larger question of what “color” young people are feeling, the question now becomes *why* they are so overwhelmingly pro-status quo as opposed to pro-independence.

After coding and analyzing the focus group data, I found three key themes around how young people feel about Taiwan’s future: embracement of status quo politics, a rejection of party identity, and livelihood uncertainty. In the following section, I will share some of the discussions had surrounding each of these topics.

Being Pro-Status Quo

The biggest challenge with any discussion of “status quo” is what exactly people mean by it, and the discussions in these focus groups were no exception. Despite overwhelming identification with the status quo, understandings of what it meant varied. Ironically, students were also seemingly aware of how difficult it is to discuss the status quo, despite identifying so strongly with it.

“It really is ambiguous in almost every situation,” said one participant, “even more than ‘independence’ or ‘unification,’ I feel like we all have a different understanding of what exactly status quo means.”

So how did people define the status quo? There were seemingly two interpretations of the status quo among participants: by identifying what they want for Taiwan and what they don’t want. Specifically, most defined supporting the status quo by expressing how much they do not want independence or unification. “I want the status quo. To me that means not unifying with China, and not saying anything too radical about independence. Status quo lets us keep our lifestyle, so that’s why I support it.” “Yes,” another said in response, “independence is dangerous and unification is dangerous. I just do not want war.”

Others defined status quo by discussions of international relations. For example, some emphasized Taiwan’s international recognition: “We all know that we already have everything that makes us feel like a country...laws, government, it is just we do not have a lot of diplomatic allies, but this also keeps us safe. I guess that is what status quo means to me. That we accept this lack of allyship in exchange for getting to exist as a peaceful democracy.” Some in this group pushed back, however, and highlighted that it really isn’t a question of allies, but of the United States and China. “There is really only one ally and one enemy that matters though when it comes to the status quo: the US and China.”

Similar discussions over the status quo focused largely on Taiwan’s precarious position in the Taiwan Strait and fear of unification with China. One group discussed what happened in Hong Kong as a warning for Taiwan. “When I saw the protests in Hong Kong, I knew that unification would always be a bad idea. That is why I want to keep the peace with the status quo, because I don’t want to change how we live our lives like they did in Hong Kong. If we unify, we lose our rights and our lives will change. The status quo, even though it is ambiguous, it lets us be safe.” “But” said another in response, “the problem is we have to be on good terms with China. If we cut off ties that is also changing the status quo. We need more peaceful relations with China—not unification, but we need to be able to communicate with them.”

Some did acknowledge the ambiguity around defining Taiwan’s *de facto* independence and status quo:

We are already independent. We all know that. Nothing about our lives makes us feel like we are not independent, except for the fact that we know we cannot say we are independent, because that would be dangerous.” Someone added, “Plus, what so many people in the DPP mean by independence, is to say it out loud, while most of us know that if we are just quiet about it, we can remain peaceful.

What do these reflections on the status quo from young people indicate? First, there is serious need of stronger empirical studies that properly account for the various ways Taiwanese civil society defines and interprets the meaning of “status quo.” Although we already know the meaning of the term varies widely within civil society regardless of generation, there does not seem to be a consensus in how to define the term among youth voters.

Broadly, the way young voters defined the status quo was consistent with how other political figures or organizations define the status quo, in either one of two ways. First, many see the status quo as *de facto* independence, meaning Taiwan’s *unofficial* status as a free democracy, but without formal *de jure* statehood, is the status quo. For others, defining the status quo is more about what Taiwan should *not do*. For this group, the status quo is defined more by explicitly stating that they do not want to pursue formal *de jure* independence, nor do they want unification with China. For this group, their pro-status quo stance is not about whether or not Taiwan is or is not functionally independent, but rather about defining what actions Taiwan ought to take to ensure it remains functionally independent. Although these two approaches are not mutually exclusive, respondents did seem to emphasize either one or the other.

Why were young people pro-status quo? Why did they not want to pursue formal independence? Instead of holding strong, deep-green desires for formal independence, as is often the perception of young people in Taiwan, participants in these focus groups were overwhelmingly pragmatic. Young voters want the status quo because they want peace and normalcy. Supporting the status quo because it helps keep the peace is a view consistent with representative polling in Taiwan. The youngest demographic in Taiwan does not seem to skew more radical or more extreme than the general public. Instead, they share the view that 80 percent of Taiwanese society hold: to support some version of the status quo, rather than pursue formal independence or unification.

For policymakers in Washington, DC and Taipei, this should be a welcoming sign. Although broader surveys are needed to confirm the extent to which the youngest demographic is pro-status quo, initial data here indicates there needn't be concern that new voters in Taiwan are likely to seek changes to Taiwan's formal status that would rock the boat or cross any red lines. Instead, this young demographic is likely to support the status quo in line with what Taiwanese voters have wanted for decades. US-Taiwan policy in both DC and Taipei should subsequently continue their agendas of maintaining the status quo in line with what voters—particularly young voters—want for Taiwan's future.

Rejecting Party Identity

What does youth support for Ko Wen-je mean for their perceptions of parties and party politics? Focus groups revealed a large amount of variation in how people actually felt about Ko. Although many respondents said they planned to vote for him, not everyone expressed genuine support for Ko or his party. Instead, much of the love felt for Ko from the youngest generation had more to do with rejecting the DPP and the KMT. This divergence between those who were voting for Ko in order to protest vote against the DPP or the KMT, versus those who genuinely supported him, was strikingly clear.

“Ko is who I will probably vote for,” said one participant. She continued, “but he is not really my favorite candidate. I just don't know how else to express that I do not want to always have the same two parties always in politics.” In response, another person said, “I agree. But I actually really like Ko. I thought he was a good mayor. He is able to actually communicate to us in a way that makes sense.” Said another, “He does what he wants. He isn't limited by political parties or by what parties want him to say.” It was this particular theme that caught my attention among many discussions of Ko—the idea that he does not have to adhere to party politics, or at least the culture of party politics that participants have come to expect of politicians—was one of the charismatic appeals of Ko.

In another conversation, the group discussed the various YouTubers and TikTok accounts that supported Ko. “So many online personalities love Ko. It has helped me see that he's far more capable than anyone else. Plus, when you see him talk to reporters, he responds differently than other politicians. His

logic makes more sense to us [young people].” Others felt differently. “I don’t care as much about Ko himself. I think some of the online campaigns in support of him feel a bit over the top.” “I would never vote for the KMT, so Ko is sort of all I have left.”

One focus group, however, put their frustration in a way that went beyond basic questions of support for Ko, and ultimately identified the broader theme regarding party identity:

The DPP and KMT are treated like religions. But I don’t see them that way. My parents’ generation seem to treat a political party like it’s their religion.” After making this comment, another person responded, “Yes! It is like brainwashing! They want to brainwash you like religions do. I feel like we’re constantly trying to be brainwashed from one party to the other.” Another picked up, “So because of the way parties are treated, for me voting has lost a lot of its meaning. If you vote, great, if you don’t I respect that, too. It doesn’t really matter.

In every focus group, there were deep discussions around rejecting the DPP and the KMT. Not everyone rejected these two parties—plenty of young people planned to vote for the DPP and for Lai. However, there was still a sense of dissatisfaction and lack of party loyalty among Lai voters. As one participant put it, “Lai does not seem like a very good guy to me, and I would never vote for the KMT, and I don’t really like Ko either. I’ll vote for Lai, but just because he happens to be the least bad to me.” Another participant agreed with them: “Yes, I remember when Tsai ran, Lai tried to attack her, and it became a faction battle. Lai doesn’t seem like a very good guy to me either. He seems more loyal to his faction than anything. But who else can us green voters vote for?” One participant also elegantly explained why she and so many supported Ko: “I think a lot of us young people misunderstand Ko and think he is some sort of extra-special politician, but that is just because he is new, and we don’t know what to expect from him as a president.” It was not necessarily genuine support for Ko or his party, but rather the fact that he represented something other than the two major parties, that inspired support.

A clear theme emerged across focus groups surrounding how young people related to and identified with the KMT and the DPP. Participants across

backgrounds strongly seemed to reject the importance of party identity: a sense of loyalty and attachment to one of these two parties. Previous research shows that the salience of party identity has been declining in Taiwan for years. However, participants were not simply identifying as “independents” or choosing not to identify with a party. There was a perception that party identity was pejorative and undesirable.

What was most shocking, however, is that rejection of the DPP and the KMT had little to do with their actual political platforms. Instead, there were two key frustrations surrounding this rejection of party identification: the quality and character of these two parties, and the ossified, ubiquitous presence they hold over Taiwanese politics. Put differently, young people were clearly frustrated by perceptions of corruption and dirty politics, but also the perception that a good political Taiwanese person must have some amount of loyalty to one of the two big parties.

This broader theme of rejecting party identity—specifically refusing to identify with one of the two major parties—has two potentially major implications for understanding the youngest cohort of voters in Taiwan. First, there is a potential shift in the meaning of Taiwanese identity for young voters. For decades, especially post-democratization, the DPP and the KMT have become fundamental aspects of Taiwanese identity. Whether or not you identify fully with one of the parties, or just traditionally vote for one of them, these two parties have played a central role in what it means to participate in Taiwanese democracy. For this youngest generation, however, there appears to be a desire to separate the importance of these two political organizations from what it means to be Taiwanese. Instead of seeing these two political parties as integral parts of Taiwanese identity, young people are less likely to put so much importance on identifying with one of these two parties.

Second, the decline of party identity saliency has important implications for electoral politics in Taiwan. If we are to understand how and why young people in Taiwan were so much less inclined to support the DPP in the 2024 election, we must first understand that their whole approach to political parties and the importance of political party identity may be qualitatively different from older generations. Even though the majority of participants were pro-status quo, with views that are highly skeptical of the PRC and even the KMT, it is unlikely that the youngest generation will easily side with the DPP.

Even if their political views are closest to the DPP, participants were not simply measuring which party to vote for based off political platforms.

Instead, there is a frustration and disenfranchisement with the political party system in Taiwan. Rather than being seen as the political vehicles that are necessary to decide the future of Taiwan's contested status, younger voters see the DPP and the KMT as organizations that hinder, as opposed to help, Taiwan's political process. Despite both parties spending much of their campaign rhetoric emphasizing their respective roles in Taiwanese history, these appeals are less and less likely to win over young voters, even if they may be aligned on policy issues.

Where might this change of identity come from? One potential explanation may be populism. For years, political scientists have been studying the spread of anti-establishment views and skepticism of political elites through the theoretical lens of populism. Although populism in Taiwan is still a relatively new area of study, it has the potential to serve as a critical starting point for understanding political skepticism towards parties among Taiwan's youth. Theories of populism would argue that what we are seeing among not just the youth who feel the desire to reject identifying with one of the major parties, but potentially Ko supporters more broadly, is actually a Taiwanese form of populism. Whether Ko himself is actively selling this ideology, or if it is something that the youth generation have come across through other means, I have noticed strong populist themes within how many young voters describe their feeling towards why they rejected the KMT and the DPP. Future studies of youth politics in Taiwan must at least take populism into account and test whether or not it truly can help us understand this growing trend of political distrust.

Livelihood Uncertainty

Youth voters appear to be highly pro-status quo, but also do not seem to strongly identify (or want to strongly identify) with either major party. What then, do young people actually care about? What are the political issues that are most important for young voters? For those who closely followed the 2024 election, it will be no surprise that wages and housing were among the most widely cited topic.

“We are the ‘rent forever’ generation. We are never going to be able to buy our own home. I may not even get to move out from my parents. Taipei has become so unaffordable, and I do not know how we are supposed to live.” This theme of ‘rent forever’ was a commonly cited phrase in focus groups, with a specific emphasis on how young people *wanted* to buy a house, but simply could not envision themselves ever doing so. The repercussions for their inability to buy a place to live, for many of them, felt astronomical in how impactful it would be on their lives. “If I cannot buy a house, I’m not going to get married. If I do not get married, I am not having kids. If I do not have kids, Taiwan’s economy is not going to grow.”

This sense of existential anxiety about their future, specifically because of housing, was ubiquitous across focus groups. There was also sincere frustration from this youngest demographic over how little most seemed to care about the livelihood of young people during the election. “Taiwan is so focused on cross-strait relations that it has forgotten the need to take care of us [young people]. The poor are poorer, the rich are richer,” said one respondent. This sense of frustration over how much attention cross-strait politics received during the presidential election was a consistent theme among young people, among both those that supported Ko and those that did not. “It is not that we don’t care about China. Of course we do not want China to attack Taiwan, and we do not want to become part of China. But what are we supposed to do when that is all we talk about?” In response, another participant said, “The next president needs to focus on helping us young people. If Taiwan keeps up this way with only the same issues with no improvement for everyday life, Taiwan will be reduced to nothing.”

Many focus groups made a nuanced link between the needs of daily life to the future of Taiwan. While it may be easy to see young people focusing on wages and housing as a form of not caring about Taiwan’s contested status or Taiwan’s future, for many the two were interlinked. For many participants, if you care about Taiwan maintaining its freedom, young peoples’ needs need to be taken care of. But to only debate the broader, theoretical issue of status quo versus independence politics was no longer enough for participants. Instead, they want politicians to also connect their daily needs with the future of Taiwan’s sovereignty.

Conclusion

Are Taiwanese youth feeling more ‘blue?’ They certainly seem to be far more jaded with politics, parties, and the process of elections in a way that is alarming for Taiwan’s overall democratic health. However, they are not becoming more KMT or pro-China leaning. On the contrary, they are becoming far more pro-status quo. This adamant support for the status quo, rather than pursuing formal independence, is rooted in pragmatism and a desire for peace, something that is not unique to Taiwan’s youngest demographic.

Where there is departure, however, is in how young people related to political parties. Young people reject the need to identify with major political party. Their reasoning varies, but largely revolves around a dissatisfaction with how the two major political parties behave along with a societal expectation that a good Taiwanese person sides with one of the major parties. Instead, young people want politicians to focus on what they see as the most fundamental issue with their future: wages and housing. Not simply because these are boiler-plate talking points for young people, but because for this demographic, Taiwan’s future is tied to whether or not young people can lift themselves up. If politicians ignore the livelihood of young people, then there may be serious repercussions for Taiwan’s future.

Although this focus group data offers potential implications for the future of Taiwanese identity and voting behavior, what takeaways are there for the US foreign policy community? First, the common wisdom that all young people are radically pro-independent or are more likely than not to desire formal independence, should be challenged. Instead, the status quo should be seen as the default position across age groups, including the youngest voting demographic. This means that, in the future, Taiwanese civil society is likely to continue its demand for no change. As president, William Lai and the DPP will have to continue to respect that the majority of Taiwanese voters want to maintain the status quo rather than pursue any formal change in Taiwan’s sovereignty. While this was an assumption for older generations, the fact that young people are also adamantly pro-status quo adds another layer of deterring change on whatever party is in office.

It also has important implications for how we see young voters in future elections. Young voters are not dogmatically aligned with the DPP, or any major party. Despite their seemingly strong support for Ko and the TPP in the last major election, this should not become a given or assumed in the

upcoming 2026 local elections or the 2028 national elections. Focus groups revealed that young people do not value identifying strongly with one particular party. We subsequently should not assume that they will continue to vote for Ko or the TPP, or Lai and the DPP. Instead, our assumptions about the future of youth voters should be flexible and contextualized in whatever is currently affecting the daily lives of young people most.

The US foreign policy community should anticipate that most people in Taiwan are unlikely to want to pursue major changes to the status quo. Despite some vocal advocates for either formal independence or formal unification, the vast majority of people in Taiwan support the status quo. This is especially true for the youngest generation of Taiwanese voters. Contrary to expectations that they may be more pro-independence leaning, current findings suggest far more pragmatic politics. Voting behavior in Taiwan is likely to reflect this support for the status quo in the coming years as Taiwan looks towards the 2028 national elections.

Strong support for the status quo also carries important implications for those following the PRC's ambitions to unify Taiwan. If the PRC is able to see how popular the status-quo is among the Taiwanese public—especially the youth—then this could help deter their perception that action for unification needs to be taken sooner than later. While some theorize that the PRC believes the “window is closing” in terms of its timeframe to unify Taiwan, the fact that there is still widespread support for the status quo should put the PRC at ease. When more people in Taiwan support how things currently exist and do not wish to seek formal independence, it means that the PRC should not feel that urgent action for unification needs to be taken.

Based on these initial results from focus group data, future research will turn its attention to conducting survey and survey experiments that are able to more accurately explain changes in youth political attitudes. Although data from these focus groups can shed light on what major themes are worthy of study when it comes to youth politics, additional research is needed in order to show broader trends and relationships between these factors.

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2023-24 WILSON CHINA FELLOWSHIP

Do Currency Swaps Help China Win Friends and Influence People? Evidence from Argentina

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Abstract

The People's Bank of China has signed bilateral swap agreements with dozens of foreign central banks since 2008, turning China into a major international lender of last resort. China's swap lines have both economic and geopolitical objectives, which include increasing political support for China on the international stage. This paper examines whether China's bilateral swaps shift foreign public opinion towards China. The empirical analysis focuses on Argentina, which has actively used its swap line to help address the country's severe economic difficulties. To examine the effect of the currency swap, I designed a survey experiment that primes some respondents about the swap. The experiment was embedded within a nationally representative survey conducted during the 2023 election period. I find that priming Argentine citizens about Chinese financial assistance does not increase the average citizen's desire to strengthen ties with China. Instead, we find that Chinese financial assistance has a polarizing effect on public opinion: it increases support for China among those who favor the incumbent party, but reduces support for China among opposition voters. In sum, Chinese financial assistance does not uniformly improve the country's image, and actually worsens the country's standing among some segments of the population. This suggests there are limits, when it comes to public opinion, for China's "bailout" diplomacy.

Policy Implications and Key Takeaways

- The People's Bank of China has signed bilateral swap agreements with more than 40 countries. These swap agreements are an important component of China's economic diplomacy. Improving foreign sentiment towards China is one major goal of these diplomatic efforts.
- Argentina has reaped large economic benefits from its currency swap with China, but the swap has not improved Argentine public opinion towards China. Rather, the swap agreement has polarized Argentine public opinion about China along partisan lines. While the swap improves feelings towards China among supporters of the incumbent party in Argentina, it worsens perceptions of China among Argentines who favor opposition parties.

- Critics of the currency swap maintain that China used it to help the incumbent party, which advocated for close ties with China, win the 2023 presidential election. The perception that the Chinese currency swap constituted a form of election interference prevented this initiative from generating nationwide goodwill towards China.
- China's currency swaps would be more successful in achieving their diplomatic aims if the People's Bank of China implemented them in a more politically neutral manner.
- Since China's swap lines have not improved foreigners' opinions of China, the Federal Reserve should not feel compelled to expand its swap network as a means to counter Chinese influence.

