

**GHENT  
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**FACULTY OF POLITICAL  
AND SOCIAL SCIENCES**

**The U.S. – China Power Transition in the 21<sup>st</sup> Century:  
Is China a Status-Quo, Revisionist or Third Way Great Power?**

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## PREFACE AND ACKNOWLEDGMENTS

After the 2007-2009 global financial crises, the elevation of President Xi Jinping to paramount power since 2012-2013 and his 'continuity through change', cautious though resolute, step-by-step implementation of the 21<sup>st</sup> century 'China Dream Grand Strategy', the world of today is somewhat 'broken up' in terms of geopolitics.

For me, as a Sinologue, Bulgarian Senior diplomat with over thirty years experience, including in Beijing (1985-1990), the clear divide between the East and West that allegedly faded away after the 1991 collapse of the Soviet Union, showed somewhat wake-up warning calls for reincarnation during the struggle between East Asia and the West during the 1997-98 Asian Financial Crisis, reiterated by President Xi's calls for a 'new historic starting point', 'struggle for the international system', declaring China's firm determination for a key role in all processes and developments in geo-economics and geopolitics, both regionally and globally.

No definite, plausible, and convincing answer has been given, yet, as to who is the real winner out of the end of the Cold War? We face global and regional, political, economic, debt burden financial, social, military and proliferation travails that persist. A wave of nationalism, protectionism, and de-globalization has arisen. The U.S. under President Trump is unpredictably retreating from global and regional vital challenges, and the structural alliance between the EU and the U.S. is being questioned, as Chancellor Merkel declares that 'Europe should take matters into its own hands'.

Emulating past great power rise's economic and financial protectionism, China tells the world that its strategy is 'reform and opening', but in real ground life it more resembles 'reform and selected conditional opening', under Beijing's rules, appearing that the world 'may be too late'. Appeasing President Trump, very recently, China agreed to allow U.S. credit card giants, like Visa and MasterCard, access to its huge market – but now domestic Chinese financial service companies, like UnionPay, Alipay, so dominate the Chinese market that U.S. and other foreign companies will be left to fight over the scraps.

The 'fragmentation' of the world has brought major changes in the existing geopolitical patterns and has offered more choices and options to China's continuous rise and global preeminence re-emergence. Beijing is gaining space and influence in global economy, governance, and development model promotion, making full use of its geo-economics advantages in expanding and remodeling the geopolitical global structure.

In the discipline of International Relations the global re-emergence of China is one of the most, if not the mostly sought, research topic, with vast body of published analytical literature in the last decade. However, what is still missing and understudied in both world's policy debates and scholarly IR production, are the questions of existence/non-existence of current and structured Chinese Grand Strategy, and how will China operationally behave in implementing its 21<sup>st</sup> century two centenarian goals, based and guided by historical experience and lessons from past power transition patterns. Many researchers have made casual references to the emergence of past Great Powers, but fell short of thoroughly addressing structural Grand Strategy parallels between China's rise and similar cases in world history. Some even openly express legitimate doubts and pessimism about China's key role to major processes and developments in geopolitics, both in the Asia-Pacific and globally.

For my scholarly eclectic research inquiry into the domestic building blocks, driving forces and strategic goals of China's rise and its international relations and foreign policy, I scholarly turned to comparative case-study with the relatively 'peaceful' and successful U.S. post-WWII Grand Strategy. 20<sup>th</sup> century's failed hegemonic rise attempts of Japan, Germany and USSR serve China's Grand Strategy only as negative examples, and warning lessons of

what exactly not to do. China is trying to emulate and Sinicize all successful U.S. strategies and policies that led to the later's post mid-20<sup>th</sup> century final rise and global preeminence.

Believing that the arc of history is on her side and actively working on that geoeconomically-first, geopolitically-second, all that currently China is strategically prioritizing, is, buying enough time and guaranteeing peaceful international environment at least until its second 2049 centenary China Dream strategic goal of celebrating the 100<sup>th</sup> anniversary of then projected extremely powerful and influential People's Republic. President Xi Jinping's January 2017 Davos economic globalization leadership-apt speech clearly indicated China's fears, that just like 100 years ago, the current wave of anti-globalization and its potential geopolitical backlash, could easily lead to the re-emergence of unpredictable geo-strategic hostile military rivalry and conflicts, de-globalization and global economic depression, seen as the main existential threats and risks facing China Dream Grand Strategy.

While explicitly researching and elaborating on the potential 21<sup>st</sup> century unraveling of one of the global most important and consequential bilateral U.S. – China relationship, as the title of the research project dictates, being an European, though from the periphery, my signals and wake-up calls throughout the dissertation were implicitly raising the current tough and pending EU travails - its unity, solidarity and future European vision.

In trying to give scholarly plausible and convincing answers to the thesis' main question - 'What does China want? I also kind of put forward the not less important question of - 'What does Europe want?'

World history, not as a teacher, but rather as a warden, who punishes all those not learning from past lessons and mistakes, is abundant of cases where super and great powers do come to compromises and on terms, quite often at the expense of third parties.

What bears more risks and threats to the EU - Russia, China, the 'Trump phenomenon', or Brexit, that may exacerbate more divisions and geopolitical contradictions in Europe?

What we have today is 'America First', 'China First', 'Russia First', 'Brexit – Global Britain, independent actor, relying on its U.S.' 'special relationship', 'Golden Age' relationship with China, and on conditional support from some of the EU member states.

After recent, May 2017's, President Trump business/money trip to the Middle East and Europe/NATO/EU/G-7/, continuing Russian assertiveness, and the refusal of Chinese Premier Li Keqiang to sign the common EU-China declaration/statement on the bilateral 19<sup>th</sup> Leaders' meeting in early June 2017 in Brussels, it is more than obvious that *Neo-Realpolitik* is back home to roost. For me, it is more than obvious that the EU under pressure has to look after and safeguard its legitimate interests and international standing by masterly using its available soft-power, and hopefully forthcoming – hard power, to balance and stabilize international geopolitics.

I would rather agree with Richard Haass that security, international relations and foreign policy Grand Strategy – begins at home.

Lacking notable deliverables and practical future consolidation vision, the March 25, 2017, 60<sup>th</sup> Treaty of Rome anniversary Declaration was short of openly admitting and promoting the option of a 'two speed Europe'. The simple concept of 'two speed' speaks for itself, and implies threats and risks for the Union's cohesion of democracy, rule of law, and welfare.

What if the 'core' minority member states group fails to agree on the future unifying, consolidating, and integrating the 'non-core' majority group's vision and Grand Strategy? How will the 'non-core' member states who still objectively cannot or hesitate to join the 'core' group operationally behave amidst fading faith in common EU destiny and future?

The crucial debates over EC's March 2017 future EU's Five scenarios White Paper and four reflection papers on globalization, defense and security, finance and economy, and

social dimensions of the EU should deliver a one voice vision and Grand Strategy by EU elections year of 2019, and streamline Institutions' leaderships.

By putting its economic and financial house in order first, the EU, not opposing, but independently and autonomously, should significantly enhance, streamline and integrate its security and defense standing assets through viable and optimally inclusive European Defense Union, beginning with Articles 42(6) and 46 of the TEU, assess a real, not wishfully imaginary world picture, and tell the rest what its strategic interests are and what does Europe really wants for the 21<sup>st</sup> century.

Quite some outstanding Belgian IR scholars have played a strong motivated role and encouraging influence for the apparition of this Ph.D. dissertation.

I owe deep gratitude and am entirely thankful to my former Supervisor, Professor Emeritus Rik Coolsaet, both for his humanly philosophical and professionally wise and subtle advice, guidance, and scholarly freedom he rendered me in the complex labyrinth of my ambitious endeavor and in conducting the research.

I am also much indebted to my current Supervisor Professor Dries Lesage, who gave valuable practical support and guidance during the final important streamlining stage of my work.

The works and publications of Professor Sven Biscop, served as example and inspiration. I truly value and admire his honest and professional stand of a totally committed Pro-European in this uncertain, volatile and ambivalent international geopolitical reality environment.

Of course, finally, dedicating my scholarly endeavor to my family, I have to express my deep and loving gratitude and appreciation for Juliana and Stephan's unconditional belief and trust in the scholarly and purely human added value that my work could contribute with. They stoically embraced the long days and nights, when I was missing from home and family life, giving me full support and even encouraging my research project, what I will never thankfully forget.

## INTRODUCTION

### GENERAL HYPOTHESES OF THE DISSERTATION

Neither China nor the world were expecting or ready to meet the meteoric and spectacular rise of China and her overtaking Japan as the world second largest economy in 2010. In only three decades China accomplished what took other countries dozens, even centuries.

In whatever direction we turn today - politics, global governance, economics, finance, energy, inter-state and inter-party interactions, we meet and face basic principles of Deng Xiaoping's "Socialism with Chinese characteristics" theory, dialectically based upon China's specifics and concrete historical conditions.. In most cases these 'characteristics' are leading and guiding Chinese leaderships' policies, regionally, even globally, based on pragmatic geo-economics, rather than on hard power and ideology. Enshrined into the CCP's Constitution at the 15<sup>th</sup> Party Congress in 1997, Deng's Theory remains a cardinal guideline for action, allowing also for Beijing's strategic and tactical political and economic flexible adjustments in progressive line with the officially proclaimed Chinese 'core national interests – security, sovereignty, economic development' in 2011.

IR discipline and scholarship make no exception. China has been a priority topic and theme for IR research and analysis, with the main questions – where is China going to, what does China want? Many scholars have tried routinely to compare China with the contender status of Germany, with its Bismarkian reassurance and Wilhelmine assertiveness, even with the USSR's ideological revisionism. But, both of these hegemonic attempts have failed, fatally. China's strategic and tactical behavior and policies show that she has no intentions of emulating a failed and compromised hegemonic strategic experience, practice and patterns. Beijing's consistent calls and drive for peaceful coexistence, win-win inclusive cooperation and dialogue also demonstrates determination to evade the history lessons it considers negative, harmful, and dangerous for its 21<sup>st</sup> century China Dream national rejuvenation and development. For Chinese leadership, the fate and future of 1.35 billion people is not a casino stake, especially after the 'century of humiliation' that China suffered and will never forget.

What makes China an unique strategist?

Before its two failed belligerent hegemonic attempts, Kaiser's and Hitler's Germanies were integrated active parts of the existing Western international system, having mutual economic, trade, financial and investment interactions with its future adversaries. Shortly before WWII, Berlin even hosted the Olympic game in 1936. Germany-led distinct military alliances were established and fought during WWI and WWII.

In systemic contrast to Germany, after WWI/WWII and during the hostile ideological and military blocks' Cold War period, the Soviet Union was not incorporated into the Western dominant international system, having its own-led Warsaw Pact and Council for Mutual Economic Assistance. Moscow took part at the Breton Woods negotiations in 1944, but never ratified the agreement. It was only after the collapse of the Soviet Union, and after long period of negotiations that the new Russian Federation became member of the Breton Woods' liberal democratic systemic institutions of the IMF, WB, and GATT/WTO.

China's uniqueness and third path Deng Xiaoping's strategy lays in the premises that initially in its rise period after 1978/79 China conditionally accepted to be a non-systemic shaker, status-quo, 'Keep a low profile' (KLP) 'responsible stakeholder' within the dominant liberal democratic international system, and even struck a 'quasi-alliance' with the U.S. in countering hegemonic USSR.

Demonstrating systemic 'responsible stakeholdership', after accumulating relatively impressive 'comprehensive national strength', and especially after the global financial and

economic 'Great Recession' in 2008-9, China began moving towards a more assertive 'searching for achievements' (SFA) strategy, by creating and supporting structures and platforms outside the existing liberal international system, such as: SCO; BRICS, OBOR/BRI; AIIB; NDB, etc.

What we have today is an ambitious resurrecting China with a Grand Strategy that maneuvers and operates both within and outside the established dominant international system. In sharp contrast to Germany and USSR's failed military based hegemonic attempts, and U.S' initially successful one, China's Grand Strategy third path, for the time being, does not include as its major building block, the scope of the creation of formal military-security alliances with third countries. 1982 enshrined in the CCP's Constitution principles of 'no alliances, no hegemony, and no expansion' allow China only for the creation and support of 'strategic and/or cooperative' partnerships with different states around the world.

Deng Xiaoping's adopted vision and legacy of the principle of 'one country-two systems' also adds up to China's uniqueness in its modern development path, characterised by a mixed planned and free market economy functioning together with a non-liberal political superstructure under the leadership of the CCP.

Holistic comparison of the entire long periods of the U.S.' and China's rise is not the goal of my work.

In my thesis, I claim, using eclectic empirical evidence, official documentation and comparative analysis, that China is gradually, selectively and patiently emulating, with "Chinese characteristics", the only successful experience of relatively "peaceful" global preeminence rise in history – that of the United States after WWII, taking into account the different historical periods of accomplishment.

Strategic and tactical selective cases of emulations and parallels with successful American experience and policies are abundant:

- Chinese recent more assertive stands on the South China Sea and the East China Sea are not that much different from the distant 19<sup>th</sup> century U.S.' Monroe Doctrine, when West European powers in the years were told that they are not welcome in the Western Hemisphere;

- U.S. led Bretton Woods system of IMF and WB, now has its parallel in China led AIIB, BRICS' NDB, as well as the option promoted by Beijing for the creation of SCO's distinct Development Bank;

- U.S.'s role after 1945 as the world's biggest creditor nation, engine for global economic growth and globalization, is currently, at the discretion of the Chinese leadership, strategically taken over by Beijing;

- U.S.' 1948 \$ 14 billion Marshall Plan for the WWII post-war reconstruction of Western Europe and Japan is generally emulated by China's 2013 OBOR/BRI for industrial, infrastructure, communications and energy development and connectivity of Asia, Africa and Europe in the tune of hundreds of billions and even trillions U.S. dollars.

- Post WWII American industrial, technological, and educational supremacy is currently contested and emulated by overwhelming Chinese efforts and investment in these sectors.

- China's 2011 officially declared 'core national interests' quite resemble the red lines attached to the long existing stratagems of 'national security' and 'national vital' interests of the USA.

- China's current Strategic Partnership of Coordination with Russia, echoes U.S' 'quasi-alliance' with China against USSR in the 1970s and 1980s.

- In April 2016, besides his other 3 top party, state, and military chairmanships - a direct military control over the PLA was assumed by Xi Jinping in his new, very U.S. like,

capacity of 'Commander-in-Chief, discarding the old Soviet-style structure, and emulating the U.S. model of joint command for faster execution of decisions.

- China's March 2018 initial issuance of 'petro-yuan' futures oil contracts is not that different from the established global system of the 'petro-dollars' contracts, marking China's long term ambitious plans for increased circulation of the yuan (RMB) in the global economy.

- On the informational contest and emulating American practice, since 1998 the Information Office of China's State Council (Government) began publishing reports on the human rights' situation in the U.S., emulating similar traditional annual reports on China by the State Department. March 2018 launched new Chinese informational platform – Voice of China' (VOC), quite resembles the functions of the U.S. government-funded – Voice of America (VOA), etc.

The title of the dissertation 'U.S. – China power transition in the 21<sup>st</sup> century', in line with the general hypotheses, implies reference to the Power Transition Theory (PTT) and how China sees it. For Organski, and his main disciples and followers – Kugler, Tammen, Lemke, being structural rationalist, neither realist nor idealist, PTT has the most tightly integrated and internally consistent explanation for why, how, and when conflicts and war occur between the dominant great power and dissatisfied challengers in the system.<sup>1</sup>

Chinese leadership and IR scholars consider that PTT is a Western IR theory which analyzes Western hegemonic practices and war history. They consistently claim that one of the pillars of the Chinese Grand Strategy's international relations and foreign policy goals is the necessity of achieving and guaranteeing friendly, competitive, and peaceful development environment, thus promoting the peaceful identity of China.

Organski, in his original explication of power transition theory, however, was far more cautious regarding routine IR comparison made between a rising China with that of Germany over 100 years ago. Despite predicting the remarkable rise of China exactly 60 years ago in his 1958 book *World Politics*, Organski was circumspect in predicting a great power war involving China and the U.S. According to the PTT affiliated IR scholars, U.S. can maintain peace and stability by successfully managing the future transition with China, and later with India.<sup>2</sup>

In my work I hypothesize that by many measures the rise of China in the U.S.-led international system has indeed triggered a U.S.-China power transition. In retrospect, this power transition started when China embarked on a more assertive SFA strategic and tactical behavior, especially after officially defining its 'core national interests in 2011, and President Xi's 2012 concept of 'New Type of Major Countries Relationship' between China and U.S.

Many IR scholars, Chinese included, doubt whether China has a Grand Strategy which underpins and guides its march into the 21<sup>st</sup> century. I argue that China already has basically formulated its own third path Grand Strategy, well constructed from the point of view of current 'means' and 'ends', with a dialectic unity of mandatory components and basic elements of "security, economy and ideology", and concrete mid and long-term strategic power transition goals till 2050. My discussions regarding China's rise, its future options for influence and power in the 21<sup>st</sup> century through the focus of the equation China - U.S., and the new evolving international system, I consider as relevant and of importance mostly in the context of the goals of the Grand Strategy, and as a response to the question - 'What does China really want?'

As any Grand Strategy, "China Dream Grand Strategy" is mostly a hostage of the 'means'. The success or failure of the global interdependent economy, the new Chinese economic model/project, and the global geopolitical developments, will determine how much

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<sup>1</sup> Ronald L. Tammen et al. *Power Transitions : Strategies for the 21st Century*, 2000, New York: CQ Press, p. 6.

<sup>2</sup> Ibid, Chapter 7.

and how soon President Xi's China Dream succeeds or fails, and how China will relate to the world in the 21<sup>st</sup> century, especially in its crucial interactions with the USA.

## RESEARCH QUESTIONS/ CHALLENGES

“Napoleon Bonaparte once said that China is “a sleeping lion and when China wakes up, the world will shake”<sup>3</sup>. In fact, the lion of China has awoken, but what the world sees now, is a peaceful, amiable, civilized lion”<sup>4</sup>.

During his first official March 2014 visit in France, President Xi Jinping made a speech at UNESCO headquarters in Paris, decoding in a relative constructivist language, his China Dream strategy: “The Chinese people are striving to fulfill the Chinese Dream of the great renewal of the Chinese nation. The Chinese Dream is about the prosperity of the country, the rejuvenation of the nation and the happiness of the people. It reflects both the ideal and drive of the Chinese people today to seek constant progress. The China Dream will be realized through balanced development and mutual reinforcement of the material and cultural progress. Without the continuation and development of civilization or the promotion of prosperity and culture the China Dream will not come true”, organically complementing his Paris realist metaphor of the “peaceful, benign Chinese lion”.

At the turn of the 20<sup>th</sup> century, China was at best still on the average at the periphery of the global political economy and world liberal democracy driven international relations.

Today, we have a transitional historic moment in which China, India, Russia, Brazil, Turkey, Indonesia and a list of secondary rising powers have a pretty impressive, though contradictory, developmental record, a “new historical starting point” as Chinese President Xi Jinping clearly and firmly reiterated in his opening address, keynote speech at the Business G-20, and final press-conference of the 2016 China Hangzhou G-20 meeting (September 4-5).

G-20 September 2016 summit witnessed Xi's skilful and unwavering promotion of the framework of Globalization 2.0 with ‘Chinese characteristics’. He declared that it will lead to the wellbeing of all mankind in the form of societies of common destiny and interests on the basis of harmony, cooperation and fair distribution of public goods, displayed as the nucleus of the Chinese civilization's values system. For Beijing, the instrumental role for achieving the recovery of the global economy from the crisis of the old industrial development model should be played by the G-20. The latter must be elevated from being a ‘talk shop’ to medium and long-term active managerial actions group and multilateral innovation policies’ platform with allegedly strong China leadership role.

At the same time the U.S. and EU seemed to have fallen into a period of political and economic uncertainty and self doubt arguably of a sort we have not seen, unprecedented since the rise of the Western world. In the U.S. that is taking form of a conflicting domestic political polarization with weird and unorthodox partisan outcomes as the run of Sanders and Trump for the 2016 presidency, unknown to the USA since 1945. In the EU it is taking the forms of a re-nationalization of political and economic life, including immigration policies and building protection walls, or ideas for quitting the Shengen, a questioning of the future of the EU as a strategic project. Issues are raised whether the EU is coherent to aggregate and consolidate its model and role in managing and navigating the transition of this world to the next international system. Will the Brexit outcome lead to serious economic and geopolitical impact on the latter as a whole and especially from EU Global Strategy perspective?

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<sup>3</sup> Quote attributed to Napoleon by Alain Peyrefitte /1973/, Paris, Fayard, :”Quand la Chine s`eveillera ... le monde tremblera.

<sup>4</sup> Xi Jinping – President of the PR of China speech to mark the 50<sup>th</sup> anniversary of diplomatic relations between PRC and France, Paris, March 28, 2014” , Xinhua News.

We could not consider it as accidental that the U.S. seems to be almost politically polarized, that in Europe Madame Merkel was yelling at the leaders of Greece who were trying to bail out their failing and bankrupt economy. The Italians are wondering whether the EU is running out of steam, Germany is losing its European vocation, and the UK is in search of its own future Commonwealth 2.0 model of development and global posture. Objectively, troubled Japan can be added to the mix. We are witnessing and looking at some deeper kinds of structural changes that are making political and socio-economic life in the liberal democracies of the world much more difficult than ever.

Due to the all above, and especially to the Brexit shock, the June 2016 European Council did not meet the expectations for comprehensive and holistic debates and prioritization on the right EU Global Strategy, and the Union's pragmatically idealistic role model "as the promoter of security, freedom and prosperity – as defender of equality – in Europe and the world".<sup>5</sup>

Perhaps the new American administration will try to thoroughly analyze the changing real world and adjust the U.S. Grand Strategy in line with President Trump inaugural address and first speech to the joint session of Congress on February 28, 2017, where his pledge to the "renewal of the American spirit" quite resembled President Xi's 2012 China Dream Grand Strategy and call for the "rejuvenation of the Chinese nation".

The most pressing, long term geopolitical questions, confronting the world today are: "What is the next international system going to look like, how long and in what direction its construct is going to take us, would it be peaceful or would it vindicate the realist discourse of war like hegemonic transition?" How will China and the USA behave strategically in the rest of the 21<sup>st</sup> century?

Even though strategists, analysts, scholars and policy makers differ on exactly how long the material and ideological primacy of the West is going to last, almost everybody today has arrived at the same conventional wisdom which is that the processes of change have begun. It may take another decade or two, but by sometime between 2025-2040 we shall live in a world in which, as Noble laureate in Economics Robert Fogel predicted in 2010<sup>6</sup>, China will be the most powerful player economically, in which it may likely develop a military and geopolitical ambition to go with it. In 2010, Steven M. Walt also announced "the end of the world as we know it" in his May 13 post in *Foreign Affairs* concluding that "Even if this analysis is partly correct, then we are going to need some serious rethinking of grand strategy in both Europe and the United States. Hard choices will have to be made, and traditional world-view and familiar platitudes won't help us very much"<sup>7</sup>.

We are looking at and participating in a historical moment in which we are going to move away from a long period of Western dominance to one in which the West is only one of the multiple poles of power and ideology in the world. In history, when such kind of transitions took place, they were violent and dangerous. When power moved in the system, from one particular kind of power to another – there was a contest for the norms and the principles that order the international system and struggle, bloody struggle usually came along with it.

The questions I want to research and give convincing, plausible answers in my thesis are therefore multifaceted:

1. Similarities and differences in the leadership postures of the U.S (mid-20<sup>th</sup>c.) and China (21<sup>st</sup>c.). Is China selectively and pragmatically emulating some of the successful

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<sup>5</sup> See Sven Biscop, "Geopolitics with European Characteristics: An Essay on Pragmatic Idealism, Equality, and Strategy", March 2016, Egmont Paper 82, *Egmont Royal Institute for International Relations*, p. 26.

<sup>6</sup> Robert Fogel, "\$1230000000000000 China's Estimated Economy by the year 2040. Be Warned", *Foreign Policy*, Vol. 7, January 2010.

<sup>7</sup> Steven Walt, "The End of the World as We Know it", *Foreign Affairs*, May 13, 2010.

approaches and Grand Strategy of post-WWII U.S., and does Beijing have a Grand Strategy for a power transition in the 21<sup>st</sup> century?

2. Will China eventually accept to be fully brought in line with the Western liberal international order, or shall we have – confrontation, defeat and possible integration?

3. Is it viable and realistic that for the first time in the history of Modernity, the West will loose the Grand contest and let live peacefully a Chinese model in the international system?

4. Is China a status-quo, revisionist or third path strategist, targeting a totally new multi polar and no one`s international system?

## CONTENT/STRUCTURAL OUTLINE

The structure of the dissertation is divided into five building blocks.

### INTRODUCTION

The work begins with the general hypotheses, my four research questions/challenges, followed by the structural logic of the research design, and the academic state of the art of the research questions. My eclectic analytical approach is represented by my discussion and concise drawing upon the main paradigms and IR theories with emphasis on how they explore and theorize on the topic of China`s rise. I also include the leading Chinese theoretical responses to the international China rise debate, and the Chinese Zhongyong dialectics of how IR scholars theorize on China`s rise and Grand Strategy.

### PART I

I turn to selective comparative analysis of the systemic leadership posture processes of the USA and China, as one of my leading hypothesis claims that it is not Germany or the USSR, but the United States that China, applying its specific “Chinese characteristics”, is trying to pragmatically and flexibly emulate, especially the initial successful U.S. model towards global pre-eminence following WWII.

In the first chapter, I concisely discuss different periods of the successful emergence and rise of the United States on the world stage, with emphasys on post-WWII modes of world hegemony, definitely top priority research and study themes of Chinese strategists, as positive and negative experience. I also touch upon the limits of U.S. unipolarity, as evidenced in the first decade of the 21<sup>st</sup> century with signs of relative decline, leading to the 2016 U.S. presidential debate in search for a new American Grand Strategy.

In the second chapter, I take a synthesized approach in exploring and discussing the main periods and major external and domestic defining events that led to the [re]emergence of China in the world, and set the stage for the evolution of its Grand Strategy for the 21<sup>st</sup> century. Here I concentrate on the premises showing that China`s rise strategy does not represent only a CCP`s copy right, but has a long history with green shots even during the period of the “century of humiliation”, before the fall of the Qing dynasty and the 1912 Republic of China. Deng Xiaoping`s 1978 III Plenary marks only the beginning of the successful part of the China rise strategy, with two defined periods – the “keep a low profile” (KLP) from 1979 to the global financial and economic crisis of 2008-9, and the more confident and assertive “search for achievement” (SFA) period, from 2009 to the present. In the latter, China, under the almost unparalleled powerful leadership of President Xi Jinping, began demanding equality and parity in the relationship with the United States, by promoting Xi initiated “New Type of Major Countries Relationship” (NTMCR).

### PART II

In the third chapter, the basic components or gradual building blocks of “China Dream” Grand Strategy are under review. The discussion takes a thorough look at all security,

material and ideational elements that structure China Dream and shows the consequent and meticulous intentions and psychological approaches of President Xi to his collectivist project and experiment of capturing, energizing, and guiding the huge national potential, and especially the ambitions and dreams of the younger generation. The chapter concludes with the interconnectedness between Chinese nationalism and the goals of the Grand Strategy.

In the fourth chapter I exhibit, based on the available empirical data, the structure of the “China Dream” Grand Strategy. Then I discuss and try to put forward three sets of rational questions: What really does President Xi mean by China Dream and where is China believing to be headed at?; What can be projected of China’s capabilities, political system, performances of the new economic growth model?; and What are the specific Chinese strategic intentions in the context of the Beijing’s current regional and global operational behavior? The chapter closes with plausible comparative trends and options for U.S. Grand Strategy response to “China Dream” in the context of the 2016 U.S. presidential election, which may open a new chapter in the universe of American politics.

### PART III

In chapter five I discuss the viability of China’s claims and surge for a new more just, democratic and inclusive system of international relations, and China’s from within and from outside the existing order third path approaches and strategy. China continues to selectively demonstrate its ‘responsible stakeholder’s stands regarding the centrality of some of the existing systemic structures such as the UN, WTO, G-20, and in parallel seeks the establishment and enlargement of new international systemic structures and platforms where Beijing plays leading maker’s role - BRICS, SCO, BRI and AIIB. The recent Kazakhstan June 2017 inclusion in the SCO of India and Pakistan and President Xi’s call for a new SCO’s Development Bank, similar to the BRICS’ NDB, are notable examples of China Dream Grand Strategy’s efforts for major adjustments and transformations in the existing system of international relations.

Chapter six analyzes the current state of play of the international system and of the main actors, reiterates and reassesses the parallels and the differences between the leadership rise of the USA and China.. The analysis emphasizes China’s third pathway - ‘geo-economics first’ strategy for regional and global pre-eminence, including by offering an alternative Chinese model of economic globalization development that may lead to ‘Building the Community of Common Destiny of Mankind’ - the main motto of Xi’s January 2017 speech at the UNGA.

### GENERAL ASSESSMENTS AND CONCLUSIONS

Finally, I draw general assessments and conclusions of the dissertation, based on the Beijing’s drive and declared option for economic globalization with ‘Chinese characteristics’, the current state of play of the U.S.-China relationship, and the global geo-strategic outlook in the context of that relationship. I also turn to the results in the dissertation and formulate the basic answers to the four-folded research questions put forward in the Introduction, by reprise and summary of the arguments defined and developed throughout my work.

### STATE OF THE ART OF THE BASIC ACADEMIC RESEARCH

The main questions and research topics in my thesis are about China’s rise Grand Strategy (status-quo, revisionist or third path geopolitical strategist) in the context of the geostrategic equation – China/U.S., and the new evolving international system.

China seeks and works to reinstate its long past status as a great power. When discussing in the thesis as to how China relates to the existing international system and use the academic concepts of “status-quo” and “revisionist state”, I eclectically draw on definitions given in Social Identity Theory (to be reviewed below). SIT postulates that states that seek to

improve their status have the options of pursuing: social mobility, social competition and/or social creativity. Social mobility [status-quo] emulates the values and norms of higher status group members so as the contender to be admitted to their club. The Chinese (Deng Xiaoping's) general term is 'keep a low profile' (KLP). Social competition [revisionism] aims at replacing or modifying the values and norms of the dominant group at the top of the status hierarchy by surpassing it in its domain of superiority. The Chinese Deng's equivalent is - 'search for achievements' (SFA). Social creativity seeks to attain pre-eminence in a different area from that of the other powers.

Some SIT scholars consider social creativity to be the strategy that China has generally followed since the end of the Cold War ...<sup>8</sup>, while I argue that China has pragmatically and flexibly used all three approaches in complementing its Zhongyong continuity through changes, third path geopolitical strategy after the 2008 Great Recession.

The concept, "China's rise" or "the rise of China", as emerging great power, was first used and introduced by the distinguished Chinese realist IR scholar Yan Xuetong at Qinghua University. His controversial book - "International Environment of China's Rise"<sup>9</sup> was published in 1998, followed by his English language article entitled - "The Rise of China in Chinese Eyes"<sup>10</sup> published in 2001. The concept was articulated and developed through the perspectives of China's international relations and foreign policy strategies under the current and future Chinese leaderships.

Then Party and State leader Jiang Zemin rejected the concept and the word "rise" was forbidden to appear in official documents, as having expansionist and revisionist connotations.