Introduction

Improving China's image abroad has been a major objective of China's leadership in recent decades.¹ China's state has adopted a multi-pronged strategy to achieve this goal. One component of this strategy has been to promote Chinese culture abroad through, for example, the expansion of Confucius Institutes.² Chinese officials have also engaged in "Twitter diplomacy" to disseminate favorable narratives of the country throughout the globe.³ But, perhaps the most significant—and expensive—tools have been economic ones, such as foreign aid, infrastructure financing, and international rescue lending. It is widely believed that improving foreigners' opinions about China is one of the central goals of Chinese economic statecraft.⁴ This is a sensible goal because favorable public opinion represents an important component of a country's "soft power,"⁵ and governments tend to adopt friendlier policies towards countries when their citizens have positive opinions of them.⁶

Are these foreign economic tools successful at boosting foreign public opinion towards China? Previous scholarship has examined how Chinese aid and investment influences foreigners' views about China. The evidence from these studies is mixed. A number of studies find that Chinese aid and foreign investment improve foreigners' sentiment regarding China.⁷ Other works, however, find that Chinese economic ties fail to improve foreign public opinion towards China,⁸ and some even find evidence that Chinese investment leads to a deterioration in public opinion towards China.⁹

This study examines whether a different instrument of Chinese economic statecraft—bilateral swap agreements (BSAs)—are effective tools of public diplomacy. These BSAs act as a line of credit from the People's Bank of China (PBOC), China's central bank, to central banks in signatory countries. When these agreements are signed, the PBOC commits to provide Chinese renminbi (RMB) to the other country's central bank in exchange for the other country's currency, which the PBOC holds as a form of collateral. Between 2008 and 2022, China signed swap agreements with 40 different central banks, and 17 different countries have drawn on these swap lines thus far.¹⁰ China's currency swaps have, thus, emerged as "an important tool of overseas crisis management" in recent years.¹¹ In fact, China's network of swap arrangements is the widest in the world, exceeding even that of the United States.¹²

As with other forms of Chinese economic statecraft, Chinese swap arrangements aim to advance the country's economic objectives, such as enhancing the international use of the Chinese Renminbi (RMB).¹³ But China's swaps are also motivated by geopolitical considerations. These agreements have been described as "political gestures of goodwill."¹⁴ Others suggest that the swap lines are aimed at generating "loyalty and influence" abroad and are "useful to Beijing as part of a wider, long-term charm offensive."¹⁵ This paper explores whether China's currency swaps achieve these diplomatic objectives. In short, I seek to shed light on whether bilateral swap agreements increase foreign citizens' affinity to China.

A currency swap should, in theory, improve China's image because it bestows substantial benefits on recipient countries. Currency swaps help countries finance imports, repay foreign debts, and stabilize their currencies. If citizens are aware of these benefits, they will become more likely to believe that cooperating with China is beneficial for them and their countries. The perception that cooperating with China is beneficial should lead foreigners to favor maintaining close ties with China in the future.

However, these purported responses to a swap agreement are hardly automatic. There may also be countervailing channels through which these currency swaps undermine China's reputation. If these swaps are perceived as being self-serving for China, rather than altruistic, foreigners may not respond positively to this financial assistance.¹⁶ One possibility along these lines is that voters may view these swaps as an effort to boost the economic and political fortunes of governments that are friendly to China. For instance, when China provided Argentina's Peronist government, which had made many concessions to China during its tenure, with a generous swap just days before the country's Presidential election, the opposition accused "China of meddling in Argentina's elections."¹⁷ When people believe that swaps are little more than a tool for China to achieve its own political objectives, these agreements will lead citizens to want to cut ties with Beijing. To the extent that Chinese swaps are viewed as a form of election meddling, individuals who favor parties that China opposes are especially likely to react negatively to these agreements.

To study whether BSAs improve China's image abroad, I focus on the case of Argentina, which has had multiple swap agreements with China and has

drawn on these swap lines several times to help stabilize its financial system. Since the Chinese currency swap has had particularly noticeable effects on Argentina's economy, this is arguably a "most likely" case for the swap to influence opinions about China. In other words, if there is any country where we might expect China's currency swap to have a strong positive effect on China's public image it might be Argentina. The Argentine case therefore serves as a useful setting for examining *how* Chinese swaps shape foreigners' opinions about China.

I embedded an experiment about Chinese swaps in a representative national survey in Argentina in October 2023, during the country's presidential election campaign. The experiment randomly assigned some survey respondents to receive information about the Chinese swap arrangements while others did not. To test the effect of the swap, I compare support for economic cooperation with China among those that did not receive any information about the swap arrangement (the control group) and those that were primed about the swap agreement (the treatment group).

The evidence reveals that currency swaps do not bolster overall levels of foreign public support for China. On average, attitudes about China are very similar in the treatment and control conditions. But the swap did alter public opinion in two ways. First, priming people about the currency swap caused Argentines' opinions about China to move to the extremes: the portion of survey respondents that strongly supported or strongly opposed Chinese economic cooperation increased while the share of people who had more moderate opinions decreased. Second, Argentines from different political camps responded in opposite ways to this treatment.

Supporters of the ruling party respond favorably to the swap arrangement. Among individuals who intend to vote for the incumbent Union por la Patria (UxP) party, information about the swap significantly increased their desired level of engagement for China. But supporters of the political opposition respond in the opposite manner. For those who do not intend to vote for the UxP the treatment significantly *reduced* their support for China. In Argentina at least, Chinese financial assistance polarizes public opinion along partisan lines. These findings cast doubt on the ability of Chinese swap arrangements to serve as effective tools of public diplomacy.

Do Currency Swaps Help China Win Friends Abroad?

When China extends a currency swap to a recipient country this means that the PBOC provides RMB to foreign central banks in exchange for collateral in the form of the recipient country's currency.¹⁸ This section explores two competing hypotheses about how Chinese currency swaps influence foreign public opinion towards China. The conventional view, which I label the "Public Diplomacy Hypothesis," posits that these swaps improve the average citizen's desired level of cooperation with China. The second perspective, which I refer to as the "Political Polarization Hypothesis," suggests that swaps do not increase overall levels of public support for China. Instead, while swaps might attract support from some groups in society, it expects the swaps to worsen attitudes about China among some segments of the population groups, such as individuals who dislike the domestic governments that receive Chinese financial assistance.

The public diplomacy hypothesis starts from the assumption that Chinese swaps are economically beneficial to recipient countries and their citizens. One of the major functions of these swaps is to help recipient-country central banks stabilize their exchange rates. The source central bank, China in this example, lends RMB to recipient central banks, who can use these funds to intervene in the foreign currency market. For example, the central bank of Argentina could use these funds to buy pesos, which would increase the demand for pesos and strengthen the value of the peso.¹⁹ A number of central banks, including Argentina, Laos, Mongolia, Nigeria, Pakistan, Turkey, and Ukraine, have used their swap lines with China to augment their foreign-currency reserves and support the value of the local currency.²⁰

Empirical evidence indicates that central bank swap lines have been effective in reducing exchange rate volatility.²¹ Related work finds that swap agreements tend to appreciate the value of recipient countries' currencies.²² A stronger exchange rate is beneficial to most individuals: exchange rate appreciation lowers the costs of imported goods, which boosts real wages.²³ If citizens attribute these benefits to the swaps, they are likely to update their beliefs about China in a favorable direction.²⁴ For these reasons, currency swaps have the potential to increase support for economic cooperation with China.

At the same time, Chinese swaps are not without political risks. There is potential for these agreements to worsen foreigners' perceptions of China. The

risk arises because some people may focus not on the economic implications of the swap but on China's own motives and/or the domestic political repercussions of these agreements. If citizens believe that China is offering financial assistance for self-serving reasons, a swap is unlikely to improve perceptions of the country.²⁵ For example, individuals may respond to these agreements by considering China's political objectives, such as their desire to help parties that are friendly to China. China is more likely to extend these swaps to friendly governments than to governments that are not aligned with China on major foreign policy issues.²⁶ This raises the risk that voters will believe that China's motive for offering a swap is not to benefit the economy overall, but rather to bolster the economic record of political parties that are friendly to China in order to help them win re-election.²⁷ Even if these swaps are not intended to help one political party over others, in order to provoke such a response "voters need only to perceive the interventions as helping the ticket win."²⁸

When swaps are viewed as electorally motivated, citizens' responses to them are likely to depend on their partisan affiliation. Previous research finds that foreign countries' efforts to aid one party during an election leads supporters of the aided party to want stronger ties with the foreign power. Individuals who oppose the supported will instead respond in the opposite manner, favoring more distant relations with the foreign power.²⁹

Research on foreign public opinion towards China specifically also finds that Chinese foreign aid projects, whose benefits tend to skew towards supporters of the incumbent party, polarizes public opinion towards China across partisan lines.³⁰ Similarly for Chinese currency swaps, voters may believe that incumbent parties are the intended beneficiaries of these agreements. Voters are particularly likely to believe this when the incumbent party's program is much friendlier to China than that of the political opposition, as China would have a stronger electoral motive in this scenario.

Under these conditions, the political polarization logic implies that the currency swap should harm China's image among individuals that oppose the incumbent party.

In sum, there are some reasons to expect Chinese currency swaps to increase public support for China but also some factors that may limit their effectiveness. In the empirical analyses that follow, we will test the following competing hypotheses about the influence of Chinese swap arrangements:

- *Public Diplomacy Hypothesis*: Chinese currency swaps increase average levels of public support for China in recipient countries.
- *Political Polarization Hypothesis*: Chinese currency swaps increase support for China among supporters of the incumbent party but decrease support for China among supporters of opposition parties.

The Empirical Context: China's BSA with Argentina

To examine public responses to Chinese currency swaps, I focus on one important case: Argentina. China's swap with Argentina has "become the biggest yuan swap line in the world,"³¹ one that "stands out for its longevity and extensive utilization."³² As a result, Argentina serves as a useful case to examine how Chinese swap agreements influence public opinion towards China.

The first currency swap between Argentina and China was signed in April 2009, during the Presidency of Cristina Fernández de Kirchner (2007–2015), a left-wing leader from the Front for Victory faction of the Peronist movement. This initial agreement, which was for three years, expired in 2012. Then, a new BSA was signed in July 2014, again for a three-year term. These initial swaps took place within a broader context of deepening ties between Argentina and China during the Kirchner administration.³³ In 2017, during the administration of Mauricio Macri of the center-right Let's Change coalition, this agreement was renewed for another three years, and this was followed by a second, distinct, supplementary, swap agreement signed in 2018.³⁴ Both agreements were then renewed in 2020 for another three years during the Presidency of Alberto Fernández, the leader of the Union for the Homeland (UxP), which was the new name for the Front for Victory, the left-wing faction of Peronism associated with the Kirchners. The current administration of Javier Milei, a right-wing populist from the Freedom Advances party, is negotiating a renewal of the agreement, but the negotiations have not yet concluded.

The swap agreement has been a major boon for Argentina's economy at several critical moments. The swap has become the largest source of foreign reserves for the country, accounting for more than half of the BCRA's total

reserves.³⁵ Argentina first drew on the swap line in October 2014, and made several drawings from the swap line over the next year.

Doing so provided short-term relief for Argentina's economy, helping the Fernández de Kirchner government stabilize the peso in this period.³⁶ The next administration, led by right-wing President Mauricio Macri, also benefited from the swap line. In December 2018, during another period in which the Argentine economy was in distress, Argentina's central bank made additional drawings on the swap lines. Macri's successor, Alberto Fernandez, also used the swap lines in 2023, this time to a default on its IMF debts, continue servicing its private external debts, and finance imports.³⁷

Argentine political elites have not been shy about highlighting the economic benefits of the swap either. In a public speech in 2014, President Fernández de Kirchner "praised the swap line" to voters in attendance.³⁸ Alberto Fernández also extolled the virtues of the swap publicly, calling it a "big relief for Argentina," and thanking the Chinese government for being "very generous and attentive to our needs."³⁹ The extension of China's swap line in October 2023 was widely covered by the media at the time of the announcement.⁴⁰ Argentine voters therefore had access to information about the existence and benefits of these swaps, making it plausible that this agreement would influence their opinions about China.

The reception to the swaps, however, has not been unambiguously positive. One line of criticism has emphasized how the swaps have been used for political purposes, specifically to help the Peronist movement win elections. This objection surfaced during the Peronists' re-election campaign in 2015. Some believed that the currency swap "helped [the] Fernández de Kirchner government solve short-term financial problems to support political stability until the presidential elections of December 2015."⁴¹ Macri's Let's Change coalition, which was seeking to unseat the Peronists, was displeased. According to Oviedo, "Xi Jinping's government support for to the Fernández de Kirchner government was not well seen by the opposition parties, because Argentina's government stabilized the domestic finances until the presidential election."⁴²

Similar dynamics played out the next time that the Peronists were up for re-election in 2023. In October of that year, just days before the general election, the PBOC made \$6.5 billion from the swap line available to Argentina's

central bank, which was \$1.5 billion more than President Fernández even requested.⁴³ Some observers viewed the “activation of the swap...[as] the most forceful demonstration of th[e] alliance” between the Chinese Communist Party and Peronism.⁴⁴

The timing of that assistance, as well as the close relationship that the two countries built during Alberto Fernández’s four-year term, has led some to speculate that China’s financial assistance in October 2023 was motivated by electoral considerations. The swap “was a potential lifeline for presidential hopeful Sergio Massa,” the UxP’s current Finance Minister and Presidential candidate, whom Beijing favored because he was “seeking stronger links with China.”

Massa’s main rival, Javier Milei, by contrast, referred to China as an “assassin,” and he threatened to cutoff diplomatic ties if elected.⁴⁵ One *Bloomberg* story suggested that the timing of Beijing’s financial generosity meant that China “seemed to back the government for a second term.”⁴⁶ Argentina’s political opposition at least viewed it in this light, with Diana Mondino, a top Milei foreign policy advisor, lambasting the agreement for its “corruption” and “Milei accused Beijing of interfering in the elections.”⁴⁷

The rapid decline in China’s financial generosity after the 2023 election was likely to reinforce the perception that Beijing is not a politically neutral lender. Shortly after winning the Presidential election, Javier Milei requested access to the swap line.⁴⁸ China, however, has refused to grant Argentina access to the funds, claiming that “the freeze remains in effect until President Javier Milei demonstrates a clear intention to engage with Beijing.”⁴⁹

To summarize, China’s currency swap provides substantial economic benefits to Argentina’s economy. On the one hand, these benefits could endear China to the Argentine voting public. At the same time, however, the perception that these funds have not been applied equally to different political parties may give Argentine voters the impression that China is not a politically neutral actor. Hence, Chinese financial assistance could have a polarizing effect on public opinion in Argentina, endearing China to voters who favor the UxP while alienating those who support other political parties.

Evidence from a Survey Experiment

Research Design

To examine the impact of the BSA on Argentine public opinion, we embedded a survey experiment in a national survey conducted by Isonomía Consultores. The survey, which had a sample size of 3,166, is designed to be representative of Argentina's urban population, which accounts for 95 percent of the country's total population.⁵⁰ The survey was fielded between October 7 and 16, 2023, which was just before the first round of Argentina's general election (October 22, 2023). Notably, the survey was completed shortly before October 18, the date in which China permitted Argentina to draw down an additional \$6.5 billion from the swap line.

The outcome variable of interest in this survey asked respondents about whether they thought Argentina should strengthen its relationship with China. Specifically, the question asked the following: "We are interested in your opinions on Argentina's relationship with China. Do you agree or disagree that Argentina should build stronger economic ties with China?" Respondents were offered a Likert-like scale with five response categories: (1) strongly disagree, (2) disagree, (3) neither agree nor disagree, (4) agree, or (5) strongly agree.

The experiment randomly assigned half of the subjects to be reminded about Argentina's bilateral swap with China. The script described above was provided to the half of subjects assigned to the control condition. The treatment condition included the following additional text before the question: "China recently provided financial assistance to Argentina to help the Argentine government avoid a debt default." The purpose of this additional information is to prime respondents about this specific aspect of Argentina's existing relationship with China. If Chinese financial diplomacy improves Argentines' opinions about China, this treatment should increase average support for strengthening the country's economic ties with China. While we are unable to experimentally manipulate the actual existence of Chinese financial assistance, since people will only respond to this assistance when it is brought to their attention, if the actual existence of such assistance matters so too should information about this assistance.

Average Effect of Currency Swap Treatment

Figure 1 presents the mean levels of agreement that Argentina should strengthen its economic ties with China among respondents in the control

FIGURE 1. Average Support for Chinese Economic Ties

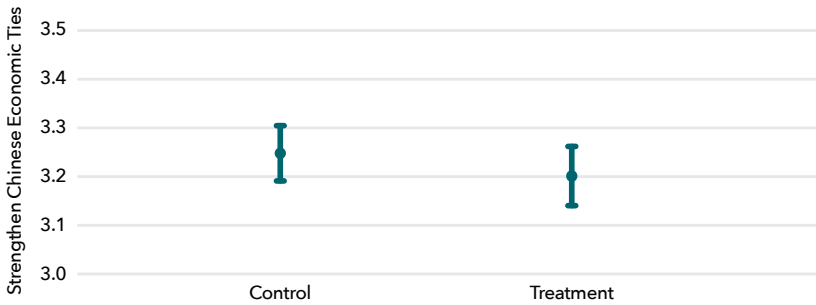
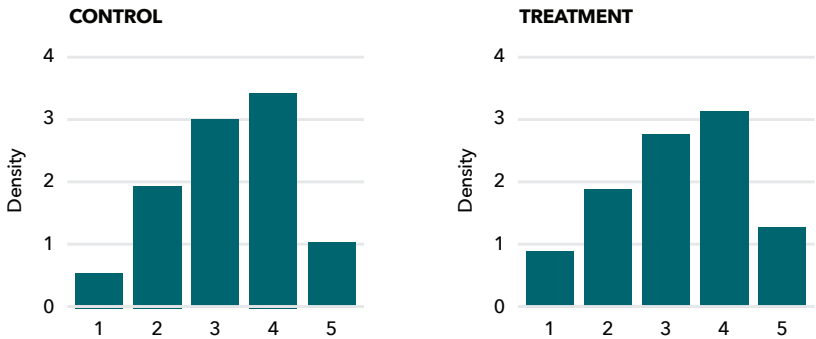


FIGURE 2. Distribution of Support for Chinese Economic Ties



and treatment conditions. The average in the control condition is a 3.24 on a five-point scale, indicating that the average respondent’s opinion is between neutral and modest agreement. The mean in the treatment group is 3.20, which is very similar to the control group, yet slightly lower. The difference-in-means between the treatment and control groups falls far short of conventional levels of statistical significance. This evidence suggests that highlighting the currency swap does not lead the average Argentine to favor stronger economic ties with China. This finding casts doubt on the public diplomacy hypothesis.

While we find no evidence that Chinese financial diplomacy changes the *average* level of sentiment towards China among Argentine voters, there is evidence that opinions about China become more *polarized*. Figure 2 displays the full distribution of responses for the control and treatment groups in histogram format. The proportion of respondents that strongly disagree (1) and strongly agree (5) with the question is higher in the treatment group compared to the control group. The treatment increases the share of extreme (strongly agree or strongly disagree) responses from 16 to 22 percent of the total. This difference-in-proportions is statistically significant. A chi-squared test also indicates that the overall distribution of responses are different across the two groups. This provides some preliminary evidence that the swap agreement polarizes foreigners' attitudes towards China.⁵¹

Partisan Differences

While a currency swap may not drive the Argentine public as a whole to favor closer ties with China, these diplomatic efforts could potentially win over some subsets of the population. Here, we explore whether responses to Chinese financial diplomacy vary across party lines in Argentina. As noted earlier, there are reasons to expect Chinese financial diplomacy to improve opinions toward China among incumbent-party supporters while having the opposite effect among opposition voters.

We first examine the responses of incumbent supporters. The left panel in Figure 3 plots the average level of support for Chinese economic engagement for individuals that intend to vote for the incumbent UxP party in the upcoming election. We see that supporters of the incumbent party respond favorably to the BSA. The average support level for this subgroup increases from 3.56 in the control condition to 3.74 in the treatment condition, a difference of 0.18.

The top panels of Figure 4 dig deeper into how the treatment shaped incumbent supporters' attitudes about China. The most striking difference is in share of UxP voters that strongly favor closer economic ties with China (category 5). This figure increases by nine percentage points, from 14 percent in the control group to 23 percent in the control group. This difference is substantively large and statistically significant ($p < 0.01$).

Individuals who did not intend to vote for the incumbent party respond very differently to Chinese financial diplomacy. The right panel of Figure 3

FIGURE 3. Mean Support for Chinese Economic Ties Across Partisan Lines

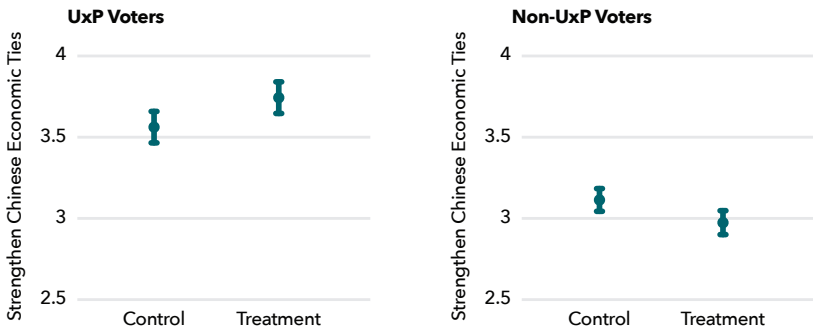
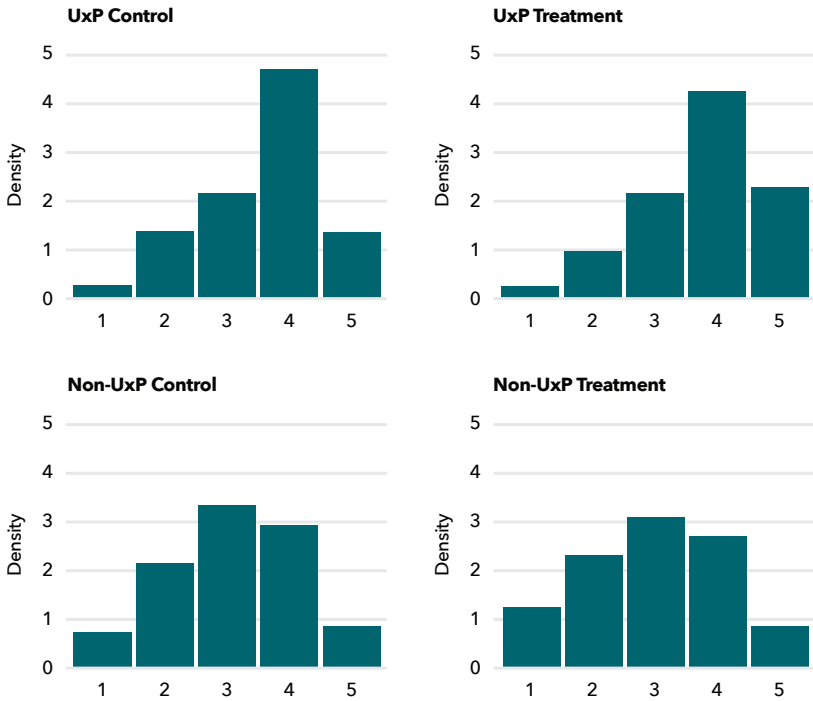


FIGURE 4. Distribution of Support for Chinese Economic Ties Across Partisan Lines



displays the mean levels of support for Chinese economic engagement for non-UxP voters. The first thing to notice is that opposition voters' baseline desire to engage with China is much lower compared to those who support the governing party. Despite starting with lower initial levels of agreement, the treatment further reduces this group's desire to engage with China. The mean decreases from 3.11 to 2.96, a difference that is similar in magnitude to that among UxP voters, but in the opposite direction. In short, the treatment leads to a decrease in 0.14 in average levels of support for Chinese economic engagement among non-UxP voters, which is a statistically significant effect ($p < 0.01$).

The bottom panels of Figure 4 reveal that the treatment changes the share of non-UxP voters that strongly disagree with the proposal to strengthen bilateral economic ties (category 1). The treatment increases the proportion of non-UxP voters that are in the most opposed category increases from 0.07 to 0.12, a sizable and statistically significant increase ($p < 0.01$). The evidence indicates that when voters who oppose the incumbent party are informed that Chinese economic assistance has been provided their desired level of engagement with China falls.

Regression Analysis

Since partisan differences—unlike the experimental treatment—are not randomly assigned, it is possible that it is not partisanship itself, but other factors that correlate with partisanship, that are responsible for moderating the effects of the experimental treatment. To help address whether or not this is the case, we turn to multivariate regression models that control for several other variables. As with the previous analyses, attitudes about China serves as the main dependent variable. The main explanatory variables of interest are the respondent's experimental condition, whether they intend to vote for UxP in the upcoming elections, and a multiplicative interaction term between these two variables. The first column of Table 1 presents a basic model with no additional controls, which recovers the same patterns reported above: the treatment reduces the outcome by 0.14 among non-UxP voters while increasing the outcome by 0.18 for UxP voters ($0.32 - 0.14 = 0.18$).

In model 2 of Table 1, we control for several demographic covariates, including a respondent's level of educational attainment, age, gender, social class,

TABLE 1. Regression Results

	(1)	(2)	(3)	(4)	(5)	(6)
Treatment	-0.14***	-0.14***	-0.17***	-0.15***	-0.14**	-0.16***
	[0.051]	[0.051]	[0.056]	[0.058]	[0.058]	[0.062]
UxP Voter	0.45***	0.44***	0.34***			
	[0.065]	[0.065]	[0.073]			
Treatment UxP Voter	0.32***	0.33***	0.33***			
	[0.091]	[0.090]	[0.096]			
UxP Approval				0.07***	0.08***	0.06***
				[0.009]	[0.009]	[0.010]
Treatment UxP Approval				0.03**	0.03**	0.04***
				[0.013]	[0.013]	[0.014]
Education		-0.01	0.0002		0.01	0.005
		[0.014]	[0.015]		[0.013]	[0.014]
Age		-0.005***	-0.004***		-0.003***	-0.003**
		[0.001]	[0.001]		[0.001]	[0.001]
Female		-0.15***	-0.17***		-0.19***	-0.17***
		[0.042]	[0.045]		[0.041]	[0.044]
Class		-0.02	-0.03		-0.02	-0.02
		[0.020]	[0.022]		[0.020]	[0.022]
Ideology			-0.06***			-0.06***
			[0.009]			[0.008]
Nationalism			0.06**			0.05**
			[0.023]			[0.023]
Constant	3.11***	3.59***	3.82***	3.02***	3.38***	3.64***
	[0.037]	[0.143]	[0.186]	[0.042]	[0.146]	[0.185]
Observations	2,555	2,553	2,138	2,594	2,592	2,216
R-squared	0.072	0.156	0.201	0.072	0.157	0.197

Note: Standard errors in brackets. *** p<0.01, ** p<0.05, * p<0.1

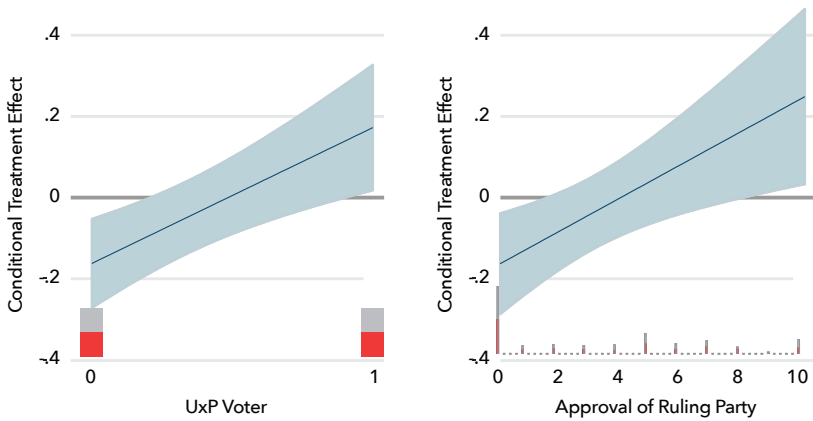
and locality.⁵² Model 3 adds two additional attitudinal variables to the model, namely a measure of left-right ideological self-placement and a measure of national pride.⁵³ We obtain very similar estimates of the conditional treatment effects across all three models. This increases our confidence that it is partisanship and not some other factor that is conditioning how Argentines react to Chinese financial diplomacy. Several of these control variables account for variation in individuals' attitudes towards China. Older people, women, and those with more right-wing ideologies favor weakening Argentina's economic ties with China while Argentine national pride is associated with a stronger desire to strengthen economic ties with China.

As an additional robustness test, we consider an alternative measure of support for the government. The survey asked respondents to rate the extent to which they approved or disapproved of the ruling party on an 11-point scale. We use this variable as an additional indicator of support for the incumbent, where we expect the treatment to exert a more positive impact on the outcome among individuals that express stronger approval of the incumbent. Columns four through six of Table 1 present the results using this variable. The coefficient on the treatment is negative and statistically significant in all models, indicating that the currency swap prime reduces support for engaging with China among those that strongly disapprove of Argentina's ruling party. The interaction term has a positive and statistically significant effect in all cases, which means that the effect of Chinese diplomacy becomes increasingly positive for individuals that report stronger approval of the UxP.

Figure 5 presents the conditional marginal effects of the treatments from models 3 and 6. The results reinforce the conclusion that voters that support and oppose the incumbent respond in opposite ways to Chinese financial diplomacy. Irrespective of which measure of partisanship is used, the treatment has a statistically significant negative effect on attitudes towards China among opposition voters. By contrast, the effect of the treatment is positive and statistically significant among those that express the highest levels of approval of Argentina's ruling party.

To summarize, we find robust evidence that individuals' partisan leanings moderate how they respond to China's financial diplomacy. Supporters of the incumbent UxP party become more supportive of cooperation with China when primed to think about China's currency swap. Opponents of the

FIGURE 5. Conditional Treatment Effects



Note: Blue line indicates marginal effect of experimental treatment, conditional on whether respondent is a UxP voter (left panel) and the respondent's approval of the ruling party (right panel). Shaded gray area indicates 95 percent confidence intervals of the marginal effects.

UxP, on the other hand, become more opposed to economic cooperation with China when primed about the currency swap. These patterns are consistent with the political polarization hypothesis.

Conclusions and Implications

This study examined how priming people about a currency swap with China shape Argentines' attitudes about China. I find that the swap has a polarizing effect on Argentine public opinion. This prime causes opinions about China to move to the extremes, with more respondents either reporting the most positive or most negative opinions about China. Reminding Argentines about the swap arrangement also produces opposite reactions from different partisan groups. Supporters of the incumbent UxP party, whose management of the economy was facilitated by Chinese financial support, respond positively to the currency swap prime. Individuals who

oppose the ruling party, by contrast, become more opposed to China when primed to think about Chinese financial assistance.

The large size of the swap with the PBOC, and Argentina's desperate need for external financing, means that the swap arrangement has had an unusually strong impact on Argentina's economy. China's currency swaps could potentially have a weaker impact on public opinion in other contexts than that observed in Argentina. The Argentine case may therefore provide an upper bound on how large of an impact the swap will have on public support for China. Put simply, the swap's apparent inability to improve perceptions of China's image mean that Chinese swaps are unlikely to work elsewhere either. To be sure, without evidence from other countries, any conclusions about how citizens outside of Argentina respond to these arrangements remain speculative. Additional research from other swap-recipient countries is therefore needed before any definitive conclusions can be reached. But the initial evidence from one country presented here casts doubt on the effectiveness of swaps as instruments of Chinese public diplomacy.

These findings have several important implications for policymakers in China, the United States, and elsewhere. First, Argentina's polarized response to Chinese bailouts highlights a key tradeoff facing Chinese financial policymakers. Using financial resources to reward friendly governments might enhance China's political leverage in swap-recipient countries. But politicizing swap usage in this manner is not costless. If foreigners recognize this political bias, Chinese bailouts will not generate broad-based political goodwill towards China across the political spectrum. In short, Chinese monetary diplomacy can either continue to reward their supporters abroad or improve Chinese soft power, it but is unlikely to be able to achieve both of these objectives simultaneously. Decision-makers at the PBOC and their principals in the Politburo should be mindful of these tradeoffs when crafting bailouts in the future. If they truly prioritize boosting the country's image on the global stage, a new, less politicized approach to monetary diplomacy would better serve their interests.

These lessons also apply to Americans policymakers or other great powers seeking to use their financial resources to generate goodwill in the developing world. The United States is more likely to gain broad-based, cross-party support abroad when its economic assistance to foreign countries maintains

the principles of political impartiality. Financial assistance that is obviously targeted at friendly governments risks alienating those parts of the electorate that favor other parties. When the Federal Reserve and US Treasury receive bailout requests from foreign governments in the future, they should seek to avoid any appearance of political favoritism to the greatest extent possible.

Finally, this evidence should alleviate concerns among US officials that Chinese financial assistance is helping win over hearts and minds in America's backyard. Following from this, the need for the United States to launch its own competing economic and diplomatic initiatives to counter China's influence may not be as great as some in Washington believe. There may be very good reasons to provide economic assistance to Latin America or other developing regions, but responding to China's growing popularity in these areas does not appear to be one of them. The Fed has extended swap lines to only a limited number of central banks—far fewer countries than the PBOC. There is little reason for American diplomats to fret about the Fed's limited use of bilateral currency swaps. Since the PBOC's swap lines do not appear to have improved China's global image, the Federal Reserve should not feel pressured to issue new swap lines for the sake of geopolitical competition.

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 50. Isonomía uses stratified sampling across Argentina's major geographic zones, and a cluster and multi-stage sampling within those regions. Within each sampling region, households are randomly selected, and quotas for age and gender are used. Surveys were administrated using a mixture of face-to-face interviews and on electronic devices.
 51. This pattern echoes Eichenauer, Fuchs, and Brückner's finding that growing trade, investment, and aid from China does not influence average levels of support for China, but increases the share of very positive and very negative opinions. Vera Z Eichenauer, Andreas Fuchs, and Lutz Brückner, "The Effects of Trade, Aid, and Investment on China's Image in Latin America," *Journal of Comparative Economics* 49, no. 2 (2021): 483–98.
 52. Education is a nine-point ordinal scale. Age is measured as the respondent's age in years. Gender is a binary indicator of whether the respondent self-identifies as female. Social class is a five-point scale of socioeconomic class known as the "Nivel Socio Económico," which is commonly employed in Argentina. Locality is measured with a series of dummy variables indicating which of the 98 sampled municipalities the respondent resides in.
 53. The ideology variable is based on self-placement on an 11-point left-right scale. National pride is measured based on subjects' agreement with the statement that they would rather be a citizen of Argentina than any other country, on a five-point scale.



2023-24 WILSON CHINA FELLOWSHIP

Listening and Learning: “Authoritarian Deliberation” under Xi Jinping

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Abstract

During the reform era, scholars and analysts argued that China’s “resilient authoritarianism” derived from “authoritarian deliberation” mechanisms for collecting feedback from citizens. However, in addition to collecting citizen feedback, these authoritarian deliberation mechanisms create mobilization points for advocacy. Authoritarian regimes like China normally isolate policymakers from citizens who advocate for policies. However, during periods of “public comment and notice” where laws are being written and revised, advocates may legitimately share feedback with policymakers. During this “policy window,” civil society organizations (CSOs) typically employ four strategies to influence policy: submitting public comments via the online platform, consulting with government policymakers, disseminating conference reports with recommendations, and publicizing key points through online media. All four of these channels are frequently and simultaneously used. However, they differ in two main ways: effectiveness in influencing policy and level of inclusiveness. Expert testimony in the form of consultations and conference reports seem to be the most effective, while public comments and media publicity are less effective. Conference reports and media publicity are the most inclusive channels, with public comments and consultations as the most exclusive. Xi Jinping’s administration has focused on “responsive government” as a key form of legitimation, but privileges more exclusive channels of feedback, such as consultations and public comments. However, this type of authoritarian deliberation provides less effective citizen feedback on draft policies and creates a fragile form of legitimacy that necessitates a new social contract such as evidenced in the Common Prosperity agenda.

Policy Implications and Key Takeaways

- Authoritarian deliberation continues but exclusive channels only provide elite perspectives and not comprehensive feedback to policymakers limiting its effectiveness.
- This form of responsiveness privileges elites and thus is a fragile source of legitimacy, so the CCP will need to find ways to rebuild the social

contract with regular citizens, such as through new Common Prosperity (CP) policies.

- Sources of legitimacy for the Party will shift from mostly economic performance to a combination of procedural legitimacy (rule by law) and overall governance performance focused on solving everyday problems.
- Revisions to the 2024 Charity Law highlight the increasing importance of “tertiary distribution”—or voluntary donations from the wealthy to the poor—as the preferred strategy to address income inequality rather than tax policy, and thus signals the continuing pressure on wealthy elites and private businesses to play active roles in transfers of income.
- This type of authoritarian deliberation mostly provides space for “loyal experts” to consult with the government. However, international experts, such as INGOs, should partner with local Chinese CSOs to draft collective reports sent to the government.

Introduction

During the reform era, scholars and analysts argued that China's "resilient authoritarianism" derived from mechanisms for collecting feedback from citizens, ranging from town halls/online comments² to civil society advocacy,³ and even including protests.⁴ Using these "authoritarian deliberation" mechanisms,⁵ the government was able to collect information to adjust public policies and avoid the rigid governance trap many authoritarian regimes face.⁶

In addition to collecting citizen feedback, these authoritarian deliberation mechanisms create mobilization points for advocacy. Authoritarian regimes like China normally isolate policymakers from citizens who advocate for policies.⁷ However, during periods of "public comment and notice" where laws are being written and revised, advocates may legitimately share feedback with policymakers. During this "policy window" time period,⁸ civil society organizations (CSOs) typically employ four strategies to influence policy: submitting public comments via the online platform, consulting with government policymakers, disseminating conference reports with recommendations, and publicizing key points through online media.

All four of these channels are frequently used, but they differ in two main ways: effectiveness in influencing policy and level of inclusiveness, whereby "inclusiveness" references the degree to which the opportunity exists for policy deliberation to occur among non-policymakers. Public comments are short, typed reactions submitted via the National People's Congress or sponsoring ministries' online platforms. These are written by one individual and submitted in a closed format such that only receiving government officials see the comment. This type of participation is exclusive, and empirical research about its effectiveness suggests that the frequency of comments might catch the attention of policymakers, but that this is not the most effective way to advocate for policies.⁹ Consultations occur when policymakers invite selected organizations and individuals to meet and discuss the policy. This is the most effective channel, but it is also the most exclusionary and atomized in that policymakers decide who is invited to participate and these groups might not represent the interests of the broader community. During a period of policy-making, universities, CSOs, and government offices might hold public conferences to discuss potential changes, and they often publish a report afterward that aggregates the opinions of participants. This channel is effective in that it

is also expert information like the consultations, but it is much more inclusive. Finally, CSOs use media, especially social media, to publicize their desired policy changes. There is no indication that policymakers are influenced by media publicity. However, it might influence both public comments by others and the aggregated positions in the conference reports. In this way, using a media channel is the most inclusive strategy. In short, expert testimony in the form of consultations and conference reports seem to be the most effective, while public comments and media publicity are less effective. Conference reports and media publicity are the most inclusive channels, with public comments and consultations as the most exclusive.

FIGURE 1. Citizen Participation in Policymaking

	Inclusive	Exclusive
More Effective	conference reports	consultations
Less Effective	media publicity	public comments

In his political report at the 19th Party Congress in 2017, Xi Jinping explained that his goal of deepening institutional and administrative reform was “building a service-oriented government that satisfies the people” focusing on creating a “responsive government (*huiyingxing zhengfu* 回应性政府).” Xi argues that a responsive government is the key to Party legitimacy and China’s future success.¹⁰ To achieve this goal, Xi Jinping retained and expanded the public comment process.¹¹ However, his administration increasingly focuses on gathering policy-relevant information from more exclusive channels of atomized citizens such as public comments and consultations, instead of conference reports and media publicity.¹² This also mirrors his broader interactions with CSOs where policy experts are invited to consult with the government individually, but citizen mobilization is discouraged (and often repressed). In these more inclusive channels, I argue that through deliberation citizens learn from the process such that ideas and perspectives interact to create emergent interests that might not be predicted from the initial individual interests.¹³ Policy discussions are not merely talking. Instead, the act of discussing policies within communities creates shared understandings, builds social trust, and shapes potential solutions. In this way, policy deliberation is more than just the sum of its parts.

In this report, to explore the process of authoritarian deliberation. I compare two cases of public comments on draft regulations for civil society (the Charity Law) in 2016 and again when revised in 2022, to examine how citizen feedback influences the development of the policy eventually adopted. Previous research on healthcare policy finds that the likelihood of the government changing legislation across the proposed and final versions increased with the number of public comments calling for such revisions.¹⁴ To strengthen this textual analysis, I interviewed individuals involved in both the 2016 and 2022 rounds of the draft laws to examine how gathering citizen feedback has changed under Xi: how is this information collected? How important is it in policymaking? At which level or place in the process is it most important?