Embedded in the logic of traditional realist Western IR theories, along with the take off of China as a rising power, came the perception of "China threat" prevalent in the West since the 1990s. The Bush Junior Administration was even advised to adopt a new containment strategy to counterbalance the "China Threat"<sup>11</sup>.

China's international relation and foreign policy strategists and elites were fully aware of the possible backlash that China's growing economic and military power might cause. That's the period when Deng Xiaoping left his 'keep a low profile' (KLP) legacy to the future Chinese leadership as a strategy in the terms of his famous "28 character maxim".

The maxim, "on the Pentagon's annual reports to Congress on the military power of the PR of China since 2002, goes as follows: observe the situation calmly, hold the positions securely, cope with matters cool-heartedly, hide the capabilities and bide the time, practice solid defense, never assume international leadership, but strive to make measured moves"<sup>12</sup>.

After 2002, with the arrival of the new 4<sup>th</sup> generation Hu-Wen leadership, prof. Yan Xuetong's concept of "China's rise" was revived, and redefined. The task was taken by President Hu's advisor - Zheng Bijian. He elaborated and disseminated the idea of the concept under the title of "China's peaceful rise". Later, to avoid any hegemonic revisionist allusions, the name was modified to "China's peaceful development". China's peaceful rise was defined as an equivalent to the continuation of China's modernization and reform, so there was no reason for China to change.<sup>13</sup> The key pillars of China's domestic and external policies were conceptualized in 3 dialectic "peaces": international peace; internal harmony and reconciliation across the Taiwan Straits.

<sup>8</sup> Deborah Welch Larson, 'Will China be a New Type of Great Power?', p. 324.

<sup>9</sup> Yan Xuetong, "International Environment of China's Rise", Tianjin Renmin Chubanshe, 1998.

<sup>10</sup> Yan Xuetong, "The Rise of China in Chinese Eyes", *Journal of Contemporary China*, vol. 10. no. 26, 2001, pp. 33-44.

<sup>11</sup> Robert D. Kaplan, "How We Would Fight China", *The Atlantic Monthly*, vol. 295, no. 5, June 2005, pp. 49-64.

<sup>12</sup> David Lai, "The United States and China Power Transition", Strategic Studies Institute Book, Dec. 2011, p. 60.

<sup>13</sup> Zheng Bijian, "The 16<sup>th</sup> Party Congress of CPC and China's new path of Peaceful Rise", in Collection of Zheng Bijian's Essays, Vol. 3, / *Shanghai People's Press* / p. 1122.

The promotion of the “peaceful rise” theory in the U.S. reached a culmination when Zheng’s article on the theme was published in the most influential foreign policy journal in America – *Foreign Affairs*.<sup>14</sup>

Zheng tried hard to drive his points home: Americans need a new conceptual framework to look at China’s rise as a world power and have to be convinced that China will take a brand new route of peaceful rise that is totally different case from those of Germany and Japan or the former Soviet Union.

Deputy Secretary of State Robert B. Zoellick delivered the U.S. response on the concept in his now-famous speech to the New York-based National Committee on U.S.-China Relations on September 21, 2005. Zoellick welcomed China’s forthcoming initiative. He commended China for its impressive economic development, accrediting it to the U.S. policy of integration that started with President Nixon’s historic visit to China in 1972 and continued by successive U.S. Presidents. He quoted Secretary of State Condoleezza Rice as saying that “the United States welcomes a confident, peaceful, and prosperous China, one that appreciates that its growth and development depends on constructive connections with the rest of the world.” At the same time, he urged China to become a **responsible stakeholder** in this system.

Zoellick also emphasized that China’s quest for peaceful development had internal and external requirements.

For him, although the Chinese leaders’ priority was understandably domestic economic development, they must also take measures to modernize China’s political system, without which China could not have a sustainable peaceful condition for its ambitious mission. Externally, China must work with the United States and other leading nations to create and maintain an environment for all to develop peacefully. This cooperation would require that China share common interests, and more importantly, fundamental values with the United States, and the other leading nations.<sup>15</sup>

Beijing’s strategists analyzed the U.S. requirements with much precaution. On the one hand, they assessed that it was a tactical and reluctant acceptance of China’s growing power and international posture. On the other, the Chinese noted that the “responsible stakeholder” concept had many undisclosed agendas and ulterior goals against China. Notably, it was a U.S. hegemonic design to integrate China into the U.S. led system. The United States would press China to follow the rules set by the United States and the West. The latter would be the arbiter for China’s behaviour. Second, the agenda of responsibilities would be far beyond China’s potentials. Third, it was an exercise to get China to share the U.S. hegemonic burdens, many of which were against China’s foreign policy, “moral principles” and national interests. Fourth, it was an intelligent way to blame China for those China-threat problems such as, then rising costs for energy and other national resources, environmental degradation, climate change, and many others, and to urge China to bear more responsibility for the global problems.

Chinese analysts, nevertheless, also noted the asset side of the U.S. maneuver — it was one that sought cooperation rather than confrontation. However, they all called for the Chinese leaders to stand firm on China’s long-held independent foreign policy, take on responsibilities according to China’s ability, moral principles, and national interests, even if they were in conflict with those of the United States and the West. China would be responsible to the world, they argued, but not just to the United States and the West alone.

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<sup>14</sup> Zheng Bijian, China’s “Peaceful Rise” to Great-Power Status, *Foreign Affairs*, September/October, 2005.

<sup>15</sup> Robert B. Zoellick, “Wither China: From Membership to Responsibility?” Remarks to the National Committee on U.S.-China Relations, September 21, 2005, New York City. Not unexpectedly the 2006 U.S. National Security Strategy included Zoellick’s promotion of China as a “responsible stakeholder” and since then it stands firm on the negotiation agenda of Washington DC.

They also pointed out that although the ‘responsible stake-holder’ formulation suggested that the United States welcomed China into the “club,” China would still be treated differently; it would be an insider in name but an outsider in fact for a long time to come. China would be better served to continue its “keep a low profile” focus on its development, IRs and foreign policy<sup>16</sup>.

The dissertation is about China’s third path emergence as a great power within the still unknown development of U.S.- China relations’ strategic equation in the twenty first century.

The present case of China’s rise is a unique precedent in international relations and world history. No other world great power has ever had the chance or the potential to try to climb again the ladder to world preeminence twice. The reemergence of China as a great economic, political and military power and its follow ups at the end of the 20<sup>th</sup> and in the beginning of the 21<sup>st</sup> century is certainly one of the most notable IRs and historical topics of interest and scholarly research. The world is watching China’s rise with different sentiments and reactions ranging from expectation and admiration to awe and suspicion.

It is very important to research and present a viewpoint and projections whether China will inevitably challenge the existing international system and the dominant global power violently, and force a global confrontation leading to potential classical power transition, or the present and future Chinese leaderships will seek and follow a different **Zhongyong continuity through changes** path into a new kind of international system.

This is a crucial topic not just for IR scholars, strategists and policy makers, but also for the general public who care about the future of mankind – will it have the noble humane mission of “Star Trek” or the fatal lethal destiny of “Battlestar Galactica” . This makes it even more demanding to research international politics and history so that ways can be found to guide and manage U.S. – China 21<sup>st</sup> century crucial relationship towards a peaceful coexistence in the future.

Very little is actually researched and known to serve as a guideline and precedent, about whether and how a global power transition can be attained peacefully, especially in today’s world of great power’s tensions and confrontations, economic and financial volatilities, global risks and challenges to mankind.

Indeed, have we really reached the “end of history” with the current politico-economic, social and international system?

The Transatlantic Western power transfer after 1945 and the Soviet Block demise at the end of the Cold War, and their significance for future global and regional power transitions, for example, are, too, unconvincingly under-researched.

The neo-liberal democratic peace proposition positing that war is very unlikely between two democracies does not hold water in the present case and processes of power transition as we have a non-democratic dyad with a potential regional and global power shift, from the U.S. to China, especially in the Asia-Pacific region.

Chinese IR scholars, analysts, strategists and policymakers have been hard at work over the last decade driven by the theoretical and practical challenge of great power relations, specifically on power transitions. They keep a very close and sharp eye on Western concept development within IR theory.<sup>17</sup> The “Thucydides Trap” is a hot topic of discussions in high level Chinese circles in the last decade , including the debates and clashes over the concepts

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<sup>16</sup> See Ni Feng, “From Responsible Stakeholder to Constructive Cooperator: President Hu Jintao’s visit to the United States and U.S.-China Relations”, *Contemporary World*, No. 6, 2006.; Yuan Peng, “On U.S. Attitude towards China: From China Threat to China as a Responsible Stakeholder”, *East China Morning Post*, December 22, 2005; Lin Limin, “A Careful Analysis of the Call China as Responsible Stakeholder”, *People’s Forum*, No.6, 2007; Lin Fengchun, “Fortune or Misfortune? An analysis of China as a Responsible Stakeholder”, *International Issues*, No. 4, 2006; Wang Yiwei, “The United States Wants to Reduce its Hegemonic Burden”, *Huanqiu Times*, June 7, 2006; Ma Zhengang, “China’s Responsibility and China as a Responsible Stakeholder”, *International Issues Studies*, April 2007, etc.

<sup>17</sup> Lyle J. Goldstein, “Test of Wills: Can China Overtake America in Asia Peacefully?”, *The National Interest*, May 19, 2015.

of “**keeping a low profile**” (KLP) and “**striving for achievements**” (SFA), championed by two of the leading Chinese IR scholars Qin Yaqing and Yan Xuetong. President Xi Jinping’s 2012 concept of “New Type of Major Country Relationship” is the basis upon which Chinese scholars try to construct a new feasible paradigm of peaceful power transition, reflecting deeply and anxiously on the fact that similar cases are extremely rare in history.<sup>18</sup>

Surveying the course of America’s rise to global preeminence Chinese scholars carefully point out that while the U.S. and GB avoided direct conflict in this period, the USA’s rise was hardly peaceful.<sup>19</sup>

At present, U.S.- China rivalry continues to appear across geopolitical, geoeconomic, financial and even cultural spheres and is now unfolding in all corners of the planet. China seeks to pursue its China Dream Grand Strategy. Although formally sticking to its structural South China Sea claims, Beijing still appears to be deliberately avoiding a sort of “direct collision” by focusing China’s potential in all possible different directions, prioritizing on UN, G-20, BRICS, SCO, and its recent strategic initiatives – OBOR, AIIB.

In both Washington and Beijing there is a strategic distrust, mutual fear, uncertainty and loathing that drive and lubricate zero-sum mentalities and serve as stimulus for hostile and increasingly dangerous policies and actions, such as the recent North Korean divergencies, and trade tariffs’ reciprocal sanctions, that may lead to unpredictable crisis consequences.

A major academic debate has resurfaced since 2010-11 in Washington regarding how to respond to China’s rapid growth in comprehensive power. Perhaps the most eloquent and logically arguing for a more forceful U.S. approach in countering/containing China, is Aaron Friedberg in his book *Contest for Supremacy*, due to the clarity of his arguments and the specificity of his recommendations. He openly posits: “The `natural antagonism` between a rising power and an established hegemon has not been, and cannot easily be extinguished. Nor can the `massive` ideological differences between America and China be put aside.”<sup>20</sup>

A balancing note into the Obama administration’s China policy was provided by Jeffrey Bader’s analysis – *Obama and China’s rise*. The book makes no references to the Pivot/Rebalancing to the Asia-Pacific region or to the Air-Sea Battle strategy. The special assistant to Obama for national security affairs at the NSC (2009-11) seems to call, above all, for the “balance” in Washington’s China policy, warning against falling “into the classical security dilemma” with Beijing, yet excluding any possibility of “excessive accommodations to China”.

Henry Kissinger’s *On China*, too, offers a compelling vision of a cooperative future built on his deep understanding of Chinese strategic culture. He does not offer up specific policy recommendations, suggesting only that U.S. and Chinese leaders must develop a “tradition of consultations and mutual respect.”<sup>21</sup>

Michael Swaine’s book, *America’s Challenge: Engaging a Rising China in the 21<sup>st</sup> Century* is another crucial step in the research and analysis of U.S.-China relations. Swaine points out the important possibility that “to maintain an effective strategy overall, U.S. interests ... might also need to change as China’s capabilities increase”. Examining a range of possible strategies that Washington could pursue in cooperation with China, he concludes that a broad consensus supports a balance between hedging and engagement. He seems in a position of distancing from the current policy paradigm, calling for “alternatives to the present emphasis on predominance in the Western Pacific”, arguing that assertive “U.S. maritime

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<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> Aaron L. Friedberg, *A Contest for Supremacy: China, America and the Struggle for Mastery in Asia*, New York: W.W.Norton, 2012, pp. 141-42.

<sup>21</sup> Henry Kissinger, *On China* / New York: Penguin Press, 2011, pp. 529-530.

predominance in the Western Pacific is probably unsustainable over the long term, ... [ and ] attempts to sustain this predominance ... are likely to prove ... destabilizing.”<sup>22</sup>

Another new and extremely indicative research is “*Strategic Reassurance and Resolve: U.S.-China Relations in the 21<sup>st</sup> Century*”, by James Steinberg and Michael O’Hanlon. The authors note that in various obvious scenarios “the risks of serious U.S.-China war could be far greater than many now appreciate”. Offering a large number of concrete proposals to mitigate U.S.-China tensions, they express the hope that “Washington can craft its own policies in ways that will call forth reciprocal, positive Chinese actions”, advocating a “various cycles of cooperative restraint”.<sup>23</sup> They admit that advocating cooperative approaches is frequently not popular, and, moreover, they assert that “there are powerful forces in the United States ... that will tend to favor U.S. policies that could accentuate ...[the] rivalry between the U.S. and China. The same is true in key allied capitals, perhaps most notably in Tokyo”.<sup>24</sup>

Obama administration’s 2011 Pivot/Rebalancing to Asia had in fact largely endorsed the program advocated by those American forces seeking to balance against China’s rise and growth in comprehensive power. President Trump’s continuing surge and attempt to resurrect the Quad alliance (U.S.-Japan-Australia-India) is assessed in Beijing as an open and hostile approach, follow up of the Pivot/Rebalancing in containing China.

Cold War related ideological rivalries are now long in history, but the risks of a U.S.-China military accidents and conflict have increased substantially in the past 7-10 years. They now include scenarios ranging from the South China Sea, to East China Sea, Taiwan, back to the Korean Peninsula, even into the Indian Ocean, and much further. In comparing the present era of geopolitical rivalry with the early Cold War, however, one fundamental difference is most and more than obvious. In 1950 the U.S. was at the Olympus of its comprehensive power (over 50% of the world GDP), and China had been utterly weakened by decades of wars and internal civil turmoil. Today the U.S. has to deal with a China that is unrecognizably strengthened, strategically innovative, and nationalistically motivated.

Strategists and scholars who research U.S.-China relations on both sides of the Pacific, and elsewhere, are almost at consensus that a potential 21<sup>st</sup> century catastrophic conflict is far from inevitable.

In my dissertation I try to help bridge the gap between academic and policy community. I wish for a modest role in the process and make a humble attempt to be different from others in the field by explicitly focusing on the organic complex state nature, the similarities and differences in the rise and behavior of the two great powers. I also try to analyze the existence or lack of common denominators for compromises on the peaceful power transition and paths for their future coexistence, and to give an added value to the genuine debate regarding the nonviolent policy solutions to the most vexing problems in the U.S.-China bilateral relations.

Since the peak of the global financial (2008-09) and continuing economic crisis , and especially after 2010, when China overtook Japan as the world’s second largest economy, some renowned members of the IR academia both in the West and in China, took some first steps and slowly deviated from the predominant U.S. mainstream confrontational debate regarding China’s rise. Though lonely, and much limited, there was a more sober and

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<sup>22</sup> Michael D. Swaine, *America’s Challenge: Engaging a Rising China in the Twenty-First Century* /Washington DC: Cornege Endowment for International Peace, 2011/ pp. 8,9, 15, 350-52.

<sup>23</sup> James Steinberg and Michael O’Hanlon, *Strategic Reassurance and Resolve: U.S.-China Relations in the 21<sup>st</sup> Century* /Princeton NJ: Princeton University Press, 2014/ pp. 46-47, 148-49. 157

<sup>24</sup> *Ibid.*, pp. 70-74.

inclusive narrative regarding the future of the international system, and the existential for the 21<sup>st</sup> century key issue – the need of stable peace.

The main schools in the field of international relations – realism, liberalism and constructivism, all have something to add up to explaining the outbreak of peace. At the same time, each paradigm has its own shortcomings and gaps. Research on stable peace, like many other fundamental issues explored by scholars of international politics, has suffered from intellectual barriers that accompany theoretical divides. Insufficient attention has been paid to approaches that cut across paradigmatic divides. Indeed, theoretical/analytical eclecticism is precisely what is needed to open up new horizons in the study of stable peace, so much deficient for the case of proper management and guidance of the U.S.-China relationship in the 21<sup>st</sup> century.

Otherwise, the other potential option might be – research and “theory production” regarding a kind of a mutant version of Cold war 2.0 between the U.S. and China?

In my thesis I draw on the recent seminal writings on the subject by: Lyle J. Goldstein, *Meeting China Halfway: How to Defuse the Emerging U.S.-China Rivalry* (2015); Michael Pillsbury, *The Hundred-Year Marathon: China’s Secret Strategy to Replace America as the Global Superpower* (2015); Thomas J. Christensen, *The China Challenge: Shaping the Choices of a Rising Power* (2015); Henry Kissinger, *On China* (2011); Charles Kupchan, *How Enemies Become Friends: The Source of Stable Peace* (2011) and also on the interesting and nonorthodox ideas and concepts of Barry Buzan – “A world without superpowers, de-centered globalism”; Kevin Rudd and Hugh White – “The China Choice: Why We Should Share Power” and the latter’s suggestion for the creation of a Concert of Asia; Charles Kupchan – “No One’s World: The West, the Rising Rest and the Coming Global Turn”, including the works of leading Chinese IR scholars like Wang Jisi; Yan Xuetong; Qin Yaqing; Ye Zicheng, Lin Mingfu, and many others.

## ON PRACTICAL METHODOLOGY AND THEORETICAL APPROACH

In pursuing and researching this potential power transition equation, I am not gathering new and unknown empirical evidence. Numerous interviews with Chinese diplomats and IR scholars and 6 years work in Beijing aside, my thesis is based on new analysis and review of existing IR literature, and very recent defining international relations and foreign policy interactions and events. Through analysis, abstraction, reconcretization and synthesis new knowledge can surface. Without following the production of new historical evidence about U.S. mid-20<sup>th</sup> century ascendance, nor the discovering of untapped intentions of contemporary ‘Chinese characteristics’, however, it is my humble intention to make an original added value contribution to knowledge by developing this unique historical comparison/transition from specific theoretical approach, by bringing a challenging light on contemporary Chinese Grand Strategy.

I have little problem for combining material and social theory. My research is one of basic theoretical pluralism. I am not devoted to any one approach as containing “the supreme truth”, and I am friendly to any perspective that seems to offer disciplined, systemic and objective added value into how the international system works. I believe one would be encouraged for examining the interplay of different approaches in a scholarly thoughtful manner.

“For a theory to be a paradigm, it needs to have a moral dimension. Paradigms are very useful, but analytical eclecticism is at this stage a superior way of doing theory... It lacks some of the advantages of paradigmatic science, but at least it doesn’t shun interesting questions and topics”, argues Peter Katzenstein in his Theory Talk # 15 in August 2008.

Notable problem in applying IR theories to an analysis of China's "peaceful rise" and Grand Strategy in the 21<sup>st</sup> century is that none of them is sufficient enough for providing a comprehensive and systemic perspective. As dominant theories of IR, classical (human nature) realism – Morgenthau<sup>25</sup> and structural realism - Waltz<sup>26</sup>, Mearsheimer<sup>27</sup>, provide detailed explanation of why China began enhancing its comprehensive economic and military capabilities. They also clarify why President Xi was so consistent and insistent in promoting to president Obama his concept of "New Type of Major Countries Relationship" (NTMCR) with the USA, since 2012. Realist theories, however, do not elucidate: why China has been, and still is, so firm in officially upholding the Five Principles of Peaceful Coexistence and Deng Xiaoping's legacy of "no expansion", "no hegemony" and "non alignment" principles in its international relations and foreign policy.

The reason my research employs analytical eclecticism is because it reconfirms that existing theories of orthodox international politics [ classical/neo-realism; classical/neo-liberalism] and supplementary existing alternative approaches (ex. Constructivism) are incomplete in themselves. At the same time they are mutually supplemental within an eclectic research method attempting to prove the applicability of analytical eclecticism. Due to "broadening of the theoretical spectrum", research on China's "peaceful rise" strategies and policies have differed from scholar to scholar / realist, liberalist or constructivist /. Research also tends to have "sidestepped meta-theoretical debates", thus making it viable to take a more eclectic turn, by incorporating elements drawn from two different styles of analysis – rendering of synthetic accounts, and historically informed narratives and comparisons.

In fact, the necessity of analytical eclecticism can be found in IR theories and approaches. First, the significance of an eclectic approach can be identified in the analysis of E.H.Carr, one of the founders of classical realism in international politics. Although his main work, *The Twenty Years` Crisis, 1919-1939*, is regarded as one of the major texts in classical realism, previous "simplistic reading of Carr has began to be reevaluated as a number of scholars have pointed to areas of common concern of both `idealists` and `realists`"<sup>28</sup>. Indeed Carr's "motives in writing the book were both realist and utopian"<sup>29</sup>. Moreover, Carr's other well known work, *The Conditions of Peace*, includes the tenets of idealism, in other words, the conditions for utopia<sup>30</sup>. Further more, whereas Carr's main argument focuses on a criticism of the extremely idealistic nature of IR theory developed after WWI, he also points out the limitations of realism<sup>31</sup>. Carr likewise asserted the importance of balanced analysis with both realist and utopian perspective. Political science must be based on recognition of the interdependence of theory and practice which can be attained only through a combination of utopia and reality<sup>32</sup>.

Significantly, Carr reached the conclusion that any sound political thought must be based on elements of both utopia and reality<sup>33</sup>. His insistence on the need for a combined

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<sup>25</sup> Hans J. Morgenthau, *Politics Among Nations: the Struggle for Power and Peace*, 2006, Boston: McGraw-Hill Higher Education.

<sup>26</sup> Kenneth Waltz, *Theory of International Politics*, 1979, Boston: Addison-Wesley.

<sup>27</sup> John Mearsheimer, *The Tragedy of Great Power Politics*, 2001, New York: W.W.Norton and Company

<sup>28</sup> Paul Rich, 'E.H.Carr and the Quest for Moral Revolution in International Relations' in Michael Cox /ed/ *E.H.Carr: A Critical Appraisal*, 2000, New York: Palgrave Macmillan, p.198.'

<sup>29</sup> Tim Dunn, 'Theories as Weapons: E.H.Carr and International Relations' in Michael Cox ( ed. ) *E.H. Carr: A Critical Appraisal*, p. 221.

<sup>30</sup> P.Wilson, 'Carr and his Early Critics: Responses to *The Twenty Years` Crisis, 1936-1946`*, in Michael Cox ( ed. ) *E.H. Carr: A Critical Appraisal.*, p.185

<sup>31</sup> Edward H. Carr, *The Twenty Years` Crisis, 1919-1939`*, 1949, London: Macmillan.

<sup>32</sup> *Ibid.*, p. 13

<sup>33</sup> *Ibid.*, p. 93

method of analysis in the study of political science and IR provides strong support for the methodological validity of analytical eclecticism.

In addition to classical and structural realism, liberalism, the English School and constructivism also underline the efficacy of eclectic approaches. First, neo-liberalism acknowledges some neo-realist conditions, such as the significance of national interest as a state goal, and the existence of anarchy in the global system<sup>34</sup>, and at the same time neo-liberals are positive that sustainable international cooperation is possible even under anarchy<sup>35</sup>. In this regard, neo-liberalism is theoretically eclectic in comparison to the realist schools. Second, the English School also demonstrates the possibility for analytical eclecticism. Hedley Bull's analysis shows that although anarchy is the nature of the international system as neo-realists argue, international order exists in an anarchical society<sup>36</sup>. Bull divided traditional political philosophy into three types: the Hobbesian (realist tradition), the Kantian (universalist tradition) and the Groatian (internationalist tradition)<sup>37</sup>. He posited that it is important to balance the perspectives of realism and liberalism with an emphasis on the priority of internationalism in influencing the international relations. Third, constructivism, a "liberal-realist theoretical approach"<sup>38</sup>, also indicates the utility of eclectic analysis. On the one hand constructivism accepts the conditions suggested by realism and neo-realism, such as the significance of states as key actors in the international politics, and the self-center of states in pursuit of their national interest<sup>39</sup>. On the other hand constructivism theoretically stems from idealism and liberalism<sup>40</sup> and underscores the significance of the "institutional transformation of identities and interests"<sup>41</sup>. Indeed, the culture of anti-militarism as an analytical framework<sup>42</sup> is composed of both classical liberalist and constructivist perspectives.<sup>43</sup> Constructivism, therefore, employs an eclectic approach in an attempt to "bridge the gap between neo-liberal and neo-realist theories"<sup>44</sup>. In this sense, the constructivist approach is even more eclectic than the realist and liberalist perspectives.

As examined above, each theory of, and approach to international politics demonstrates the methodological applicability of analytical eclecticism, hence it can be applied to a comprehensive analysis of China's "peaceful rise", Grand Strategy and politics in the 21<sup>st</sup> century.

Classical realism supports the argument of China's great power status from a domestic perspective. On the other hand, structural realism supports China's emergence, as well as its new evolving security identity by stressing the significance of the balance of power.<sup>45</sup> It also argues that an international structure of anarchy<sup>46</sup> and the presence of the U.S. as a hegemonic

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<sup>34</sup> Charles W. Kegley and Eugene R. Wittkopf, *World Politics: Trend and Transformation*, 2006, 10<sup>th</sup> ed., Melbourne: Thomas Wadsworth, p. 44.

<sup>35</sup> Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy*, 1984, Oxford: Princeton University Press.

<sup>36</sup> Hedley Bull, *The Anarchical Society: A study of Order in World Politics*, 2002, 3<sup>rd</sup> ed., New York: Palgrave, pp. 23-49.

<sup>37</sup> *Ibid.*, p. 25

<sup>38</sup> Kegley and Wittkopf, 2006, p. 52.

<sup>39</sup> *Ibid.*

<sup>40</sup> Alexander Wendt, *Social Theory of International Politics*, 1999, Cambridge: Cambridge University Press, p. 1

<sup>41</sup> Alexander Wendt, "Anarchy is What States Make of it: The Social Construction of Power Politics", 1992, *International Organization* 46 (2), pp. 391-425.

<sup>42</sup> Thomas U. Berger, "From Sword to Chrysanthemum: Japan's Culture of Anti-militarism", *International Security* 17/4/, pp.119-150, 1993.

<sup>43</sup> Thomas U. Berger, *Culture of Anti-militarism: National Security in Germany and Japan*, Baltimore MD: John Hopkins University Press.

<sup>44</sup> Kegley and Wittkopf, 2006, p. 53

<sup>45</sup> Kenneth Waltz, *Theory of International Politics*, 1979, New York: McGraw Hill.

<sup>46</sup> *Ibid.*

state<sup>47</sup> determine the behavior of other states in the system. From a structural realist perspective it is possible to argue that China's security policies have been shaped by the present international structure. The anarchic self-help system and the Cold War structure forced Beijing to approach Washington economically and on the other hand to expand and grow in military power. As structural realism supports the hegemonic stability theory, U.S. hegemony made it possible for China to focus on its economic development guided by Deng Xiaoping's strategy since 1978.

As an additional perspective to my eclectic approach I also draw on the English School and on social identity theory (SIT), from social psychology – ideational allies of constructivism. The latter argues that in the system of international relations states seek to maintain a positive and rather distinctive role and identity<sup>48</sup>. China is struggling to restore its ancient status as a great power, but in parallel, also, to safeguard and preserve its civilizational culture and norms, keeping at a distance the Western liberal values and standards.

For the sake of an optimal and more holistic eclectic approach, in my thesis I also follow on the works of the one of the most eminent Chinese IR scholars and theorist Qin Yaqing. In contrast to the conflicting Hegelian dialectics, he challenges the prevailing Western approaches and narratives regarding the China phenomenon by using the complementary Chinese dialectics of Zhongyong<sup>49</sup>. He argues that it represents the Chinese way of thinking, a Chinese worldview through which to understand the world and the universe. For him, Zhongyong represents Chinese principal behavioral norm code, and a guiding theoretical framework for the accurate discussions on China's international Grand Strategy, both in China and in the West.

## BASIC THEORETICAL CONSTRUCTION AND THEORIZING CHINA'S RISE

Although it is difficult to definitely assess and predict exactly China's future development identity and Grand Strategy (realism + liberalism + constructivism + Zhongyong), and the response of the West, especially of the U.S., into the rest of the 21<sup>st</sup> century, it is theoretically feasible to construct, identify and analyze viable trends and scenarios in terms of analytical eclecticism.

“According to the Global Language Monitor which tracks the top 50000 media source throughout the world, “China's rise “ has been the most read-about news story of the 21<sup>st</sup> century ...”<sup>50</sup>

While China's rise is arguably the biggest development in international relations since the end of the Cold War, the rather oversimplified terms of the debate—which ultimately boils down to whether China's emergency represents a threat or an opportunity for Western powers and for the international institutional order they created—are counterproductive for

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<sup>47</sup> Robert Gilpin, *War and Change in World Politics*, 1981, Cambridge: Cambridge University Press.

<sup>48</sup> For application of social identity theory to international relations, see Jonathan Mercer, ‘Anarchy and Identity’, *International Organization*, Vol. 49, No 2 (1995), pp. 229-52; Peter Hays Gries, ‘Social Psychology and the Identity-conflict Debate: Is a “China Threat” Inevitable?’, *European Journal of International Relations*, Vol. 11, No 2 (2005), pp. 235-65; Deborah Welch Larson and Alexei Shevchenko, ‘Status Seekers: Chinese and Russian Responses to U.S. Primacy’, *International Security*, Vol. 34, No 4 (2010), pp. 63-95.

<sup>49</sup> Zhongyong literary means “taking the middle course”. It also emphasizes the concept of ‘du’ (appropriateness of action), or knowing where and how to move ahead, to stop, and to step back. For the Zhongyong dialectics see: Qin Yaqing, *Continuity through Change: Background Knowledge and China's International Strategy*, *The Chinese Journal of International Politics*, 2014, Vol.7, No. 3; Tu Weiming, *Zhongyong dongjian (An insight into Chong-yung)*, Beijing: Renmin Chubanshe, 2008; Cheng Zhongying, *On the Essence of Chinese and Western Philosophies*, Shanghai: Dongfang chubanshe, 1991; and Chenshan Tian, *Chinese Dialectics: from Yijing to Marxism*, Lanham: Lexington Books, 2005.