Initial analysis finds that during the comment period for the 2016–7 Charity Law, civil society organizations utilized all four advocacy channels, including discussing concerns with each other in a number of workshops and meetings. This deliberation shaped not only the nature of their concerns, but also their specific recommendations to change the draft regulations. Many of these recommendations were adopted by the government or addressed during the process of finalizing these regulations. During the revision of the Charity Law in 2022–3, CSOs also reported using all four channels. However, interviewees believed that direct “consultations” were the most effective channel. But, many groups are too small or do not have the government contacts to be invited for consultations, leaving them with only the other three options for advocacy. Although authoritarian deliberation is continuing in the New Era, an atomized process of information collection eliminates the emergent character of deliberation, and therefore might only offer fragmented and underdeveloped feedback from society.

This is an important area of research because Xi has linked Party legitimacy to creating a responsive government, using atomized information captured via Party collection mechanisms or digital platforms as a substitute for information collected through previous channels such as civil society advocacy, media investigations, or citizen protest. However, many of the previous channels did not collect individual information, but rather community information. In these more deliberative channels, I argue that citizens learn from the process, such that ideas and perspectives interact to create emergent

interests that might not be predicted from individual interests.¹⁵ Policy discussions are not merely talking; instead, the act of discussing policies within communities creates shared understandings, builds social trust, and shapes potential solutions. Understanding these institutional reforms to increase 'responsiveness' is important for scholars of domestic Chinese politics and for US policymakers. If resilient authoritarianism derived from channels of citizen feedback that are now no longer functioning in the same way (either the information is not complete or local officials do not have discretion to adjust policies), how responsive can this system really be? And if the policymaking process no longer promotes "resilience", does this mean that other challenging areas like economic stagnation and youth unemployment trigger erratic policy or eventually repression?

Responsive government reforms challenge common expectations of policymaking in an authoritarian regime in that the Chinese leadership is not exclusively focused on policy goals over public opinion. However, the new methods of information collection discourage policy deliberation and view any efforts to shape collective policy discussions as a political threat.¹⁶ Thus, these reforms affect the quality of policy information as well as creating a more erratic policymaking process prone to rapid shifts between strict implementation and paralysis, what Denise van der Kamp calls "governance by uncertainty" and argues that it is more harmful to companies than simply bad policies.¹⁷

Effectiveness of Citizen Participation in Drafting the Charity Law: Role of Expert Advocacy

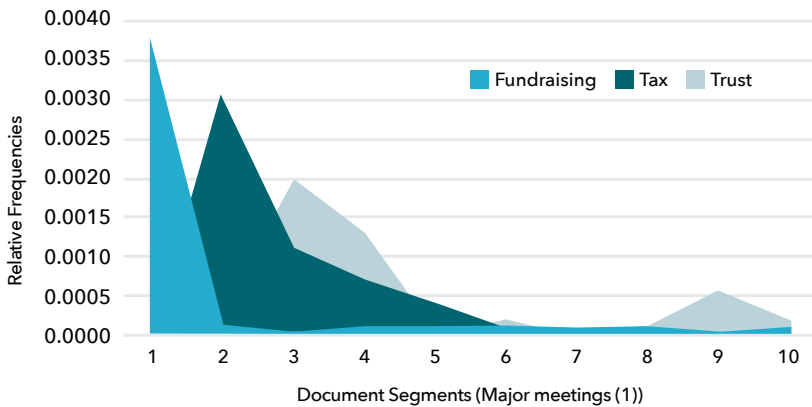
To explore the process of authoritarian deliberation, I compare two cases of public comments on draft regulations for civil society (the Charity Law) in 2016–7 and again when revised in 2022–3, to examine how citizen feedback influences the development of the policy eventually adopted. This law regulates how charities, or CSOs, register, raise funding, and receive permission for projects.¹⁸ The first draft of this legislation was available on October 30, 2015, and went through 3 revisions until the final version was passed into law on March 16, 2016. This legislation was then revised beginning on December 30, 2022, and went through 3 revisions until the final version was passed into law on December 29, 2023. We first analyzed textual changes for each draft of

the 2016/7 and the 2022/3 Charity Law and outlined the main changes for each below.

The first PRC Charity Law went through three drafts before going into effect in 2017. Examining the changes among each draft, we observed that the government seemed to be reacting to some general fears about “civil society,” such as Article 5, which took “practice the core socialist values, carry forward the traditional virtues of the Chinese nation” and revised it to say that “The state encourages and supports natural persons, legal persons and other organizations to practice the core socialist values, carry forward the traditional virtues of the Chinese nation, and carry out charitable activities in accordance with the law.” This addition reflects fears of “Western spiritual pollution” that might enter the country through linkages with international NGOs and foundations.

Additionally, the government also seemed to be engaged in a process of learning about the nonprofit sector, as evidenced by revising the definition of a “charitable organization” in Article 8 in each draft. For example, in the first version: the term “charitable organization” as used in this Law refers to a non-profit organization registered in accordance with the law and whose purpose is to carry out charitable activities. However, in the second draft, the term “refers to non-profit organizations such as foundations, social groups, social service agencies, etc. established in accordance with the law and for the purpose of carrying out charitable activities.” The government is clearly learning from consultation about this largely unknown sector.¹⁹

The new PRC Charity Law was passed on December 29, 2023, and came into effect on September 5, 2024, or “China Charity Day.” The drafts were revised to reflect three main changes. First, the regulators seemed to be responding to past events when they tried to supervise “emergency activities” like disaster relief and COVID-19 and constrained the ability of fraudulent crowdfunders who steal matching donation money (*peijuan*) to post online campaigns.²⁰ Second, the majority of changes addressed expanding the ease of public fundraising qualification (PFQ). The requirement for applying for PFQ has been lowered so that a charitable organization registered for only one year (not two years as previously required) is qualified to apply. Moreover, the former Charity Law prescribes that only foundations and social organizations are entitled to certificates of public fundraising, whereas the new PRC Charity Law expands the scope of public fundraising organizations to cover “non-profit organizations” in general.

FIGURE 2. Content Analysis of Expert Conferences and Workshops Prior to the 2nd Draft of the Charity Law

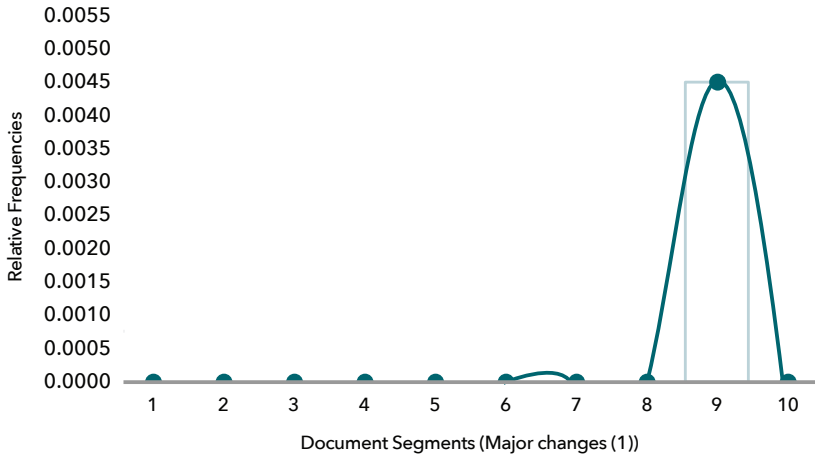
Finally, the tax code will be updated to encourage charitable giving and thus increase private donations. Third, the revised law focuses on restricting the use of online platforms for charitable giving to those operated by the government and also encourages local governments to expand the use of online volunteer platforms like *zhiyuanhui* in Zhejiang.²¹

Using the content analysis software Voyant, I analyzed the frequency of topics discussed by experts from Institute for Philanthropy at Tsinghua University, Institute for Philanthropy Development at Shanghai Jiao Tong University, ForNGOs, and various NGOs and foundations meeting in a series of approximately 10 workshops and conferences after the initial draft of the new Charity Law. In the published conference reports shared with the government and the public, the experts focused mostly on broadening and easing the restrictions on public fundraising, preferential tax status charitable donations, and how to form and manage charitable trusts as a new organization type.

Note: Document segments on the x axis refer to the different paragraphs in the conference reports

Examining the next published version of the Charity Law, we can see that the government did respond to taxation concerns, but not in much detail as advocated by experts (as seen in Figure 3).

FIGURE 3. Content Analysis of Second Draft of Charity Legislation



As seen in Figure 4, the government responded much more to the concept of a charitable trust, and also updated the legislation to make public fundraising open to more organizations. Interestingly, however, the government seemed much more concerned with the role and authority of the “trustees” of these charitable trusts than the experts, and this concern was catalyzed by the discussion of charitable trusts as an organization type (see Figure 5).

After these revisions were made, another draft was publicly released, and experts at Institute for Philanthropy Tsinghua University, Institute for Philanthropy Development at Shanghai Jiao Tong University, ForNGOs, and various CSOs and foundations (similar people to those in the last round of discussions) held approximately 5 workshops and conferences to review these changes and suggest others.

This round of expert meetings showed a continued emphasis on public fundraising and expansion of entry barriers through “laws”, but also focused more on charitable trusts in reaction to the new articles in the last draft.

Next the government revised the legislation and correspondingly responded to advocacy around public fundraising, but it did not focus on supporting legal codes for charitable organizations beyond the current legislation being drafted, leaving many issues ambiguous. Additionally, the government

FIGURE 4. Content Analysis of Second Draft of Charity Legislation

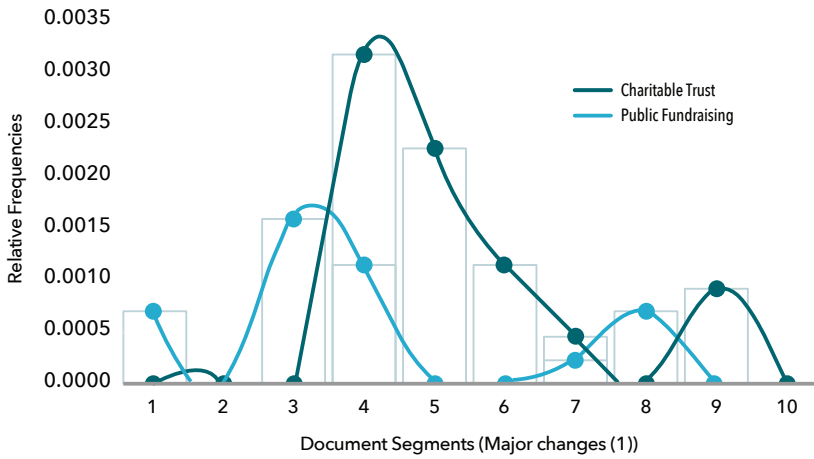


FIGURE 5. Content Analysis of Second Draft of Charity Legislation

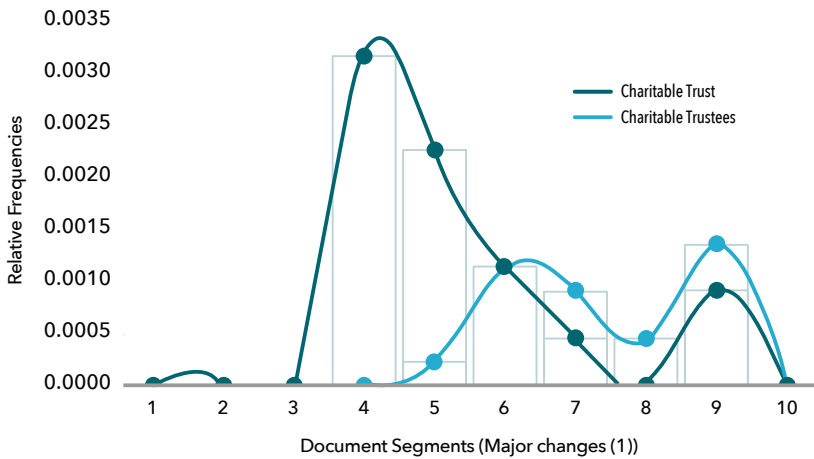


FIGURE 6. Content Analysis of Expert Conferences and Workshops Prior to the 3rd Draft of the Charity Law

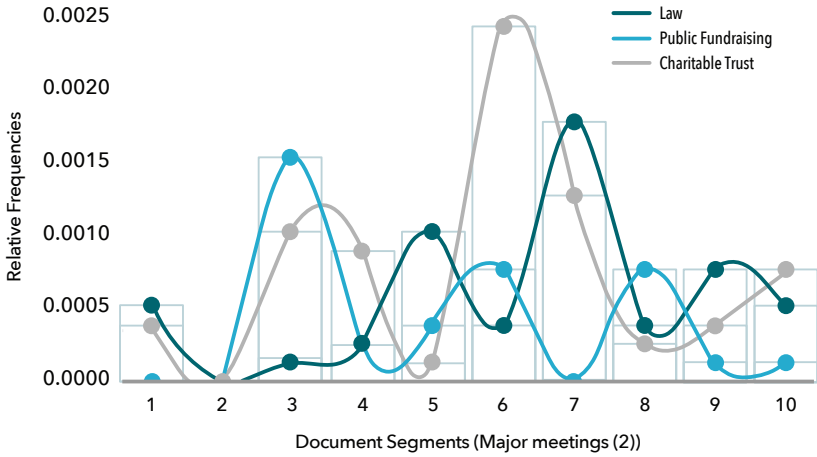
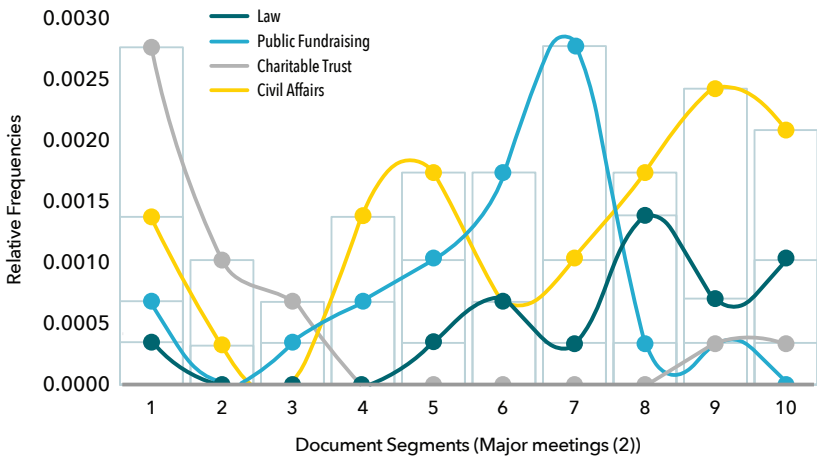


FIGURE 7. Content Analysis of 3rd Draft of the Charity Law



focused much attention on the level of government supervising charitable organizations, specifically the Civil Affairs Bureau above the county level to centralize supervision.

Examining the frequency of the top three issues in both drafts in Figure 8, the revisions corresponded to expert advocacy in that discussion of public fundraising increased between drafts and charitable trusts decreased between drafts. However, the government concern of which level of Civil Affairs supervises charitable organizations increased between drafts despite experts not discussing this with any frequency.

Significantly, as illustrated in Figure 9 below, experts began discussing topics of government concern, namely which level of civil affairs should supervise using which regulations and fundraising specifically over online platforms. Additionally, the experts continued discussing their issue of interest—easing requirements for public fundraising. However, experts dropped the topic of charitable trusts and tax policy that dominated earlier rounds of meetings.

FIGURE 8. Comparison between 2nd and 3rd Drafts of the Charity Law

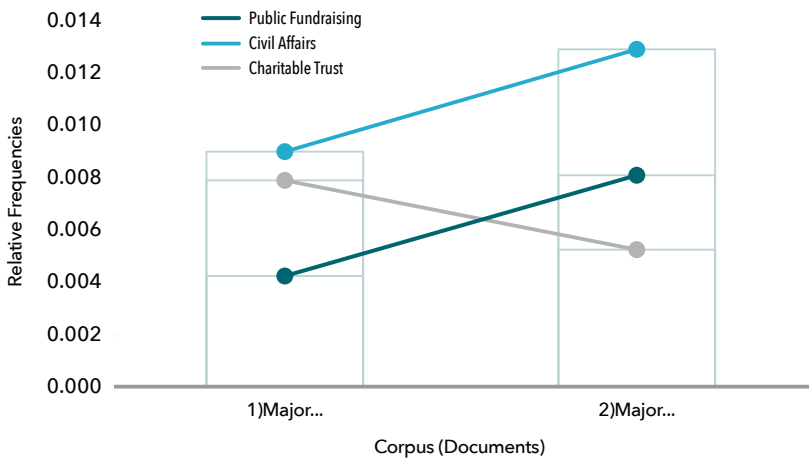
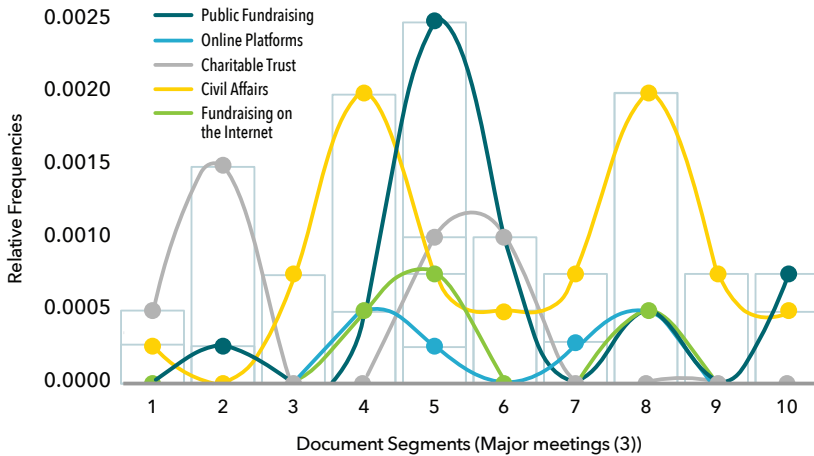


FIGURE 9. Content Analysis of Expert Conferences and Workshops Prior to the Passage of the Charity Law



By December 2023, the NPC voted the new Charity Law into legislation. Content analysis of the final version shows the persistence of the government concern about the administrative rank of the supervisory agency and the responsiveness to expert concerns about broadening and specifying public fundraising.

These findings are more clearly illustrated by comparing the last draft with the final legislation, with the persistence of the government concern about the administrative rank of the supervisory agency and the responsiveness to expert concerns about broadening and specifying public fundraising. The government’s original focus on charitable trusts remains but is no longer the priority.

Finally, analysis of all drafts and the final legislation in Figure 12 show that the government maintained its emphasis on administrative regulation of charitable organizations, increased its focus on the expansion of public fundraising as requested by experts (see Figure 13 below), and dropped its earlier focus on charitable trusts and their trustees. This is still an important new area of the Charity Law, but, without expert engagement, the government reduced the priority of this aspect of the revised legislation.