<sup>50</sup> Michael Beckley, *China's Century?: Why America's Edge Will Endure*, Winter 2011, *International Security*, Vol. 36, No. 3, p. 41.

advancing our understanding of China's role and its implications for the West. To go beyond a simple realist versus liberal versus constructivist debate on whether China poses a threat or not, my thesis brings into conversation eclectic types of explanations for China's behavior on the international stage. Besides drawing on the dominant western theories of international relations—neo-realism, neo-liberalism, and constructivism—to understand China's historical behavior and to analyze the trends of its future behavior toward the U.S., EU, and others as its international influence continues to grow, I also use lenses through which Chinese scholars view China's rise, among them the notion of the “peaceful rise”. Historically and philosophically informed views of China's contemporary behavior are also being addressed, and despite the different types of arguments they have a great deal to say to each other. By drawing on a varied set of theories, and testing them using evidence ranging from historical case studies to quantitative analysis, I hope to move beyond the usual (and rather non-constructive) debate between so-called “panda fans” and “dragon terminators.”

### **Relations between international structure and states:**

China represents indigenous example of complex amalgam of state capitalism and “socialism with Chinese characteristics”. President Xi's state-collectivist driven Grand Strategy has redefined Deng Xiaoping's slogan - ‘to be rich is glorious’ into ‘China Dream state/nation to be rich is glorious’.

Analyzing eclectically how different IR paradigms address the variable: states-international structure, and especially how they reflect in their theorizing of the China phenomenon, initially I draw on Jing Men's approach on the three main IR schools<sup>51</sup>, then enlarge the China theorizing by including the rest of the schools that make part of my eclectic study.

#### ***Realist approach***

Kenneth Waltz defines structures “according to the principle by which a system is ordered”.<sup>52</sup> He defines the structure in three tiers, the first being – the ordering principle. The ordering principle gives “information how the parts of a realm are related to each other”.<sup>53</sup> In the international politics, the ordering principle is anarchy, and as the fundamental assumption about international politics, anarchy indicates that there is an absence of a central government in the system. “Structural anarchy”, or the absence of central authority to settle disputes, is the defining characteristic of the system that shapes the motives, decisions and actions of sovereign states. They must be self-reliant and self-help. States in anarchy are preoccupied with power and security, and will suffer if they fail to protect their vital interests.

The second is the character of the units in the system. The anarchical nature of the international system homogenizes states' external behavior regardless of their domestic political nature and distribution of power. Anarchy compels that “the states that are the units of the international political system are not formally differentiated by the functions they perform ... So long as anarchy endures, states remain like units”.<sup>54</sup>

The third image is the distribution of capabilities. In defining international political structure, the distribution of capabilities is the most important since “the structure of the

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<sup>51</sup> MEN Jing, ‘Converging to the International Society? An Analysis of Chinese Foreign Policy from 1949 to 2002’, *Vrije Universiteit Brussels*, 2003-2004, pp. 11, 13, 16.

<sup>52</sup> Kenneth N. Waltz, *Theory of International Politics*, 1979, Boston: Addison-Wesley, p. 100.

<sup>53</sup> *Ibid.*, p. 82.

<sup>54</sup> *Ibid.*, p. 93.

system changes as result of changes in the distribution of capabilities across the system's units".<sup>55</sup> As there is no functional differentiation of units in an anarchic system, the units are primarily distinguished by their varied capabilities".<sup>56</sup> Structure is defined by the distribution of capabilities across units.

Confined by the anarchical nature of the system, states lack in trust in their interactions and relationships. The nature of international politics is "a recurring struggle for wealth and power among independent actors in a state of anarchy".<sup>57</sup> Security dilemma becomes the inadvertent derivative when states try to strengthen their power position in the system. The more states arm to increase their strength, the more reciprocal vicious cycle of arming by other states emerges for the sake of security. "Nowhere is uncertainty greater than in international politics. Anarchy places a premium on foresight. If one cannot know what is coming, developing a greater resource base for future use takes precedence over present prosperity".<sup>58</sup>

The anarchic feature fosters conflicts and competitions in the interactions of states, and shapes the positional nature of states. International institutions do not possess many capabilities to affect and manage the prospects for cooperation among states, and especially between great powers. They are unable to mitigate anarchy's constraining effect on interstate cooperation.<sup>59</sup> States have to be self-reliant in the system, otherwise one has to reap what one has sown: "A self-help system is one in which those who do not help themselves, or who do so less effectively than others, will fail to prosper, will lay themselves open to danger, will suffer."<sup>60</sup>

Waltz diminishes the role of practice and politics in shaping the character of anarchy. Although he admits that the structure affects states' behavior through two processes: competition and socialization, he considers that social factors are not important in international politics, and that socialization only matters in the way to condition the behavior of states.<sup>61</sup> Relying heavily on the constraining material forces of the international structure in shaping states' behavior, Waltz altogether downplays the role of socialization.

Waltz treats the identities and interests of states as exogenously given and solely focuses on the study of behavior of states. Reducing the process of interaction to dynamics of behavior interaction among exogenously constituted states, Waltz's theory offers a behavioral conception of process. Thus, only behavioral adaptation is possible, the change of identities and interests is not. All the attributes of states which do not concern material capabilities such as traditions, habits, objectives, desires, and forms of government except their capabilities can be abstracted and should not be included in the definition of structure.<sup>62</sup>

Besides neo-liberalism and constructivism's continuing paradigmatic changes and critiques of neo-realism, in general realism in IR, and especially Waltz's theory of international politics, has never been challenged so eloquently as by Robert W. Cox.<sup>63</sup> For him, politics can never be separated from economics, theory is always linked to practice, and material relations and ideas are inextricably interwinded to co-produce world orders. Cox claims that "theory is always for someone and for some purpose" and that Waltz's theory is a

<sup>55</sup> Ibid., p. 97.

<sup>56</sup> Ibid., p. 99.

<sup>57</sup> Robert Gilpin, *War and Change in World Politics*, 1981, Cambridge: Cambridge University Press, p. 7

<sup>58</sup> Kenneth N. Waltz, "The Emerging Structures of International Politics", *International Security*, Vol. 18, No. 2, Fall 1993, p. 60.

<sup>59</sup> Joseph M. Grieco, "Anarchy and the Limits of Cooperation: A Realist Critique of the Newest Liberal Institutionalism", in David A. Baldwin (ed.), *Neorealism and Neoliberalism: The Contemporary Debate*, 1993, New York: Columbia University Press, p. 116.

<sup>60</sup> Kenneth N. Waltz, *Theory of International Politics*, p. 118.

<sup>61</sup> Ibid., pp. 74-77.

<sup>62</sup> Ibid., p.99.

<sup>63</sup> Robert W. Cox, *Social Forces, States and World Orders: Beyond International Relations Theory*, 1981, *Millennium Journal of International Studies*, Vol. 10, No. 2.

problem-solving theory, an ahistorical work, and unconvincing mode of historical understanding.<sup>64</sup>

There are a number of theories and resulting policy prescriptions that derive from a realist tradition and they do not speak with one voice, especially when *theorizing* on the central for the IR issue of China's strategic posture in the 21<sup>st</sup> century.

Realist approaches that derive from a classical foundation theorize and suggest policies<sup>65</sup> that are fundamentally different from structural/neo-realism, and more so from the offensive realism favored and promoted by John Mearsheimer.<sup>66</sup>

Classical realism is not at all sanguine and is also alarmed, like Mearsheimer, about the implications of China's status. A classical realist perspective inherently observes the emergence of new great powers in the system with enormous apprehension (China as a natural great power – its desire for power, military modernization and upgrades), because it expects the ambitions of rising states to expand along with their capabilities, and also because of the anxiety that this expectation provokes in their neighbors and potential adversaries.<sup>67</sup> As Gilpin has argued “the most important factor for understanding world politics is not the static distribution of power, but dynamics of power relations over time”<sup>68</sup>. A central problem in international relations is addressing these changes to the balance of power, which historically has commonly been resolved by war.

Classical realists argue that alarm in and of itself, offers very little positive analytical space and added value. As a general rule, with some exceptions, classical realists, however inherently wary and skeptical, seek to accommodate rising powers. “This accommodation is rooted in three core tenets of classical realism. First, and always, is the acknowledgement of the reality of power, which is part of seeing the world as it is, not as we would like it to be. Second is an unwillingness to automatically privilege the perspective of those that would defend the status-quo. Third is the belief that politics matter, and that therefore the future is largely unwritten. It is on this last point that classical realists break most sharply with their structuralist cousins. The classical view holds that while they must irretrievably be alert to the conditions of anarchy and sensitive to the balance of power, nevertheless states – especially great powers – enjoy considerable discretion with regards to the strategic choices that they can and will make. Thus, these choices are shaped by the context in which they are made, that is – by both domestic and international politics”.<sup>69</sup>

In his critique of Mearsheimer's offensive realism approach towards China's great power posture, Kirshner makes the theoretical case that the U.S. should return in its policy versus Beijing to the traditions of classical realism. He acknowledges that the power emergence of China must be seen as a potentially dangerous destabilization of the international system. Yet, he argues that in the influential structural realist approach to great power politics and the rise of China, Mearsheimer's offensive realism - is wrong and dangerous, both in the abstract, and as it applies to contemporary China.

“It is not possible to understand world politics simply by looking outside of states. The implications of systemic forces are inherently and irretrievably indeterminate”.<sup>70</sup> “It is impossible to understand and anticipate the behavior of states by looking only at structural

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<sup>64</sup> Ibid., pp. 207-211.

<sup>65</sup> Jonathan Kirshner, *The Tragedy of Offensive Realism: Classical Realism and the Rise of China*, 2010, *European Journal of International Relations*, Vol. 18, No 1, pp. 53-75.

<sup>66</sup> John Mearsheimer, *China's Unpeaceful Rise*, 2006, *Current History*, Vol. 105, No 690. see also “The Tragedy of Great Power Politics”, pp. 55-82.

<sup>67</sup> Jonathan Kirshner, *The Tragedy of Offensive Realism: Classical Realism and the Rise of China*, p. 54.

<sup>68</sup> Robert Gilpin, *War and Change in World Politics*, p. 93.

<sup>69</sup> Jonathan Kirshner, *The Tragedy of Offensive Realism: Classical Realism and the Rise of China*, p. 54.

<sup>70</sup> Ibid., p. 56.

variables and constraints. To explain world politics, it is necessary to appeal to a host of other factors, including domestic politics, history, ideology and perceptions of legitimacy”.<sup>71</sup>

Classical realists tend to envision states, in the abstract, as essentially rational, purposeful, and motivated, but they do not see states as hyper-rationalist automatons. Rather classical realists also understand that states’ behavior is shaped by the lessons of history - right or wrong, ideas – accurate or not, ideology – good or bad, and that states make choices influenced by fear, vulnerability, and hubris, usually in the context of considerable uncertainty.

In contrast to neo-realists who claim that “survival” is the goal of states, classical realists, like E.H.Carr, see politics as the clash of interests, with outcomes determined by power, and with many wars fought not for specific ends, but rather to establish military primacy.<sup>72</sup>

For Gilpin, it is axiomatic that, “as the power of a state increases, it seeks to extend ... its political influence”<sup>73</sup>, and realists usually say that there is nothing wrong with that, since they are generally reluctant to label the behavior of states in international relations as “good” or “bad”.

Activist powers, like China in particular, are potential sources of instability ( assertive interests, increasing capabilities and expectations of more great power to come ), and classical realists expect them to seek not just security, but also status, prestige, and even deference from others. “All of this applies to contemporary international politics – to the rise of China and the responses of other states to that rise ... and it is not a pretty picture”.<sup>74</sup>

That classical realists are alarmed by the consequences of the rise of China, and anticipate increased international political, economic and military frictions as result, they certainly do not mean that “war is inevitable”, and it does not lead to the prescription of superficially obvious policy recommendations. That - “interdependence” - will not prevent war, for example – a common realist proposition, does not mean that interdependence is a “bad thing, which should be avoided. Rather, it is a condition with political consequences, and choices which require political assessments and considerations.

Mearsheimer’s “offensive realism” structural theory states plainly that “China cannot rise peacefully”. According to him, Beijing will become aggressive and determined to achieve regional hegemony in Asia, the way the USA behaved since its creation in 1783 for domination and hegemony in the western hemisphere based on the Monroe doctrine of 1823. He draws his conclusions from his five “bedrock assumptions”<sup>75</sup>, which build his theory: 1. Anarchical international system. 2. Offensive capabilities of the states. 3. States’ uncertain intentions. 4. Survival goal of states and 5. States act as rational actors. Accepting the first three assumptions, some classical realist find the fourth and especially the fifth, as overly restrictive. Mearsheimer argues that as China will seek to dominate Asia, the current U.S. policy of engaging China is “misguided” and “doomed to failure” urging the U.S. to reverse course and do what it can to contain and slow the rise of China.<sup>76</sup>

For classical realists, Mearsheimer is “wrong – analytically wrong in the logic of his predictions and dangerously wrong in his prescriptions”.<sup>77</sup> They consider that the fatal flaw in Mearsheimer’s argument, is in his failure to distinguish between being a hegemon and

<sup>71</sup> Ibid., p. 57.

<sup>72</sup> E.H.Carr, “The Twenty Years’ Crisis, 1919-1939: An Introduction to the Study of International Relations, London: Macmillan, 1939, revised edition, 1946, pp. 75, 80, 108, 111, 213, 215.

<sup>73</sup> Robert Gilpin, *War and Change in World Politics*, p. 106.

<sup>74</sup> Jonathan Kirshner, *The Tragedy of Offensive Realism: Classical Realism and the Rise of China*, p. 59.

<sup>75</sup> John Mearsheimer, *The Tragedy of Great Power Politics*, p. 30.

<sup>76</sup> Ibid., p. 60.

<sup>77</sup> Jonathan Kirshner, *The Tragedy of Offensive Realism: Classical Realism and the Rise of China*, p. 60.

bidding for hegemony. Bidding for hegemony, as history shows, is one of the few and rare paths to destruction for a great power, which otherwise according to his theory should fight for survival and be a rational actor (fourth and fifth bedrock assumptions). “Most great powers are extremely likely to survive; most great powers that bid for hegemony do not”.<sup>78</sup> Two attributes of the U.S. case that predetermined and contributed to its sole exceptional success were: weak adversaries and even weaker neighbors, which is not the case with contemporary China.

“While classical realism must be wary and pessimistic regarding the consequences of China’s future intentions, its perspective nevertheless leads to the conclusion that engaging rather than confronting China is the wisest strategy. The only context that matters to realist analysis, is - the optimal strategy compared to the likely consequences of other options ..., as for classical realists, the future is unwritten, and so acknowledging power and wise policies matter.”<sup>79</sup>

“The first lesson the students of international politics must learn and never forget “, Morgenthau, classical realist, lectured, “is that the complexities of international affairs make simple solutions and trustworthy prophecies impossible”.<sup>80</sup>

### *Liberal approach*

Neo-liberalism accepts the core assumptions of neo-realism including the impedimental role of anarchy in the realization of cooperation. It agrees to neo-realist arguments that states behave according to the perceptions of their self-interests. Relative capabilities remain important, and states have to rely on themselves to sustain gains from cooperation. Contrary to neo-realists who concentrate on conflicts, rivalry and competition, the neo-liberal approach emphasizes the capacities and potentials of rules and of international institutions in promoting cooperation and in changing conceptions of self-interest.

For neo-liberalism, anarchy does not necessarily mean lack of cooperation. Here institutions and authority rather than force and power are accentuated as particular functions of government. As defined by Keohane, institutions are persistent and connected set of rules (formal and informal) that prescribe behavioral roles, constrain activity, and shape expectations “.<sup>81</sup> A lack of common government in world politics does not deny the existence of a fragmented international society. Both carefully structured and loose organizations may be present. While anarchy remains as a constant, “the degree to which interactions are structured, and the means by which they are structured, vary. It has often been noted that military-security issues display more of the characteristics associated with anarchy, than do political-economic ones”.<sup>82</sup>

Neo-liberalism relies heavily on the assumption of institutions: “states actions depend to a considerable degree on prevailing institutional arrangements”.<sup>83</sup> Institutions are seen as enabling the states to reach mutually beneficial, cooperative outcomes. While neo-realists regard international relations as the relations between the international structure and nation-states, neo-liberalists interpret it as the relations between international institutions and nation-states. Neo-realists view the institutions as a random variable, while neo-liberalists consider it as an independent variable in the interactions among states.

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<sup>78</sup> Ibid., p. 61.

<sup>79</sup> Ibid., p.65.

<sup>80</sup> Ibid., p. 69.

<sup>81</sup> Robert O. Keohane, *International Institutions and State Power: Essays in International Theory*, 1989, Westview Press, p.3.

<sup>82</sup> Robert Axelrod and Robert Keohane, “Achieving Cooperation under Anarchy: Strategy and Institutions”, in David A. Baldwin (ed) *Neorealism and Neoliberalism: The Contemporary Debate*, p. 85.

<sup>83</sup> Robert O. Keohane, *International Institutions and State Power: Essays in International Theory*, p. 2.

Institutions put forward behavioral principles that are mutually recognized and accepted by the members of the system. Their legitimate status demands the member states to consider the institutional restrictions in their behavior. Whether a state is responsible or not can be identified through its attitude towards the international institutions. When discussing the roles of institutions, neo-liberalism holds that: “This necessity for institutions does not mean that they are always valuable, much less that they operate without respect to power and interests, constitute a panacea for violent conflict, or always reduce the likelihood of war. Claiming too much for the international institutions would indeed be a `false promise`. But in a world politics constrained by state power and divergent interests, and unlikely to experience effective hierarchical governance, international institutions operating on the basis of reciprocity will be components of any lasting peace “. <sup>84</sup>

Although institutions, once created, are regarded as effective in bringing peace to the world, the neo-liberals admit that the institutions are created in response to state interests, and that their character is structured by the prevailing distribution of capabilities among states.

In order to counter the overwhelming influence of anarchy in the international politics, institutions are chosen as a sort of international authority. They provide the basis for determining what is just or unjust action and event in the context of international relations. International society is not merely a cluster of actors whose actions affect one another. It is similar to any other society in that there are expectations regarding to certain types of action and standards against which such action can be measured and judged. <sup>85</sup> In neo-liberal narrative, states seek to alter the anarchical context through building institutions that embody particular principles, norms, rules or procedures for the conduct of international relations.

The Kantian triad of democracy, trade and international institutions analytically linked to outcomes of peace and prosperity has been and remains the general foundation of liberal IR theory.

Although there is no single and correct way to understand and explain the world any more than there is a singular and correct way to be in the world, the liberal world order – i.e. the post-Cold War world in which we currently live is, in short, a world informed by the dominant theoretical faith in the Kantian triangle. <sup>86</sup>

What is more striking about contemporary IR liberal theory, in fact, is its remarkable sameness from the pre-to post- Cold War period and that it has become the dominant perspective of the discipline. There is an ample evidence that liberal theory surpassed realism some time ago and now occupies the “best in show” position, as the most and neatly suiting the liberal world`s concerns of knowing and being. <sup>87</sup>

As the liberal world order lived through some significant transformations and events in the last 10-15 years, there has been some theoretical developments in liberal IR theorizing. As Burchill points out, “the post-Cold War optimism of many liberals has been tempered by a series of unexpected events which, at the very least, suggest that the path to modernity remains a rocky one”. <sup>88</sup>

In co-authored publication by leading liberal theoreticians - Jeff D. Colgan and Robert O. Keohane, ‘The Liberal Order is Rigged: Fix it now or Watch it Wither’, in May/June 2017 Issue of *Foreign Affairs*, both co-authors make even more stern and warning

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<sup>84</sup> Robert O. Keohane and Lisa L. Martin, “The Promise of Institutional Theory”, *International Security*, Vol. 20, No 1, 1995, p. 50.

<sup>85</sup> Mark J. Hoffman, “Normative Approaches”, in *International Relations: A Handbook of Current Theory*, 1985, London: Pinter Publisher, p. 33.

<sup>86</sup> Jennifer Sterling-Folker, All Hail to the Chief: Liberal IR Theory in the New World Order, *International Studies Perspective*, 2015, Vol.16, Issue 1, pp. 40-49.

<sup>87</sup> Ibid.

<sup>88</sup> Scott Burchill, Liberalism. In *Theories of IRs*, 4<sup>th</sup> edition, edited by Scott Burchill, Andrew Linklater, Richard Devetak and Jack Donnelly, 2009, New York: Palgrave Macmillan.

political, economic and social psychology analysis, and assessments concerning the current state of the liberal democratic international order.

Like other analytical perspectives, liberal IR theorizing has had to grapple with the analytical implications posed by processes and events such as 9/11, the U.S. invasion of Iraq, the Arab Spring, the crisis in the Middle East, Syria and Iran, the conflict Ukraine/Russia, now Brexit and president Trump, and most of all – 21<sup>st</sup> century China.

So far, the China debate among IR theorists has pitted optimistic liberals against pessimistic realists, more so with those of the offensive realism.

The liberals *theorize*, that because the current international order is defined by economic, political and institutional openness, it can accommodate China's rise peacefully. The U.S. and the other leading liberal powers, this argument runs, can and will make clear that China is welcome to join the existing order and prosper with it. For them, China is likely to do so rather than launch a costly and dangerous struggle to overturn the system and establish an order more to its own liking.<sup>89</sup>

Complex interdependence, put forth by Robert Keohane and Joseph Nye,<sup>90</sup> argues that states and their fortunes are inextricably tied together by increasing, various, and complex transnational connections and interdependencies. These connections, furthermore, have resulted in the creation of numerous stakeholders (including multi-national companies, non-governmental organizations, and the public at large) which have become important international actors.

Institutionalism, advanced by Robert Keohane<sup>91</sup>, Stephen Krasner<sup>92</sup> and others, asserts that the United States created a post-war international order, open and inclusive to other great powers. Such system provided the ability to manage tensions while at the same time promoted and strengthened the growing interdependencies, influencing the stability, wealth, and prosperity of the great powers.

Democratic Peace Theory, the third aspect of the Liberal Institutional paradigm, contends that the U.S. promotion of capitalism and democracy has produced a liberal order in which its main architects and supporters share similar ideological, governance, economic and social views, which inhibit the propensity to use military force to adjudicate differences. While non-Western, non-liberal states, including China, populate and contribute to the international order, the shared liberal rules and norms underpin, and explain the institutional framework's durability in stabilizing great power relations. The Western-based liberal order, in short, provides goods and areas of reciprocal influence for great powers, while being hard to overthrow due to the presence of nuclear weapons and interdependencies that stifle power transitions, and mitigate zero-sum conflicts.

One of the leading, and most active in the analysis of China's rise, liberal theorist, John Ikenberry,<sup>93</sup> argues that, while power transition theorists correctly highlight the historic anxieties during such transitional periods, China's ascendance will not inevitably lead to war and conflict. Beijing faces an international system fundamentally different from those of previous rising powers. China may one day overtake the U.S. in terms of economic and even military power, but it is less likely that China will be able to surpass the entirety of the liberal

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<sup>89</sup> Charles Glaser, Will China's Rise Lead to War?: Why Realism Does Not Mean Pessimism, *Foreign Affairs*, March/April 2011.

<sup>90</sup> see Robert O. Keohane and Joseph S. Nye Jr., *Power and Interdependence*, ( 4<sup>th</sup> Edition ), 2011, New York: Pearson

<sup>91</sup> Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy*, 2005, Princeton: Princeton University Press.

<sup>92</sup> see also Stephen D. Krasner, ( ed. ), *International Regimes*, 1983, Ithaca NY: Cornell University Press.

<sup>93</sup> G. John Ikenberry, The Rise of China and the Future of the West: Can the Liberal System Survive?, *Foreign Affairs*, January/February 2008. See also, G. John Ikenberry, *Liberal Leviathan: The Origins, Crisis and Transformation of the American System*, 2011, Princeton: Princeton University Press. G. John Ikenberry, *Power, Order and Change in World Politics*, ( ed. ), 2014, Cambridge: Cambridge University Press, pp. 100-102.

world order. Simply put, the aggregate power of the West will obstruct and deter Beijing's ability to overthrow the system, if they intend on doing so. China, also, is heavily integrated into the world's trade, finance, social, political, and military fields to a degree unparalleled by other rising powers and, thus, system overthrow will be extremely detrimental to their wealth, prosperity, and overall stability. Beijing may oppose varying aspects of the current institutionalist order, specifically its continuing under-representation in the World Bank and IMF, but they nevertheless engage significantly in the existing institutional framework.

There are a number of recent trends, however, which challenge liberal theorizing and confidence that China's rise can be accommodated and its leaders socialized into the existing Western liberal order. China's dissatisfaction with the current architecture has been channelled towards creating entirely new institutions. Multi-billion dollar initiatives, including the One-Belt, One-Road, maritime and land strategies, the Asian Infrastructure Investment Bank, BRICS' NDB and its Africa and Latin America engagements, place China in central decision-making position to the exclusion of the West. Similar tactics on the part of the U.S. to eschew Chinese participation, such as via the Trans-Pacific Partnership, are resulting in parallel institutions that compromise the more international and inclusive organizations of the liberal order. China's strengthening pragmatic relations with Russia, while usually, and yet, incorrectly categorized as a strategic alliance, demonstrates a congruence of geopolitical desires on the part of Beijing and Moscow to carve out local sphere of influence and marginalize U.S. global power and influence within the G-20. The resultant regionalization of institutions (SCO, BRICS, EEU) under the sway of various emerging powers (China in East Asia, Russia in their near abroad, India in South Asia, Brazil in Latin America and South Africa on the African continent ) threatens to not necessarily overthrow the current liberal order, but rather paralyze its functionality and ability to generate collective action in addressing international issues.

Another important challenge to the world liberal order is the weakness of democratic growth in the world. Contrary to liberal optimistic assessments in the early 1990s, the Chinese Communist Party, while undergoing massive changes in its membership and structure, shows no sign of moving towards political liberalization. Throughout the developing world, as well, there is a resurgence of authoritarian rule, masked under democratic structures meant to promote international legitimacy and régime maintenance. With Russia and China, as the two greatest strategic challenges to the US, furthermore, there is a concern that a 'League of Spoilers' opposed to the liberal West is getting stronger. Even other emerging, democratic states such as India, Brazil and South Africa are not reliable partners for the West, as evident in their UN voting records. As power shifts in the world, it does so from the West, a largely coherent body of states with similar governance models, economic and social institutions, and congruent world outlook and ideology, to a new group of rising powers which show no affiliation for one another or the West, but rather an inclination to work with the latter on a case-by-case basis to achieve short-term interests.

As a whole, liberal theorists agree that China, as an outsider state from the Western bloc, will continue the agenda of shaping and moulding the international order towards its advantage. But, publicly, they still claim that there is no clear indication Beijing is serious about a hegemonic challenge to the order as China is far more integrated and interdependent within the existing system than any other emerging power in history. Combined with the virtual inability to use military force to construct an alternative geopolitical order under its dominance, the future of Sino-American relations, while not completely benevolent and co-operative, will for the most part be peaceful and stable as the forces of institutionalism and interdependence have rooted them within the existing order. China will work towards system change but not overthrow, as Beijing increasingly becomes entangled within the existing order – one it simply cannot afford to oppose or overthrow anytime soon.

### *Social constructive approach*

For the understanding of the international structure, Wendt holds two distinctive points: first, the international structure is social, not strictly material and second, not only the structure shapes the behavior of states, but also their identities and interests.<sup>94</sup> The relations between the structure and the states are not just as casual as Waltz suggests that the anarchic structure predicts the self-help and power politics of states. The structure also plays a constitutive role in forming the identities and interests of states. Socialization is indispensable in generating possible actions of states. The effects of the casual and constitutive relationships are different from each other but not mutually exclusive. Holding a distinctive understanding of the nature of the international structure, Wendt works to re-conceptualize what the international structure is made of. He argues that rather than strictly materially oriented, the structure is socially constructed. Practices determine the character of anarchy.<sup>95</sup> The effects of anarchy and material structure depend on what states want.<sup>96</sup> Rather than the distribution of capabilities, the beliefs and expectations states have about each other form the nature of international politics. According to Wendt, the configuration of preferences drives outcomes. Different preferences will generate different logics of anarchy. The system is not causally competitive due to the anarchic structure as Waltz suggests. "Self-help and power politics do not follow either logically or causally from anarchy."<sup>97</sup> Anarchy may drive states for competitive power politics, but it may as well bring states to the construction of collective security. "Self-help and competitive power politics may be produced causally by process of interaction between states in which anarchy plays only a permissive role."<sup>98</sup> Self-help and power politics are merely institutions instead of essential features of anarchy. They are the result of process, not structure. Which kind of anarchy will be dominant in the system depends on which particular identities and interests of states will emerge.

It is in the process in which the identities and interests of states are formed. "The process of signaling, interpreting, and responding completes a `social act` and begins the process of creating intersubjective meanings."<sup>99</sup> Although the first social act may be unreliable, it nevertheless creates tentative expectations on both sides in the interaction about each other`s future intentions and actions. Following the accumulation of knowledge on the possible behavior of each other in the constant interactions between them, relative stable concepts of self and other are generated. Through this reciprocal interaction, the states involved form their identities and interests. According to Wendt, without offering the structure of identities and interests in the system, Waltz`s definition of the international structure foretells neither the content nor the dynamics of anarchy. It is also problematic for Waltz to predict a state`s behavior. There is no doubt that the distribution of capabilities affects states` calculations. But how such influence grows is determined by the intersubjective understanding and expectations of states, by the knowledge they possess which is used to interpret self and other in the interactions between states.<sup>100</sup>

The international structure is socially constructed. Social structure leads to different actions of states "by constituting states with certain identities and interests, and material

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<sup>94</sup> Alexander Wendt, *Social Theory of International Politics*, Cambridge : Cambridge University Press, pp. 92 – 138.

<sup>95</sup> Alexander Wendt, "Anarchy is What States Make of it", *International Organisation*, 46, 2, Spring 1992, p. 395.

<sup>96</sup> Alexander Wendt, *Social Theory of International Politics*, p. 106.

<sup>97</sup> Alexander Wendt, "Anarchy is What States Make of it", p. 395.

<sup>98</sup> *Ibid.*, p. 396.

<sup>99</sup> *Ibid.*, p. 405.

<sup>100</sup> *Ibid.*, p. 397.

capabilities with certain meanings.<sup>101</sup> It can influence states through constituting identities and interests, helping states find common solutions to problems, defining expectations for behavior, constituting threats or collective security.<sup>102</sup> Structure only has meaning for state action when taking into consideration of the understandings and expectations that constitute states' identities and interests. In order to examine the action of states, it is necessary to consult the intersubjectively constituted structure of identities and interests in the system.

Constructivists' *theorizing* of China's rise in general comes to the conclusions that China is currently undergoing an identity and national interests' shift towards Sino-centrism, i.e. – a self-centering tendency to turn debate attention to the internally generated, specifically Chinese world associated with China's civilizational past and cultural heritage. "China is not just another nation-state in the family of nations; China is a civilization pretending to be a state".<sup>103</sup>

Apart from the political/ideological divide between China and the Western liberal order, there is the cultural dimension to China's non-Western identity. Constructivists claim that China's identity-related distinctiveness to a very large extent rests on civilizational, moral-philosophical and ethnic elements that may all be regarded as part of China's historical and cultural heritage. The fact that China represents a non-Western rising power in a political as well as cultural sense is probably the most important cause for concern.<sup>104</sup> After the Cold War, there was a wide-spread belief in the West that Chinese economic growth would be accompanied by political reforms and that China would eventually embrace liberal democracy.<sup>105</sup>

Currently, China is already being viewed by some countries as an alternative societal model, which is better able to combine political stability with economic growth while retaining its cultural distinctiveness.<sup>106</sup> As such the Chinese model could well become an ideal to be emulated by other developing countries. "One Belt, One Road" strategy represents a striking departure in Chinese policy. For the first time China is seeking to export its development model to other countries<sup>107</sup>... and it is different from that in the West, its purpose is to develop industrial capacity and consumer demand in countries *outside* of China. Rather than extracting raw materials, China is seeking to shift its heavy industry to less developed countries, making them richer and encouraging demand for Chinese products."

Like realists and liberals, constructivists agree, that with the rise of a non-Western great power it becomes all the more crucial to investigate and research the foundations of Beijing's main international relations and foreign policy priorities, long-term interests, as well as to how China will position itself internationally in the coming decades of the 21<sup>st</sup> century.

However they claim that a constructivist focus on identity structures yields important insights, many of which are neglected in the current theoretical debate between realists and liberals regarding the complex phenomenon of China's great power status. The latter two, both disregard the specific character of states, relying instead mostly on systemic incentives what is basically a top-down generated story of power and state interests.

<sup>101</sup> Alexander Wendt, "Constructing International Politics", *International Security*, Vol. 20, No 1, 1995, p. 76.

<sup>102</sup> Alexander Wendy, *Social Theory of International Politics*, p. 24

<sup>103</sup> Lucian Pye, *The Spirit of Chinese Politics*, 1992, Cambridge, MA: Harvard University Press, p. 235.

<sup>104</sup> Andreas Boje Forsby, 'The Non-Western Challenger: The Rise of Sino-Centric China', *DIIS Report 2011:16*, p. 11.

<sup>105</sup> Such beliefs have been expressed, among others, by Bill Clinton, *Between Hope and History: Meeting America's Challenges for the 21<sup>st</sup> Century*, 1996, Random house, p. 36; George W. Bush, "Renewing America's Purpose", speech at Boeing Plant, May 17, 2000: [http://www.issues2000.org/Celeb/George\\_W\\_Bush\\_China.htm](http://www.issues2000.org/Celeb/George_W_Bush_China.htm)

<sup>106</sup> See Ian Bremer, State Capitalism Comes of Age, *Foreign Affairs* 88, 3, 2009; Shaun Breslin, "The China Model and the Global Crisis: From Friedrich List to a Chinese Mode of Governance?" 2011, *International Affairs* 87 (6). As for China's civilizational distinctiveness, see also, Martin Jacques, *When China Rules the World*, 2009, London: Penguin Books; William Callahan, *The Pessimist Nation*, 2010, Oxford: Oxford University Press,

<sup>107</sup> Francis Fukuyama, Exporting the Chinese Model, *Project Syndicate*, Jan. 12, 2016, [www.Project-syndicate.org/commentary/china-one-belt-one-road-strategy-by-francis-fukuyama-2016-01](http://www.Project-syndicate.org/commentary/china-one-belt-one-road-strategy-by-francis-fukuyama-2016-01)

Constructivists, in contrast, seek to endogenize – i.e. to explore from within, an inside-out research, the interest formation of states by relating interests to socially constructed variables on either the systemic or domestic levels, so as to focus on Chinese self-understanding in order to arrive at the overall international relations and foreign policy interests of China.<sup>108</sup>

Constructivists are usually branded optimists with respect to international cooperation.<sup>109</sup> Yet, there is no intrinsic optimism to constructivist arguments, and believing that China represents just another rising great power – as quite a number of liberal and realist (with the exception of the offensive school) theorists seem to do – is thus to underestimate the potential challenge to Western style international politics that China poses.<sup>110</sup>

Instead constructivism adheres to a number of choices of theoretical premises, three of which are relevant to the case of China's rise. First, constructivists study the socially constructed, rather than materially conditioned, nature of international relations, and they emphasize how social meaning is structured within specific identities, norms, beliefs and cultures.<sup>111</sup> Secondly, collective identities encompass fundamental, ideational logics such as beliefs about legitimate membership or the role of the community, and these logics generate the motivational disposition – or simply put, interests – of its respective communities.<sup>112</sup> And thirdly, state identities may be quite stable in the sense of being deeply structured, but competing identity narratives with alternative ideational logics always exist.<sup>113</sup>

In line with these constructivists' theoretical premises, Chinese identity may be viewed as an evolving formation of structural elements, or Sino-centric identity markers<sup>114</sup> with specific ideational logics – some of which are combined into a more or less coherent, hegemonic narrative of China in recent years. For constructivists, the ideational logic within the hegemonic narrative functions as a “navigation compass” guiding Chinese policy-makers in their international relations and foreign policy making.<sup>115</sup>

In spite of its pronounced optimistic nature, constructivism does not entirely exclude the option that China with its distinct non-Western societal template may potentially elaborate a more sophisticated Sino-centric foreign policy. If actively implemented, such policy may push Beijing into continuous conflict with different aspects of the current international liberal order, as well as with the U.S., feeding revision and offering a responsive new strategic focus by the Washington's “Pivot/Rebalancing” to Asia.<sup>116</sup>

### *English School*

The English school and the constructivist tradition are in a way fundamentally different and at the same time have some substantial overlaps.<sup>117</sup> They are fundamentally different in the sense that they come from different places. Constructivism is and holds an

<sup>108</sup> Andreas Boje Forsby, ‘The Non-Western Challenger: The Rise of Sino-Centric China’, p. 16.

<sup>109</sup> Alexander Wendt's seminal work on constructivism in IR has earned constructivism a reputation of a generally optimistic paradigm, *Social Theory of International Politics*, 1999, Cambridge: Cambridge University Press.

<sup>110</sup> Andreas Boje Forsby, ‘The Non-Western Challenger: The Rise of Sino-Centric China’, pp. 16-17.

<sup>111</sup> Jeffrey Checkel, ‘The Constructivist Turn in International Relations Theory’, 1998, *World Politics* 50 (1), p. 328; Alexander Wendt, *Social Theory of International Politics*, pp. 130-136.

<sup>112</sup> Christian Reus-Smit, *The Moral Purpose of the State: Culture, Social Identity and Institutional Rationality in International Relations*, 1999, Princeton NJ: Princeton University Press, p. 29; Alexander Wendt, *Social Theory of International Politics*, p. 225.

<sup>113</sup> See Lene Hansen and Ole Waver, *European Integration and National Identity: The Challenge of the Nordic States*, 2002, London: Routledge, pp. 20-49.

<sup>114</sup> In general, identity markers derive from cultural, ethnic, religious, political, ideological, geographical and historical hallmarks of the collective entity in question. See Anthony Smith, *National Identity*, 1991, London: Penguin, pp. 4-8.

<sup>115</sup> Andreas Boje Forsby, ‘The Non-Western Challenger: The Rise of Sino-Centric China’, p. 17.

<sup>116</sup> Jonathan Holslag, *Trapped Giant: China's Troubled Military Rise*, 2011, Adelphi Series, IISS, London: Routledge, pp. 7-18; see also Josh Rogin, ‘Gates: despite budget woes: U.S. military commitments to Asia will increase’, *Foreign Policy*, online article, June 3, 2011

<sup>117</sup> Barry Buzan interview with the IR Editorial Board at the London School of Economics /LSE/, March 27, 2013.

epistemological position and it comes out of philosophy of knowledge. English School is a rather practical, pragmatic tradition that comes out of political theory, history, and international law, so its roots are completely different. But both of them are talking about society, in some sense – international society, and in that way they are the same thing. Any society has by definition to be socially constructed, so from that point of view, the English School is constructivist, but there is much more in its approach than just constructivism, as its engagement with history gives the better way to ask questions about what international society looks like, how it is structured, where it's going, how it evolves, etc.<sup>118</sup>

The English School's greatest contribution to IRs is perhaps its invention and persistent conceptualization of international society. This concept is unique in two ways. First, it differs from the mere power calculation that has long dominated American IR theory; and second, its invention and development are based upon European history and experience.<sup>119</sup>

Besides the concerns and the question posed by realists and liberals - 'Can China rise peacefully', the English School, with its key concept of international society, has similar concerns. Still, it *theorizes* from different angle, sharing the affinity of the constructivist tradition, and concentrates more about identity, i.e. China's identity vis-à-vis the English School definition of international society.<sup>120</sup> This is a crucial question as China's identity in relation to international society constitutes the century-puzzle of the Chinese since the first Opium War in 1840, and highlights the English School approach to the phenomenon of modern China. It is based on the fundamentally important issue of the institutions of the international society, especially the so-called primary institutions<sup>121</sup>, which define international society and the conduct of its members as regards to 'what is' and 'what is not' legitimate and appropriate behavior.<sup>122</sup>

According to these strict criteria, the peaceful rise of emerging power, which does not disturb the order of international society, presupposes China's acceptance of the primary institutions of the international society. If not impossible, it will be extremely difficult, as China has to accept international society's changing primary international institutions, in particular those of democracy, human rights and environmental friendliness.<sup>123</sup> "To put it bluntly, can a Communist government ever support the market ideationally, or must its support necessarily be not more than calculated?"<sup>124</sup>

The English School accepts that China has been successful in rising peacefully and accommodating itself into the international society in the first three decades since 1979 to the present. But, at the same time, as the primary institutions of international society are evolving, changing from Westphalian ones of sovereignty, non-interference, balance of power, etc. to post-Westphalian ones of human rights, democracy and green peace. As China remains a Westphalian non-democracy, it should naturally have much more difficulty in rising peacefully and further integrating into the international society in the next thirty years. China is thus defined as a reformist revisionist, who "accepts some of the institutions of international

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<sup>118</sup> Ibid.

<sup>119</sup> Adam Watson, *The Evolution of International Society*, 1992, London and New York: Routledge.

<sup>120</sup> Miao Hongni, 'Yingguo xuepai yu guoji shehui lilun' ( 'The English School and Theory of International Society' ), in Qin Yaqing, ed., *Lixing yu gouji hezuo* ( Rationality and International Cooperation ), 2008, Beijing: Shijie zhishi chubanshe, pp. 139-168.

<sup>121</sup> The master primary institutions of international society are those fundamental, value-oriented, and constitutive of actors, including sovereignty, territoriality, diplomacy, great power management, nationalism, the market, equality of people, and environmental stewardship. See Barry Buzan, *From International to World Society?: English School Theory and the Social Structure of Globalization*, 2004, Cambridge: Cambridge University Press, pp. 167, 187, and 241.

<sup>122</sup> Martha Finnemore, *National Interest in International Society*, 1996, Ithaca: Cornell University Press.

<sup>123</sup> Barry Buzan, 'China in International Society: Is "Peaceful Rise" Possible?', 2010, *The Chinese Journal of International Politics*, Vol. 3, No 1, pp. 5-36.

<sup>124</sup> Ibid., p. 17.

society ... But it resists, and wants to reform others, and possibly wants to change its status”<sup>125</sup>

### *Social Identity Theory / SIT/*

In his November 29, 2014 speech at the Foreign Affairs Work Conference (FAWC), the first to be held since 2006, Chinese President Xi Jinping guided the attending Chinese top ranking foreign policymakers and officials to work for a `distinctive diplomatic approach befitting China`s role as a major country`. He strongly emphasized the need for Beijing to display diplomacy with a salient Chinese feature and a Chinese vision.<sup>126</sup>

China is sensitive to how the world looks at it. `Saving face` is a national psychological priority and the current Beijing leadership is actively preoccupied with restoring the country`s long past status of a pre-eminent world power.<sup>127</sup>

In spite of the impressive Chinese economic slow down in the recent couple of years, from around 10% to 6-7% annual growth in 2015/2016 ( `new normal` as officially declared), China is still expanding its power and economic influence, in contrast to the anemic economic growth in the rest of the world`s major economies. Strangely enough, Beijing is not even publicly exploiting, and its leaders are shunning the official announcement of IMF at the end of 2014, that China`s economy has overtaken that of the United States, measured in purchasing power parity (PPP).<sup>128</sup> One of the possible explanations for this behavior on part of the Chinese leadership, officials, even mass-media, is the continuing identity role of “keeping a low profile” (KLP) that China selectively adheres to, denying anxiousness, fear, and uncertainty about its future plans and intentions in its neighbors, the rest of the world, and especially in the U.S.

Constructivists argue that China`s identity is influenced by interactions with others and that China is increasingly being socialized, through its participation in the international system and institutions, into accepting international norms<sup>129</sup>. Yet, in a way they undervalue the role of China`s identity in shaping its future international relations and foreign policy, and especially the availability of alternative identities from which China`s leadership may choose.<sup>130</sup>

How, then, will China`s eventual and expected realization of great power status affect its international relations, foreign policy and world international system? Consistent with SIT, China wants and works to return its long past status as a great power, and at the same time to preserve its `Chinese characteristics` in almost all spheres of socio-political, economic and cultural being. As discussed, SIT postulates that states that seek to improve their status have the options of pursuing: social mobility, social competition and/or social creativity

My analysis claims, that China`s future international relations and policies will largely depend on how it defines its identity relative to that of the U.S. and other major powers, and how the latter respond to China`s self-definition of fully attained great power status. Beijing will seek a pragmatic, and case by case, mix of the three strategic option offered by SIT, as

<sup>125</sup> Ibid., p. 18.

<sup>126</sup> Michael D. Swaine, `Xi Jinping`s Address to the Central Conference on Work Relating to Foreign Affairs: Assessing and Advancing Major-Power Diplomacy with Chinese Characteristics`, *China Leadership Monitor*, No 46(2015), pp. 4-5.

<sup>127</sup> Peter Hays Gries, *China`s New Nationalism: Pride, Politics, and Diplomacy*, 2004, Berkeley: University of California Press; see also Deng Yong, *China`s Struggle for Status: The Realignment of International Relations*, 2008, New York: Cambridge University Press.

<sup>128</sup> Keith Fray, `China`s Leap Forward: Overtaking the US as World`s Biggest Economy`, *Financial Times*, 8 October, 2014, <http://blogs.ft.com/ftdata/2014/10/08/chinas-leap-forward-overtaking-the-us-as-worlds-biggest-economy/>.

<sup>129</sup> Qin Yaqing and Wei Lin, `Structures, Processes, and the Socialization of Power: East Asian Community-building and the Rise of China`, in Robert S. Ross and Zhu Feng, eds, *China`s Ascent: Power, Security, and the Future of International Politics*, 2008, Ithaca: Cornell University Press, pp. 115-138.

<sup>130</sup> In agreement with this proposition, see Ren Xiao, `The Rise of a Liberal China?`, *Journal of Global Policy and Governance*, 2013, Vol.2, No. 1, pp. 85-103.; Gilbert Rozman, `China`s Quest for Great Power Identity`, 1999, *Orbis*, Vol. 3, No. 3, pp. 383-402.

the most productive and feasible third strategic path for the achievement of China's rise/Dream, peaceful development and integration into the evolving new international system.

Social psychology and SIT can also be very useful and instrumental for research and assessments on the western public opinion behavior, response and inquiry into the causes and the conditions that lead to the current tendencies of power transition from the West to the East.

### *A Theory of Stable Peace*

The Atlantic Charter that Franklin Roosevelt and Winston Churchill crafted in August 1941, only two months after Hitler's invasion of the Soviet Union, envisaged a new global order based on self-determination, free trade, disarmament, and marked the beginning of the final stage of the power transition process, and moment at which the U.S. indisputably assumed the leading role of the Western world and the expansion of the liberal order.

By the end of the 20<sup>th</sup> century, it had become most approving to argue that history was coming to an end<sup>131</sup>, and that the unipolar moment has arrived.<sup>132</sup> Then came the still continuing 2008-2009 financial and economic crisis, the failure of the December 2009 Copenhagen Summit, at which the rising powers called the shots, and "there were no chairs for Obama and Clinton", and the America's European partners were not even in the game. Amazed at this turn of events, the *Washington Times* pronounced, "The American Century is over".<sup>133</sup>

There are many signs that the 21<sup>st</sup> century marks not only the ultimate triumph of the West, but the emergence of a global landscape that is headed towards a turning point rather than an end point. "The West is losing not only its material primacy as new powers rise, but also its ideological dominance... Even rising powers that are democratic, such as India, Brazil, are hardly stalwart supporters of the Western camp. They regularly break with the U.S. and Europe on geopolitics, trade, the environment and other issues ... Interests matter more than values."<sup>134</sup>

Charles Kupchan, the initiator of the initial stage in building a body of theory on Stable Peace, posits: "The twenty-first century will not be America's, China's, Asia's, or anyone else's; it will belong to no one. The emergent international system will be populated by numerous power centers as well as multiple versions of modernity."<sup>135</sup> For the first time in history, an independent world will be without a center of gravity or global guardian. A global order, if it emerges, will be an amalgam of diverse political cultures and competing conceptions of domestic and international order. Failure to foresee this global turn and adjust the West's Grand Strategy accordingly would be an error of grave consequence. This potential misstep is already in the making ... Most strategists are, however misconstruing the nature of the fundamental change posed by the global diffusion of power. The prevailing wisdom holds that the Western powers should capitalize on the twilight hours of their primacy to corral countries into the liberal international order that they have constructed ... the West should "sink the roots of this order as deeply as possible" thereby ensuring that "the international system the United States leads can remain the dominant order of the twenty-first century"<sup>136</sup> ... "the power shift ... is good for America, if approached properly. The world is

<sup>131</sup> Francis Fukuyama, *The End of History and the Last Man*, 1992, New York: Free Press.

<sup>132</sup> Charles Krauthammer, The Unipolar Moment, *Foreign Affairs*, Special Issue 1990.

<sup>133</sup> "Obama the Party Crasher", *Washington Times*, December 23, 2009.

<sup>134</sup> Charles A. Kupchan, *No One's World: The West, the Rising Rest, and the Coming Global Turn*, 2012, New York: Oxford University Press, p. 2.

<sup>135</sup> See Shmuel Eisenstadt, ed., *Multiple Modernities*, 2002, Piscataway: Transaction Publishers.

<sup>136</sup> G. John Ikenberry, "The Rise of China and the Future of the West", *Foreign Affairs*, Vol. 87, No 1 (January/February 2008), pp. 25, 37.

going America's way. Countries are becoming more open, market friendly, and democratic<sup>137</sup>

“To cast the grand strategic challenge of the era in such terms may be reassuring to Americans and their democratic allies, but it is wishful thinking. The Chinese ship of state will not dock in the Western harbor, obediently taking the berth assigned to it. Rather than embracing the rules of the current international system, rising powers will as a matter of course seek to adjust the prevailing order in ways that advantage their own values and interests. They have been doing so since the beginning of time and the coming era will be no different. The task at hand is not guiding rising powers into the Western harbor. Rather it is establishing a new order whose fundamental terms will have to be negotiated by Western powers and newcomers alike. The West will have to give as much as it gets as it seeks to fashion a new international order that includes the rest.”<sup>138</sup>

To *theorize* and to lay the initial stage in building a body of theory about Stable Peace, including the rise of China, is for Kupchan, “to advance understanding of one of the most enduring puzzles in the study of global politics of how to explain change in the character of the international system.

All main schools in the field of international relations – realism, liberalism and constructivism – have positive contributions regarding the state of peace. Still, like many other cardinal questions explored by IR scholars, the issue of Stable Peace has fallen victim to continuing theoretical debates and disputes, and little creative efforts were addressed to options that may reconcile the schools' opposing stands and views. Hopefully, theoretical eclecticism may bridge the divides and set free a new nonconfrontational and innovative approach to the imperative of peace in the 21<sup>st</sup> century.<sup>139</sup>

Acknowledging the strengths and weaknesses of these intellectual traditions Kupchan makes an attempt of developing a theory of Stable Peace that shares affinity with all of them.

Although Stable Peace keeps with the tradition of the so-called English School's international society, it privileges no single theoretical approach. The analysis is explicitly eclectic and synthetic in nature, seeking to follow insights from multiple paradigms, rather than prioritize any single one of them. As the process under research is a dynamic one – “how interstate relations move along a continuum from endemic competition, to halting cooperation, to lasting friendship – theoretical eclecticism is a necessity, at different stages in the onset of Stable Peace, quite different political and social processes are at work.”<sup>140</sup>

Kupchan, in his theoretical endeavor, examines twenty different cases of Stable Peace, ranging from the thirteenth century to the present and spanning the globe. His research reveals that Stable Peace breaks out through a four-phase process, which may take years, if not decades. The process is elucidated, using rapprochement between the United States and United Kingdom (1895-1906) as a major illustrative case study.

As to the causes of peace, the examination of the twenty instances of Stable Peace yields important theoretical findings regarding to when, not just how peace breaks out: Engagement is not appeasement – and rapprochement emerges as a product of engagement, not coercion. Rivals find their way to lasting peace when they resort to diplomacy to settle their differences, not when one side coerces the other into submission. The exercise of strategic restraint is in many respects the key that puts rivals on the path to peace. Second, contrary to conventional wisdom, democracy is not a necessary condition for Stable Peace and regime type is a poor predictor of the potential for enemies to become friends. Third, too,

<sup>137</sup> Fareed Zakaria, *The Post-American World*, 2008, New York: Norton, p. 218.

<sup>138</sup> Charles A. Kupchan, *No One's World: The West, the Rising Rest, and the Coming Global Turn*, pp. 4-5.

<sup>139</sup> Charles A. Kupchan, *Enmity into Amity: How Peace Breaks Out*, *Dialogue on Globalization*, 2011, Friedrich-Ebert-Stiftung: Global Policy and Development, p. 2.

<sup>140</sup> *Ibid.*, pp. 17-18.

in contrast to convention wisdom, diplomacy, not economic interdependence, is the currency of peace and growing economic ties and exchange can lock in rapprochement, but only after a political settlement is being negotiated and formally accepted. Fourth, although diplomacy is the currency of peace, domestic politics weight heavily in the outcome of efforts to advance rapprochement, and as a whole consolidating Stable Peace requires good politics, not just good diplomacy.<sup>141</sup>

Theorizing on China's rise and assessing it through the lens of Stable Peace Kupchan argues that:

- “China and the U.S. today find themselves in Act 1 of the obvious 3-4 Acts play that is going to unfold in their future relationship. The play falls into the category of historic hegemonic transition in which we have one global hegemon that is going to be challenged by the rise of a country that by the middle of the 2020 will be top economic power. Over time China will have the military capability to challenge the U.S. for hegemony, at least in its own neighborhood, not unlikely the way the U.S. challenged Great Britain in its own hemisphere at the end of the XIX century.

- At the present point, the key is to avoid mutual provocations, to find modes for building U.S.- China mutual trust, deepening the dialogue, so that when China is at the stage that it can check and challenge, U.S, and China are not adverse geopolitical rivals. If foundations for that trust are not provided, then by 2025 there can emerge a kind of tensions over naval supremacy in East and South China Seas, the first island chain – Taiwan, South Korea, Japan, and the Philippines, that could be the main locus of geopolitical uncertainty and rivalry over the next several decades.

- In Washington there are many different opinions on China and anyone who makes a sort of firm, definitive judgments about the rise of the present day China is wrong, as any definitive judgment would be premature. Anyone who claims that China will inevitably emerge as an aggressor is obviously premature, because `we do not know`. Anyone who claims that China will follow a peaceful path to greater power is also wrong, because we `do not know`. China is simply at that interim stage of identity formation. One thing that could be said with certain amount of conviction is that China and the U.S. need to avoid things that would push them down to an unintended consequence of rivalry, as there is the key lesson of WWI. They need to be very careful not to get involved in a kind of tit for tat struggle, in which neither wants conflict but end up sliding that slippery slope.

- The key is – accommodation and reciprocal restraint. The U.S. has to put its cards on the table and make clear to China what its “red lines” are, but at the same time confirm that it does not mean ill to China and is not attempting to block China's rise. That it in fact believes that China's rise can be good for the world as long as Beijing plays by a certain set of rules. The key is to nurture new rules based order rather than just let a more anarchical order to prevail. China needs to play the same game and lay down its cards on the table, make clear that it expects to have more influence to commensurate with its greater power, but also to do things to convince others that it does not have predatory military intents. That kind of mutual transparency and accommodation is key to avoiding that unintended slide towards U.S.- China geopolitical competition.

- The world is headed towards the times when there will be multiple models and multiple powers with different views of how to organize life domestically and internationally – all out there, competing in the marketplace of ideas, and for the first time in history – integrated and globalized world without a leading center of gravity. The Western world will continue to be just there – the Western world, and there will be Washington consensus, Brussels consensus, Beijing consensus, Delhi consensus, Brazilia consensus, Jakarta

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<sup>141</sup> Ibid., pp. 6-8.

consensus, and there will be no dominant model in a way that there has been for the last 200 years.

- There will be many and different major players, and the only alternative is that the UN takes the lead and asks all of them to put the cards on the table and have a decisive discussion about the founding rules for the world that is going to come next. A totally new world in a way, it has to be. It does not mean that important parts of the Western world will not survive, will be part of the next world, they will. But the West will have to give as much as it gets, as it seeks to fashion that new consensus. The effort must be made, whether successful, remains to be seen.

There is not too much time left, as by 2030 China will be the largest economy of the world. By 2050, of the top leading powers, only one will be from the West, the USA, all the others in the top 5, from today's developing world.

We better have that conversation and discussion sooner rather than later, as the world is changing in a very quick pace"<sup>142</sup>

### *Is there IR Theory with 'Chinese Characteristics'?*

International relations research in China has challengingly increased over the past 35 years within broader efforts to emancipate from Anglo-Saxon IR discipline narrative, and in search for localizing international relations theory.

Since the post-WWII development of IR as a discipline mainly elevated by scholars in American institutions based on Hoffmann's IR - "*An American Social Science*", there was no explicit need of label for any so-called 'American school of IR' or 'IR with American characteristics'. U.S. IR's somewhat distinct and common positivism-oriented methods, rationalist approaches, and research styles still allowed for a variety of theories, especially across and within Realism and Liberalism, to coexist within 'American social science'.<sup>143</sup> Early development of IR in UK reflected imperial problems UK faced in foreign relations, leading to the formation of the 'English School' with the common ontological disposition and criticism of the kind of scientific methods advanced by positivists.<sup>144</sup> As the latter two concepts are at the center of the current Chinese IR discourse, professor Ren Xiao's claim, "The work of the English School was of interest in their own right, and as an alternative to the American IR theory ... If there could be an English school, why not a Chinese school?"<sup>145</sup> sounds not political/scholarly surprising.

Following Cox's 'Theory is always for someone and for some purpose', Chinese IR theory, when, and if it becomes reality, will hence be out there for someone and for some purpose. Due to China's rise, relative decline of the West and objective changes in the real world, scholars question whether or not IR theory with Chinese characteristics is a political project for China's political purposes.<sup>146</sup> In China, as with all countries, IR theory is never purely scientifically academic, and bears the prominent purpose of basic policies. As China's explicitly announced intentions in President Xi's January 2017 Davos speech, to move to the

<sup>142</sup> See Charles A. Kupchan interview with Jean-Mark-Coicand, Director of the UN University Office at the UN Headquarters in New York, for United Nations University Conversation Series on Global Justice, 19.03. 2013.

<sup>143</sup> Hun Joon Kim, 'Will IR Theory with Chinese Characteristics be a Powerful Alternative?', *The Chinese Journal of International Politics*, 2016, Vol.9, No. 1, p. 63.

<sup>144</sup> Tim Dunne, 'The English School', in Christian Reus-Smit and Duncan Snidal, eds., *The Oxford Handbook of International Relations*, 2008 (Oxford: Oxford University Press), p. 267.

<sup>145</sup> Ren Xiao, 'Towards a Chinese School of International Relations' in Wang Gungwu and Zheng Yongnian, eds., *China and the New International Order*, 2008 (London: Routledge), p. 297.

<sup>146</sup> See Song Xinning, 'Building International Relations Theory with Chinese Characteristics', *Journal of Contemporary China*, 2001, Vol. 10, No. 26, William A. Callahan, 'China and the Globalization of IR Theory: Discussion of "Building International Relations Theory with Chinese Characteristics"', *Journal of Contemporary China*, 2001, Vol. 10, No. 26, William A. Callahan, 'Chinese Visions of World Order: Post-Hegemonic or a New Hegemony?', *International Studies Review*, 2008, Vol. 10, No. 4, pp. 749-61.

center of world politics and globalization, the question of China's international purpose and behavior becomes more important than ever, and the shape and foundations of Chinese IR theories will therefore provide guiding clues to the direction of Chinese Grand Strategy.

History matters much in IR theories. Wight provides an analytical equation: Politics: International Politics = Political Theory: Historical Interpretation.<sup>147</sup> As mainstream IR theory has been shaped by modern narrative of European history, abundant historical, civilizational and cultural resources could also serve as the basis for developing non-Western IR theory.<sup>148</sup> The Chinese evolution is no exception, as most scholarly efforts and energy to create their own IR theory start from historical experience and 'background knowledge', bearing the burden of external and domestic debates and criticism regarding 'Historical Interpretation'.

Various labels have been used to describe Chinese theoretical research to create a distinct IRT: 'IR theory with Chinese characteristics', 'Chinese localization (or nativization) of IR theory', 'China's exploration of international political theory', 'the Chinese view of international relations or international politics', 'Chinese School', etc.<sup>149</sup> There is no consensus, yet, about whether a Chinese School(s) distinctiveness lies in its methods, topics, questions, core concepts, theoretical construct, or approach. It was Huan Xiang, foreign policy adviser to Zhou Enlai, who originally openly proposed at the first Chinese 'Theory of IR' conference in Shanghai in 1987 the elaboration of IR theory with Chinese characteristics, directly linked to Deng Xiaoping's 'socialism with Chinese characteristics'.<sup>150</sup>

Until recently, there were three clear converging views of a Chinese School(s) of IR or IR theory with Chinese characteristics. First, a strong consensus among scholars that a Chinese School(s) consists of a theoretical construct(s) of global politics that uses uniquely Chinese building blocks, such as Chinese history, tradition, political thought, culture, literature, problems, or puzzles. It was assessed that the hope for Chinese IR theoretical study lies in rediscovering Chinese thought.

Second, scholars agreed that future prospects for a Chinese School(s) have been heavily influenced, and will be affected by the real world adjustments in global politics, especially with the rise of China.

Third, agreement that the development of a Chinese School(s) parallels the increasing influence of mainstream IR and that there is a role a Chinese School(s) should play in relation to the IR discipline.<sup>151</sup>

Donald Trump's unexpected 2016 presidential victory caught the world offguard, including the mainstream IR community, even in China. If the gradual and successful implementation of his declared 'principled realism' paradigmatic shifts in U.S.' Grand Strategy towards Restraint and economic nationalism at the expense of globalization and liberal democratic world order ever takes place in the years to come, Chinese IR house will be forced to search for an adequate theoretical adjustment, and response to the above second and third understanding of a Chinese School(s) or IR theory with Chinese characteristics. Potentially new reality will provide Chinese scholars with new theoretical questions and uncertainties under a new global environment that relates to rising China, ambitious initially to significantly transform and complement, rather than to replace, the global order as defined by the United States and Western Europe since the end of WWII.

Currently, Chinese scholars accept that there are at least three IR schools so far whose projects and theoretical constructs are copy rights distinct:

<sup>147</sup> Martin Wight, 'Why is There No International Relations Theory?', *International Relations*, 1960, Vol. 2, No. 1, p. 48.

<sup>148</sup> See Amitav Acharya and Barry Buzan, 'Why is There No Non-Western International Relations Theory? An Introduction', *International Relations of the Asia Pacific*, 2007, Vol. 7, No. 3.

<sup>149</sup> Wang Jiangli and Barry Buzan, 'The English and Chinese Schools of International Relations: Comparison and Lessons', *The Chinese Journal of International Politics*, 2014, Vol. 7, No. 1, p. 11.