FIGURE 10. Content Analysis of the Charity Law

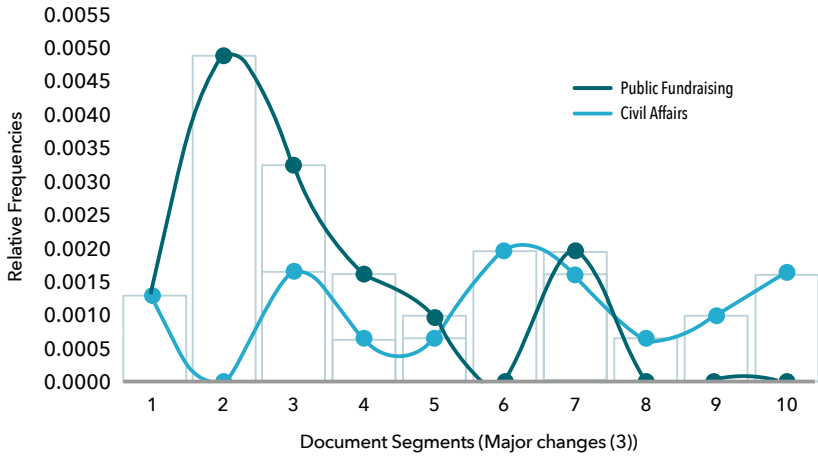


FIGURE 11. Comparison between 3rd Draft and the Final Charity Law

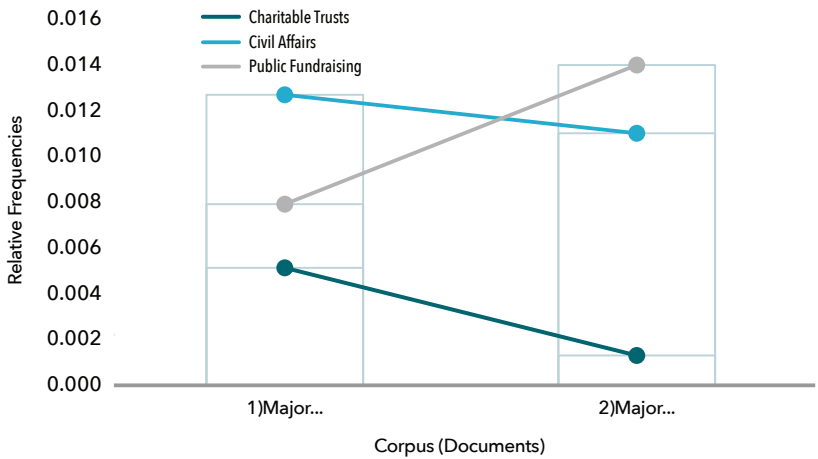


FIGURE 12. Comparison between Drafts and the Final Charity Law

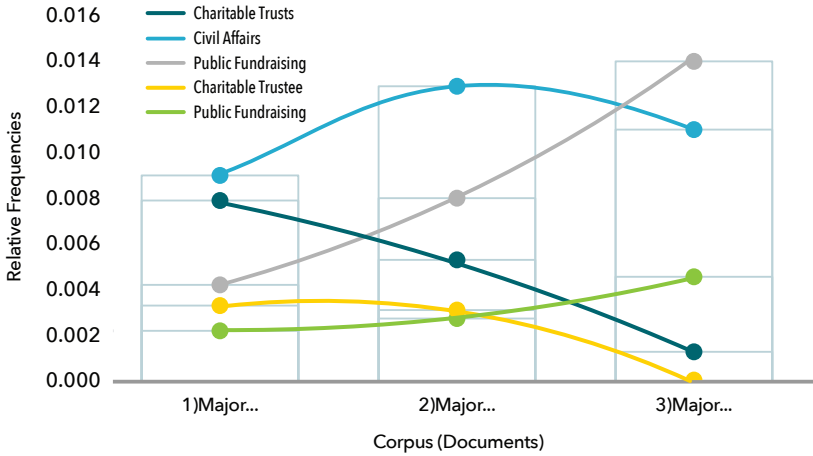
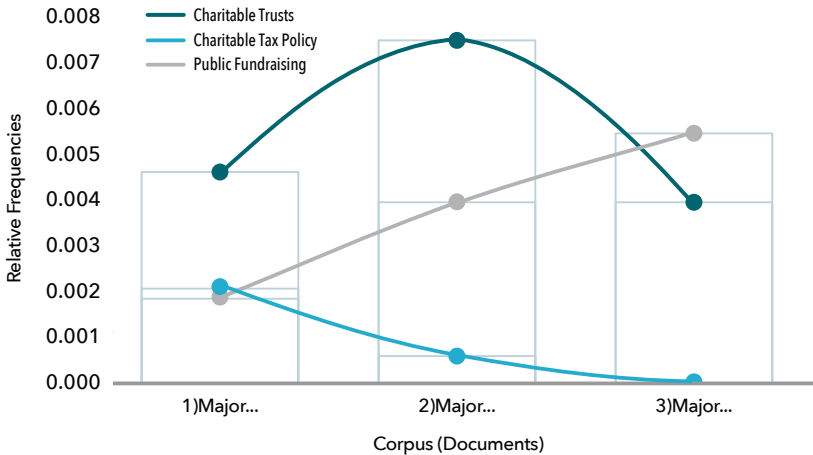


FIGURE 13. Comparison among Expert Workshops for each Draft and the Final Charity Law



Although this analysis does show correspondence between expert advocacy through the channel of publishing reports, it is important to note that I cannot measure the impact of the other channels of advocacy, such as the private ones like “consultation.” However, media reports and many public comments through the online system seemed to focus mostly on the regulation of crowdfunding given many recent high-profile scandals. Government officials noted that a dominant concern in the public comments was addressing how people used crowdfunding to pay for things like large medical bills. For example, Shi Hong, a senior legislator, stated that websites such as *Shuidichou* and *Qingsongchou* have played “positive roles” in helping low-income families pay their medical bills, but that crowdfunding is prone to false claims and has damaged credibility of the charity sector: “With the rise of internet technology, the number of crowdfunding projects has soared, and the scope of such projects is no longer restricted to a certain community or at a person’s workplace...It is widely acknowledged that legal changes are needed to administer such activities”.²² Crowdfunding activities related to health must now first seek permission from the Ministry of Civil Affairs, and the law will oblige people to authenticate their claims in crowdfunding posts, such as the stated financial status and health conditions.

To strengthen this textual analysis, I interviewed individuals involved in both the 2016 and 2022 rounds of the draft laws to examine how gathering citizen feedback has changed under Xi: how is this information collected? How important is it in policymaking? At which level or place in the process is it most important?

Perceived Effectiveness and Role of Deliberation

To understand how CSO participants perceived the effectiveness of the different advocacy channels, as well as the process of deliberation during the “policy window” created by public comment periods for the Charity Law, we interviewed representatives at five different CSOs or research institutes ranging in size and issue area in both Shanghai and Beijing between October and December of 2023 until the new Charity Law was passed by the NPC. As detailed below, we find that CSOs use all four channels simultaneously to amplify efforts but recognize that expert analysis through consultation

or conferences are the most effective channels. Public comments and media publicity are only effective if the organizations can mobilize enough people to attract the attention of officials. However, expert advocacy is most effective in changing policies through a private consultation process, rather than open meetings with a final report. This consultation channel is exclusive in that only the CSOs with the best resources or government connections are invited to participate. For all other CSOs, holding public meetings and distributing a conference report is the most effective option.

Channels and Strategies

As an example of a well-resourced and connected CSO, Friends of Nature (FON) devoted an office to policy and legislative issues and pursued all four channels of advocacy simultaneously. As individuals they posted public comments, FON tried to solicit invitations for consultations by engaging in outreach to government officials, FON attended and held conferences and invited journalists to attend, and the group also publicly shared their opinions on online platforms like Wechat and Weibo.²³

Another well-resourced and connected CSO, the China Foundation Development Forum (CFF) submitted draft comments for the revised Charity Act through the National People's Congress website and is often invited to government consultations. CFF also hosted meetings to discuss revisions and publicizes the resulting reports on their WeChat public account, but does not often pursue more publicity, unlike FON.²⁴

A smaller CSO, Ginkgo Foundation (银杏基金会) attempted to mobilize Ginkgo partners to participate, but it was not overly successful because mobilization requires long-term strategies and organizational structure to lobby National People's Congress Standing Committee members and encourage citizens to submit comments. Similar to FON, Ginkgo used several channels simultaneously, including having staff submit suggestions through the National People's Congress online system, calling for other CSOs and volunteers to submit comments using their public account on WeChat, and arranging a conference to discuss the proposed legislation with other CSOs.²⁵

Academic experts, like those at Shanghai JiaoTong University's Philanthropy Development Research Institute, also participated by submit-

ting public comments on the website, publicizing their perspectives through Weibo and WeChat, and holding meetings with CSOs to submit a report to the government. The top administrators are also invited for private consultations, but not the regular researchers.²⁶

Effectiveness of Strategic Choice

Larger organizations like CFF and FON believed that both consultations and conferences were the most effective. Conferences allowed FON to show expert consensus. However, the consultation channel had an identifiable and direct impact. FON leaders have strong personal connections to government officials, and the government often reaches out to CSOs like FON and CFF to ask them to provide professional comments and policy language.

For CSOs with government connections like FON, they often know the results of recommendations in advance through notifications from the Standing Committee or letters of appreciation from officials. However, for smaller CSOs or those without government connections, they do not know if they have any influence other than by looking at the final draft to see where the changes occurred. For example, Gingko Foundation did not have high expectations when making suggestions, but it noted that groups like FON are invited to help the government draft legislation through the consultation process. Similarly, CFF was not informed that their recommendations were adopted, but after reading the second draft, CFF found that two articles were adopted and quoted almost unchanged from CFF's comments in their report. One research institute employee explained that "I was told by officials who were deeply involved in drafting and revising the draft law that the analysis that comes from academics are the ones that they'll pay most attention to because they have the most authority to speak...they have the most social status and authority to speak on those issues...and also they [academics and government officials] all go to the same universities so have connections."²⁷

The public comment channel is widely viewed as influential only when many people make similar suggestions; for example, crowdfunding scandals encouraged an outpouring of commentary such that the representative at Gingko Foundation argued it that "The 9958 incident made the second draft of the Charity Law more conservative [9958卷款事件让 慈善法第二轮

草案更加保守]”。²⁸ The interviewee at Gingko Foundation believes that the number of people making suggestions is more important than the reputation of the organization that is submitting the comments, because the setup of the public comment system focuses on the number of comments.

The most cynical interpretation came from a representative at CFF who argued, “The organization’s professional reputation and the number of comments are both important, but neither is the most important...No matter how many people make the same suggestion and no matter how famous the organization is, if the suggestion is too advanced for the times, it will not be adopted. Only if the suggestion is within the general frame of what the government is willing to adopt, it may be accepted.”²⁹ He believed that internal government discussions and preferences were the most important, and public comments or expert advocacy only mattered when it roughly aligned with government interests and concerns, such that authoritarian deliberation happened only in specific parameters created by the government.

Process of Workshops and Conferences: Any Value to Authoritarian Deliberation?

In 2015–6, several research centers and CSOs held conferences, such as in Guangzhou (中山大学), Shanghai (上海交通), Chengdu, and Beijing. Government officials who participated in the process of writing the original Charity Act draft also attended along with approximately 15–20 groups (both CSOs and GONGOs) and CASS scholars. These meetings really focused on the new definition and concepts advanced by the government in the first draft, so they went over the draft line by line, and as a group identified areas of confusion, agreement, and disagreement. Participants in these conferences stressed how much of these workshops was actually about learning rather than advocacy.³⁰

However, during the 2021–2 revision process, these meetings focused more on advocacy. The most prominent and active organizers of meetings during the public comment period are Shanghai Jiaotong University, Tsinghua University, the law firm ForNGO, and the China Foundation Forum (CFF). Shanghai Jiao Tong University hosted a series of 10 meetings from April 2021 to December of the same year, and the China Foundation Forum (CFF) hosted a series of 4 meetings in January 2023 and 3 meetings in November

2023. All of these meetings had a theme, and the discussions were organized accordingly. The attendees of the meeting include secretaries general of foundations, professors from different universities, staff from fundraising/charity platforms, lawyers, etc. Almost all of the participants of the meetings had practical experience in the field of charity. However, the meetings also invite and include government officials.

A report is written up at the end of each meeting and submitted to the NPC website, posted online, and shared with any government officials to whom the groups have access. For example, CFF hosted four meetings during the first round of the revised Charity Law and three meetings in the second round using an online format with approximately 20–30 participants in each session. Relevant representatives from affected CSOs and experts like lawyers and academics are invited to the meeting. There are organized panels to explain the draft legislation, but also open times where participants share concerns.

At each of these meetings, there were a range of starting opinions at the beginning because the CSO leaders will be directly affected as the Charity Act goes through the revision process. The interviewee at Ginkgo Foundation explained that they participated in an online meeting jointly organized by the China Charity Alliance and the China Foundation Development Forum, with a total of more than 100 attendees and government officials also joined the meeting. Before the meeting, the organizers provided a comparison of the old and new legislation so that participants can see where there have been changes. At the end of the meeting, the organizers will prepare a summary report, rather than just a transcript, which aggregates and synthesizes participant ideas. Ginkgo Foundation's suggestions were included in the meeting report.

At the conferences, some representatives arrived with positions, but many were there to learn about the draft law. Regardless of starting point, all attendees discussed and distilled down their concerns. Then, the organizers produced one report summarizing the group position. Thus, this process of learning and listening creates "deliberation" which leads to emergent outcomes not necessarily predicted by initial ideas. Given this learning function as well as the more inclusive format, conferences emerge as an important part of "authoritarian deliberation."

Comparing the 2016 and 2022 “Policy Windows”

Based on online searches and interview evidence, there were more organized meetings during the 2021–2022 revision cycle than during the 2015–2016 revision cycle for the Charity Act. In the 2015–2016 revision cycle, more efforts were made to understand and explain the general framework of the new Charity Act, while in the 2021–2022 cycle, meetings were structured more around specific issues or articles of the Charity Act that CSOs believe need to be revised. One of the interviewees observed that his organization was only previously involved in creating and distributing pamphlets explaining the Charity Act in the 2015–2016 cycle, while he participated in more detailed discussions of the Charity Act revisions in the 2022–2023 cycle.³¹

He Yiting, Chairman of the Social Construction Committee of the National People’s Congress, explained that citizen participation was actively pursued during the revision of the Charity Law:

[We] carry[ied] out in-depth investigation and research, and went to local governments, ministries and charity industry organizations for 5 surveys and discussions to fully understand the actual situation and outstanding issues in the charity field. Also solicit opinions extensively, convening two coordination meetings and five rounds of written opinions solicitation, carefully listening to ‘one government and two courts’, more than 20 central units, 31 provincial (autonomous regions and municipalities) people’s congresses and social committees, local civil affairs departments, opinions of charity federations and charitable organizations and their proposals. Finally, entrusting the China Society of Social Security, Tsinghua University, and Beijing Normal University to draft proposals for amending the law, and soliciting the opinions of 21 experts and scholars through discussions or written forms. After repeated studies and revisions, the Charity Law (Revised Draft) was formed.³²

However, participants noted that the public comment period (policy window) for the first draft in the 2021–2 round of revision was very long, but the public comment period for the second draft was very short, perhaps because the government did not want to create mobilization and more advocacy.³³

Implications

Content analysis shows definitively that each subsequent draft of the Charity Law did respond to expert recommendations, but the government had clear interests in certain areas that persisted even if experts did not discuss it. Thus, there was influence, but within certain government-defined boundaries. However, CSO leaders felt that private consultations were the most effective way to influence the legislation if they were well-resourced or had good connections. The problem with consultations over conferences is that consultations are exclusive, only delivering partial feedback on the legislation, and, more importantly, that conferences also serve a learning function for the CSOs, journalists, researchers, and government officials who attend. The act of deliberation means that initial concerns might be alleviated or changed, and new ones arise based on discussions, such that the final conference report is more than a sum of its parts. It is truly a group (or sector) statement, and thus is much more complete and useful than consultations.

Furthermore, interviewees explained that during the comment period for the 2016–7 Charity Law, civil society organizations utilized all four advocacy channels, including discussing concerns with each other across a number of workshops and meetings, and this deliberation shaped not only the nature of their concerns, but also their specific recommendations to change the draft regulations.

Many of these recommendations were adopted by the government or addressed during the process of finalizing these regulations. During the revision of the Charity Law in 2022–3, CSOs also reported using all four channels; however, interviewees believed that direct "consultations" are the most effective channel. Unfortunately, an atomized process of information collection eliminates the emergent character of deliberation, and therefore might only offer fragmented and underdeveloped feedback from society. Xi Jinping's administration has focused on "responsive government" as a key new form of legitimation, but privileges more exclusive channels of feedback, such as consultations and public comments. However, this type of authoritarian deliberation provides less effective citizen feedback on draft policies and creates a fragile form of legitimacy only focused on elite perspectives.

Thus, the public comment and notice mechanism is significant not by itself, but because it creates a mobilization point, or policy window, where

policymakers are accessible and actively seeking expert advocacy. Submitting public comments is only one advocacy channel available at this period, and not the most effective one. Instead, for well-resourced and connected CSOs, government consultations are most effective. For all other CSOs and the broader sector, issuing conference reports is also effective. In short, who comments (i.e., experts) matters more than how many advocate for the same thing through the public comment process. Policymakers are receptive to advocacy during this time period, especially from those they believe have the authority to speak.

Based on this analysis, the key findings and subsequent policy recommendations are:

- Authoritarian deliberation persists, but Xi Jinping’s preference for exclusive channels does mean not comprehensive feedback, which thus dilutes the “authoritarian resilience” China enjoyed.
- This form of responsiveness privileges elites and is a fragile source of legitimacy, so the CCP will need to build a new social contract with regular citizens, such as through forthcoming Common Prosperity policies. China analysts should evaluate these policies, understanding them to be part of a potential social contract in lieu of economic growth.
- Legislative changes to the revised Charity Law highlight the increasing importance of “tertiary distribution” in Common Prosperity— or “voluntary” donations from the wealthy to the poor—as the preferred strategy to address income inequality, and thus signals the continuing pressure on wealthy elites and private businesses, such as seen with Jack Ma (Alibaba).

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Notes

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2023-24 WILSON CHINA FELLOWSHIP

China's Carbon Triangle: Climate Change and the Unwinding of the Land-Finance- Real Estate Development Model

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Abstract

China produces over 30 percent of global carbon emissions, making Xi Jinping's 2020 declaration that his country would be carbon neutral by 2060 one of epic significance. A core challenge facing China's decarbonization is shifting its economic model to break the "carbon triangle" of land, finance, and real estate. This nexus is central to the country's political economy and accounts for a significant amount of China's carbon emissions, yet it is incredibly inefficient in producing real value as millions of apartments lay vacant. Despite official acknowledgement of the need to shift away from real estate and infrastructure investment, pivoting has proven difficult for the country's leaders. Yet, as with most issues in China, national-level features can obscure fascinating and contradictory patterns happening in its provinces and cities.

Policy Implications and Key Takeaways

- China is shifting away from real estate as growth model. This is hugely important, as the real estate sector came to account for nearly a quarter of the country's GDP and much of its growth. While such a shift has been long-awaited with many prior attempts to deprioritize real estate, it is only recently with commitments like the "three red lines" that we have seen developers pulling back. Further, real estate fever, a belief that property is an investment that is safe and always increases in value, has finally broken.
- The major surprise in unwinding the carbon triangle is in how the government is trying to navigate this shift away from real estate as a growth model. To be clear, the country is not shifting away from growth altogether. For nearly two decades, Chinese and external observers have called for increases in domestic consumption as the path forward for the country. In specific policy terms, this is usually couched as expanding the country's social safety net. Yet Xi Jinping, for all of the caricatures of him as a traditional Red Marxist/Maoist, seems quite skeptical of welfarism. Instead of a shift towards domestic consumption, advanced manufacturing is taking the lead: with high tech goods such as semiconductors gaining some attention, but with most of the action in the clean energy space of solar, batteries, and electric vehicles (EVs).

- Local governments need revenue, lease land to developers who build apartments [often selling before construction is complete in “pre-sales”], and people buy because of a lack of other attractive savings options (given the state of the Chinese stock market and capital controls)
- The shift away from real estate is particularly complicated because of the “carbon triangle of finance, real estate, and construction. Incentives have generated overbuilding, with tens of millions of empty units and millions more unfinished. This construction is wasteful not just of land and labor but is spewing carbon emissions. Globally, cement and steel production are the source of between 10–15 percent of total emissions, and China represents about half of global production of both products.
- Chinese emission reductions from the industrial and construction sector are politically difficult but real. Coupled with rapid expansion of clean electricity production and electrification of industrial and commercial processes, China looks likely to peak its carbon emissions this year or indeed to have already peaked in 2023.