<sup>150</sup> Nele Noesselt, 'Is There a "Chinese School" of IR?', *GIGA Working Papers*, 2012, No. 188, pp. 14-15.

<sup>151</sup> See Hun Joon Kim, 'Will IR Theory with Chinese Characteristics be a Powerful Alternative?' pp. 70-71.

Zhao Tingyang leads the first school. As professor philosopher, he gained acknowledgments for his 2005 book, *The Tianxia System*. *Tianxia*, or 'all under heavenly sky' also refers to a tributary or suzerain system, known as an ordering principle of traditional East Asian international relations before the arrival of Western nation-state system.<sup>152</sup> Besides intellectual curiosity and ambition as primary drivers of his *Tianxia* theory, other distinctive motivations are – to 'rethink China' and develop Chinese indigenous views and theories of international relations and world politics, to prepare China intellectually for a greater, more constructive role in world affairs, as theoretical and practical alternative to the existing modern state system.

Qinghua professor Yan Xuetong represents the second school. As 'moral' realist he believes that Chinese IR scholars must look to their native traditional culture and thoughts.<sup>153</sup> Yan claims that all IR theories are universal, have no national specificities, thus IR theory with Chinese characteristics is not achievable, and opposes labels, such as 'Chinese School' or 'IR with Chinese characteristics'.<sup>154</sup> He works on elaborating a universal theory based on Middle Kingdom's classical historical experience, culture, and philosophy. Assertive, leading Chinese realist, he is known as the initiator of KLP vs SFA debate, proposing that Beijing drops Deng Xiaoping's 'non-alliance' legacy. While promoting his binary IR theory of 'Moral Realism' he still admits that even if China becomes a super power, by 2050 USA will still be there as the main peer competitor of the People's Republic.

Third school is led by constructivist/realist with Chinese characteristics professor Qin Yaqing, member of the Central Committee (CC) of the Chinese Communist Party (CCP), and President of China Foreign Affairs University. Strongly advocating for the notion of 'Chinese school' in Chinese IR scholarship Qin critically engages with professor Yan on several important academic and policy issues. In contrast to Yan, he claims that IR theory differs from natural science, and that the former entails cultural meaning, context, and understanding. He argues that although Yan brings traditional Chinese thinkers and historical experience back into IR theory, his strong belief in rationality – a core Western assumption in IR theory, blocks his attempts in the creation of a genuinely Chinese IR theory. On his part, by introducing 'relationality', a concept deeply rooted in Chinese tradition and culture, Qin adopts an interactive approach that links Western IR theories with Chinese cultural thinking,<sup>155</sup> an idea in progress in his recent book – *Relationality and Process: Cultural Construction in Chinese International Relations Theory*.<sup>156</sup>

Chinese characteristics' constructivist approach of Qin Yaqing tries to blend Western ideas, approaches, concepts, and theorizing with a modern, contemporary reinterpretation of traditional classical Chinese narrative. He aims to render China an external peaceful and benign identity by introducing the Chinese supplementary co-evolutionary 'continuity through change' dialectics of Zhongyong, to be discussed below.

The introduction of Zhongyong dialectics in a major subtle way tries to neutralize professor Yan's sometimes hawkish realist stands vis-à-vis the U.S., to balance the KLP v/s SFA debate, and at the same time to reconcile and give objective external and domestic explanatory Chinese dialectics' force to the contradictory 'socialism with Chinese characteristics' political superstructure and China's declared status of market economy.

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<sup>152</sup> David C. Kang, *East Asia before the West: Five Centuries of Trade and Tribute*, 2010, New York: Columbia University.

<sup>153</sup> Yan Xuetong, *Ancient Chinese Thought, Modern Chinese Power*, 2011, Princeton: Princeton University Press.

<sup>154</sup> See Ren, 'Towards a Chinese school of International Relations'

<sup>155</sup> Qin Yaqing, 'Culture and Global Thought: Chinese International Theory in the Making', *Revista CIDOB d'Afers*, 2012, No. 100.

<sup>156</sup> See Ren, 'Towards a Chinese school of International Relations', pp. 72-73.

### *Chinese theoretical responses to the international China rise debate*

Chinese IR scholars acknowledge that China's rise is a major event in the international relations of the 21<sup>st</sup> century, and that the rise of any new power inevitably leads to challenges and adjustments in the existing international system. However, they argue, that unlike Western powers, which have a history of hostile rivalry and conflict when power shifts, China has practiced a peaceful and cooperative international strategy since it started its reforms and opening up more than three decades ago, a tendency and a process that China will stick to continuously in the future.<sup>157</sup>

At the Central Conference on Work Relating to Foreign Affairs, in 2014, Chinese president Xi Jinping laid down the guidelines for Chinese major-country diplomacy with Chinese characteristics, emphasizing also on mutually beneficial international cooperation in the 21<sup>st</sup> century. Due to the continuing "China threat" and "China assertiveness" international debate, and abiding to top Chinese leadership's guidelines, Chinese IR scholars enhanced their research and attention to the 'three traps' related to the rise and fall of world powers. They draw on historical empirical evidence and experience of other great powers and by referring to leading theories of international relations, such as: Paul Kennedy's research that prophesized the collapse of the USSR and the decline of the U.S.<sup>158</sup>, the Thucydides and Olson traps.<sup>159</sup>

Chinese IR scholars warn that for escaping 'Paul Kennedy trap' and avoid strategic mistakes, China should focus on its specific strategic goals, not to expand and not to ignore reality when undertaking more international obligations. In spite of its status as the world's second largest economy, China is still a developing country, and its strategies should be formulated in line with actual strength and reality, and there should be a balance and dialectical unity between economic development and national security.

For them, in avoiding the 'Thucydides trap' China should pay special attention to the strategic competition with the U.S. as it still poses severe structural problem. U.S. is still doubtful about the concept of 'mutual respect', regards China's rise as a challenge to its core goal of world dominance, and shows no respect for the Chinese political system and order. Western powers should abandon their views of binary opposition between China and the U.S., and instead seek ways to reform the existing international system, and accept the modes of China's peaceful development.

As more and more Chinese goods, capital and talent are exported overseas, and as China is becoming more open and internationalized with outward expanding interests and influence, there is a higher risk of negative effects and blowback of the 'Olson trap' for the country's international relations and diplomacy. Large interest groups will objectively take shape in the nation's rapid development path, pursuing maximized share of total wealth and a 'free ride' on the overall efforts of others, while neglecting the common and general interests of the nation as a whole. As China has the headache of overlapping management and vicious competition among the national regions, departments and enterprises, fragmentation, lack of coordination and mutual constraint have become prominent problems for China's foreign strategy. Scholars assess positively the establishment of the National Security Council, and its goals to overcome the problem of excessive diplomatic roles, and lack of coordination. By getting rid of the 'dilemma of collective action' Chinese diplomacy can come into full play,

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<sup>157</sup> Qin Yaqing, Continuity through Change: Background Knowledge and China's International Strategy, *The Chinese Journal of International Politics*, 2014, Vol. 7, No. 3, pp. 285-314.

<sup>158</sup> Paul Kennedy, *The Rise and Fall of Great Powers: Economic Change and Military Conflict from 1500 to 2000*, 1987, New York: Random House.

<sup>159</sup> Mancur Olson Jr., *The Logic of Collective Action: Public Goods and the Theory of Groups*, 1971, Revised ed., Cambridge MA: Harvard University Press.

help create, and maintain the necessary period of strategic opportunities for the Chinese national development in the 21<sup>st</sup> century”.<sup>160</sup>

Chinese IR theoreticians claim that great power diplomacy with Chinese characteristics has rich connotations, including persistent pursuit of the Chinese path to development and strengthening of social institutions, cultural traditions and core values. It is also characterized by an insistence on the democratization of international relations, opposition to all forms of hegemony and power politics, perseverance in constructing a new type of international relations, and following the right approach to principles and interests.

IR scholars also present China's engagement with the international system as a strategic Chinese choice and initiative of its own, and not that China has been “taught”, as attributed in some of the Western mainstream IR theories. For them, China's participation in the international system is not a passive process, and China will not sacrifice its core national interests just for the opportunity of joining the international institutions.<sup>161</sup>

The hegemonic stability theory and the neo-liberal institutionalists posit that a hegemonic power is crucial in establishing the international order, for it provides the necessary international rules and public goods for governance. Qin Yaqing argues that Chinese wisdom can contribute to the evolution of the international order and the international system in at least three ways: First, by promoting a pluralistic mode of global governance in the current more pluralistic world. Second, by bringing forth, promoting and putting into practice the idea of partnership, replacing the predominance of the distribution of power and self-interest in the Realpolitik and rational choice theories. For him, partnership is based on trust and respect, reflecting the idea of relational governance. The latter, by complementing the rule-based governance may and can lead to a model that respects rules, values human relations, and beliefs in morality, and finally to a fiduciary society. Third, existing international institutions were established by the Western nations for the governance of their relations during a certain period of past history. China's participation in the international system will promote its legitimacy and will lead to genuine evolution of the international order. In an increasingly globalized world, participatory practices that include all the states, are necessary conditions for the legitimacy of global governance and the effective way of overcoming the sense of alienation among the majority of international society.<sup>162</sup>

China's international Grand Strategy has become top priority topic in the last several years, resulting in broad “China threat” and “assertive China” discourse. IR analyses and theorizing have broadly focused on China's current strategic policies assessing China-Japan and other neighbors relations, the territorial disputes in the East and South China Seas, the Chinese New Silk Road initiative, the creation of the Beijing based Asian Infrastructure Investment Bank (AIIB), and the key issues of China-U.S. strategic competition.

This omnipresent trend is partly due to China's substantially expanded capabilities as the world's second largest economy, and also to the anxieties and uncertainties about China's international behavior as status-quo or revisionist great power in the international system and society. The discourse intensified since the new Chinese top leadership assumed power at the 18<sup>th</sup> Party congress in November 2012, considered by many foreign and domestic scholars and strategists as a turning point and major strategic shift from Deng Xiaoping's legacy of –

<sup>160</sup> See Qin Yaqing, Major Country Diplomacy Must Steer Clear of Three Traps that Could Hinder China's Rise, *Chinese Social Sciences Today*, Social Sciences in China Press, 11.06. 2015, [www.csstoday.com](http://www.csstoday.com)

<sup>161</sup> Zhang Xiaoming, Debating China's Peaceful Rise, *The Chinese Journal of International Politics*, Vol. 3, Issue 4, Winter 2010, pp. 447-460.

<sup>162</sup> Qin Yaqing, Chinese Wisdom Contributes to Evolution of International Order, *Chinese Social Sciences Today*, Social Sciences in China Press, 01.01. 2015, [www.csstoday.com](http://www.csstoday.com); see also, Qin Yaqing, *Guanxi yu guocheng: Zhong guoji guanxi lilun de wenhua jiangou ( Relations and Processes: Cultural construction of International Relations Theory in China )*, 2012, Shanghai: Shanghai shiji chubanshituan.

*taoguangyanghui* – keeping a low profile / KLP / to *fenfayouwei* – striving for achievements / SFA /.<sup>163</sup>

Some Chinese domestic IR theorizing efforts tried to explain this alleged strategic shift in China's international strategy by the reemergence of a Chinese “moral realism”, through the lens of the power transition theory, and the argument that the existing hegemon and the rising contender will clash – as objective law and therefore inevitable.<sup>164</sup> Some good part of Western strategists and analysts, too, tried to exploit the categories “revisionism” and “assertiveness” in explaining why China had become difficult for the world to deal with in the recent years. They claim that “Beijing exhibits increasingly tough and truculent behavior towards many of its neighbours in Asia, as well as to the United States, and the European Union”<sup>165</sup>, and even that the “old days of power politics” are back.<sup>166</sup>

Summing up, the hidden agenda in the discourse in China and in the West was about whether or not Beijing is shifting away from the KLP to the SFA approach in its international relations and foreign policy, a tendency allegedly observed in the new initiatives and more assertive stands of the 5<sup>th</sup> generation Chinese leadership after 2012-2013,<sup>167</sup> and especially in the context of the president Xi promoted concept of a “New Type of Major Countries Relationship” between China and the USA in the 21<sup>st</sup> century.

### *Zhongyong dialectics in IR theorizing of China's rise*

One of the main pillars of the Chinese Grand Strategy's international relations and foreign policy goals is the necessity of achieving and guaranteeing friendly and peaceful development environment and promoting the peaceful identity of China, guided by the “no hegemony”, “no expansion” and “no alliance” legacy principles of Deng Xiaoping. To counter and diffuse the damage and anxiety concerning the peaceful identity of China as result of the “assertive”, “threat”, “revisionism” and especially the latest KLP v/s SFA narrative and debate in the U.S., the West and in Asia as a whole, the Chinese IR scholarship had to put first its own house in order.

Most of leading Chinese IR scholars do assess and agree that China has not undergone a fundamental change in its international strategy.<sup>168</sup> Some, notably Yan Xuetong, approvingly argue and claim that after 2012-2013 China has effectively abandoned KLP and adopted the SFA approach and strategy, as best serving the rise of China. In his publication in 2014<sup>169</sup>, Yan explicitly criticizes the KLP, and implicitly the Chinese leadership, for its emphasis on three foreign policy tenets: no international leadership, no alliances, and first priority relationship with the U.S. According to Yan, KLP serves predominantly economic goals while SFA has defining political connotations. Assuming a fundamental change in terms

<sup>163</sup> Yan Xuetong, From Keeping a Low Profile to Striving for Achievements, *The Chinese Journal of International Politics*, Vol. 7, No. 2, 2014, pp. 153- 184.

<sup>164</sup> *Ibid.*, p. 159.

<sup>165</sup> David Shambaugh, ‘Coping with a Conflicting China’, *The Washington Quarterly*, Vol. 34, No 1, 2011, p.7. see also, Yuen Foong Khong, ‘Primacy or World Order? The United States and China's Rise- A Review Essay’, *International Security*, Vol. 38, No 3 (2013-2014), pp. 153-157. In January 2017 EC President Tusk has openly labeled China as an external threat to the EU, next to Russia, North African fundamentalism and the U.S.

<sup>166</sup> Stephen Walt, ‘The Bad Old Days Are Back’, *Foreign Policy*, May 2, 2014.

<sup>167</sup> Chen Dingding, Pu Xiaoyu, and Alastair Iain Johnson, ‘Debating China's Assertiveness’, *International Security*, Vol. 38, No. 3 (2013-2014), pp. 176-183. see also Alastair Iain Johnson, ‘How New and Assertive is China's New Assertiveness?’, *International Security*, Vol. 37, No. 4 (2013), pp. 7-48, Bjorn Jerden, ‘The Assertive China Narrative: Why it is Wrong and How So Many Still Bought into it’, *The Chinese Journal of International Politics*, Vol. 7, No. 1, (2014), pp. 47-67.

<sup>168</sup> Zhang Qingmin, ‘Lijie shibada yilai de Zhongguo waijiao’ ( Understanding China's Foreign Policy since the 18<sup>th</sup> Congress of the Communist Party of China ), *Waijiao pinglun* ( Foreign Affairs Review ), No. 2 (2014), pp. 2-19.. See Su Chenghe , ‘Zhongguo yu guoji tixi: xunqiu baorongxing de hezuo guanxi’ ( China and the International System: Seeking Inclusive Cooperation ), *Waijiao pinglun* ( Foreign Affairs ), No. 1, (2011) pp. 9-17.

<sup>169</sup> Yan Xuetong, From Keeping a Low Profile to Striving for Achievements, *The Chinese Journal of International Politics*, Vol. 7, No. 2, 2014, pp. 153- 184.

of strategic goals in Beijing's foreign policy – from development to power-oriented one, he questions whether China's international strategy serves the national political, economic and social development, or strives for global hegemonic competition.<sup>170</sup>

Yan Xuetong's arguments and claims are substantially and theoretically debated, contested and challenged by prof. Qin Yaqing.<sup>171</sup>

The main leading argument of Qin, in critiquing and countering Yan's arguments and claims, is that the latter treats, in a typical structural realist tradition and Hegelian/Western conflictual dialectics, both KLP and SFA “as dichotomous opposites that have fundamentally different goals, tenets, general layouts, working approaches, and methods”. He elaborates and argues that the Chinese do not structure things in such a dialectical construction and that this *either-or* dichotomous approach to the two strategies, adopting either KLP or SFA, could lead to a serious international misjudgement of China's current foreign policy and international behavior on the global stage, and points out that: “The Chinese do not think and act that way”.<sup>172</sup>

Qin goes much deeper and further, mostly for the outside audience – Western and other policy-makers and strategists. He explains and clarifies China's self-understanding and generative approaches not only regarding the subject of the concrete debate and controversy – KLP v/s SFA, but in general – how Beijing sees the overall Grand Strategy of China for the 21<sup>st</sup> century.

Qin begins by theoretically introducing the concepts of “background knowledge” and the Chinese Zhongyong complementary dialectics, in contrast to the conflictual Western Hegelian dialectics. Drawing on Adler, Barnett, Pouliot, he argues that background knowledge, term coined by Searle and similar to Bourdieu's concept of *Habitus*, matters more than representational knowledge in social action, and has been in the focus of the practical IR approaches in recent years.<sup>173</sup> The Zhongyong (seeking the middle course) dialectic, or complementary dialectic, constitutes a core component of the Chinese background knowledge, as the essence of several thousand years of practice in Chinese society. According to Qin, Zhongyong is the most useful international and otherwise behavior guiding principle, a virtuous social norm, best illustrating the Chinese way of thinking. It also reflects the Chinese worldview through which they understand the self, the other, the universe and especially the relationships among them,<sup>174</sup> implying the processes of “continuity through change”.

To drive his point home, Qin makes a comparison between the Chinese Zhongyong dialectic, and the Hegelian dialectic, which he argues, constitutes a core component that guides the thoughts and actions of a Western mind. For him, the Hegelian dialectic is one that implies a strong *either-or* logic and includes several defining assumptions<sup>175</sup>: dichotomy, which structures any mutually exclusive, discrete and independent pair of poles or thesis, interacting with each other. The thesis and antithesis are thus reified into the *either-or* logic, fundamentally denying reconciliation and co-evolution. The thesis cannot become the antithesis, and vice versa. The synthesis is born, if, and only if one overwhelms or destroys the other. Thus, dichotomy, exclusivity and conflict constitute the three interrelated defining features of the Hegelian dialectic, a dichotomous structure that has obtained almost universal applicability for the last couple of centuries. Knowledge production itself follows a similar

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<sup>170</sup> Ibid., p. 162.

<sup>171</sup> Qin Yaqing, Continuity through Change: Background Knowledge and China's International Strategy, *The Chinese Journal of International Politics*, 2014, pp. 285-314.

<sup>172</sup> Ibid., p. 287.

<sup>173</sup> Ibid., pp. 288-289.

<sup>174</sup> Ibid., p. 288.

<sup>175</sup> For how Qin sees Hegelian dialectic, Qin Yaqing, “The International Society as a Process: Institutions, Identities, and China's Peaceful Rise”, *The Chinese Journal of International Politics*, 2010, Vol. 3, No. 2, pp. 129-153.

path. Realism in IR, is a theory constructed with such background knowledge deeply embedded in it. In turn, it appears as representative knowledge and “objective law”,<sup>176</sup> to provide a rational justification and lawfulness for an irreconcilable power struggle between two great powers for global hegemony.<sup>177</sup>

Qin claims that the Chinese tend to think and act differently from other nations and cultures because they cherish and hold a different worldview, as reflected in the Chinese Zhongyong dialectics. The latter, similar to the Western dialectic also sees progress and evolution as a result of the interaction between two opposites, but structures them in a non-dichotomous way, in correlativity, which is perhaps the most distinctive feature of this interaction, in which the two opposites are two correlated parts of an organic whole.

Zhongyong sees no thesis and antithesis locked in confrontation till one replaces the other, but co-thesis that interacts, complements and gives life to one another, leading to a synthesis that combines and includes both thesis, and which at the same time is different from them, i.e. the interaction between the two is a process of mutually complementing, a process of becoming, a “continuity through change”.

### *Zhongyong theorizing on Grand Strategy*

After theorizing and differentiating the Western from the Chinese dialectics, Qin turns to the practical implications of Zhongyong in Beijing’s international relations and foreign policy: “In term of strategies ... Zhongyong does not imply that one should never be assertive, should always keep a low profile, and should never strive for achievements. It does mean that one should know where and when to be assertive, to keep a low profile /KLP/, and when and how to strive for achievements /SFA/. Zhongyong is thus about due measures and degree ..., and it is the most difficult principle of the Chinese dialectics. Exactly what is due measure and degree is in itself not easy to determine in specific situations. Thus, in reality, flexibility and selectivity are characteristic aspects of how one should attain due measure and degree”.<sup>178</sup>

The crucial question for China’s international strategy is where and when to stick to ‘keeping a low profile’ and where and when to be more ‘proactive towards achievements’. This is when the real test comes, the test of wisdom, vision, and determination. The question of ‘Either KLP or SFA’ is a false, irrelevant question, not the one that Chinese use in the practice of international relations. Elements of KLP and SFA, are and will be both present in China’s international and strategic behavior.

Drawing on Zhongyong continuity through change dialectics and theorizing on China’s rise, Qin outlines the current Chinese Grand Strategy and its international relations organic component, using official State and Party program documents, as well as guidelines by the top Chinese leadership:<sup>179</sup>

The three main pillars and core national interest underlining China’s Grand Strategy are: continuation of China’s state and political system and political stability, the leadership of

<sup>176</sup> Hans J. Morgenthau, *Politics among Nations: The Struggle for Power and Peace*, 1961, New York: Knopf, p. 4.

<sup>177</sup> Qin Yaqing, *Continuity through Change: Background Knowledge and China’s International Strategy*, pp. 289-292.

<sup>178</sup> *Ibid.*, p. 294.

<sup>179</sup> Hu Jintao, ‘Firmly March on the Path of Socialism with Chinese Characteristics and Strive to Complete the Building of a Modern Prosperous Society in All Respects’ Report to the 18<sup>th</sup> National Congress of the Communist Party of China, November 8, 2012, <http://www.xj.xinhuanet.com>; Xi Jinping, ‘Keynote Speech at the Conference on Interaction and Confidence-Building Measures in Asia ( CICA )’, May 21, 2014, <http://www.chinanews.com>; Yang Jiechi ‘Xin xingshi xia Zhongguo waijiao lilun he shijian chuaxin’ ( New Theories and Practices of China’s Diplomacy in New Situations ), *Qiushi ( Seeking Truth )*, No. 16, (2013); Wang Yi, ‘Tansuo Zhongguo tese daguo waijiao zhili’ ( Exploration of Major Countries’ Diplomatic Approaches with Chinese Characteristics ), *Guoji wenti yanjiu ( International Studies )*, No. 4, (2013); Wang Yi, ‘Jianding buyi zou heping fazhan daolu, wei shixian minzu fuxing Zhongguomeng yingzao lianghao guoji huanjing’ ( Adhering to the Path of Peaceful Development and Foster a Favourable International Environment for the Great Rejuvenation of the Chinese Nation ), *Guoji wenti yanjiu ( International Studies )*, No. 1 (2014); Yang Jiechi, ‘China’s New Foreign Policy for a Complex World’, *China International Studies*, No. 1 (2014).

the Communist Party, the socialist system and the road with Chinese characteristics. The second is sovereignty and security, territorial integration, and unification of the country, and the third is sustainable economic and social development of China.

Within the overall comprehensive Grand Strategy there are two specific strategic goals: to double China's GDP and per capita income by 2020, compared to 2010 and the second – to build China into a modern socialist country of prosperity, democracy, civility and harmony by 2050.

Peaceful external environment for economic development is China's leading strategic goal, and instrument for the realization of the comprehensive strategy of domestic development – national rejuvenation, and for the two specific strategies targeted to 2020 and 2050.

China's international strategy is both for sustainable support and helping the realization of the comprehensive and specific strategic goals. Major countries will be the key, neighbouring countries as the priority, developing countries as the foundation, and multilateral global and regional organizations, as the platform for China's international relations and foreign policy. Non-alliance will continue to be main feature of China's foreign policy, in search of implementing a balance of relationships.

As domestic issues and developments continue to represent the top priority of China's comprehensive Grand Strategy there is not external reversion in the efforts and the attention of the Chinese leadership for global hegemony. "Continuity through change" is what characterizes China's international strategy in terms of the ultimate strategic goals, the overall comprehensive strategic design, and the main strategic policies.<sup>180</sup>

### *Considerations from all levels*

With the exception of the Chinese politico-philosophical Zhongyong dialectic approach, and the Stable Peace theory eclecticism, all other schools analyzed above, start their argumentation and theorizing, based on the international structure. Although Waltz prioritizes the systemic influence on national policy, he admits that since causes operate at different levels and interact with one another, explanations operating at either level alone are bound to be misleading.<sup>181</sup> He also observes that "systems populated by units of different sorts in some ways perform differently, even though they share the same organizing principle. More needs to be said about the status and role of units in neorealist theory."<sup>182</sup> Despite his major focus on international relations, the works of Waltz offer a bridge to ways of exploring foreign policy behavior. "State identity formation" and the explanation of state identities and interests fall into "the domain of theories of foreign policy",<sup>183</sup> and "foreign policy behavior can be explained only by a conjunction of external and internal conditions".<sup>184</sup> In agreement with such remarks, Keohane points out that more research has to be undertaken at the level of the state since "the current theories do not take us very far in understanding the behavior of the United States and the European powers at the end of the Cold War."<sup>185</sup>

Wendt accentuates on the importance of ideas in international relations. The motivations, expectations, and the shared knowledge between states are crucial in the analysis of state actions. Not examining how the attributes of states are formed by domestic factors, Wendt stays at the system level to explore the definition of structure and the structural

<sup>180</sup> Qin Yaqing, *Continuity through Change: Background Knowledge and China's International Strategy*, pp. 302-314.

<sup>181</sup> Kenneth N. Waltz, "The Origins of War and Neorealist Theory", in Robert I. Rotberg and Theodore K. Rabb (eds.), *The Origins and Prevention of Major Wars*, 1989, Cambridge: Cambridge University Press, pp. 41-42.

<sup>182</sup> Kenneth N. Waltz, "Realist thought and Neorealist Theory", *Journal of International Affairs*, 1990, Vol. 44, No. 1, p. 37.

<sup>183</sup> *Ibid.*, p. 11.

<sup>184</sup> Kenneth N. Waltz, "The Emerging Structures of International Politics", p. 79.

<sup>185</sup> Robert O. Keohane, "Institutional Theory and the Realist Challenge after the Cold War", p. 285

influence on the transformation of state identities and interests, however admitting that rather than being determined by the international system, international behavior is often determined primarily by domestic politics.<sup>186</sup>

Can the above Western leading IR theories – China’s rise theorizing, and the ancient Chinese politico-philosophical ideas, and traditional Chinese moral norms give an analytical framework, and adequate - full spectrum responses to the questions I research in my dissertation? My simple answer is – maybe not, maybe to a certain positive added value effect – yes, if I pragmatically employ and capture the richer and more textured insights that a critical reading and analytical eclecticism can render to my work.

Western theories have to guard against the tradition and inclination to make Western achievements and experience the benchmark to understanding the predominantly non-Western world’s political and ideational systems. It represents an incommensurability problem Hedley Bull wisely warned of, and raised more than 40 years ago, which is yet to be solved.<sup>187</sup> Bringing Chinese classical ideas into the discussion on China’s logic of modern international behavior takes the burden of transmuting ancient ideas to contemporary ontological and epistemological discourse.<sup>188</sup> A simple attempt to combine Western theory and Chinese thought is also challenging, having to deal with the problem of “translatability of political and moral visions across civilizational and cultural barriers and divides”, which is difficult to overcome if not completely insurmountable.<sup>189</sup>

Western IR theories and their conclusions referring to the dissertation topic are quite controversial. Offensive realists continue to assess China as a revisionist power which is or will try inevitably to reconstruct the existing international order by challenging the American hegemony. The neo-liberal institutionalists argue, and hope that China is and will remain a status-quo power, contended with the economic interests achieved through the international cooperation within the existing institutional architecture. In between there are undecided and cautioned IR scholars with a relatively open approach to the issues of China’s rise and intentions. Constructivists highlight the social interaction between China and the multilateral international institutions. For them, it is a process in which China’s international identity, intentions, and expectations are socially constructed and evolving, but with the tendency of becoming too Sino-centric. English School worries whether China’s self-defined identity will accept and comply with the new primary institutions and norms of the international society. SIT recommends that it is in China’s interest to be “socially creative”-status-quo, as it has been in the last 30 years. Stable Peace theory proponent claims that “nobody knows what China will be in the 21<sup>st</sup> century, as it is too premature”, and will depend predominantly on creative and consensual diplomatic approaches. Finally, IR scholars, who under the influence of classical realism argue that there is possibility and flexibility for China to choose to be either a responsible great power or a challenger to the existing hegemon, due to the contingent feature of power politics.

We have a wide range of Western IR assessments and responses to the main issues and questions of my research: from “yes” to “no” to “yes and no”, including “we do not know, it is too premature to say”.

Even China assertive and pro-SFA “moral realist” Yan Xuetong, who actually initiated the 2014 domestic and international debate on KLP v/s SFA’s Chinese international strategy, had to cede and admit in 2015, that “if China fulfils its second centennial goal of building

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<sup>186</sup>Alexander Wendt, *Social Theory of International Politics*, p. 2

<sup>187</sup> Hedley Bull, “The Theory of International Politics, 1919-1969,” in B. Porter, ed., *The Aberystwyth Papers: International Politics: 1919-1969*, 1972, London: Oxford University Press.

<sup>188</sup> Alasdair MacIntyre, “The Relationship of Philosophy to its Past”, in Richard Rorty, J.B. Schneewind and Quentin Skinner, eds., *Philosophy in History*, 1984, Cambridge: Cambridge University Press, p. 34.

<sup>189</sup> Zhang Yongjing, “The Idea of Order in Ancient Chinese Political Thought: A Wightian Exploration,” *International Affairs*, 2014, Vol. 90, no. 1, p. 171.

prosperous and strong democratic civilized harmonious socialist modern country in 2049”, the U.S. will not necessarily lose its superpower status.<sup>190</sup>

On the Chinese leading IR scholarship side, we have the basic luring tenet that the classical Chinese Zhongyong dialectic (basically – keep the middle course not extremes, and continuity through change) should be used as the right theoretical framework for a discussion on the China`s international strategy. Zhongyong dialectic is defined as the key to how the Chinese think and act, and the worldview through which they understand the self, the other, the universe, the relationship among them and how to behave internationally and otherwise. In the processes there might be changes (even assertiveness) when safeguarding the national interest, but the continuity of the basic principles of “peaceful development”, “no alliance, no expansion and no hegemony” will guide China for the rejuvenation of the Chinese people and the realization of the China Dream in the 21<sup>st</sup> century.

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<sup>190</sup> Yan Xuetong, `A Bipolar World is More Likely than a Unipolar or Multipolar`, April 20, 2015, [www.chinausfocus.com](http://www.chinausfocus.com)

## PART I

### SELECTIVE ANALYSIS OF THE RISE OF THE USA AND CHINA

When China's overall and per capita economic output equalizes or eventually surpasses America's sometimes in the future, it will be the first time since the 18<sup>th</sup> century that the world's largest economy will belong to a nonwestern, not English speaking and not a liberal democratic state. Yet, in the asymmetrical world that is emerging, the US will remain for a long time the dominant military force. Economic and military powers are separating. Can these changes in the distribution of power occur peacefully? Current reading of Grand Strategies of both the U.S. and China shows that it will be very difficult, but possible!

Rivalry between great powers, between the hegemon and the second in economic power in the system, with potential for changes of place at the top of the hierarchy is an old, commonly well researched and theorized topic in international relations. In contrast to this predominantly offensive realist conflicting posture, more than a decade ago China officially announced its adherence to a more liberal-constructivist idea and pragmatic policy of peaceful rise/development.<sup>191</sup>

The mainstream historical record and structural causes IR discourse supports the story of inevitable tension and conflict between, on one side, challenging rising powers seeking to change the status architecture and hierarchy, and on the rival side, consuming the status quo established ones, seeking to defend the system and its rules. The usual suspects and primary examples in this kind of IR theorizing are given as: France rose to preeminence by challenging Spain and the Austro-Hungarian Empire, the British Empire ascended by fighting the Netherlands and Napoleonic France, and tried to keep the global throne by crashing two challenges from Kaiser and Nazi Germany. Russia/USSR charged her own path of emergence in many wars with Sweden, Poland, the Ottoman Empire, Austro-Hungarian Empire and Napoleonic France, and fought its way to superpower status by taking and occupying Berlin in 1945. Indeed, most of these aspiring powers inevitably had to fight wars as main components of their Grand Strategies for global rise. The two world wars of the 20<sup>th</sup> century (the second 30 years Great War / 1914-1945 /<sup>192</sup> and the Cold War), obviously support this IR and history narrative.

In 1990, at the turn of the Soviet demise, John Mearsheimer wrote, "The world is about to conduct a vast test of the theories of war and peace put forward by social scientists, who never dreamed that their ideas would be tested by the world-historic events announced almost daily in newspaper headlines".<sup>193</sup> His prediction proved accurate.

China's rise and its implications for the Western dominated international society became hot topic in the post-Cold War period, opening the gate for immense number of academic books, studies, research articles. Although not a pioneer on the topic, and not the first using the cliché "China rise" William H. Overholt's work<sup>194</sup> in 1993 was the first research to predict China's economic and geopolitical success that prompted discussions and debates which turned this concept-puzzle into a top global policy project in IR scholarship. By

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<sup>191</sup> Zheng Bijian, China's "Peaceful Rise" to Great-Power Status, *Foreign Affairs*, 2005, see also Jia Qingguo, 'Peaceful Development: China's Policy of Reassurance', *Australian Journal of International Affairs*, Vol. 59, No. 4, 2005, pp. 493-507.

<sup>192</sup> I tend to affiliate myself to the increasing camp of IR scholars and historian that consider the WWI and WWII as a complex and two phase long second 30 years war, as the participating major war protagonists were almost the same in both cases, and most importantly at the end of the WWI and WWII European and world leaders were facing and had to solve the same principal politico-economic and international issues and cardinal set of problems, meaning that WWI did not solve either of them: where would ethnic and political boundaries match up; what role and where the place of Germany and Russia in New Europe would be; how should the economy of the world be reoriented and how tightly and close should the nations of the world be connected to some sort of International organization, or set of organizations and what the U.S. should do about all of the above.

<sup>193</sup> John J. Mearsheimer, 'Why We Will Soon Miss the Cold War', 1990, *The Atlantic*, 90(8), pp. 35-50.

<sup>194</sup> William H. Overholt, *The Rise of China*, 1993, New York: W.W. Norton.

mid 1990s Chinese IR scholars and other political science and philosophy authors also began research and writing on China's rise. At the close of the 1990s leading Western scholars doubted that China would rise to a great power status, and some still doubt it.<sup>195</sup> As a whole by the middle of the first decade of the 2000s the rise of China as a great power has become nearly a conventional wisdom among most scholars, policy-makers and strategists in the West.

Mainstream IR, historical record and conventional wisdom live with the notion that the U.S. is arguably the only case of "peaceful rise" to world preeminence? Now, that we have another claimant for similar attempt, with Grand Strategy incorporating the concept of "Peaceful rise/development" to achieve the China Dream, with the exception of few scholars – Buzan and Cox<sup>196</sup>, Kupchan<sup>197</sup>, Feng Yongping, Womack, Mearsheimer, Wolf and some others, the comparison case study of the both "Peaceful Rises and Dreams" is quite understudied and muted.

Some scholars point to the so called Anglo-American peaceful hegemonic power transition as an example of peaceful rise to be emulated by contemporary U.S. and China.<sup>198</sup> Others make the comparison arguing the existence of similarities and differences in the rise of both countries, and that the rise of China currently looks rather "cold" than "the mixed, but at the end warmer" definite rise of the U.S. in the mid-20<sup>th</sup> century, sharing lessons and advice to China for the present and for the future.<sup>199</sup> What is missing from the research are the consequential questions and explanatory responses to issues and facts regarding the processes in the final rise of both the U.S. and China, such as: objective motives and origins of their respective rise Grand Strategies and the paradigms that guide and drives them, periodicity, ups and downs, as these processes were not linear and consistent all the time. Reevaluation and redefinition of the term – "peaceful", if we accept and agree with the mainstream IR and history record, that 1945 was the benchmark when the peaceful power transition from Britain to the U.S took place.

What was so peaceful in 1945 after tens of million dead, what about Hiroshima and Nagasaki, does the fact that the U.S. and Britain were not directly in war make the transition peaceful in a six years period of WW? Could we by analogy and by default then argue that the Soviet Union also "rose peacefully" in 1945, being an ally to the U.S. and Britain? What role and impact the socially constructed driver of the concept of "exceptionalism" had and still has in the Grand Strategies of U.S. and China, and should we not rename John Mearsheimer's "*The Tragedy of Great Power Politics*" into "*The Tragedy of Exceptionalist Power Politics*"?

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<sup>195</sup> David Shambaugh, "The Coming Chinese Crackup", March 6, 2015, *Wall Street Journal*.

<sup>196</sup> Barry Buzan and Michael Cox, "China and the US: Comparable Cases of 'Peaceful Rise'?", 2013, *The Chinese Journal of International Politics*, Vol. 6, pp. 109-132.

<sup>197</sup> Charles A. Kupchan, *How Enemies Become Friends: The Sources of Stable Peace*, 2010; *Enemies Into Friends: How the United States Can Court its Adversaries*, *Foreign Affairs*, March/April 2010 Issue and Grand Strategy and Power Transition, *New America Foundation*, July 2011.

<sup>198</sup> See Feng Yongping, "The Peaceful Transition of Power from the UK to the US", 2006, *The Chinese Journal of International Politics*, Vol. 1, No. 1, pp. 83-103, also Kupchan, *How Enemies Become Friends and Grand Strategy and Power Transition*.

<sup>199</sup> Barry Buzan and Michael Cox, "China and the US: Comparable Cases of 'Peaceful Rise'?", pp. 128-132., see also Reinhard Wolf, *Rising Powers, Status Ambitions and the Need to Reassure: What China Could Learn from Imperial Germany's Failures*, 2014, *The Chinese Journal of International Politics*, Vol. 7, Issue 2, pp. 185-219.

## CHAPTER 1: POST-WWII LEADERSHIP RISE AND STATE OF THE U.S.

The aim of this dissertation is not to thoroughly follow, compare, and analyze the long historical periods of rise, respectively that of U.S. and China.

In the two chapters that follow I will make an attempt for basic descriptive inference regarding the comparative case and current state of the mid-20<sup>th</sup> century final leadership rise of U.S. and first decade of 21<sup>st</sup> century SFA assertiveness of China in support of my argument that to a very large extent Beijing tries to pragmatically and selectively emulate Washington's post-WWII successful march to world preeminence. Confined within the Zhongyong dialectics China struggles to evade all extremes and strategic blunders, such as unilateralism, domestic divisions, politico-military overreach and social engineering, deindustrialization, national debt and financial travails, causing U.S. its relative decline in the beginning of the 21<sup>st</sup> century.

### *Setting the stage for the final U.S. leadership rise in mid-20<sup>th</sup> century Realism and/or Idealism*

Narratives of America often begin with the westward expansion of the New England colonies, the depredations against natives Americans, and the wars against Mexico annexing Texas, New Mexico, and California, to the United States. Securing the continental land mass was the necessary condition for turning the raising American power outwards. Yet, George Washington's warning about not following the Europeans in getting entangled in alliances, John Quincy Adams's legacy for not looking for external dragons to slay, and the early history United States portraying itself as disdainful of the power politics that characterized Europe did not prevail long as a policy. As America came to grow as a world power, overtaking more notably economically the British Empire at the turn of the 19<sup>th</sup> century, USA also began to acquire foreign lands beyond its continent through imperial expansion in both the Caribbean and the Pacific, and turned over time a pseudo-empire nation state.

Next to the Monroe doctrine, the 'City upon the hill', 'the first new nation', 'promised land', 'special providence', 'indispensable nation that stands taller and sees further', 'the U.S must and will continue to lead in the 21<sup>st</sup> century':<sup>200</sup> these are some of the highly domestically valued concepts and notions of how the USA sees its place in the world. The main message, like in the China case, is *difference*: by geography; virtues of providence, history, ideology and power, the USA and China are not like all other nations.

The reference to the notion of an American empire in my thesis is objectively helpful for several reasons. The empire analogy has generated impressive new scholarship indicating that historians and political scientists see it as a credible description of the United States<sup>201</sup>. Most importantly, it is theoretically more viable than other IR narratives and hypothesis concerning the origins, motivations and paradigms that elaborate on the basis of

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<sup>200</sup> 'City upon a Hill', used by John Winthrop, 'A Model of Christian Charity' in Godfrey Hodgson, *The Myth of American Exceptionalism* (New Haven: Yale University Press, 2008); see Tami R. Davis and Sean M. Lynn-Jones, 'City upon a Hill', *Foreign Policy*, No. 66 (1987), p. 22; Seymour Martin Lipset, *The First New Nation The United States in Historical And Comparative Perspective 1963*, New York: W.W. Norton; Walter McDougall, *Promised Land, Crusader State: The American Encounter with the World Since 1776* (New York: Mariner Books, 1998); Walter Russell Mead, *Special Providence: American Foreign Policy and How it Changed the World* (New York: Alfred Knopf, 2001); 'indispensable nation' was US Secretary of State Madeleine Albright's 1996 description of the United States, cited in Samuel Huntington, 'The Lonely Superpower', *Foreign Affairs*, Vol. 78, No. 2 (1999), p. 3, and 'stand taller and sees further', stated by her on NBC's Today Show, Feb. 19, 1998; Hillary Clinton's remarks on U.S. leadership at the CFR on Jan. 31, 2013.

<sup>201</sup> William Appleman Williams, *The Roots of the Modern American Empire: A Study of the Growth and Shaping of Social Consciousness in a Marketplace Society*, 1969, New York: Random House; Andrew Bacevich, *American Empire*, 2002, Cambridge: Harvard University Press; Niall Ferguson, *Colossus: The Rise and Fall of the American Empire*, 2004, London: Allen Lane; Charles A. Kupchan, *The Vulnerability of Empire*, 1994, Ithaca: Cornell University Press, pp. 87-102.

the American international relations and foreign policy<sup>202</sup> – realism or idealism? Still, empire analogy faces a number of issues. The notion of `empire` - is strikingly in contrast (allusion with Rome, Britain or France) with the America`s sense of `Self`. “Most Americans believe that the United States, by its history and very nature, cannot be imperial, let alone imperialist”,<sup>203</sup> notes Peter Katzenstein as he tries to advance further his argumentation about the `American imperium` in Europe and Asia.<sup>204</sup>

The nature and contrasts between the diametrically opposed constructs of `City upon a Hill` and empire/imperium are too stark for the latter to be psychologically accepted by most Americans, which explains why U.S. leaders and officials almost never use the `E` word in public discourse. Historians and political scientists who see utility and reason in the analogy had also seen fit and `politically correct` to address the `E` word by adding adjectives in front or after as in `inadvertent empire`, `empire by invitation`, `empire lite`<sup>205</sup> or by using euphemisms like `proactive and reactive global gatekeeper`<sup>206</sup>, etc. These qualifications try to enhance the acceptability and benign model of the American empire, in total moral and material contrast to previous empires, which China now echoes with its claims for a Confucian pacifism, `peaceful development`, `contributor to world peace`, deeply and traditionally rooted in its international relations and foreign policy.

The British Empire is commonly regarded as the hegemonic power for most of the 1800s and, as such, represents a workable (albeit conditional by some scholars) analogue for the present United States.<sup>207</sup>

Mainstream theory and narrative says that by the end of the 19<sup>th</sup> century, the weakening British empire faced a power transition on several fronts: the ascent of the United States in the Western Hemisphere, the rise of Japan as a Pacific naval power, the German Kaiser`s decision to draw on mounting economic and industrial might to build a world-class fleet of battleships<sup>208</sup>, and the complex conflicting realities alongside the ailing great powers of the era: France, Russia, Austria-Hungary and the Ottoman Empire<sup>209</sup>. London responded to each of these challengers in a different way.

In the Western Hemisphere, U.S. and Britain were long-term bitter enemies. American colonies revolted against British rule in 1775 and the two again went to war in 1812. Amid the U.S. Civil War, Britain came close to openly intervene on behalf of the Confederacy, yet London preferred a weak and divided America to one whose rise might come at the expense of British hegemony. After the Union`s victory and for decades thereafter, the United States and the British Empire remained cautious and watchful antagonists and competitors. Britain`s naval superiority in the Western Atlantic and its

<sup>202</sup> Peter Katzenstein, *A World of Regions: Asia and Europe in the American Imperium*, 2005, Ithaca: Cornell University Press.

<sup>203</sup> Peter Katzenstein, *A World of Regions*, p. 209.

<sup>204</sup> *Ibid.*, chapter 7.

<sup>205</sup> William Odom and Robert Dujarric, *America`s Inadvertent Empire*, 2004, New Haven: Yale University Press; Geir Lundestad, “`Empire by Invitation” in the American Century` *Diplomatic History*, 1999, Vol. 23, No. 2, pp. 189-217; Michael Ignatieff, *Empire Lite: Nation-building in Bosnia, Kosovo and Afghanistan*, 2003, London: Vintage.

<sup>206</sup> Peter Harris, `The Imminent US Strategic Adjustment to China`, 2015, *The Chinese Journal of International Politics*, Vol. 8. Issue 3, pp. 227-228.

<sup>207</sup> Rebecca Berens Matzke, *Deterrence through Strength: British Naval Power and Foreign Policy under Pax Britannica*, 2011, Lincoln: University of Nebraska Press, see also, William C. Wohlforth, `The Stability of a Unipolar World`, *International Security*, 1999, Vol. 24, No. 1, p. 39.

<sup>208</sup> Prussia had been a regional great power at previous times in its history, but the newly unified (post-1871) German Empire was the first German state (excluding the Austrian monarchy) poised to seek truly global great power status.

<sup>209</sup> Of these, France and Russia in a way can also be considered rising states. France rebound with hardship following its defeat by Prussia (1870-1871) and Russia was a growing threat to the British crown in the Eastern Mediterranean, Central Asia, and the Far East throughout the period, in spite of its defeat by Japan in 1905. Unified Italy represented a new configuration of power on the Italian peninsula, while Austria-Hungary and the Ottoman Empire were in decline. For assessments of Great Powers of this era, see Richard Ned Lebow, *Why Nations Fight*, 2010, Cambridge: Cambridge University Press, and Paul Kennedy, *The Rise and Fall of Great Powers*, pp. 202-249.

imperial presence in North and South America stood in the way of the United States' growing interest in extending its sway throughout the Western Hemisphere.<sup>210</sup>

In the 1800s Britain led and shaped not only the European, but also the global geopolitical rivalries and games. London assumed the role of a balancer in the concert of Europe and kept its closest rivals masterfully in check and won a decisive position in the outcomes of the most important multilateral conferences of the age.<sup>211</sup>

The British Empire came to rule 10000000 square miles of territory and over 400 million people.<sup>212</sup> While it would be overstatement to characterize Victorian Britain as fully omnipotent in world politics during the long 19<sup>th</sup> century, London was definitely much more the *primus inter pares* when standing against the other great powers of the age. *Pax Britannica* was firmly based upon robust and multifaceted military and material foundations.<sup>213</sup>

Emulating the real world then, the practices and policies of the British Empire, the logic of the alleged Lord Palmerston's legacy that "nations have no permanent friends or allies, they only have permanent interests", was echoed almost century later by Henry Kissinger's "America has no permanent friend or enemies, only interests"<sup>214</sup>. The great turning point of America's foreign policy came in the early 1890s, during the second president Grover Cleveland Administration (1885-89 & 1893-97). It was then that the U.S. turned sharply and pragmatically from a foreign policy of relative peace and non-intervention to a hard and proactive program of political and economic expansion abroad. At the heart of the new policy were the America's leading industries and finance eager to use the country's growing economic strength to subsidize and force-feed (Open Door) export markets and investment outlets that they would finance, as well as to guarantee Third World government bonds. The major focus of this expansion in the 1890s was Latin America, and the principle enemy to be dislodged was Great Britain, which has dominated foreign investments in that region.

Richard Olney, Secretary of State from 1895 to 1897 set the tone. After leaving the State Department, he summarized the policy he had pursued, "the old isolationism heralded in George Washington's farewell address is over," ... "the time has now arrived when it belongs to us to accept the commanding position ... among the Power of the earth ... and the present crying need of our commercial interests ... is more markets and larger markets" for American products, especially in Latin America.<sup>215</sup>

London's Rapprochement (1895-1906) and the appeasement of Washington, that began with the Treaty of Washington of 1871, and much more pronounced since 1896, was an explicit result of British overstretch, fiscal and domestic difficulties and a pragmatic self-interested effort to use strategic restraint to dampen geopolitical rivalry with the United States.

More often common goals, common culture and language, added to the positive shifts in massive public discourse in both countries, that helped transform the identities of opposition and rivalry into the identities of inclusiveness and friendship, were the engines and factors that consolidated the rapprochement processes.

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<sup>210</sup> Charles A. Kupchan, *Grand Strategy and Power Transition*, p. 3.

<sup>211</sup> As Walter Russell Mead writes in his *God and Gold: Britain, America, and the Making of the Modern World*, 2007, New York: Alfred A. Knopf, pp. 94-95, "The Britons who laid the foundation of the most powerful global empire ever created saw the rivalries of Europe less as a game to play than as a strategic asset. Let France and Prussia duke it out on the Rhine; let Austria and Prussia batter one another over Silesia, an irregular, slightly sausage-shaped territory now part of Poland that is roughly equal to the combined area of Connecticut and Massachusetts. While they were busy with one another, England would build a global economic system that would leave all rivals in the dust."

<sup>212</sup> Timothy H. Parsons, *The British Imperial Century, 1815-1914: A World History Perspective*. 1999, London: Rowman & Littlefield.

<sup>213</sup> Peter Harris, 'The Imminent US Strategic Adjustment to China', p. 230.

<sup>214</sup> Henry Kissinger, *The White House Years*, 1979, quoted from Dinesh D'Souza: 'What's great about America'.

<sup>215</sup> Murray N. Rothbard, 'Wall Street, Banks and American Foreign Policy', 1984, *World Market Perspective*, online 2005.

In terms of economic power (GDP) the U.S. objectively surpassed the British Empire during the 1870-80 and never lost the lead thereafter. Britain not only provided over 6 million emigrants to the U.S. between 1800 and 1914, but also was by far the largest investor in the American economy, with well over half of the FDI into the U.S.<sup>216</sup>

“Contrary to realist expectations, it [British Empire] very quickly came to accept America’s rise as being both inevitable following the Union’s victory in the Civil War, and potentially beneficial as Britain’s rivalry with Germany began to assume an increasingly serious form in the late 19<sup>th</sup> century. Britain became, in effect, a major collaborator in the rise of the United States – though this fact of course does not feature much in United States self-understanding of its rise.<sup>217</sup>

U.S. slowly challenged a declining and divided Europe for leadership of the world. Financial dominance had moved from the City of London to New York, as the U.S. became the world’s largest creditor. When researching this period IR scholars and historians, rather shun the fact of the unexpected and quickly shoved creation of the Fed in 1913, less than a year before the outburst of the Great War in 1914. “The Fed itself “enabled the banking system to inflate money and credit, finance loans to the Allies, and float massive deficits once the U.S. entered the war”.<sup>218</sup>

“The U.S. was also much powerful in other ways. The Great War had boosted American industry and speeded up the conversion of the U.S. economic strength into diplomatic and military power. By the end of the war, the U.S. was the world’s largest manufacturer and had the largest stock of gold to back its dollar. Its navy rivaled the British, up until then the world’s biggest.<sup>219</sup> American exceptionalism – that sense of being both different and better than the rest of the world – has also been reinforced echoing President Wilson’s – “America is an idea, America is an ideal, America is a vision”.<sup>220</sup>

In 1901, the influential British publisher and journalist William T. Stead published a best-selling book – *The Americanisation of the World*<sup>221</sup> with a logo, quoting 1835 British Radical and Liberal politician Richard Cobden remark: “We fervently believe that our only chance of national prosperity lies in the timely remodeling of our system, so as to put it nearly as possible upon equality with the improved management of the Americans”. The book attracted a good deal of attention at the time, frequently cited, especially in the last couple plus decades when the concept of “Americanization” came to be more widely debated in the social and historical sciences.<sup>222</sup> Some forty years later, in 1941, the owner, and influential publisher of *Life* – aspirant for the post of Secretary of State – Henry Luce, wrote an article in the magazine titled “The American Century”. This publication has also generated plenty of public and scholarly discussion and debates.<sup>223</sup> The debate on these two concepts has been heating up in the current century as the question of their relevance is being raised by IR scholars, and by the diversified political and public discourse in Europe regarding the secrecy

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<sup>216</sup> Ibid., p. 116, fn. 14 and 15.

<sup>217</sup> Ibid., p. 116.

<sup>218</sup> Murray N. Rothbard, ‘Wall Street, Banks and American Foreign Policy’, p. 5.

<sup>219</sup> In 1921-1922, Britain formally acceded to naval parity with the United States. See Peter Harris, ‘The Imminent US Strategic Adjustment to China’, p. 236, fn. 58.

<sup>220</sup> Margaret Macmillan, WWI – The War that Changed Everything, *The Wall Street Journal*, June 20, 2014.

<sup>221</sup> William T. Stead, *The Americanisation of the World: The Trend of the Twentieth Century*, 1901, New York: Horace Markley.

<sup>222</sup> John Lukacs, *A New Republic: A History of the United States in the Twentieth Century*, 2004, New Haven: Yale University Press; R. Laurence Moore and Maurizio Vaudagna, eds., *The American Century in Europe*, 2003, Ithaca NY: Cornell University Press; Harm G. Schroder, *Americanization of the European Economy*, 2005, Dordrecht: Springer; Volker R. Berghahn, “The Debate on Americanization among Economic and Cultural Historians”, *Cold War History*, February 2010, Vol. 10, No. 1, pp. 107-130; Peter Conrad, *How the World Was Won: The Americanization of Everywhere*, 2014, London: Thames & Hudson and others.

<sup>223</sup> Henry Luce, “The American Century”, *Life*, Feb. 17, 1941, pp. 61-65; Thomas McCormick, *America’s Half-Century: United States Foreign Policy in the Cold War and After*, 1990, Baltimore, MD: John Hopkins University Press; Mary Nolan, *Transatlantic Century: Europe and the United States, 1890-2010*, 2012, Cambridge: Cambridge University Press; David Ellwood, *The Shock of America: Europe and the Challenge of the Century*, 2012, Oxford: Oxford University Press.

and ambiguity of the now frozen Transatlantic Trade and Investment Partnership (TTIP) between the U.S. and the EU. Some claim that the agreement will mostly benefit Washington's strategy, leading to the deindustrialization of Europe. Scholars even question if the "Americanization of the world" and the "American century" ever existed, or lasted merely a "half-century", while others, highlighting the interaction between America and Europe speak for a mutually beneficial and equitable "Transatlantic Century" pointing out that the American century in Europe is over.<sup>224</sup>

It would not be until the early 1940s<sup>225</sup> when the British Empire and the United States finally fashioned the non-linear and unbalanced "special relationship" of today. The rapprochement between 1895 and 1906 laid the foundation for the allegedly mutually beneficial strategic partnership – and made possible the initial phase of the first "peaceful" power transition in history in 1945. The second and final phase took place during the Suez crisis in 1956. Facing massive negative international reaction and Soviet missile threats, the Americans peremptory, no objections accepted, firmly told the British government to stop their military action, jointly staged with France and Israel against Nasser's Egypt, claiming to crash the pound sterling, and imposing an oil embargo.<sup>226</sup> The age of old-fashioned British Empire and European colonialism was, in the eyes of the Washington administration and elite, definitely over, and the end of the Suez crisis unambiguously demonstrated the final ascendance of the U.S. in the power transition long process as the hegemon of the West.

John Mearsheimer argues that beginning with the Founding Fathers and the Monroe Doctrine in 1823, the U.S. behaves in the world as realism dictates, but uses rhetoric and justifies its policies in terms of liberal idealistic ideologies. In spite of this structural argumentation, the analysis of the final period of the rise of the U.S. should not be entirely in terms of "warm" and "cold" or "realism" versus "idealism", but rather through the pragmatic lens of a workable and complex mixture, or a winning so long model of "conengagement"<sup>227</sup> – in which the U.S. uses instrumentally both engagement and containment approaches in its interactions with the rest of the world, very much the British Empire way, as "America has no permanent friends or enemies, only interests".

### *American post-WWII Grand Strategy and mode of world leadership*

The end of the Cold War, and the demise of the Soviet Camp, made possible the final, this time, indeed peaceful, rise of the U.S. in the early 1990s to the top sole superpower status in the international system. The unipolar period roughly lasted for 20 years, till the 2008 global financial and economic crisis, challenged due to U.S. decline, the rise of China, Russia, and the Rest.

<sup>224</sup> Mary Nolan, *Transatlantic Century*, p. 373.

<sup>225</sup> The Joint Declaration, or as known also – The Atlantic Charter, agreed and accepted by both the U.S. and Britain on August 14, 1941, following meetings and negotiations between President Roosevelt and PM Churchill. From the 8 principle points laid down in the Charter, 3 – did not fare well with the British interests: freedom of the seas ( No. 7); removing or lowering trade barriers ( No. 4 ), and most importantly – the principle of self-determination ( No. 3 ). The American side was insistent that the Charter was to acknowledge that the war was to be fought to ensure self-determination of nations and peoples. See, William Roger Louis, 'American Anti-Colonialism and the Dissolution of the British Empire', 1985, *International Affairs*, 61 (3), pp. 395-420. The British were forced to agree to these aims but in September 1941 speech, Churchill stated that the Charter was only meant to states under German occupation, and certainly not to the people who formed part of the British Empire. See, Neta C. Crawford, *Argument and Change in World Politics: Ethics, Decolonization, and Humanitarian Intervention*, 2002, Cambridge, UK: Cambridge University Press, p. 297.

<sup>226</sup> Kennett Love, *Suez: The Twice-Fought War*, 1969, New York: McGraw Hill, p. 651. See also, Keith Kyle, *Britain's End of Empire in the Middle East*, 2011, London: I.B.Tauris, p. 464.

<sup>227</sup> First used by Zalmay Khalilzad, 'Congage China' 1999, *RAND issue Paper*, Vol. 187, in the sense of a mastery hybrid strategy of "conengagement", exploiting both the "engagement" and "containment" strategies. Later the approach was popularized by other scholars and strategists, ex. Friedberg, *A Contest for Supremacy*.

The roughly one hundred years rise period of the U.S., until the assumption of the hegemonic preeminence in the international system in the early 1990s, was a very complex, non-linear, and almost always actively challenging the system, process. Several phases can be chronologically identified. From 1898 till 1956 – a great power becoming hegemon and leader of the Western world. From 1955 (the creation of the Warsaw Pact) to 1991 – end of the Cold War, and the balance of power bi-polar period [accepting the USSR as a peer, on the basis of nuclear parity during the 1960s, the 70s and sometime in the 80s, caused by the threat of mutually assured destruction (MAD)]. From 1991 till 2008 – the final peaceful rise, Fukuyama’s “end of history” and Krauthammer’s “unipolar moment”, the period of the uncontested U.S. global dominance. And finally the period from 2008 till the present day, with which some IR scholars and historians make a very simplistic and structural analogy with the pre-Great War (1914-1918) period, as well as between Kaiser Germany and today China.<sup>228</sup> Scholarly very cautious with general and simple analogies that provide simple explanations and solutions, it may be accepted that in some ways the world of today is like the world of 1914, but at the same time there are cardinal differences, much more important than the similarities.

Some of the main research topics in my thesis regarding the international system in the 21<sup>st</sup> century are the ways of unfolding of the power transition from the West to the East and more precisely the U.S. – China relationship. By using the method of basic comparison of their respective ascendance to great power status, I also eclectically draw upon, and exploit analogical reasoning regarding one of the main instruments of power for ages – Grand Strategy. Within the model of U.S. post-WWII final rise Grand Strategy come the pillars of comprehensive national power, showing that USA and China have more in common than is generally recognized.

The analogies analyzed and considered are not for the sake of simple isolated comparison between the United States and China. They are organically interwoven, explicitly affecting and having much to say to my thesis arguments regarding the behavior and future interactions between Washington and Beijing, which may strongly disbalance the rest of the world in case of conflicting scenarios. One must not forget the Chinese national psychological shock, and the existential crisis of the “century of humiliation” which followed the collapse of the Chinese world order by the mid-19<sup>th</sup> century: Chinese Empire’s sense of its glorious hegemonic posture in the world shrank from - `tianxia` (literally – all under the heavenly sky) to `guojia` (an ordinary state), and the `Chinese world` turned into `China in the world`.<sup>229</sup> On the other hand we have the American Grand Strategy in the 20<sup>th</sup> and 21<sup>st</sup> centuries that turned the state republic into a `tianxia`, or “Pax Americana”, which currently is also under sort of `psychological shock` due to domestic divide, foreign pressure and challenges.

Since Deng Xiaoping’s era of reforms and opening up, all Chinese leaderships with no exceptions, have continuously and meticulously worked and added value to the final rise of China Dream, for the restoration of the greatness and glory of the `tianxia`, with `new era Chinese characteristic`. The crucial question still remains – shall we have two competing and rival models of `tianxia` or healthy and constructive competition and peaceful co-existence between the two great countries?

In geographical, demographic and economic perspective both U.S. and China are one of the biggest factors in the international system. In terms of land area, they are almost of the same proportions, U.S. - around 9.85 million, and China – around 9.6 square kilometers, ranking the 3<sup>rd</sup> and the 4<sup>th</sup> in the world. During the period of its great power rise the U.S. was

<sup>228</sup> Nicholas D. Kristof, *The Rise of China*, 1993, *Foreign Affairs*, 72 (5), p. 72. See also, Walter Russell Mead, *In the footsteps of the Kaiser: China Boosts US Power in Asia*, *The American Interest*, Sept. 26, 2010; Edward Luttak, *China’s Military Adventurism is Ill-Timed*, *The Wall Street Journal*, Dec. 29, 2013; Joseph Nye Jr., 1914 Revisited, *Project Syndicate*, Jan. 13, 2014.