Introduction

China's rapid development has improved the lives of hundreds of millions, but the country's hyperfocus on growth statistics has also generated many negative consequences such as falsification, corruption, and local debt.¹ In addition, it has turned China into the world's leading emitter, by far, of carbon pollution. In 2022, China emitted 29 percent of total greenhouse gas pollution, more than the United States, EU, and India combined.² Yet the fundamentals of China's economic model are shifting, in ways that significantly affect emissions.

Before the Paris Agreement in 2015, China said its CO₂ emissions would peak around 2030. Then, on September 22, 2020, President Xi Jinping surprised everyone at the United Nations with a new pledge: China would ramp up its efforts, aiming to achieve carbon neutrality by 2060. These "30–60" targets are now major features guiding China's economic and environmental planning.

While China's rapid development has created a diversified economy that has placed it amongst the world's "middle income" countries, the drivers of much of this growth have been particularly carbon intensive. Tan and Cochran refer to China having two growth models: investment and exports.³ Exports capture most of the global attention, as earlier debates about the China shock are once again in vogue under the rhyming idea of "overcapacity."⁴ However, for most of the past two decades, investment has been the larger engine of China's growth.

Chinese investment statistics are spectacular in documenting the scale of building that was going on. By 2019, the Penn World Tables estimated China's total capital stock at almost exactly \$100 trillion (nearly three times India's \$34T) versus just over \$12 trillion in 2000.⁵ Even beyond normal levels of investment, until just the past few years, whenever global demand or internal growth has faltered in the recent decades, China's government has unleashed pro-investment stimulus. Such investment could be throttled up through direct government spending or relaxation of financial restrictions on the government-controlled banking sector and assist in maintaining the country's growth trajectory.

Two key components of this investment have been infrastructure and real estate. The resulting construction was impressive: vast expanses of highways, shiny airports, an enviable high-speed rail network, and especially apartments. These apartments housed the swelling urban population, and new buildings

replaced dilapidated ones. The boom pushed land-holding state-owned enterprises to turn from their core business and try to participate in the gold rush.⁶

However, the scale of construction has been so prodigious that it has far exceeded demand for housing. Tens of millions of apartments sit empty—almost as many homes as the United States has constructed this century. Many cities are ringed by whole complexes of unfinished concrete shells sixteen stories tall. Real estate, which constitutes a quarter of China's GDP, has become a \$52 trillion bubble that fundamentally rests on the foundational belief that it is too big to fail.⁷ The reality is that it has become too big to sustain, either economically or environmentally.

In late 2020, the Chinese government acted to mitigate the real estate bubble by restricting the ability of overleveraged developers to add to or rollover their debts. Known as the “three red lines,” these guidelines limited the financing moves available to developers with poor standing on three key financial ratios: liability-to-asset ratio, net-debt-to-equity ratio, and cash-to-short-term borrowing ratio.⁸ Most famously, the hugely indebted real estate firm Evergrande collapsed, defaulting with over \$300 billion in debt, eventually entering into bankruptcy. But it was far from alone as Kaisa, Fantasia, and Modern Land, among others, all also failed to repay creditors in 2020 and 2021.

The past four years have seen construction activity decline, as have property prices, deeply affecting individuals, companies, and localities. While the economic risks of deflating this bubble are well-known in broad terms at least, its implications for the climate are less generally acknowledged. China's steel and cement sectors account for about 7 percent of global CO₂ emissions on their own, equivalent to India's total emissions. Scaling back the construction sector is of clear global importance. Alongside the incredibly critical if obvious rapid expansion of clean electricity generation, the easing of the construction mania that has gripped China for the past two decades is increasingly leading to beliefs that the country's emissions might already be near or even at a peak.⁹

Most of the discussion of China's changing political economy—especially what it means for the climate takes place at the national level, yet this ignores wide variance in the social dynamics, material resources, economic situation, and energy systems of different provinces. This essay lays out some of the challenges facing China as it reshapes its political economy, first at a broader national level before beginning to explore patterns in the provinces.

National Background

Chinese policy for decades has prioritized growth and development to legitimize the continued rule of the Chinese Communist Party. An endless stream of figures, statistics and numbers, all of which pointed toward China's increasing wealth and power, are omnipresent, deeply embedding this developmentalist perspective in people's worldviews. Growth largely arose from increased agricultural productivity, leading to bumper harvests and allowing hundreds of millions of people moving away from the agricultural sector into manufacturing and services. Chinese farmers became migrants on a vast scale, twelve million people per year, moving to more populated areas to build housing, factories, and the attendant infrastructure of urban life. Connecting Chinese laborers with machines to help power their production turned China into the now cliché "workshop of the world."

These workshops produced materials for domestic consumption but also for export. The export-orientation of Chinese manufacturing, following in the trail of Japan and other "Asian tigers," pushed firms to economize their activities. This export orientation is often credited with helping to avoid some of the inefficiency traps of import-substitution industrialization, where infant industries are protected from external competition until they scale to the point of standing on their own but often fail to approach the technological frontier and stagnate. To aid in this industrialization effort, the country controlled and managed the value of its currency and exchange rates in order to maintain their competitiveness, at the expense of limiting their purchasing power in acquiring imports.

This balancing act was difficult. China needed to import machinery since it was so lacking in capital goods. On the other hand, the reduced value of the currency helped disincentivize sending capital abroad and in so doing paired with the country's capital controls to keep money circulating domestically rather than seeking greater (or safer) returns abroad. It also made foreign direct investment (FDI) particularly attractive as the exchange rates were favorable for multinational corporations considering setting up operations in China. Financial repression—keeping both external options closed off with capital controls and interest rates low—sacrificed citizens' purchasing power to keep control of the currency value to maintain export competitiveness and decrease financial risk, either the prospect of capital flight or speculative attack from outside, but mainly to push domestic investment. Particularly in

the wake of the Asian Financial Crisis, China built up massive reserves to protect itself from future iterations of such a shock.

Under these constraints, investors searched for avenues where their savings could earn returns. Capital controls kept the search inside of the country. Equities markets were highly volatile as were those for other commodities. However, real estate quickly became seen as an investment that could only go up in value. After all, the underlying fundamentals of investments in real estate in a rapidly urbanizing country are strong—a hundred million households looking for shelter represents an impressive source for demand, especially with the low quality of the existing housing stock in Chinese cities coming out of the disasters of the planned economy. For decades, investments in Chinese real estate were incredibly lucrative. However, even this massive demand was overcome by the might of the Chinese construction industry powered by speculative capital. These bets were increasingly viewed as not particularly risky as the sector also came to be seen as politically sensitive. With so much of Chinese household wealth held in real estate, allowing its value to decline was seen as politically untenable, and, indeed, central and local governments consistently stepped in to protect home values at various moments.¹⁰

To be sure, the Chinese government managed urbanization, in particular restricting migration to the largest metro areas and especially the capital given politics. The economic draw of different cities varied dramatically based on their natural resource endowments, industrial specializations, and geographic location. Yet while all cities built, many built far past actual demand—both in terms of residences as well as the urban infrastructure to support them—with the latter often being funded by corporations set up by local governments for this purpose (local government financing vehicles, LGFVs).

This building was incentivized in large part because of the political system focused local actors—party secretaries, governors, and mayors—to attend to maximizing particular performance indicators. In previous work, I've described this system as possessing a “limited, quantified vision,” which created blind spots where problems such as corruption, pollution, and falsification were allowed to accumulate.¹¹ But the principal issue was over-investment in pursuit of GDP growth. Construction directly increases GDP, even if what is being constructed barely gets used. But development-incentivized local cadres faced an additional constraint. The central government

alone maintained taxing authority, and finding the revenue to pay for their own salaries, let alone public goods and services, has always been difficult. Land conversion was their solution.

Land sales became a critical budget fixer for heavily indebted Chinese local governments, providing about 30 percent of revenue in 2021. In 2022, however, with the softer real estate market, this income stream plummeted by nearly a third. Consequently, government deficits broke records—8.96 trillion yuan in 2022—just as they faced some 3.65 trillion yuan in debt repayments. A long-discussed property tax continued to face resistance from the propertied middle classes and the officials in their circles. With limitations on where they could build and facing the local land monopolist, developers bid up the prices of land leases at auctions. By then building on that land, they helped local officials both by providing revenue directly and by contributing to GDP.

Over the past four years, as the country has finally started to drain some water from the bloated real estate sector. The indebtedness of both LGFVs and developers has shifted from a theoretical worry to a real matter of public outcry and concern. Crowdsourced data from WeNeedHome showed mortgage boycotts spreading like wildfire in fall 2022, with hundreds of properties across one hundred different cities facing actions.¹² Protests, mortgage strikes, and defaults have materialized, and confidence in the government's stewardship of the economy and the country has surely taken a hit—both domestically as well as overseas.

In broad terms, many have described Xi Jinping's efforts to promote "new quality productive forces" as his preferred solution to the problem of economic growth amidst a lagging real estate sector rather than relying on consumer consumption via expansion of a social safety net, which despite his rhetorical calls for common prosperity, Xi seems to view with skepticism. This skepticism and turn to manufacturing rather than consumer-driven growth is worth remarking on, as it too has climate implications. After all, service industries tend to be associated with less emissions, all else equal, than do manufacturing activities for a given level of economic activity. Yoga instructors and baristas do not create greenhouse gasses like welders and chemical production facilities.

In August 2021, Xi Jinping gave a speech to a rapt audience of the Central Finance and Economic Affairs Commission. After noting other countries'

high levels of inequality, social disintegration, and political polarization, Xi acknowledged his sense that China faced similar threats because of its own income gaps, especially between rural and urban areas. “Dividing the cake well” needed to become a key focus instead of merely relying on growth alone to provide opportunities for the poor. He spoke of the growth of a large middle class where workers can move forward.

Despite often being presented in the West as a devoted Marxist, Xi has reversed the redistributive policies of his predecessors, particularly Hu Jintao and Wen Jiabao. As the law professor Wei Cui noted, Xi cut taxes and made Beijing more reliant on regressive revenue sources for income, all while putting forward nothing in the way of progressive transfers amid a “resolute refusal to build a welfare state.” Indeed, even in the “common prosperity” speech that was his ostensible leftward lurch, Xi’s conservatism comes through:

We should not bite off more than we can chew and make promises that we cannot keep. The government cannot cover everything, and the focus is on strengthening fundamental, inclusive and basic living protection and efforts. Even if the level of development is higher and the financial resources are stronger in the future, we still cannot set too high goals and provide overprotection; we should resolutely prevent falling into a “welfare” trap and raising idlers.

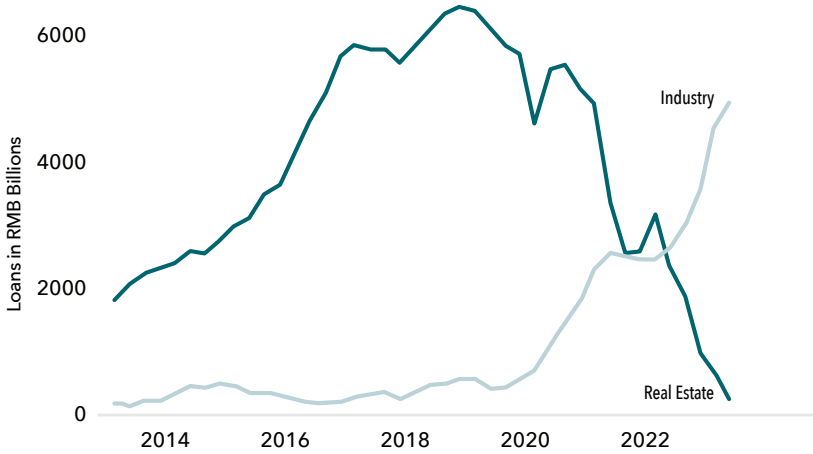
This research project was initiated expecting to explore patterns of fiscal, emissions, and other data as the country transitioned away from real estate towards a domestic consumption growth model. Academic and policy explorations of the political economy challenges in such a scenario tend to be siloed, sticking with either a climate focus or fiscal one. Climate-oriented studies of Chinese urban development tend to be technical in their orientation, measuring the size of emissions benefits from policy interventions such as high-speed rail stations, vehicle electrification, or road diets.¹³ Another set examine under what conditions and to what extent official designations, such as “eco-city” or “low-carbon city,” have beneficial environmental outcomes on emissions or other important parameters.¹⁴ Fiscal analyses, on the other hand, tend to focus on economic outcomes and the political dynamics between the center and local governments and state-society relations.¹⁵ Fiscal transfers, land

revenues, and local debt have long been examined in the literature, and some studies have connected these issues to population pressures—in positive and negative directions, the latter tending to use the “shrinking cities” moniker.¹⁶ Yet few have explicitly linked these worlds by looking at how China’s political economy shapes its approach to climate change and decarbonization.¹⁷

However, and interestingly, the decline of real estate and other urban infrastructure investment that has taken place over the past few years has led to an important but underwhelming decline in steel and cement production. While I previously posited that a decline of construction in the real estate sector to a level more consistent with sustainable replacement and upgrading could yield a full gigaton of carbon reductions, cement and steel production have only ebbed rather than cratered. This discrepancy is in part because of other sources of demand for these materials—namely industrial manufacturing facilities—have replaced declines in the construction. Recent estimates for March 2024 compared with the prior year have 40 MtCO₂ reduction from lower steel and cement output, which would annualize to an emissions reduction closer to half a gigaton.¹⁸ Steel usage in the real estate sector has dropped from 412 Mt in 2020 to 251 Mt in 2022 with 2023 estimates coming in at roughly 200 Mt.¹⁹ Cement production for the first half of 2024 was only 0.85 billion metric tons, and full year estimates project a total around 1.85 billion tons, which would be the lowest in 15 years.²⁰

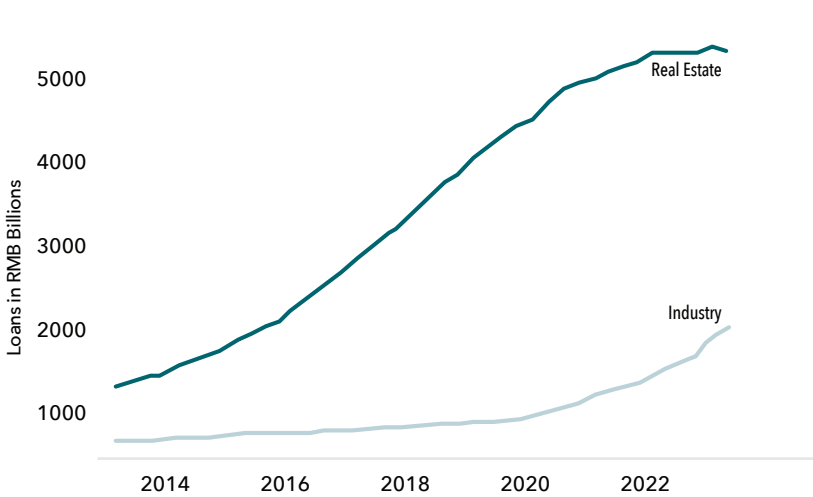
What we have seen in China instead of a pro-consumption push has been a rush towards advanced manufacturing, both for domestic use and export, which is seen as an important component of the country’s growth going forward. Often focused on three new industries—solar panels, batteries, and EVs—the efforts on advanced manufacturing seem to dovetail with a decarbonization agenda given the significance of clean electrification to any reasonable plan to reduce emissions. And, while clearly these sectors are of massive significance to global decarbonization efforts, they remain dwarfed by the size of the real estate sector in China’s own economic activity. This can be seen in a pair of images of loan data. While Figure 1a clearly suggests a massive shift in loans away from real estate and towards industry, it is important to keep in mind that this depicts year-on-year changes of loans. Figure 1, on the other hand, shows the full stock of loans and its shape, which highlights that while the changes seen in Figure 2 are real—a shift is taking place towards more

FIGURE 1. Year-on-Year changes Show Loans Shifting from Real Estate to Industry



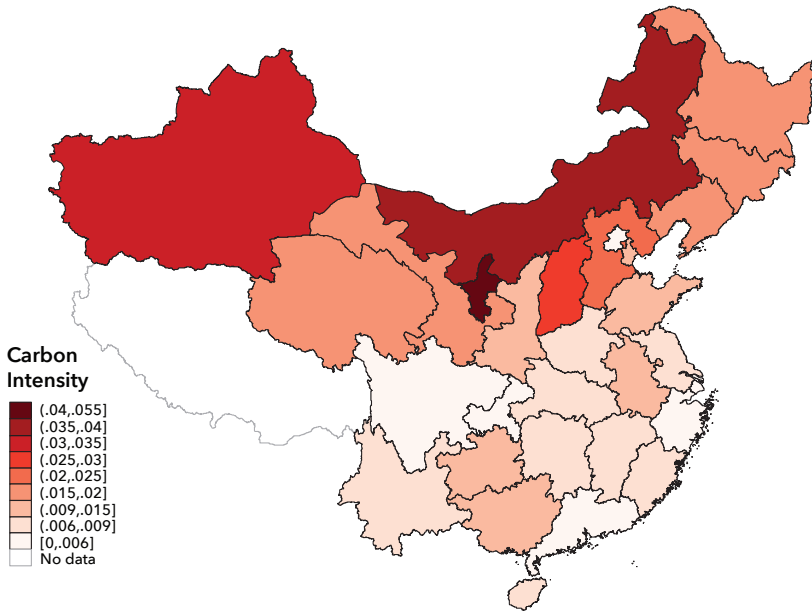
Source: PBOC, CEIC

FIGURE 2. Total Loans Retain Real Estate Tilt



Source: PBOC, CEIC

FIGURE 3. Map of Carbon Intensity (Emissions/GDP) in 2021



Source: PBOC, CEIC

loans being directed to industry, the massive scale of loans to these sectors indicates how difficult it will be to transition away from real estate.

The complex of finance, land, and real estate deeply affects China's emissions and the possibility of the country and the world in meeting its climate targets. Obviously, the extent to which producing housing for people requires emitting greenhouse gasses can make those emissions justified. However, much of the speculative housing and construction booms have produced structures that are of little direct utility. Beyond direct emissions, constructing empty buildings wastes both labor and land, with the latter critical for agriculture as well as under increasing pressure from acreage-hungry renewable energy sources like solar and wind.

Provincial level variation goes a bit further. China's northern industrial heartland (e.g. Inner Mongolia, Hebei, and Shanxi) is particularly carbon-intensive in its economic activities, as well as being the chief locations where coal is mined. On the other hand, eastern and southern provinces tend to still rely

on energy imports—largely in the form of coal, though a small but increasing portion as electricity being sent directly via ultrahigh voltage (UHV) power lines (only some of which derives from coal combustion)—for their energy security. One simple depiction of provincial level variation is provided in Figure 3, a map of carbon intensity, or emissions estimates divided by estimates of local GDP.²¹ China has not released official statistics on emissions in years, so these are estimates based on energy and process (read: cement) emissions from China Emissions Accounts and Datasets series (CEADs).