<sup>229</sup> Zhang Yongjin, *System, Empire and State in Chinese International Relations*, pp. 60-61.

also definitely a big country. At the beginning of the 20<sup>th</sup> century it had the third largest territory after the Russian Empire and China, or the fourth, if considering the British Empire as a single entity. In terms of population the U.S. has around 4.5% of the world's, which places it after China and India.

Why have parallels between China and the U.S.'s approach to the international system been so long invisible and muted?

The "Inadvertent Empire", "Empire by Invitation", "Empire Lite", "Global Gatekeeper" and the "Patron-Client" concepts contain the seeds for a possible framework for the U.S. as a hub or epicenter of dominant liberal democracy parallel to dominant Confucian-ideational system of Ming and Qing China in most parts of Asia.

Post-WWII United States' Grand Strategy had instituted the most successful international Bretton Woods system the world has ever seen. As hub or epicenter of the most extensive network of formal and informal alliances ever built, the U.S offered its allies and partners – military protection as well as economic/financial/trade access to its markets. Through an equally impressive array of international institutions – IMF, WB, GATT/WTO, many of which it helped created, even the UN, United States transmits and imposes its values and its preferred rules of the game on the international system. The ensuing economic and politico-military `orders` are construed as `public goods` provided by a benign American hegemony. In return for all its exertions, the response America seeks is straightforward: first, that it is recognized as the power or hegemon, and second, that others emulate its political/economic forms and ideas. With both tributes at hand, the United States finds equanimity: it and the world are safe, at least from the United States' point of view.<sup>230</sup> The insights that America wants its likeminded to acknowledge its dominant position and emulate its political system (in the same way that China expected its tributaries to adopt its cultural-ideational forms) are the distinct attributions of the Grand Strategy idea. In practice it is not easy to separate these two expectations: U.S. claims to hegemony are based in part on its overwhelming material power and in part on its identity as a liberal democracy.<sup>231</sup>

The norm of sovereign equality was supposedly woven into the conduct of international relations and enshrined in the United Nations Charter after the end of the Great War in 1945. Yet, whatever the United Nations Charter says, few would presume to deal with the U.S. as an equal. To be sure, the United States, as John Ikenberry has also argued, may mitigate that inequality by exercising `strategic restraint`, creating, and locking itself in international institutions aimed at providing `public goods` such as security and economic order. In doing so, it may facilitate the `buy in` of its tributaries to the American-led hegemony.<sup>232</sup>

From all five veto power permanent members (PM) of the UN Security Council, the U.S. sits at the apex by the virtue of its political-ideological, economic and military superiority and strength, not to mention its enormous advantages and benefits from the status of the dollar as world reserve currency. The United States spends more on its military than all the other major powers combined [to the tune of \$ 700 billion for 2018], has the highest share of world GDP, and its research and technological prowess are peerless.<sup>233</sup>

In his publication, *Imperial by Design*, John Mearsheimer discusses the options for optimal U.S. Grand Strategy, and argues that the model of `Offshore Balancing` is the best for

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<sup>230</sup> Ibid., p". 1.

<sup>231</sup> See G. John Ikenberry, *Liberal Leviathan*, where the link between liberal democracy and the resilience of the U.S. hegemonic order is emphasized.

<sup>232</sup> G. John Ikenberry, *After Victory: Institutions, Strategic Restraint, and the Rebuilding of Order After Major Wars*, 2001, Princeton: Princeton University Press.

<sup>233</sup> Stephen Brooks and William Wohlforth, *World Out of Balance: International Relations and the Challenge of American Primacy*, 2008, Princeton: Princeton University Press, pp. 27-35. See also Joseph Nye Jr., *The Future of Power*, 2011, New York: Public Affairs Book, pp. 157-163.

the United States to follow, as it would allow the U.S. to keep its hegemonic posture in the Western Hemisphere, to balance and to contain the appearance of `peer competitors` in other strategically important for the U.S. national security parts of the world.<sup>234</sup>

What kind of power is the United States? Some of the empire epithets and euphemisms that I have recorded and mentioned above, such as: `inadvertent`; `by invitation`; `lite`; `global gatekeeper`, that some historians are fond of, do not resonate as well with American policymakers, mainstream IR scholars, and foreign elites. `Hyperpower` - coined by former French foreign minister in a moment of fit – also imply a psychologically unsound and over the top approach to power. Most consonant with American self-understanding and dominant frames originating in U.S IR scholarship are descriptions, devoid of normative content, that portray the USA as great power (since the early 20<sup>th</sup> century), superpower and Western hegemon (1945 – 1990), or the unipolar superpower (since 1991).<sup>235</sup>

William Wohlforth`s three dimensional graphs of how the United States outclassed all others in the past and everyone today along all the relevant power indicators, went far in establishing his depiction of the United States as the unipolar superpower.

“Hegemony and unipolarity, however, are not the favored descriptions of America for policymaker in the United States and its allies and partners. Hegemony smacks of domination while unipolarity sounds too social scientific and soulless. Their preferred discourse is one of U.S. leadership,”<sup>236</sup> now modified into the winning 2016 election President Trump`s `principled realism` strategy of `America first`.

### *Limits of unipolarity*

The unexpected and unpredicted, well in advance, by intelligence, diplomats and IR scholars` collapse of the Soviet Union in 1990 - 1991, produced the greatest change in world power politics since the end of the Great War in 1945. A `tectonic geo-strategic shift`, for which the bipolar superpower international structure, governments and IR theorists were not prepared and ready for swift accommodation and adjustments. The United States emerged as the sole surviving superpower and some strategists and commentators were quick to announce that `the end of history` and a new `unipolar moment` of unprecedented U.S. power had arrived.

In 1992 Pentagon drafted a new Grand Strategy (Defense Planning Guidance) or the Wolfowitz Doctrine, co-authored with then Secretary of Defense and future Vice-President Dick Cheney. The draft said that containment was an old idea, a relic of the Cold War and advocated that America should maintain military superiority beyond challenge and use it to preempt provocations from rogue states with weapons of mass destruction, and if necessary, the U.S. be prepared to act alone. President Bush Senior ordered Cheney to rewrite and softened it, as he was not previously consulted and briefed on the draft. After all, it was only one year after the fall of the Soviet Union and the successful coalition in the Gulf War in 1991 carried out with U.N. support and closer cooperation among all great powers. Although the U.S. came out of the Cold War as the unilateral superpower, the President knew there were going to be new realities – of what might be called “architecture” of international politics and

<sup>234</sup> John J. Mearsheimer, `Imperial by Design`, The National Interest, No 111, Jan/Feb 2011.

<sup>235</sup> William Appleman Williams, *The Roots of the Modern American Empire*, 1969; Andrew Bacevich, *American Empire*, 2002, Cambridge: Harvard University Press and `New Rome, New Jerusalem`, *Wilson Quarterly*, 2002, Vol. 26, No. 3, pp. 50-58; Cullen Murphy, *Are We Rome? The Fall of an Empire and the Fate of America*, 2007, Boston: Houghton Mifflin Harcourt; Lea Brillmayer, *American Hegemony: Political Morality in a One Superpower World*, 1994, New Haven: Yale University Press; Takashi Inoguchi and Paul Bacon, `Empire, Hierarchy, and Hegemony: American Grand Strategy and the Construction of Order in the Asia-Pacific`, 2005, *International Relations of the Asia Pacific*, Vol. 5, No. 2, pp. 115- 131; Ethan Kapstein and Michael Mastanduno, eds., *Unipolar Politics: Realism and State Strategies After the Cold War*, 1999, New York: Columbia University Press; Stephen Brooks and William Wohlforth, *World Out of Balance* and many others.

<sup>236</sup> Yuen Foong Khong, *The American Tributary System*, p. 19.

national security. President Bush was also highly sensitive to his relationships with other world leaders who would not have been very pleased with the new American “preemptive and unilateral “ Grand Strategy and with the perspective to be named potential U.S. rivals.

In 2002, after the war in Yugoslavia, Wolfowitz came to be vindicated as major parts of his views laid down in the 1992 draft were included in the U.S National Security Strategy, approved by President Bush Junior in September 2002, marking dramatic and sweeping reformulations of U.S. foreign policy that went even beyond his two terms in office.<sup>237</sup>

The rise and the sudden demise of the “Wolfowitz doctrine” as an official strategy for preserving primacy and unipolarity lent credence to the IR scholarship and widespread belief and critique that unipolarity is dangerous and unstable.<sup>238</sup> For neo-realists, unipolarity is the least stable of all structures as any great concentration of power threatens other states and causes them to take action and restore the balance.<sup>239</sup> Other scholars argued that a large concentration of power promotes peace, but doubted that U.S. global preeminence can last long.<sup>240</sup>

Although they disagreed vigorously on virtually every other aspect of post – Cold War politics, in the 1990s scholars of IR increasingly shared this conventional wisdom about unipolarity.

In his seminal 1999 publication,<sup>241</sup> Wohlforth makes an attempt for a theoretical neoclassical realism paradigmatic case in defense of ‘The Stability of a Unipolar World’. He claimed and advanced three main propositions that according to him undermine the emerging then conventional wisdom that the distribution of power is unstable and conflict prone:<sup>242</sup> (1) The system is unambiguously unipolar. The United States is the first leading state in modern international history with decisive preponderance in all the underlying components of power: economic, military, technological and geopolitical, and to describe this unprecedented quantitative and qualitative concentration of power as an evanescent “moment” is profoundly wrong; (2) The current (1999) unipolarity is prone to peace.- no important source of conflict, no hegemonic rivalry, no security competition among other great powers and tendency to bandwagon with the U.S.; (3) The unipolarity is not only peaceful but durable. If Washington plays its cards right, it may last as long as bipolarity. His main message and appeal was: as unipolarity is prone to peace and the probability that it will last several more decades at least, America should focus on it right intellectually and materially, the chief threat being U.S.’s failure to do enough”.<sup>243</sup>

In 1999, William Wohlforth challenged the consensus and the prevailing throughout the 1990s argument that unipolarity is not durable, by including also the notion of ‘unipolar peacefulness’ in which believers in the transient nature of unipolarity expressed little or no interest. Indeed, durability and peace have often been discussed in the context of systemic “stability” in the past. In 1964, Kenneth Waltz defined a system’s stability “in terms of its durability, as well as peacefulness of adjustment within it”.<sup>244</sup> Later, however, he revised his

<sup>237</sup> John J. Mearsheimer, ‘Imperial by Design’, *The National Interest*, No 111, Jan/Feb 2011.

<sup>238</sup> Christopher Layne, “The Unipolar Illusion: Why New Great Powers Will Rise”, *International Security*, Spring 1993, Vol. 17, No. 4, pp. 5-51; and Christopher Layne, “From Preponderance to Offshore Balancing: America’s Future Grand Strategy”, *International Security*, Summer 1997, Vol. 22, No. 1, pp. 86-124.

<sup>239</sup> Kenneth N. Waltz, “Evaluating Theories”, *American Political Science Review*, December 1997, Vol. 91, No. 4, pp. 915-916, Christopher Layne, “Unipolar Illusion; Michael Mastanduno, “Preserving the Unipolar Moment: Realist theories and U.S. Grand Strategy after the Cold War, *International Security*, Spring 1997, Vol. 21, No. 4, pp. 44-98.

<sup>240</sup> Charles A. Kupchan, “After Pax Americana: Benign Power, Regional Integration, and the Sources of Stable Multipolarity”, *International Security*, Fall 1998, Vol. 23, No. 3, pp. 40-79; Douglas Lemke, *Continuity of History: Power Transition Theory and the End of the Cold War*, *Journal of Peace Research*, February 1996, Vol. 34, No. 1, pp. 203-236.

<sup>241</sup> William C. Wohlforth, *The Stability of a Unipolar World*.

<sup>242</sup> William C. Wohlforth, *The Stability of a Unipolar World*, pp. 7-37.

<sup>243</sup> *Ibid.*, p. 39.

<sup>244</sup> Kenneth N. Waltz, “The Stability of a Bipolar World”, *Daedalus*, Summer 1964, Vol. 93, No. 3, p. 887.

view on stability, redefining it exclusively in terms of durability and dropped the requirement for peace,<sup>245</sup> admitting the mistake he made by conflating peace and stability.<sup>246</sup>

His benevolent theorizing and views of unipolarity, Wohlforth developed further with his coauthor Stephen Brooks.<sup>247</sup> The question of unipolar durability remained the subject of spirited debate during the first decade of the 2000s and their work emerged as one of the most influential perspectives about current international relations, echoing the “end of history”, “the unipolar moment”, and the universalization of Western liberal democracy.

Many analysts, such as Robert Kagan, continued to argue that “American predominance is unlikely to fade any time soon”.<sup>248</sup> Others, however, believe that it is in serious decline.<sup>249</sup> Adm. Michael Mullen, former Chairman of the Joint Chiefs of Staff, repeatedly warned that the greatest threat to the United States’s national security is the U.S. national debt. Richard Haass bluntly puts it, “Foreign Policy Begins at Home” and argues that the biggest threat to the United States comes not from abroad but from within.<sup>250</sup>

Potential peer competitors, especially China, are on the comprehensive rise<sup>251</sup>, while Russia is demonstrating military power. U.S. travails in Afghanistan, Iraq, and as a whole in the Middle East, added to the unchecked North Korean nuclear (allegedly hydrogen bomb) program and the continuing China assertiveness in East and South China Seas seem to confirm Paul Kennedy’s argument on the inevitability of imperial overstretch.<sup>252</sup> Some see the continuing financial and economic crisis that began in the United States in 2008 as the death knell of U.S. predominance<sup>253</sup> and Robert Pape argues that “the unipolar world is indeed coming to an end”.<sup>254</sup>

The first two decades of the unipolar era have been anything but peaceful.<sup>255</sup> U.S. forces have been deployed in four new interstate wars: Kuwait/Iraq in 1991; Kosovo/Yugoslavia in 1999; Afghanistan from 2001 to the present, and Iraq 2003-2010,<sup>256</sup> with some presumable military presence even at present day. In all, the United States has been at war for thirteen of the 25 years of unipolarity, which makes up around 10% of U.S. history, account for more than 25 % of the nation’s total time at war.<sup>257</sup> In spite of the empirical data, the theoretical consensus still upholds that unipolarity encourages peace, and the debate on whether, when, and how unipolarity will end has all but monopolized U.S. and foreign IR scholarship.

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<sup>245</sup> Kenneth N. Waltz, *Theory of International Politics*, pp. 161-163, 199-204.

<sup>246</sup> Kenneth N. Waltz, “The Emerging Structure of International Politics”. *International Security*, Fall 1993, Vol. 18, No. 2, pp. 44-79, at p. 45, fn. 5.

<sup>247</sup> Stephen G. Brooks and William C. Wohlforth, *World Out of Balance: International Relations and the Challenge of American Primacy*, 2008, Princeton N.J.: Princeton University Press.

<sup>248</sup> Robert Kagan, *The Return of History and the End of Dreams*, 2008, New York: Alfred A. Knopf, p. 86.

<sup>249</sup> Christopher Layne, “The Unipolar Illusion Revisited: The Coming End of the United States’ Unipolar Moment”, *International Security*, Fall 2006, Vol. 31, No. 2, pp. 7-41; Christopher Layne, “The Waning of U.S. Hegemony – Myth or Reality? A Review Essay”, *International Security*, Summer 2009, Vol. 34, No. 1, pp. 147-172; see also Paul K. MacDonald and Joseph M. Parent, “Graceful Decline? The Surprising Success of Great Power Retrenchment”, *International Security*, Spring 2011, Vol. 35, No. 4, pp. 7-44.

<sup>250</sup> Richard N. Haass, *Foreign Policy Begins at Home: The Case for Putting America’s House in Order*, 2013, New York: Basic Books.

<sup>251</sup> Robert S. Ross and Zhu Feng, eds., *China’s Ascent: Power, Security, and the Future of International Politics*, 2008, Ithaca, N.Y.: Cornell University Press; see also, Randall L. Schweller and Xiaoyu Pu, “After Unipolarity: China’s Vision on International Order in an Era of U.S. Decline”, *International Security*, Summer 2011, Vol. 36, No. 1, pp. 41-72.

<sup>252</sup> Paul Kennedy, *The Rise and Fall of the Great Power*, 1987, New York: Random House; see also, Richard N. Haass, “What Follows American Dominion?”, *Financial Times*, April 15, 2008.

<sup>253</sup> See Stephen S. Cohen and J. Bradford DeLong, *The End of Influence: What Happens When Other Countries Have the Money*, 2010, New York: Basic Books.

<sup>254</sup> Robert A. Pape, “Empire Falls”, *National Interest*, January/February 2009, No. 99, pp. 21-34, at p. 22.

<sup>255</sup> *Ibid.*, p. 12.

<sup>256</sup> See Meredith Reid Sarkees and Frank Wayma, *Resort to War: A Data Guide to Inter-state, Extra-state, Intra-state and Non-state Wars, 1816-2007*, 2010, Washington D.C.: CQ Press.

<sup>257</sup> Bruce D. Porter, “The Warfare State”, *American Heritage*, July/August 1994, Vol. 45, No. 4, p. 56. Altogether till 2011 – 46 years at war.

Western liberal democracy had won decisive victory over fascism and communism, and should be seen as the “final form of human government”.<sup>258</sup> One consequence of this “ideological evolution” was that large-scale conflicts between great powers was “passing from the scene”. As the only remaining superpower on the planet, and based on the durability and peacefulness of the unipolar world, American leaders were urged not to be reticent about using that power, but “to lead a unipolar world, unashamedly laying down the rules of world order and being prepared to enforce them”.<sup>259</sup>

In 2011, analyzing the U.S. Grand Strategy that has followed these basic prescriptions for the past twenty years after the Cold War, John Mearsheimer concludes that the results were disastrous,<sup>260</sup> arguing that the root cause of America’s troubles lies in the adoption of a flawed Grand Strategy, starting from President Bill Clinton on, of global dominance or global hegemony, which was doomed to fail<sup>261</sup>.

### *In search of a new U.S. Grand Strategy*

Mearsheimer and Monteiro’s 2011 challenges and critiques of unipolarity, and world dominance tractions of the U.S. Grand Strategy were not unique and unprecedented. In 1943, Walter Lippmann expressed similar concerns and considerations offering a classical formulation on the issue of Grand Strategy: “In foreign relations, ... as in all other relations, a policy has been formed only when commitments and power have been brought into balance ... The nation must maintain its objectives and its power in equilibrium, its purposes within its means and its means equal to its purposes”.<sup>262</sup> “Although Lippmann was mindful of the economic costs of global engagement, his primary concern was the political ‘solvency’ of U.S. foreign policy. The spectacle of this great nation which does not know its own mind is as humiliating as it is dangerous”.<sup>263</sup>

Lippmann’s anxiety and fears proved to be unfounded. It was the coupling of U.S. power and international partnership, rather than unilateral actions and initiatives that gave the U.S. Grand Strategy such a distinctive character in the decades following 1945. Working together, Democrats and Republicans fashioned a bipartisan consensus behind a new type of U.S. engagement in world affairs, and to coalesce around a common strategy. Abroad, the United States used its superior military power to check potential challenges to stability and an open international economy, turning to multilateral institutions to reassure allies and partners. In the U.S., the political environment was ripe for the emergence of a “centrist” coalition. The formation of a North-South alliance, the easing of class tensions due to economic growth and rising incomes, the onset of political pragmatism and ideological moderation – these were the conditions that led Democrats and Republicans alike to forge what Arthur Schlesinger labeled the “vital center”.<sup>264</sup> Thus began the era of liberal internationalism.

In the aftermath period of 9/11 and the Iraqi invasion in 2003, Lippmann’s concerns and fears surfaced again. In 2007 publication, Kupchan and Trubowitz declared that the polarization of the United States has dealt a severe blow and the era of liberal internationalism is over, the bipartisan compact between power and partnership has been effectively dismantled. They warned that “if left unattended, the political foundations of U.S. statecraft will continue to disintegrate, exposing the country to the dangers of an erratic and incoherent

<sup>258</sup> Francis Fukuyama, “The End of History”, *The National Interest*, Summer 1989.

<sup>259</sup> Charles Krauthammer, “The Unipolar Moment”, *Foreign Affairs*, 70, No. 1, 1990/1991.

<sup>260</sup> John J. Mearsheimer, “Imperial by Design”, p. 16.

<sup>261</sup> *Ibid.*, p. 18, 34.

<sup>262</sup> As quoted in Charles A. Kupchan and Peter L. Trubowitz, *Grand Strategy for a Divided America*, *Foreign Affairs*, July/August 2007.

<sup>263</sup> *Ibid.*

<sup>264</sup> Arthur M. Schlesinger Jr., *The Vital Center: The Politics of Freedom*, 1949, Boston: Houghton Mifflin.

foreign policy. To find a new equilibrium between the nation's commitments abroad and its polarized politics at home, the United States will need a Grand Strategy that is as selective and judicious as it is purposeful".<sup>265</sup>

Indeed, in the 2000 presidential election campaign, foreign policy and strategy was far from a major focus of either party – and of little interest to the public. In the previous decade America seemed to have embarked on a new era of self-absorption and even complacency after a half century of global conflict and tensions – victors in the Cold War and the campaigns in Kuwait and Yugoslavia, champions of free trade, exemplars of prosperity and marketeers par excellence.

One of the allegedly first, early 2000s neo-realism scholarly attempts to address these issues, was Robert J. Art's 2003 book – "A Grand Strategy for America"<sup>266</sup>, sort of complementary and corrective theoretical version of President Bush Junior 2002 official National Security Strategy (NSS).

He postulates and ranks six overarching national interests for the United States: the first vital, the second and third as highly important, and the last three as important: Prevent an attack on the American homeland. Prevent great-power Eurasian wars and, if possible, the intense security competition that make them more likely. Preserve access to a reasonably priced and secured supply of oil. Preserve an open international economic order. Foster the spread of democracy and respect for human rights abroad, and prevent genocide or mass murder in civil wars. Protect the global environment, especially from the adverse affects of global warming and severe climate change. All six, encompassing both realpolitik and liberal internationalist goals, are consistent with the traditional American style and practice of foreign policy and strategy, which has always fused the realist and liberal strands of statecraft.<sup>267</sup>

In his theoretical work Art evaluates 8 Grand Strategies that the United States might choose, selects and makes the case for the one he considers and favors as the Grand Strategy that would best protect America's six national interests – Selective Engagement. For Art, the United States should keep a peacetime military presence in the Persian Gulf, Europe, and East Asia, maintaining its key alliances and forward-based forces in those regions, and preserve a healthy military capability to reinforce troops abroad when necessary. Selective engagement is characterized as the optimal Grand Strategy best protecting America's national interests, steering a middle course between not doing enough and aspiring too much, neither an isolationist, unilateralist path at one extreme nor a world-policeman role at the other. In sum, if properly conceived and executed, Selective engagement Grand Strategy is politically feasible and materially affordable.<sup>268</sup>

In his 2009,<sup>269</sup> second book on the topic, Art continues promoting his preferred American Grand Strategy of Selective Engagement, yet, unlike the neorealist approach in his 2003 work, in this one he evolves into being a more neoclassical realist with an emphasis on the importance of aspects other than solely the structure of the international system, such as legitimacy, domestic politics, and economics.

His realism-strong American-centrism, however, is not as determinist as some other's who viewed the inevitability of a rising China warring with a declining America. Instead, Art saw opportunities for the U.S. and China to make real choices in diplomacy, institutions,

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<sup>265</sup> Charles A. Kupchan and Peter L. Trubowitz, Dead Center, *International Security*, Fall 2007, Vol. 32, No. 2, pp. 9-10. In my understanding a Grand Strategy is a state theory of how to use all instruments of statecraft – political power; military power; economic power; ideological power; foreign and domestic policy, and how they should be integrated and employed with one another to achieve the security of a country and its national interest in its relations with the outside world./

<sup>266</sup> Robert J. Art, "A Grand Strategy for America", 2003, Ithaca: Cornell University Press.

<sup>267</sup> Ibid., pp. 7-8.

<sup>268</sup> Ibid., pp. 8-10.

<sup>269</sup> Robert J. Art, "America's Grand Strategy and World Politics", 2009, New York: Routledge.

nuclear forces and military modernization that could lead to better and more peaceful outcomes.<sup>270</sup>

Since 1987, the United States had adopted 17 official National Security Strategies (NSS)<sup>271</sup>, including the last one of the Trump administration, published in December 2017. All of them address and evaluate the current state of U.S.-China relationship.

National Security Strategy, like the Defense Planning Guidance and Defense Strategy of the USA do not entirely fall and cover the notion of a Grand Strategy. Still, NSS is the result of bureaucratic process that obliges multiple executive departments of the government, often rivals for resource and influence, to come together and produce a single report regarding the national security and interests of the U.S, including to address the China rise issue.

NSS was initially intended to be an annually revised document, submitted to Congress as an attachment to the budget authorization and appropriation process, communicating a rationale to Congress for resource request and major elements of presidential priorities. Over the past 30 years, since Reagan's first NSS in 1987, the balance between these purposes has lifted. More and more its pragmatic intent is to address audiences beyond the U.S. government and Congress: the domestic public for support, allies, partners, and adversaries alike. The George H.W. Bush administration was the first to miss the annual mandate of the NSS, showing its shift of importance, and since the election of George W. Bush in 2000 it has become practice for only a single NSS document per term. NSS has real value, with two caveats. First, given the political risk of being unequivocal, the NSS only communicates an implicit hierarchy of priorities. Second, any particular NSS only captures one administration's worldview and self-image at the moment of unveiling, and can quickly become dated.

All U.S. NSSs can be separated in two distinct periods: the NSSs prior to the financial-economic crisis of 2008, and the NSSs after the crisis, i.e. the 2010 and 2015 NSS of the Obama administrations, and President Trump's 2017 NSS. The first ones, prior to the crisis, while outward oriented, and addressing major global issues like terrorism, nuclear proliferation, free trade and liberal globalization, were not explicitly concerned with the rise of China, despite that the "China threat theory" was already out in the world by the beginning and mid-2000s. After the crisis, though, 2010, 2015, and 2017 NSS are much more inward oriented, still, seriously addressing and prioritizing the complex implications of the rise of China. In principle, all National Security Strategies are constructed around the idea of the national interests of the U.S. The core concept of the 'American way of life' has been invoked by all administrations since that of George H.W. Bush.<sup>272</sup> The idea, that the United States occupies a position of 'leadership' is also a consistent feature, having a status somewhere between assumed established fact and normative assertion.<sup>273</sup>

Every administration has faced difficulty in identifying a hierarchy among interests that is explicit, systematic and sustainable. The closest any NSS comes is the Clinton administration's 1998 report, which offers a hierarchy with three categories: 'vital interests'; 'important national interests' and 'humanitarian and other interests', though, the distinctions between the first two are not easy to sustain, while the last one leaves wide range for interpretations.

The Reagan administration's 1987 report was a straightforward outline of Cold War thinking, that laid out a classical conception of the Soviet threat and a robust variant of the orthodox strategic response of containment. 1987 and 1990 NSS included extensive

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<sup>270</sup> Ibid., pp. 290-297.

<sup>271</sup> As quoted in Janine Davidson, Obama's Last National Security Strategy: The President and the Philosopher, *Foreign Affairs*, March 2, 2015.

<sup>272</sup> 1990, p. 1, 1994, p. 1, 2002, p. 7, 2010, p. 15.

<sup>273</sup> 1987, p. 1; 1990, pp. 2, 4, 6, 10; 1994, p. i; 1998, pp. 1-2; 2002, pp. vi, 7; 2006, pp. 7, 12, 22; some analyses and publications claim that in NSS 2010 and 2015, 'lead' and 'leadership' were used in many dozens of times.

discussions of nuclear weapons in the context of maintaining the deterrence strategy against the USSR.<sup>274</sup>

The Clinton administration was the first to use the term `globalization` in its NSS, and also made its assessments on the changing global economic environment – with free trade, technological innovations and intensified global interconnectedness as its driving forces – a priority component in its re-conceptualization of U.S. security and leadership in the post-Cold War period.<sup>275</sup> Clinton created the National Economic Council and included the Secretary of the Treasury as a non-statutory member of the National Security Council. Moves such as these demonstrated the Clinton administration`s goals for a strategy of `geo-economics`, to the extent that some termed this `the Clinton Doctrine`.<sup>276</sup>

Due to 9/11, the `axis of evil`, Afghanistan and Iraq wars, George W. Bush 2002 and 2006 (more low-profile) NSS were notable for their focus on the threat of terrorism and weapons of mass destruction, the willingness to engage in preemptive use of force even with limited international support, and aggressive rhetoric -`right and wrong` on the exclusive legitimacy of liberal democracy social engineering as a basis for political order.

The National Security Strategies of the 1990s and 2000s underwent a gradual general non-confrontational, but mixed evolution and approach when addressing the issue of China`s rise. The Clinton era ended with the highly difficult, yet significant passage in Congress of the bill establishing permanent normal trading relations with China, and with support for Beijing`s ultimate membership of the WTO in 2001 – both justified by the argument that this would maximize the chances of integrating China peacefully into the American-led international liberal order.

In the George W. Bush`s cover letter and in the text of the 2002 NSS there were both hopeful and cautious, even softly warning paragraphs when addressing and assessing the China issue: “The U.S. has led the way in completing the accession of China and a democratic Taiwan to the WTO”; “... Russia is in a hopeful transition, a partner in the war on terror ... and Chinese leaders are discovering that economic freedom is the only source of national wealth”; “China should adhere to the rights of assembly, talk and beliefs of its people, ... and to its nonproliferation commitments ...”; “...U.S. is attentive to the internal transition in Russia and China ... and to possible renewal of old patterns of great power competition...”;<sup>277</sup> The main message was: “We welcome the emergence of a strong, peaceful, and prosperous China. The democratic development of China is crucial to that future ..., (but still has) communist legacy... In pursuing advanced military capabilities that can threaten its neighbors in the Asia-Pacific region, China is following an outdated path that, in the end, will hamper its own pursuit of national greatness”, and “The U.S. will work to narrow differences where they exist, but not allow them to preclude cooperation where we agree”.<sup>278</sup>

The 2006 NSS, compared to the 2002, was a more low-key affair mainly due to the travails in Iraq and Afghanistan and the mixed allies` perception of the Bush unilateralism. Still the report reassessed the 2002 NSS claim that the U.S. has the right to use preemptive forces in dealing with perceived threats.

Like in 2002, there are mixed messages of hopes and concerns with some nuanced differences: the requirement China to be a `responsible stakeholder`, the missing 2002 NSS adjective of `strong` when welcoming China, and in a way acknowledging its economic success ..., and the direct statement that the U.S. may hedge against China .

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<sup>274</sup> 1987, pp. 21-24; 1990, pp. 22-25.

<sup>275</sup> 1994, pp. 14-18; 1998, pp. 1, 2, 7.

<sup>276</sup> Michael Walker, *The New Yorker*, 7 October 1996, p. 6.

<sup>277</sup> 2002, pp. 18, 26, cover letter.

<sup>278</sup> 2002, pp. 27-28.

As evident in president Obama's 2010 and 2015 NSS, U.S. approach and strategy of 'balance and hedge' was the main driver in a search and need for a productive relationship with China, together with the imperative of meeting America's security commitments to its Asian regional allies and partners.

Following its assessment that the most important strategic centers of power and influence in the 21<sup>st</sup> century world would lie in Asia, Obama administration announced its intention to pursue a strategic Pivot/Rebalancing of energies and resources towards the region.