TABLE 1. Key Provincial Metrics

Province	CO ₂ Emissions (2021)	GDP (2021)	Electricity Generation, TWh (2021)	Non-Fossil Generation Share, percent (2021)
Beijing	80.14	41045.6	473	5.1
Tianjin	155.55	15685.1	800	4.7
Hebei	885.51	40397.1	3513	23.2
Shanxi	613.73	22870.4	3926	17.8
Inner Mongolia	843.40	21166	6120	20.1
Liaoning	545.67	27569.5	2258	33.7
Jilin	204.63	13163.8	1026	28.8
Heilongjiang	287.54	14858.2	1201	21.0
Shanghai	194.07	43653.2	1003	3.4
Jiangsu	817.68	117392.4	5969	18.9
Zhejiang	442.20	74040.8	4223	27.8
Anhui	385.35	42565.2	3083	11.1
Fujian	299.82	49566.1	2951	41.6
Jiangxi	245.41	29827.8	1563	20.4
Shandong	947.16	82875.2	6210	15.0

(continued)

Province	CO ₂ Emissions (2021)	GDP (2021)	Electricity Generation, TWh (2021)	Non-Fossil Generation Share, percent (2021)
Henan	483.74	58071.4	3039	19.1
Hubei	361.05	50091.2	3292	55.2
Hunan	310.87	45713.5	1742	41.6
Guangdong	629.74	124719.5	6306	26.4
Guangxi	288.03	25209.1	2082	42.6
Hainan	45.65	6504.1	391	35.0
Chongqing	165.28	28077.3	991	31.3
Sichuan	314.90	54088	4530	85.3
Guizhou	265.86	19458.6	2368	38.9
Yunnan	234.37	27161.6	3770	87.9
Shaanxi	339.10	30121.7	2740	16.7
Gansu	189.45	10225.5	1897	46.9
Qinghai	56.38	3385.1	996	84.9
Ningxia	235.32	4588.2	2083	23.3
Xinjiang	520.71	16311.6	4684	21.5

While carbon intensity has some utility as a measure of an economy's carbon-ness, the atmosphere is principally concerned with totals rather than ratios. Table 1 thus presents key emissions, economic, and electricity data for 30 provincial-level units (Tibetan data is missing).²² The four highest emitting provinces—Shandong, Hebei, Inner Mongolia, and Jiangsu—each emit over 800 million tons of CO₂, which would individually place them between Japan (1000 MT) and Indonesia (725 MT) in the top 10 of polities world-wide.²³

Conclusion

China's rapid development over the past four decades is unprecedented historically both in its pace and in the number of people affected by improved economic realities. Its scale and rewriting of the economic record books have profound implications for the world, from reopening debates about industrial policy and tariffs to geopolitics. But while the short-run debates of the next few years may be focused on such issues, the broader trajectory of the twenty-first century around the world is likely to be shaped by climate change. The trillion tons of carbon pollution that we've collectively dumped into the atmosphere are warming the planet like a weighted blanket.²⁴ China's immense emissions and their future trajectory are perhaps the key question about the future of the planet's climate.

There are hopeful signs that global emissions are near or at their peak. China alone represents one-third of global carbon emissions, and as most of the major industrialized economies already have declining emissions, if China's emissions were to decline as well, global emissions would likely fall. And data from the first half of 2024 look like Chinese emissions might have peaked last year. While industrial manufacturing has expanded more than expected, the shift away from real estate and infrastructure construction that is at the heart of the carbon triangle is leading to reduced carbon pollution. Paired with increased uptake of clean electricity, some analysts are predicting that 2023 will turn out to be China's actual carbon peak and not just another local maximum.²⁵

However, the sustainability of this greening of China will depend on the economic transformation away from the carbon triangle. National level economic growth has been stable if a bit weak during the past year. The recent third plenum held in July 2024 did not include any dramatic policy moves that might suggest a return to real estate as a growth engine, yet it also did not push forward clear solutions to the problems of local finances that many provinces, cities, and counties face now that the gravy train of land finance has stopped.

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2023-24 WILSON CHINA FELLOWSHIP

Tensions of the Endless Frontier: Geostrategic Competition and the Lives of Scientists

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Abstract

Science and technology policy in both China and the United States go through a political process to passage influenced by larger diplomatic, economic, and societal goals. Often lost in these discussions are the scientists as individuals whose lives and careers are buffeted by forces beyond their control. This paper examines three case studies of Chinese scientists in the period from the mid-1940s to the 1950s, when many elite Chinese scientists made the fateful decision to remain in China, go with the Nationalist government to Taiwan, or go into exile abroad, including to the United States. These decisions reflected their personal circumstances, political affiliations, as well as the contingencies of a chaotic period of civil war. Scientific internationalism in the twentieth century helped to establish American dominance in the sciences and contributed to the success of the Manhattan Project. The three elite Chinese scientists discussed in this paper were part of the wave of foreign scientists pivotal to the development of both American and Chinese science in the twentieth century. This history provides key insights about the effect of US policy on individual scientists and lessons for the crafting of new legislation on science and technology.

Policy Implications and Key Takeaways

- The history of how American science became dominant in the twentieth century and insights from the new field of science of science both point to the importance of formal and informal social networks in the production of science.
- American science and technology policy should reward excellence on the principle that talent attracts talent and increase funding to support the educational and research infrastructure that is the basis of American dominance in the sciences. Examples of positive policies include the funding allocated in the CHIPS and Science Act for investment in hubs of excellence.
- On the other hand, policies to limit international collaboration and the pipeline of students from China could backfire by damaging international

networks of science built up from the early twentieth century. Efforts to root out espionage by targeting people from particular countries of origin were not effective for the Manhattan Project—the biggest leak to the Soviet Union came from a British national. More recently, the China Initiative failed to produce concrete results other than raise alarm about civil rights infractions against scientists of Chinese origin.

Introduction

At a time of growing geopolitical tensions, it is more important than ever to restore humanity and agency to a central protagonist of these policy debates on science and technology, the scientist, and to see them not as chess pieces in a struggle between superpowers, but as individuals navigating turbulent times and making life-altering decisions based on a complex set of factors. This paper focuses on the period from 1945–1955, when many elite Chinese scientists made the fateful decision to remain in China, go with the Nationalist government to Taiwan, or to remain abroad, including in the United States. These decisions reflected their personal circumstances, political affiliations, as well as the contingencies of a chaotic period of civil war. Their histories carry important lessons for policymakers about the internationalization of science and the key factors in attracting talent. The paper focuses on three specific case studies of Chinese scientists trained in the United States in the 1940s against the backdrop of the longer history of Sino-US engagement in the sciences: the meteorologist Zhu Kezhen (Co-ching Chu 1890–1974), the aerospace engineer Qian Xuesen (1911–2009), and physicist Chien-Shiung Wu (1912–1997).

None of the three scientists, Zhu Kezhen, Qian Xuesen, or Chien-Siung Wu, were particularly politically oriented at the time of their life-changing decisions in the late 1940s and early 1950s. The most senior of the three, Zhu Kezhen, was already the president of Zhejiang University by the time of the Communist victory. Dismayed by the widespread corruption of the Chiang regime, Zhu made the decision to stay on the mainland rather than accept Chiang Kaishek's invitation to flee to Taiwan. Qian Xuesen had received tenure at Caltech and had decided to stay in the United States and apply for US citizenship before Immigration and Naturalization Service (INS) brought a case against him that resulted in his deportation back to China. C.S. Wu and her husband Luke Yuan had no communist sympathies. They remained in the United States and put down personal and professional roots. Both regularly visited Taiwan and Wu personally advised Chiang Kaishek against building a nuclear program in Taiwan. In the 1970s, however, Yuan and Wu were among the earliest groups of American scientists to travel to the PRC, despite Taiwan's official disapproval. As president of the American Physical Society, Wu reached out to the Chinese Academy of Sciences and did her best to bring back Chinese scientists into the international community of physicists.

The decisions these three scientists made during this period would reverberate throughout their lives. Zhu Kezhen's oldest son, Zhu Jin (1921–1961), died in a labor camp after being labeled a rightist in 1958. Zhu's aspirations for science education in China that incorporated the best aspects of a liberal arts education in the United States were thwarted by the political turmoil of the Maoist period, which saw the Chinese Academy of Sciences shut down in 1966 and many scientists suffer intense persecution.

Upon his return to China in 1955, Qian Xuesen joined an elite group of top scientists and went on to head one of the signal scientific achievements of the Maoist era, the combined nuclear, rocket, and satellite program named "Two Bombs and One Satellite." Qian was an early advocate of cybernetics to manage complex social systems in a precursor to the CCP's full endorsement of using artificial intelligence for surveillance and state control.

C. S. Wu became the first woman to lead the American Physical Society as president in 1975. The 1957 Nobel Prize in Physics was awarded to her male colleagues Tsung Dao Lee and Chen Ning Yang for their theory on beta decay and law of conservation of parity. Wu's experiments confirmed the theory, but at the time her work was unacknowledged by the Nobel committee. Only later in life did Wu receive credit for her pioneering research. Wu was posthumously honored by the U.S. Postal Service on a commemorative forever stamp in 2021.

The three scientists' lives converged and diverged at numerous points over the course of their lives. This history illustrates the difficulties of targeting individual scientists as part of national policy on science and technology. Regulations that would ensure the attractiveness of US institutions and allow them to remain as hubs in the global development of science and new technologies would be more effective than punitive measures against individuals, which may have unforeseen and lasting repercussions.

The New Cold War

In 1945, Vannevar Bush, the Director of the US Office of Scientific Research and Development during the Second World War, submitted a report to the President on the importance of government support for science. His report, "Science, the Endless Frontier," became the founding vision for the

National Science Foundation and roadmap for American post-war scientific dominance. Seventy-five years later, in 2020, Senators Chuck Schumer and Todd Young introduced the Endless Frontier Act, later renamed as the US Innovation and Competition Act, to bolster American companies and institutions against what is widely seen as growing scientific and technological challenges from China.

The renamed CHIPS (Creating Helpful Incentives to Produce Semiconductors) and Science Act of 2022 sought to ensure US leadership in technology, including the manufacturing of the most advanced computer chips necessary for new breakthroughs in artificial intelligence and supercomputing and research into semiconductor development. The legislation aimed to reverse the long-term decline in science funding since its peak during the Cold War. According to the White House, “In the mid-1960s, at the peak of the race to the moon, the federal government invested 2 percent of GDP in research and development. By 2020, that number had fallen to less than 1 percent.”¹ To help maintain American dominance in science and technology and to help spread the benefits of this dominance across the country, the administration budgeted \$52.7 billion for semiconductor research, development, and manufacturing.

The CHIPS and Science Act actively counters “Made in China 2025,” a state-led industrial policy announced in 2015 that sought to move China forward in high-tech manufacturing through government subsidies and the mobilization of state-owned enterprises. The ten-year plan focused on developing ten high-tech industries, including electric cars, IT and telecommunications, advanced robotics and artificial intelligence. Although Chinese officials no longer publicly tout the policy, this intensive top-down directive has already shown considerable results in the rapid growth of the Chinese electric car industry, significant advances in computer chip manufacturing, and robotics.

In recent years these two competing set of policy goals have placed the United States and China on a collision course in a new Cold War race for dominance in science and technology. Rapid developments in the field of artificial intelligence provide a compelling example of how the race in science and technology is playing out. In his 2018 best seller, *AI Superpowers: China, Silicon Valley, and the New World Order*, Kai-Fu Lee, who once headed Google China, considered China to have already taken the lead in artificial

intelligence, particularly in areas like facial recognition.² In the book, Lee took an optimistic view of the future of AI, despite acknowledging its potential to transform the labor market and devastate white-collar jobs.

Yet, Lee fails to acknowledge the dark side of AI—its uses in surveillance and policing. Such measures are not the unintended consequence of a new technology but in fact built into the Chinese Communist Party's view of social control. New technology makes possible the unprecedented control of the population.³ Since the publication of Lee's book, the release of ChatGPT, the large language model-based chatbot developed by OpenAI on November 30, 2022 brought the advantage temporarily back to Silicon Valley. At the same time, the development in the United States of generative AI raised urgent questions about the ethical development, use, impact, and control of a range of artificial intelligence capabilities that quickly came to dominate media and political discussions.

Alongside these discussions, surveys show that, while the United States remains the top destination for AI talent, China has expanded its domestic talent pool over the last few years to meet the demands of its own growing AI industry. China produces a sizable portion of the world's top AI researchers—rising from 29 percent in 2019 to 47 percent in 2022—many of whom work in its domestic industry.⁴ China now produces almost half of the world's AI talent.⁵ These developments have great significance for American policy, especially as efforts to maintain US dominance in science and technology runs a growing risk of backfiring by fostering a hostile environment to top researchers.

In contrast to the focused funding of the CHIPS and Science Act in specific areas of research and manufacturing, the Department of Justice's China Initiative, launched in 2018 to counter national security threats from the People's Republic of China, was an effort intended to root out espionage with ambiguous parameters. Legal scholar Margaret Lewis has argued that the DOJ was overly broad in using "China" as the basis for the two thousand active investigations launched by the Federal Bureau of Investigation.⁶

Although framed as addressing national security risks, most cases brought by the DOJ charged academics on issues of "research integrity," including for failure to pay taxes on payments from Chinese universities. The overly broad category of payments included relatively small honoraria commonly given for

academic talks or for the review of programs. Nearly 90 percent of the cases involved defendants of Chinese heritage.⁷

By the time the DOJ formally announced the end of the China Initiative in February 2022, the program resulted in a number of prosecutions that were dismissed before trial or ended in acquittal and caused an uproar from civil rights groups and Asian American advocacy groups.⁸ For example, two university faculty members embroiled in these prosecutions, Franklin Tao at the University of Kansas and Anming Hu at the University of Tennessee, eventually saw their cases dismissed, and, in Tao's case, his conviction by a jury overturned. However, these resolutions only came years after they were fired by their respective academic institutions and saw their careers and personal lives derailed.

The China Initiative was seen as having drifted considerably from its original aims of addressing national security risks. Instead of uncovering espionage, these prominent cases boiled down to whether the scientists properly disclosed their relationships with Chinese institutions. Notably, none of the cases involved the transfer of cutting-edge technology in areas of highest concern to the international community, including biomedical engineering and artificial intelligence. It also noticeably chilled research by creating more onerous reporting of *all* international collaborations, effectively dampening the internationalization of science based on transnational scientific networks built in the post-World War II period.

The Three Case Studies

The three case studies of Chinese scientists from this era bear important policy implications for the internationalization of science and the importance of attracting and protecting talent because all three center around a crucial turning point in the rise of American dominance in the sciences. Starting in the early twentieth century, science became increasingly transnational, a trend which has only accelerated in today's globalized world. The United States in particular benefited immensely from international talent immigrating to its shores in the lead up to World War II. This influx of international talent contributed to the success of the Manhattan Project and American leadership in the sciences in the twentieth century.

The history of modern science in China is deeply entangled with its engagement with the United States. China's political turmoil in the early twentieth century provided opportunities for the first generation of Chinese scientists to receive training abroad. Part of the funds from the American portion of the Chinese Boxer Indemnity went towards scholarships for Chinese students to study in the United States.⁹

Among the students who received the Boxer scholarships, Zhu Kezhen went to study agriculture at the University of Illinois, while Hu Mingfu, Zhao Yuanren, Hu Shi, and Zhou Ren went to Cornell to study the sciences, including physics, mathematics, and engineering. These and other Chinese students in the United States went on to establish the Science Society of China in 1914–1915. The Science Society returned to China with many of these students in 1918 and would go on to shape the development of the science in the country until its dissolution in 1950.

During the same period in the first half of the twentieth century, growing American global influence coincided with major philanthropic organizations like the Rockefeller Foundation expanding their footprint abroad. The Rockefeller Foundation (RF) was a key non-governmental organization in the early twentieth century, helping to promote science and the social sciences around the world. Building on a strong American missionary tradition dating to the nineteenth century, China was one of the first places where the Rockefeller Foundation provided aid. In 1906, the RF funded what was widely considered to be the finest hospital and medical school in China, the Peking Union Medical College Hospital.

In the 1920s, the RF broadened the scope of its support to agricultural science and issued funding to help existing research networks in countries like India and Mexico, as well as China. In addition to funding initiatives, the RF provided scholarships for Chinese scientists to study in the United States. Through both institutional support and individual scholarships, the RF and other major American foundations advanced the cause of science. These efforts directly influenced the development of modern science in China.

In the 1930s, top Chinese students vied for coveted spots to study in the United States. The exchange continued during the difficult war years. The histories of several scientists participating in these exchanges illustrate how internationalism has been essential to the major scientific efforts of the twentieth

century, even as tensions between internationalism and nationalism persisted.

Zhu Kezhen, born in 1890, belonged to the initial generation of Chinese scientists who studied abroad. Like many of his generation, Zhu first received a classical education before going abroad for training in the sciences. He later arrived in the United States on a scholarship funded by the Chinese Boxer Indemnity and initially studied agriculture at the University of Illinois before changing his disciplinary focus and going on to receive his Ph.D. in meteorology at Harvard University. The liberal arts model at Harvard left a particularly deep impression. After his return to China in 1928, Zhu was named the founding director of the Institute of Meteorology of a newly established national academy of sciences, Academia Sinica.

In 1936, Chiang Kai-shek appointed Zhu president of Zhejiang University. Zhu retained a lifelong appreciation of the American liberal arts education, particularly the model at Harvard, where professors provided mentorship not only in academics but also a moral education.¹⁰ Upon his appointment as the president of Zhejiang University (Zhejiang Daxue or Zheda), Zhu sought to implement this model.

Larger events, however, worked against him. In 1937, Japan launched an all-out invasion of China. Zhejiang University, like Academia Sinica and a number of other elite higher education institutions based in the coastal cities, retreated to the interior. Zheda moved to Zunyi in Guizhou. In exile and enduring difficult wartime conditions, Zhu lost both his wife and one of his sons. Zhu nevertheless persevered in his leadership of the university and its student body. During the war, Zhu first encountered the British biochemist Joseph Needham, who served as the scientific representative of the British government in China. This encounter led Zhu to send to Needham boxes of rare Chinese works in the 1950s for use in writing Needham's history of Chinese science, which eventually resulted in the landmark *Science and Civilisation* series.

Japan's surrender in 1945 did not spell the end of hardships for scientists in China. In the Republican period, Zhu had frequently collaborated with geographers to write textbooks and raise awareness of the field. The Institute of Geography was founded in August 1940 in Beibei outside of Chongqing along with the rest of the relocated Academia Sinica. After the end of the war, various teams of scientists continued fieldwork even as they faced significant budget shortfalls during the period of postwar hyperinflation.¹¹ On June 6,

1949, the Institute completely ran out of funds to pay employees and had to disband.¹² Under these circumstances, Zhu, along with many other scientists who found it impossible to do research in these conditions, became disillusioned by Chiang Kai-Shek's Kuomintang (KMT) regime. Although Zhu was wary of the Communists, he declined Chiang's invitation to retreat with the KMT to Taiwan. Zhu hid in Shanghai to wait for the arrival of the People's Liberation Army.¹³

This contrasted with the decision of his contemporary and fellow Boxer Indemnity fellowship recipient, the philosopher Hu Shi (1891–1962). Both Hu Shi and Zhu Kezhen had initially studied agriculture upon their arrival in the United States. After his return to China, Hu was critical of both the Nationalist government and the Communist Party for their authoritarian impulses. Nevertheless, Hu served as the Republic of China's ambassador to the United States from 1938–1942 and went with the KMT regime to Taiwan, where he served as the president of Academia Sinica from 1957 to his death.

Appointed vice president Chinese Academy of Science, Zhu Kezhen continued his life-long educational mission in the 1950s. Under the People's Republic, Academia Sinica was renamed the Chinese Academy of Sciences (CAS) and top Chinese scientists like geologist Weng Wenhao were invited to return to the mainland, whatever their previous political affiliations. The considerable personnel overlap into the late 1950s also underscores similarities between the wartime research agendas of scientific institutions under the KMT and that of newly established academies in the PRC in the 1950s. The last years of the civil war had proved exceptionally damaging to the scientific infrastructure in China and further decimated the scientific community's confidence in the KMT state.

The promise of stability in the new regime quickly dissipated in escalating crackdowns. Zhu's field of operation at the Academy of Science became increasingly constrained by the political imperative of the moment. Scientists had value insofar as they were necessary to some key areas of development valued by the regime: geologists for the survey and construction of the oil industry; physicists for the nuclear program; and biologists for enhancing the country's agricultural production.

With a few exceptions, however, by the late 1950s these scientists were also seen as dispensable. As political campaigns ramped up in the late 1950s, they

claimed an increasing number of scientists among their victims, including Zhu Kezhen's oldest son Zhu Jin (1921–1961) who was labeled a rightist in 1958 and died in a labor camp.¹⁴ Weng was one of the highest-level KMT officials to return to the mainland and his repatriation represented a major coup for the new state. While Weng himself survived the Cultural Revolution, his oldest son, a petroleum engineer, was killed.

In the face of these difficulties, Zhu continued to do what he could to advocate for and practice science. As China was emerging from the Cultural Revolution, Zhu published the most well-known article of his career in 1973, "A Preliminary Study on the Climatic Fluctuations During the Last 5,000 Years in China."¹⁵ The importance of the article can be seen in its immediate translation into English and publication in *Scientia Sinica* mere months after its appearance in Chinese. In the article, Zhu applies one of the significant advantages China possessed, the country's unmatched historical records, to argue for the historical fluctuation of climate in periodic cycles. By combining archaeology, history, and weather science, in the year before his death Zhu returned to his long-held educational aims of bringing together humanities and the sciences.

Like Zhu Kezhen nearly two decades earlier, Qian Xuesen received a Boxer Indemnity Scholarship to study in the United States. Qian arrived in the United States in 1935, initially enrolling at MIT. In the 1930s, the MIT aeronautics program focused not only on theory but also on airplane design and included among its star professors several pioneers of the aircraft industry. Qian, however, struggled with the experimental work and long hours spent testing in wind tunnels.

Following his master's thesis, Qian went to meet the Hungarian-born mathematician and physicist Theodore von Kármán at Caltech. Kármán had grown increasingly alarmed by the deteriorating political situation in Europe and in 1930 had accepted the position of the director of the Aeronautical Laboratory at Caltech. From this base, Karman built up a tight-knit group of graduate students.

In the 1930s, US institutions became the main beneficiaries of a flood of talent driven by the deteriorating political situation from Europe. Growing antisemitism in Germany and Austria forced out some of the brightest minds in Europe from professorships and research positions. Others, seeing

the writing on the wall, looked elsewhere before they were forced out. In addition to Kármán, John von Neumann, Albert Einstein, and Wolfgang Pauli were among the top physicists and mathematicians to decamp to the United States.

The stream of exiles turned into a flood as war spread in Europe. Several of the top European physicists and mathematicians found employment at the Institute of Advanced Study at Princeton. Others found positions at institutions across the United States. In turn, these transplants helped turn the United States into the world leader in theoretical physics.

In California, the introverted and intensely intellectual Qian found his community. In the 1930s, Caltech attracted some of the best scientists in the world. T.H. Morgan, the chair of the biology department, would go on to win a Nobel Prize for his genetic study of fruit fly chromosome. Qian Xuesen became part of a group of Chinese students, a number of whom went on to become pioneering scientists in China. The geneticists Li Ruqi and Tan Jiazhen both received research fellowships from the Rockefeller Foundation to work with Morgan's group. Both Li and Tan would return to China to be leading proponents of genetics study in China.¹⁶

The circle of world-class physicists then as now was quite small. J. Robert Oppenheimer had studied under Max Born at the University of Göttingen, where von Kármán had received his Ph.D. in 1908. In the 1930s, Oppenheimer joined the physics department at UC Berkeley. Oppenheimer brought to the United States the latest European developments in quantum physics and made Berkeley a hub for theoretical physics. Pauli and Kármán studied together in Germany. A coterie of Hungarians, Theodore von Kármán, John von Neumann, Leó Szilárd, Edward Teller and Eugene Wigner, were all raised in wealthy, intellectual Jewish families, and reunited in the United States in the 1930s to change the course of science and world history.

Equally small was the coterie of Chinese students in the United States. Qian Xuesen, by then president of the Chinese Students Association at Caltech, filmed scientists Wu Chien-Shiung and Luke Yuan's wedding on Sunday May 30, 1942, in the home of Luke's advisor Robert Milikan, the Nobel Prize winner and president of Caltech at the time.¹⁷ Hu Shi had been Wu's favorite teacher in China, a mentor later in life, and she was visiting Academia Sinica in Taiwan in 1962 when Hu suddenly took ill and passed

away. The California Chinese students group moved in the same circles of Von Kármán, Oppenheimer, and Lawrence.

The politically liberal intellectual hothouse environment in California made it a hub for top scientists, as well as for the leftist movement in the United States. Events overseas, most notably the Spanish Civil War, fueled the recruitment efforts of the American Communist Party. From this rich pool of talent, a number went to work for the Manhattan Project to join the effort against Nazism. Oppenheimer was tapped to head the Manhattan Project despite his close relationships with a number of Communist Party members, including his former lover Jean Tatlock and his brother Frank. The political undercurrents would also drag Qian under in the 1950s.

Qian was one of Kármán's most talented students, by the 1950s a tenured professor at Caltech and moreover, a participant in the Manhattan Project during the war and core member of the pioneering rocketry program. For these wartime efforts, Qian had received the clearance for top secret military research. But part of what led to Qian's deportation after two years of house arrest was the tension between US immigration law and national security concerns. Because of his participation in classified research, the US government had initially deemed Qian too dangerous to send back to China.

However, the FBI and the INS apparently failed to communicate their conflicting agendas, prevent Qian from leaking sensitive knowledge for the former and to deport Qian to China for his alleged communist affiliations for the latter. On November 15, 1950, the INS held a deportation hearing in downtown Los Angeles. At the hearing, the INS produced no conclusive evidence of Qian's alleged Communist ties. Qian admitted that he may have been present at social gatherings in the late 1930s which might have been Communist meetings.¹⁸ He was, however, never on any Party membership rosters.

On April 26, 1951, the INS ruled that Qian was "an alien who was a member of the Communist Party of the United States" and subject to deportation. For three years from 1951 to 1954, Qian was in a state of limbo while he fought the deportation order. He was not allowed to return to his classified work and forbidden from travel outside of Los Angeles, which meant that he could no longer take part in most academic conferences.

In the early 1950s, paranoia pervaded government agencies. The American monopoly on nuclear weapons ended in September 1949 when the Soviet

Union exploded its first atomic bomb. Suspicions of espionage were confirmed when the British announced that Dr. Klaus Fuchs, a scientist who worked at Los Alamos, had given the Soviets atomic secrets to develop their bomb. Shortly thereafter, Communist forces prevailed in the Chinese Civil War. Government agencies went into overdrive investigating possible Communist or Soviet agents. The charges that Qian faced were based on flimsy circumstantial evidence at best, and the conflicting agendas of INS and FBI placed Qian in an impossible situation.

The Korean War intervened to both save Taiwan from imminent communist invasion and to result in Qian's return to China. In 1955, the United States recommitted to defending the Republic of China in Taiwan against Communist invasion. By then, about one hundred Chinese students remained in limbo like Qian Xuesen. In a memo to President Eisenhower, Secretary of State Dulles proposed the exchange of these students for American POWs held in China. In negotiations between US Ambassador Johnson and Ambassador Wang from the PRC, Wang mentioned Qian by name.¹⁹ In August of 1955, Qian was finally allowed to leave.

Welcomed back to China as a returning hero, Qian quickly joined an elite group of scientists working on China's nuclear and satellite program. But the story does not end there. In a 1957 *People's Daily* article, Qian Xuesen called on the Chinese Academy of Social Sciences to take the concept of social management seriously as a way of solving complex social issues. The following year, in December 1958, Qian joined the Communist Party. In the following years Qian became an increasingly ideological hard-liner in his support of the party. Some critics viewed an article Qian wrote in 1958, in which he proclaimed the possibility of increasing agricultural yield by a factor twenty, as one of the inspirations for Mao's disastrous policies during the Great Leap Forward.²⁰

By the 1970s and throughout the 1980s, using technology for social management gained prominence in the upper levels of the CCP, even as Qian himself was increasingly marginalized because of his interest in extrasensory perception (ESP) and other unconventional areas of study. Qian only returned to national eminence after the student protests in 1989, when he openly embraced the hardline, denouncing dissidents like the physicist Fang Lizhi as "scum of the nation" and the student protestors as "ruffians."²¹

As a result of this stance, in his last years Qian became one of the best known and celebrated scientists in China. Posthumously, the Qian Xuesen Library on the Jiaotong University campus in Shanghai has been designated a Red tourism site. An exhibit in the newly opened Shanghai Astronomy described Qian's repatriation in 1955 as a "voluntary" return done out of love for his homeland. A June 2024 CCTV program featured an AI generated Qian Xuesen hologram that exhorted Chinese people to reach for the stars in support of the space program. The real Qian has literally disappeared behind a CCP approved AI figurehead.

Chien-Shiung (C.S.) Wu left China in August 1936. Her mother, father and uncle saw her off on the docks by the Bund for the passage across the Pacific. It would be the last time she saw her parents and 37 years before she returned to China in 1973.²² Wu stopped in San Francisco on her way to the University of Michigan, her original destination. She never made it past UC Berkeley, discovering, as did Qian Xuesen, that the California schools had captured an extraordinary group of top scientists in the 1930s.

On a tour of the Berkeley campus, led by her future husband Luke Yuan, who had arrived some weeks earlier, Wu was impressed by the Radiation Laboratory built by Ernest Lawrence, which featured a 37-inch cyclotron, the first in the world. Lawrence envisioned the cyclotron to conduct nuclear experiments by accelerating charged particles to bombard nuclei.²³ Working closely with Lawrence was another young and brilliant physicist named J. Robert Oppenheimer. Wu decided to stay at Berkeley for her graduate studies. Under the tutelage of Emilio Segre, Wu became a top-notch experimental physicist during these formative years of graduate training. She obtained her Ph.D. in 1940. Two years later, she married Luke Yuan at a ceremony in the garden of Robert Millikan, then the President of Caltech. Their life moved to the East Coast when Yuan landed a job at RCA in Princeton.

The newly-weds' life together proceeded as the situation in China steadily deteriorated. Shortly after Wu first arrived in the United States in 1936, China entered a desperate war for survival against the Japanese invasion. After they moved to the East Coast, Wu contributed to the experimental work needed for the Manhattan Project, now overseen by one of her former mentors at Berkeley, J. Robert Oppenheimer. World War II in the Pacific theater

ended with Japanese surrender in August 1945 after the US dropped two atomic bombs on Hiroshima and Nagasaki.

Japanese defeat did not mean the end of war in China. Instead, the civil war in China ramped up between Communist and Nationalist forces, which had been in an uneasy united front during the war against the common Japanese enemy. Wu and Yuan's only child, a son, was born in Princeton in 1947. Their plans to return to China were pushed back repeatedly as the KMT steadily ceded ground.

Wu's father had been an educator and progressive in his younger years, but he was not a fan of the communists. He urged the couple not to return.²⁴ In 1949, Luke joined the Brookhaven National Laboratory on Long Island. Wu got a job at Columbia University. Chiang Kai-Shek retreated with some of his forces to Taiwan. That October, Mao Zedong proclaimed the establishment of the People's Republic of China from atop Tiananmen Square.

By the time US-China relations thawed and contact was re-established between the two countries, Wu was at the top of her profession. In 1954, Wu provided the experimental proof for the non-conservation of parity. The idea had been proposed by T.D. Lee and C.N. Yang, both of whom were awarded the 1957 Nobel Prize in Physics. Many felt that Wu should have received the Nobel Prize as well for her contribution. Recognition for her work would arrive late, in the 1970s, when Wu received the highest accolades from her profession and from the US government for her pioneering contributions to science.

In May 1972, Wu declined a post as Commissioner of the US Atomic Commission, citing as her reason the need to focus on her research.²⁵ In 1975, she became the first female president of the American Physical Society. In 1978, she was awarded the inaugural Wolf Prize in Physics. She returned to the People's Republic of China for the first time since 1936 on an extended trip from September to November in 1973.

From her days at Berkeley, Wu was part of an elite network of top physicists from around the world. A number of her colleagues were quite intrigued by developments in China after 1949, and, when the country reopened to foreign visitors, rushed to sign up for delegations visiting China. The Danish scientist Bernhard Deusch wrote to Wu that, "my Chinese friends have been overwhelmed by requests from American scientists for visiting permission."²⁶ As

a Dane, Deutsch had not been under the same constraints as the American scientists, whose government did not officially recognize the PRC as the legitimate government of China.

Fellow scientist Louis Alvarez's mother had been born in China to missionary parents. He himself long advocated for scientific internationalism and in 1962, had contacted a Canadian colleague about an invitation to China.²⁷ Once relations between the two countries thawed, Alvarez participated in a 1973 trip to China. In a letter to Wu dated September 10, 1973, he described his experience visiting Chinese scientific institutions. While finding Chinese scientists friendly and deeply interested in scientific developments overseas, Alvarez was unimpressed by the facilities he visited, noting that, "But I would not say that the physics I saw in China was even mildly interesting, by western standards."²⁸

As the first woman to be president of the American Physical Society, Wu broke gender barriers. She also promoted a vision of internationalism for science. When she became president of APS a decade later, Wu made sure to continue the overtures from American scientific community to the PRC, sending the list of invited papers to the Chinese delegation and issuing an invitation to the Chinese Academy of Sciences to attend the APS conference in Denver. A group of Chinese solid-state physicists attended the APS meeting.²⁹ The group later wrote a letter of thanks upon their return to China. Wu was in contact with the Committee on Scholarly Communication with the People's Republic of China and with Chinese student group across the country, many of whom issued invitations to her as an inspirational figure among Chinese American scientists.³⁰ Along with Lee and Yang, Wu would regularly release public statements protesting racist incidents against Chinese Americans in the 1970s and 1980s and actively participated in the New York Chinese community.

Is American Science in Decline?

In recent years, China's rise as a scientific power has renewed interest in long-standing debates about the key factors in scientific prominence. Historians and practicing scientists have long mulled over the factors leading to innovation and national scientific prominence. In 1830, Charles Babbage published *Reflections on the Decline of Science in England* on the common perception

that English science was in decline, particularly compared to French advances. By the 1860s, the French, including critical reports by Claude Bernard (1867), Louis Pasteur (1868), and Adolphe Wurtz (1870), compared themselves unfavorably against the Germans.

This declinist literature was often written by practitioners of scientific disciplines to critique the institutional constraints, lack of funding, and other flaws of science in their own countries. Historian of Science Mary Jo Nye has argued that quantitative assessments do not bear out any actual decline in France in the late nineteenth and early twentieth centuries.³¹ David Edgerton has similarly pointed to discrepancies between quantitative measures and narratives of decline in Britain. Edgerton traces part of the problem to primary sources and the uncritical reliance on testimony from scientists, engineers, and industrialists, who paradoxically voiced the loudest complaints “in periods of exceptionally rapid growth in funding.”³²

This discrepancy between perception and data raises questions about how and what kind of quantitative data should be used in measuring national scientific achievements and the objectiveness of such data. Should researchers use numbers of publications; patents filed; or new discoveries made? What should count as a significant discovery?

Moreover, there is clearly a lag time between expressions of discontent by members of the scientific community and when the actual decline occurs. Nye and Zuckerman, among others, have both suggested that awards such as the Nobel Prize might be better indicators of scientific prominence than the total number of publications.³³ Since research that results in prestigious prizes often takes place years if not decades before the award itself, and moreover may be the result of collaborative work from multiple researchers in different fields and from different countries, this measure also has significant flaws.

As science and technology studies became a distinct discipline, historians and sociologists of science began to apply quantitative data to the study of scientific achievements. The pioneer of the field, Derek de Solla Price, for example, applied humanistic techniques to the study of how science developed.³⁴ At the same time, Price also used quantitative methods to study the development of science, arguing already in 1951 that “the number of scientific papers published each year may be taken as a rough indication of the activity displayed in any general or specialized field of research.”³⁵ The number of scientific publications

by country has since become the most common statistic used in the measure of scientific prominence. However, this statistic does not reflect research collaborations and connections between different countries.

From the quantitative side, sociologists of science have approached the question of scientific knowledge and community construction by examining census and other datasets about the numbers of science and technology degrees, pay and status of scientists, and levels of state support. This has been aided by NSF publications of *Science and Engineering Indicators*.³⁶ In a 2012 work, *Is American Science in Decline*, sociologists Yu Xie and Alexandra A. Killewald analyzed census and NSF data to answer a qualified no.³⁷ Part of the issue is the measure of scientific achievement. In terms of the number of science and engineering degrees and publications, China has already overtaken the United States. But at the elite levels of science, the United States maintains an edge.

In the years since Xie and Killewald's 2012 book, some of the trends they examined have further accelerated. Xie has since used Chinese data on the numbers of science and technology degrees to the total labor force and other statistics to examine the causes of China's increasing contribution to science and technology.³⁸ These data analyses, however, do not account for the increasing mobility of scientists and the larger historical trajectory of Chinese science. Since the 1980s, millions of Chinese students have headed overseas for advanced degrees. Many of the country's top scientists received their Ph.D. training abroad and returned to China at various stages of their career. Research by historians like Zuoyue Wang has shown the importance of overseas Chinese scientists in restarting the country's research agenda in the post-Mao period.³⁹

Finally, since the heyday of Big Science in the postwar period, US government support for basic research has significantly declined as an overall percentage of research and development, replaced by transnational corporations with their own inhouse R&D.⁴⁰ The privatization of science further dispersed scientific research, with large companies in the pharmaceutical industry, for example, outsourcing research to international subsidiaries.

Even before this trend became especially pronounced in countries around the world, science studies often struggled with how to classify figures like the American Jesse Beams (1898–1977), who, over decades as the chair of the

University of Virginia physics department also founded two private companies, served as consultants for other firms, and participated in the Manhattan Project.⁴¹ Today, computer scientists and top tech companies like Google and Microsoft occupy this gray zone between state and private enterprise.

The displacement of leading scientists by the two World Wars in the twentieth century, with the United States as the prime beneficiary began a trend that has accelerated in recent years. During the last decade, the science of science has developed into an emerging field of studies that focuses on a big data approach to questions about impacts and collaborations in science.⁴² Studies in this field have examined scientists' growing global mobility. A global survey of 17,000 researchers in four fields (chemistry, biology, Earth and environmental sciences, and materials) in 16 countries showed a high degree of international mobility among scientists, with the United States as the top destination.⁴³

Yet, the numbers do not fully reveal the entangled nature of these transnational networks, particularly in specific disciplines and between elite institutions. The lives and careers of Zhu Kezhen, Qian Xuesen, and C.S. Wu illustrate the multiple points of intersection and connections among elite scientists. All three made significant contributions to science and society in ways that defy easy categorization strictly according to national boundaries. Their training at institutions in the US reflect the appeal of American science as a safe haven during a time of considerable international turmoil.

Conclusion

The lives of the three case study scientists can only be understood in the larger context of scientific internationalism in the twentieth century and the outside forces that brought the three of them to the United States, as well as top scientific talent from Europe to American institutions in the 1930s and 1940s. These three scientists each reached the pinnacle of their professions. All three were deeply embedded in an international network of scientists in their respective fields. In the late 1940s and early 1950s, a period of exceptional turmoil in China, each had made life-changing decisions based on incomplete information subject to larger historical forces outside of their control. Their political views and affiliations and career trajectory up to the divergence of their paths played only minor roles in these complex calculations.

From their stories, it becomes clear that targeting individuals over their loyalty proved ineffective and counterproductive in the 1950s. Similarly, emerging data on contemporary international networks of science, warns against efforts to restrict Chinese students, particularly in science and engineering fields, at American universities. Most of the recent cases brought by the China Initiative foundered from the lack of evidence and managed only to ruin people's lives. Policies that limit international collaboration and the student pipeline from China could backfire by damaging international networks of science built up from the early twentieth century. Such policies could also make the United States a less desirable place for scientists and students alike, and thus, a less effective place for research and science.

The United States emerged as a global leader in science technology in the twentieth century, replacing Germany as a hub for top talent in physics, partly because it was seen as a haven from racial persecution in Europe. The ideal of scientific freedom may well have been a creation of American mythmaking—scientists lived and worked in the context of their times and operated under the cultural and political constraints of their countries—but for a time, this idea created the conditions for science to thrive in the United States and to make the country a hub for cutting edge research.⁴⁴ The internationalization of science in turn made it a key channel of diplomacy during the Cold War, a trend that continues today. Targeting the conduits of such exchange, the scientists, risks undermining the foundations of science.

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Notes




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