As expected, the 2015 NSS picked up and evolved from where the 2010 report left off, retaining the core of Obama administration's more inward, seeking bipartisan consensus, cautious, restrained approach to the wielding of American power, and its aspirations to facilitate the integration of rising powers into the international liberal order, with one major exception – Russia – 'openly accused of being aggressive and revisionist'.<sup>279</sup>

One of the main concerns of the NSS 2015 was to emphasize and demonstrate, that the achievements, and the management of world affairs by the Obama administration will still sustain the USA as the undisputed global leader after his presidency.

China's approach in the 2015 NSS echoes the one from NSS 2010, but this time new elements of competition, cyber-security, and U.S. position of strength were inserted.

Rising tensions between China and its neighbors since 2010, at the same time as the country's economic and financial pro-activity and military modernization proceeded apace, made it more important than ever that the United States find the right combination of words and actions to persuade China to embrace its previous role of status-quo power. In seeking a middle way that does not antagonize China, or strengthen the latter's quasi-alliance relationship with Russia, 2015 NSS emphasized the importance of upholding the normative framework of the liberal international order, a point the NSS made in reference to the unacceptable and punishable 'Russian aggression in Europe', equally applicable to any similar destabilizing strategic challenges, and actions by China in Asia-Pacific.

Trump's December 2017 "America First" NSS, urgently drafted over the course of the year, depicts China and Russia as "revisionist" powers, "rivals", and for all practical purposes strategic competitors, only short of defining them as enemies to the U.S., in a way admitting that geopolitics, if not Cold War 2.0, among major powers is back on stage.

The NSS of the United States do not stand as lone signposts. They should be interpreted in context, next to U.S.' National Defense Strategy and Nuclear Posture Review as major part of a Grand Strategy, and good predictor of an administration's efforts to present a coherent, and functioning rationale for its 4 or 8 years approach to the external world. To regard it as an all encompassing key that can reveal the forces and logic uniting every Grand Strategy policies is to expect far more than a NSS can deliver.

As discussed, based on his offensive realism's tradition and paradigm, Mearsheimer argues that since president Clinton on, the United States has adopted and pursued a Grand Strategy of 'global dominance, or what might alternatively be called 'global hegemony'.<sup>280</sup> According to his analysis, global dominance has two broad objectives: maintaining American primacy and spreading democracy across the globe, making the world over in America's image, with an important difference and disagreement among 'global dominators' in the U.S. establishment, about how best to achieve their strategy's goals. On one side, he argues, are the neoconservatives of the George W. Bush era, who believed that the United States could rely heavily on the armed forces to dominate and transform the world unilaterally, and president Clinton's 'liberal imperialists', on the other, who believed that running the world required the

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<sup>279</sup> 2015, p. 1 of Obama's Cover Letter to the NSS, pp. 10, 19, 25.

<sup>280</sup> John J. Mearsheimer, 'Imperial by Design', p. 18.

U.S. to work closely with allies and international institutions,<sup>281</sup> or as Richard Haass has labeled the U.S. during the Clinton era - “the reluctant sheriff”.<sup>282</sup>

More recent, balanced and comprehensive critique, challenge, and alternative scenario to American Grand Strategy is presented and offered for constructive debate in the 2014 work of the political science professor and director of the Security Studies Program at the MIT, Barry Posen.<sup>283</sup> His basic argument is that the United States has grown incapable of moderating its ambitions in international politics, pursuing since the collapse of the Soviet Union a Grand Strategy of ‘Liberal Hegemony’ which he considers unnecessary, counterproductive, costly, wasteful, and claims that it is time for a change of Grand Strategy.<sup>284</sup>

Defining Grand Strategy as – “a nation-state’s theory about how to produce security for itself”, Posen offers a platform for debate on his alternative – Grand Strategy of Restraint, which he considers, is responsive to the deep problems encountering the present policies of Liberal Hegemony.<sup>285</sup> Grand Strategy makes its argument for the foreign policy and military share, yet Posen admits that complex domestic political and economic prosperity processes ultimately influence and decide how much “security” a state will buy.<sup>286</sup>

### ***Conclusions:***

Successful U.S. final rise to world preeminence after WWII was marred by the unilateral Bush Junior period after 2001, and the relative decline inflicted by the 2008-9 Great Recession.

At present, none of the above analyzed two cardinal debates – on unipolar durability, and Grand Strategy – has reached a consensus in the United States. The clash between the two main philosophies – Liberal Hegemony and Restraint is still on display. The question of whether unipolarity is still durable continues to be the object of much spirited debate, as witnessed during the 2016 presidential elections campaign. Many insist and argue that “American predominance is unlikely to fade any time soon”, and that the United States will continue to be the world’s default power and indeed “an uberpowers”. Others, however, believe that U.S. power preponderance is in serious decline, and question how the pursuit of Liberal Hegemony can be sustained without paying significant national price to maintain that too costly unipolar world posture.

American political scientists, IR scholars and strategists from all paradigmatic and political specters call for a new U.S. Grand Strategy, as it takes no great leap of imagination to realize the obvious: the world shows clear signs of chaotic deviations and increasing disorder. Failure to formulate such a strategy will only further fuel talk and commentary of American decline, disorientation and lost of the “primus inter pares” status.

Evidently, many states make crucial policy choices without an overriding and coherent Grand Strategy. This is, without doubt, an immensely dangerous human regression, given the multiple sources of disorder, sometimes even chaos, and the consequential threats to world peace and stability. Per se, recent events: civil bloodshed war in Syria, unstable situation in the Middle East as a whole and in the Gulf, Yemen, Iraq, Afghanistan and Pakistan in particular, shaky Iran nuclear deal, North Korea’s uncertainty, despite plans for Trump-Kim meeting, still remain geopolitical scary headlines. Economic, financial and refugee’s travail of

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<sup>281</sup> Ibid., p. 19.

<sup>282</sup> Ibid., p. 20.

<sup>283</sup> See Barry R. Posen, “*Restraint: A New Foundation for U.S. Grand Strategy*”, 2014, Ithaca: Cornell University Press.

<sup>284</sup> Ibid., xi

<sup>285</sup> Ibid., p. 1.

<sup>286</sup> Ibid., p. 2.

post-Brexit EU, U.S. economy stuck in neutral, below trends, despite 8-9 years talks of recovery, signs of potential U.S.-China trade war, Russia and China seemingly gaining power and influence, based on their muscle policies in Syria, Ukraine and the South China Sea, all of which continue to disbalance the system of international relations. The list can go on and on.

A reevaluation of the need of adequate and responsible Grand Strategy is in order. As these shifts and threats to the international system continue to cascade upon each other, there are many questions that societies and their policymakers can no longer avoid. How nation-states formulate Grand Strategies for properly managing a world that shows signs of increasing fracture, disorder, and diffusion of power? What principles should govern foreign policy? What choices should societies make? How do world leaders create viable world order out of the emerging disorder?

Answering these questions is the key challenge for present leaders and policymakers if they want to ensure world peace, freedom and security.

From the prospects of the 2016 presidential results in the United States, can President Donald Trump and the new American leadership provide the right answers and policies to these questions? The analysis of the presidential campaign and the striking insurgencies and division in both the Republican and the Democratic parties, clearly show that the American people, especially the elderly, middle class and the young generation, are tired of war, socio-economic and financial domestic hard times.

President Trump's controversial and sometimes changing and unpredictable stands, his 'America first' and 'renewal of the American spirit' declared strategies are too young to give any convincing outcomes and assessments, though they show his affiliation to a new 'Principled Realism' based American Grand Strategy of conditional Restraint and relative offshore balancing, without giving up U.S. leadership status.

Perhaps the forthcoming practical domestic and external policies based on the U.S. 2017 National Security Strategy will hopefully give some more clear, and characterizing his presidency's answers to these crucial for the 21<sup>st</sup> century challenges.

## CHAPTER 2: THE RISE OF CHINA

In the previous chapter, attempting theory synthesis and analytical eclecticism, I tried to blend predominantly a realist and constructivist perspectives in analyzing and explaining the successful final rise of U.S. after WWII, its current domestic Grand Strategy debates, and challenged preeminent unipolar power. By reconciling realist and constructivist traditions I was searching to apply higher explanatory power for understanding the multidimensional domestic and external reality confronting U.S. supremacy<sup>287</sup> in the last 25 years.

Both material and ideational factors are necessary for understanding continuing predominant position of the United States in the world. It is not the only superpower, but as well as most dominant in both the ideational dimension (discourse power and attraction, ideology), and in the material dimension (economy, finance, technology, military) which together glue into 'thick hegemony'<sup>288</sup>. U.S. world hegemony, then, rests on material power, but was complementary and organically created and maintained via the constructs, promotion and imposture of ideas and norms.

In this chapter and in the rest of my dissertation I intend to be faithful to my initial approach in trying to understand and explain the comparative case of the assertive emergence of China, notably after 2010-2012, and to answer the main research questions in the title of my work.

### *Genesis and evolution of China's rise strategy*

Ancient Chinese Empire was economically one of the most developed civilizations in world history and formed a world system in itself. The 18<sup>th</sup> century was regarded as the apogee of development in Qing (Manchu) dynasty. In the 19<sup>th</sup> century, the traditions-rooted Chinese society was infected from both internal and external problems. Dynastic struggles and decline were accompanied by peasant unrest and revolts causing government reshuffles and falls. In the outside world, "dynamics of economic, technological, and ideological revolutions generated in Europe"<sup>289</sup> The enduring empire was disseminated in its encounter with the more advanced and developed Western imperial states.

First Opium War (1840-1842) initiated the 'hundred years of humiliation' in Chinese history. The Second Opium War (1860-1861) further ravaged the empire. The former imperial glory fell victim to military inferiority. Series of unequal treaties were imposed. By the summer of 1862, all French, British, Russian and American diplomatic envoys arrived in Beijing to acquire their residences and to demand their concession spoils. The spheres of influence - actually colonies in everything but name, reduced China to the status of a semi-colony. Its independence and sovereignty had become a fiction.<sup>290</sup>

In the process of Western penetration in China, the number of ports open to the great powers grew rapidly from five in the first imposed unequal treaty in 1841 to one hundred and fifteen in 1943. British Empire started the pattern, but "other nations joined Britain at different stages. All major powers of the West were involved in the final treaty settlement that ended the conflict in 1860-1861".<sup>291</sup> The wars not only inflicted humiliation and suffering on the Chinese people, but also disintegrated the two thousand years' empire, and forced the Chinese to deeply reconsider the relations between China and the world.

<sup>287</sup> J. Samuel Barkin, 'Realist Constructivism', *Review of International Studies*, 29(5), 2003, pp. 325-342.

<sup>288</sup> Cornelia Beyer, *Violent Globalisms – Conflict in Response to Empire*, 2008, London: Ashgate.

<sup>289</sup> A. Doak Barnett, *Communist China in Perspective*, 1961, New York, Washington and London: Frederick A. Praeger, Publishers.

<sup>290</sup> Mark Mancal, *China at the Centre: 300 years of Foreign Policy*, 1984, New York: The Free Press, p. 120.

<sup>291</sup> Editing group of Chinese Modern History, *Zhongguo Jindaishi (Chinese Modern History)*, Chinese Books Bureau, 1979, p. 30.

Although the Chinese empire had existed for several thousands years, formally till the beginning of the 20<sup>th</sup> century, the Chinese had never regarded themselves as a Westphalian type of a “nation-state”. The differences between China and the outside world were for them differences between the civilized Chinese, the tributaries and the barbarians, between a superior unified by the Chinese emperor – the Son of Heaven, central world, and the rest. Culturally and Confucian - philosophically bound, till the 20<sup>th</sup> century China, was not a nation state.<sup>292</sup> When in 1839 the British urged the imperial court to settle the conflict between the “two nations”, the Chinese officials could not understand that one of nations implied was no more or less, but China.<sup>293</sup>

The genesis of the rise of the United States can be traced and found in its search and acquisition of power, wealth, expansion and leadership. The genesis of the Chinese rise strategy can be defined and explained by its struggle for existential survival, territorial reunification, independence, and by attempts to regain at least equality, dignity, respect and power, as their forced “entry into the emerging universal international society was a historical experience and was conditioned on the approval of the European powers as original members of that society”.<sup>294</sup> It was humiliating and painful process for China to change, and adapt its institutions and statecraft in line with the Western imposed political patterns and practices. The Chinese were “forced to accept Western concepts as nation, sovereignty, race, citizenship, and identity”.<sup>295</sup>

In traditional Chinese political and philosophical thought, and culture as a whole, nationalism did not exist. It was cosmopolitanism, rather than nationalism, that forged the driving developmental force of the Chinese empire, as nationalism implies priority of ethnicity and the state, while cosmopolitanism embraces the power of culture and philosophical thought. “The traditional Chinese self-image has generally been defined as “culturalism”, based on the historical heritage and acceptance of shared values, not as nationalism, based on the modern concept of the nation-state”.<sup>296</sup> The birth and spread of Chinese nationalism came as a result and reaction to the inflow of massive foreign ideas and the military incursion of foreign powers. The crisis and the falling of the empire gave birth to the national self-consciousness, as “challenges from the foreign `other` played off and forced an increasingly radical rethinking of the Chinese `us`”.<sup>297</sup>

`Fuqiang` (literally – wealthy and strong) – this Chinese idea goes back thousands of years and represents a holistic imperial tradition in parallel with Confucianism. Every country wants to be wealthy and strong. What makes China different? The Chinese case is unique, because historically speaking the Middle kingdom fell from such towering height of supremacy during the Qing dynasty, as it became aware of its inability to defend itself against the great powers, and ultimately against the Japanese who were the most predatory of them all. This feeling of weakness, helplessness and of humiliation was very deep and crushing, and it was out of that whole tragic experience, that the fabric was woven of China as the aggrieved party, it was this kind of fierce determination to someday, somehow make it up and claw China`s way back to the ladder of success to a point where it could neither be pushed around, bullied and exploited. In this process to get up and rise China tried many different guises, ways of government, philosophies, economic models and systems in the hope of

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<sup>292</sup> Immanuel C. Y. Hsu, *China's Entrance into the Family of Nations: The Diplomatic Phase, 1859-1880*, 1960, Cambridge, MA: Harvard University Press, p. 13., see also Martin Jacques, *When China Rules the World*, 2012.

<sup>293</sup> *Ibid.*, p. 13.

<sup>294</sup> Zhang Yongjin, “System, Empire and State in Chinese International Relations”, 2001, *Review of International Studies*, Vol. 27, p. 9.

<sup>295</sup> Samuel S. Kim and Lowell Dittmer, “Whiter China's Quest for National Identity?” in Lowell Dittmer and Samuel S. Kim (eds.), *China's Quest for National Identity*, 1993, New York: Cornell University Press, p. 251.

<sup>296</sup> James Harrison, *Modern Chinese Nationalism*, 1969, New York: Hunter College of the City of New York, p. 2.

<sup>297</sup> Michael H. Hunt, “Chinese National Identity and the Strong State: The Late Qing-Republican Crisis”, in Lowell Dittmer and Samuel S. Kim (eds.), *China's Quest for National Identity*, p. 77.

finding the key to the restoration of this idea of `fuqiang`, and most importantly – to regain respect.<sup>298</sup>

The genesis of processes and strategies in search of the resurrection of China during the last one hundred years, results of which can be observed only in the last couple of decades, can be traced and placed chronologically in three distinct historical periods: the Republic of China period from January 1, 1912 to the proclamation of the People's Republic of China on October 1, 1949, Mao Zedong era from 1949 to 1976, and from 1978 to present days, the pragmatic 'Chinese characteristics' period of Deng Xiaoping's reforms and opening up of the country.

The first two periods were marked by series of failures and self-inflicted, arguably with foreign footprints, setbacks – civil war (1927-1949) and `cultural revolution` (1966-1976), though they played their historic role of dismantling the pillars of the archaic imperial system and Confucianism, and laid down the basis of modern China. All three periods have their own specific form of nationalism as a social and development driving force, while in the third and last, not surprisingly there is an ardent reevaluation and rehabilitation of the Chinese classical thought and culture, including - the importance and role of Confucius.<sup>299</sup>

On January 1, 1912, the nationalist forces led by Song Zhongshan (Sun Yat-sen) overturned the Qing dynasty and declared the Republic of China. Imperial China came to an end due to foreign interventions and pressure and with the rising hope and sense that Chinese nationalism will turn the tide of imperial decline and decay.

Both first and second attempted China rise periods dramatically downgraded the role and influence of Confucianism, denouncing it as conservative ideological fetters to national modernization progress and development. At the beginning of the 20<sup>th</sup> century, Western educated Chinese intellectuals and scholars hoped of regaining the empire's past greatness via the elimination of Confucianism, and turned the national survival of China into an antithesis of its values and institutions.<sup>300</sup>

**The establishment of the Republic of China in 1912**, however, did not change China's overall deteriorating situation. The Western powers kept their privileges and concessions. National independence and sovereignty in international affairs were not fully granted to the newly founded republic. While succeeding in eliminating the dominant position of Confucianism in Chinese society, the May 4<sup>th</sup> Movement in 1919, intended as an attempt of liberal capitalist revolution, could not attain its goals to rise and revitalize China by the advanced developmental model of the West.<sup>301</sup> The sense of humiliation and wounded national pride mounted even higher in 1919 when the Chinese government bent down to the great power's "proposal" allowing Japan to take over Jiaodong Peninsula (Shandong Province) recently held by Germany. Calling for "striving for national pride externally and ridding the national traitors internally"<sup>302</sup> the Chinese poured massively into the nationalist movements.

The Republican period (1912-1949) of Song Zhongshan ( Sun Yat-sen ), then of the Confucian - Methodist<sup>303</sup> Jiang Jieshi (Chiang Kai-shek) and his Christian wife Soong Mei-

<sup>298</sup> See Orville Schell and John Delury, *Wealth and Power: China's Long March to the Twenty-first Century*, 2013, New York: Random House.

<sup>299</sup> The brand of Confucius is even exploited for the increasing Chinese soft power overseas. On November 21, 2004, the first government sponsored Confucius Institute abroad opened door in Seoul, South Korea. As of 2015, there are around 500 similar Institutes in six continents with over 100 million attendees learning Chinese and aspects of Chinese culture and classical philosophy. The target set is, by 2020 the number of Confucius Institutes abroad to nearly double.

<sup>300</sup> Zhang Yongjin, "System, Empire and State in Chinese International Relations", p. 62.

<sup>301</sup> Li Yaoxian, "Ruxue yu xiandaihua de chongtu yu xietao" (Clashes and Coordination between Confucianism and Modernization) in *Ruxue yu xiandaihua (Confucianism and Modernization)*, pp. 327-328.

<sup>302</sup> One of the main popular slogans of the May 4<sup>th</sup> Movement.

<sup>303</sup> Jay Taylor, *The Generalissimo: Chiang Kai-shek and the Struggle for Modern China*, 2009, Cambridge, MA: Belknap Press of Harvard University Press, p. 2.

ling, ended in total catastrophe, in feudalism, warlords, disunity, a country that was broken by the Japanese occupation and the civil war ( 1927-1949 ), between the Chinese Nationalist Party (Goumindang) and the Chinese Communist Party - CCP (Gongchandang), founded in 1921. In a series of ups and downs, finally the Communists took the upper hand in the struggle against the Nationalist and chased Chiang Kai-shek to Taiwan, as they managed to gain support of the masses of poor peasants, and mobilized a guerilla war on the Japanese occupiers. Mao, after capturing and restoring Beijing as the capital of the country, declaring the People`s Republic (PRC) on October 1, 1949 from the Qing imperial headquarters – Zhong Nan Hai, proclaimed, “Our country will never again be an insulted nation. We have stood up!”<sup>304</sup>

Both the United States and China experienced traumatic and destructive civil wars in advance of their constructive periods of rise. China`s civil war ended three decades before its policy and search of peaceful rise began to bear some initial fruits, commencing in 1978.

**The establishment of the PRC in 1949** finalized the initial transition of China to a modern independent sovereign state, restoring the overall territorial integrity (with the exception of Taiwan, Hong Kong, Macao and disputed Tibet). Safeguarding equality among states as a basic principle in international relations, Beijing had to wait though for full official recognition and diplomatic relations with the U.S. and most Western countries another few decades till the 1970s.

The relative self-sufficiency of the Chinese economy enabled the new Chinese leadership to reverse the process of semi-colonization and put the People`s Republic back on track of joining the world economy as a developing country. To stimulate development and bridge the gap with the industrialized world the PRC introduced a model of USSR-style economic planning. In the beginning the remnants of the `national capital` represented by petty and middle owners and producers was left at peace to continue in business, but soon this Chinese mutant of the Soviet 1920s N.E.P. (New Economic Policy) was replaced by a more collectivist approach and Maoist economic voluntarism during the `Great Leap Forward` campaign. The `Leap` represented an economic and social campaign and experiment led by Mao from 1958 to 1961 aiming to rapidly transform the country from an agrarian economy into a socialist society through accelerated industrialization and collectivization, but tragically ended up and caused the Great Chinese Famine, resulting in tens of millions of deaths.<sup>305</sup> In subsequent party conferences in 1960 and 1962, the negative effects of the campaign were analyzed, and Mao criticized. Moderate leaders like Liu Shaoqi and Deng Xiaoping (both purged later) rose to power while Mao was relatively marginalized within the party, leading him to initiate the Cultural Revolution in 1966.<sup>306</sup> The `Revolution` was a socio-political movement that took place from 1966 till the death of Mao in 1976 and the purge of his wife`s clique - `The Gang of Four` that took power for a short period after 1976. The Revolution marked the return of Mao to a position of supreme power after the Great Leap Forward. The chaotic period was a definite set back for China`s revival, paralyzed China politically and significantly drew back the country`s economic and social development.

After Mao`s death and the arrest of the `Gang of Four`, the reformers faction led by Deng Xiaoping gradually began to dismantle the Maoist powerbase and policies associated with the Cultural Revolution. In 1981, the CCP declared the period as “responsible for the most severe setback and the heaviest losses suffered by the Party, the country, and the people

<sup>304</sup> K. Fan (ed.), *Mao Tse-Tung and Lin Piao: Post Revolutionary Writings*, 1972, Garden City, NY: Anchor Books, p. 91.

<sup>305</sup> Frank Dikotter, *Mao`s Great Famine: The History of China`s Most Devastating Catastrophe, 1958-62*, 2010, New York: Walker and Company, pp. xii, xiii, 333.

<sup>306</sup> See Kenneth Lieberthal, `The Great Leap Forward and the Split in Yenan Leadership` in Roderick MacFarquhar and John K. Fairbank (eds.), *The Cambridge History of China, Vol. 14: The People`s Republic, Part 1: The Emergence of Revolutionary China, 1949-1965*, 1987, Cambridge: Cambridge University Press.

since the founding of the People's Republic".<sup>307</sup> Deng Xiaoping, though, managed to safeguard the undisputed symbolic role and importance of Mao Zedong legacy for the PRC.

From the initial period of the founding of the PRC, Washington spared no efforts and full fledged resources to contain, block, and strangle the rise and development of the new communist country. The United States "quarantined Red China"<sup>308</sup>, confrontation with the U.S. certainly "ill served China's long-term interests, and the ingredients for this confrontation were all too evident in the fall of 1949".<sup>309</sup>

Three year (June 25, 1950 - July 27, 1953) Korean war had negative impact on China's international relations. U.S. managed to establish a series of pacts and treaties<sup>310</sup> with China's direct and regional neighbors with the aim of containment, and internationally – China's application to replace Nationalist Taiwan in the UN was rendered void. The only positive moment, besides the massive military aid from the USSR during the war, was the psychological and nationalistic pride – a precedent since 1840, that China can challenge and fight the Western greatest power.

The four fundamental pillars of U.S. policy towards China: non-recognition; total support for Taiwan; opposition to Beijing's seat at the UN, and trade embargo, underwent insignificant changes into the rest of the 50s and the 60s, in spite of the Chinese attempts in 1954 and 1955 to mend the relationship. Premier and foreign minister Zhou Enlai invited the American government to direct talks with the PRC implying that Washington accepts the legitimacy of the regime in Beijing. The ambassadorial level talks began on September 10, 1955 in Geneva, and with virtually no substantial results, were the only direct official bilateral contact, prior to the secret Beijing visit of Henry Kissinger in July 1971, followed by president Nixon's trip and summit talks with Mao in February 1972.

1970s cautious shift in U.S. policy towards China resulted due to the increasing split and hostility, including military border clashes, between China and the USSR in the 1960s. Although Beijing accused Moscow of ideological revisionism and opportunism, hegemonic aspirations and military threats<sup>311</sup>, the real motives of the 'divorce' were rather pragmatic and practical<sup>312</sup>. The Soviets did not have the potential and the resources to contribute for the further Chinese development, as well as for Beijing's international UN recognition, and for the unification with Taiwan. Playing independent balancing role in U.S.-USSR strategic rivalry, China aspired for realization of its sovereignty attributes. Nixon's overture and kind of rapprochement with China also had its pragmatic and strategic goals – a way of gradual face saving exit from the Vietnam war, tapping the huge potential of the economic, financial and trade Chinese market<sup>313</sup>, and most importantly – adding a new strong partner in the world-

<sup>307</sup> "Resolution of Certain Questions in the History of Our Party Since the Founding of the People's Republic of China", adopted by the Sixth Plenary Session of the Eleventh Central Committee of the Communist Party of China on June 27, 1981, *Resolution on CPC History* (1949-81), 1981, Beijing: Foreign Languages Press, p. 32.

<sup>308</sup> Raymond Aron, "Richard Nixon and the Future of American Foreign Policy", Fall 1972, *Daedalus*, p. 9.

<sup>309</sup> Jonathan D. Pollack, "China and the Global Strategic Balance", in Harry Harding (ed.), *China's Foreign Relations in the 1980s*, 1984, New Haven and London: Yale University Press, pp. 146-149.

<sup>310</sup> From the second half of 1951 to 1953: the U.S. signed a security treaty with the Philippines; the Anzus agreement with Australia and New Zealand; the mutual security treaty with Japan, and a defense treaty with South Korea; By September 1954 – the U.S., Great Britain, France, Australia, New Zealand, Thailand, the Philippines and Pakistan signed the Manila Pact establishing the South East Asian Treaty Organization (SEATO); In December 1954 – the U.S. forged a mutual defense treaty with Taiwan; In May 1957 – the U.S. installed on Taiwan the Matador missiles capable of carrying tactical nuclear warheads and in 1959 – the U.S. deployed nuclear armed forces on bases in S.Korea, and Okinawa, Japan. Source: Zhang Yongjin, *China in International Society Since 1949: Alienation and Beyond*, 1998, Houndmills, Basingstoke, Hampshire and London: Macmillan Press Ltd., p. 23.

<sup>311</sup> Michael Yahuda, *China's Role in World Affairs*, 1978, London: Croom Helm, p. 15.

<sup>312</sup> See Xie Yixian et al., *Zhongguo dangdai waijiaoshi (China's Contemporary Diplomatic History)*, 1997, Beijing: China Youth Publishing House and also Xue Mouhong et al., *Dangdai Zhongguo Waijiao (Contemporary China's Diplomacy)*, both books make references and claim that the original Chinese plans and intentions to lean to the Soviet Union in 1949 were not out of ideological considerations, but out of pragmatic and practical needs for survival.

<sup>313</sup> Economically, the unchallengeable position of the U.S. dollar as a reserve currency in the international monetary and trading system was seriously weakened due to the economic problems, both domestic and international (Vietnam war). Compared to the year 1952 when the

wide efforts for the USSR containment – “The most important strategic chance which has occurred to the benefit of the United States since the end of the Second World War was not any major technological change or weapons development but rather the shift of China from being an ally to becoming an adversary of the Soviet Union ”.<sup>314</sup>

These Grand Strategy policy epochal shifts had an immediate impact on China’s entry in the UN. While the United States could no longer postpone the Chinese UN membership, Washington tried to maneuver and proposed that Beijing gain the seat on the UN Security Council, and Taiwan retain only a General Assembly membership. Beijing categorically rejected the “Two China” scheme..

Second genesis stage of China’s rise strategy ended up with mixed and ambiguous results. On the domestic political and socio-economic front the outcomes were mostly failures and setbacks, analogues, as Orville Schell rightly points<sup>315</sup>, to the Joseph Schumpeter’s 1942 dilemma of `creative destruction`. Mao’s dilemma about the Chinese socialism during that period can be found in his – “Bu Po, Bu Li” dictum - (literally, if you do not destroy, you do not create).

### *Deng Xiaoping period*

To understand a country as complicated and contradictory as China, one must delve into China’s complex national conditions, history, national policies, and seek to identify both the core elements affecting periodic changes, and the key forces influencing its long-term development and rise strategies. The history of China until 1978 is conventional proof that no success is greater than the formulation of a functioning Grand Strategy, while no failure is greater than the formulation and implementation of a wrong one.

Since 1978, the principle of `seeking truth from facts` is theoretically the unique pragmatic policy-making philosophy of the CCP, enshrined in its constitution as well as in the national constitution of the PRC. This leading principle combined with the other pragmatic and practical principles and maxims of Deng Xiaoping: “reform and opening up, one country, two systems, keep a low profile/search for achievements, represent the logic and the practice of China’s domestic and external policies in the pursuit of its rise strategy and self-interest after the Mao Zedong era.

The pragmatic reformer forces that took power with the return to the stage of Deng Xiaoping in 1977 were well aware that China was in no position to succeed in its rise strategy on its own, on `class struggle, permanent revolutions and international economic isolation`. **The new era began with the historical five day heated III Plenary** of the 11<sup>th</sup> CC of the CCP from 18 to 22 December 1978.

Deng Xiaoping became the paramount leader replacing the Maoist Hua Guofeng who remained nominal Chairman of the CCP until 1981. Party leaders and officials who were purged in the past like Chen Yun, Bo Yibo, Yang Shangkun and Hu Yaobang were rehabilitated and given high party positions, in support for the new course of nationwide economic revival. By not immediately removing Hua Guofeng and holding the Plenary at a hotel, not in the Great Hall of the People, Deng wanted to calm down the domestic and external anxieties, and to reassure that this is not a new purge or a coup, but a normal power transition, and the beginning of a new period in the history of the country.

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U.S. held 68% of all international monetary reserves, the year 1977 saw that figure fall to 6%. – see James Lee Ray, *Global Politics*, 1995, Boston, MA: Houghton Mifflin Company, 6<sup>th</sup> Edition, p.239.

Double-digit inflation hit the United States and forced the devalue in relation to gold. The Nixon Administration was obliged to announce in August 15, 1971 that the U.S. dollar would no longer be convertible to gold, and the fixed exchange rates were abolished, so as to “manage its own currency in the pursuit of national objectives”, see John Ruggie, “The Politics of Money”, *Foreign Policy*, No. 43, Summer 1981, p. 147.

<sup>314</sup> Statement by former Secretary of Defense James Schlesinger, quoted in Michael Yahuda, *China’s Role in World Affairs*, p. 11.

<sup>315</sup> See Schell and Delury, *Wealth and Power: China’s Long March to the Twenty-first Century*.

The new course of reform and opening up was debated and laid down as the party innovative cardinal line. With this shift and experiment of building socialism with Chinese characteristics, China took the road to the third attempt of rise strategy for breaking out of her backwardness, rejecting the Soviet and Maoist models, and turning instead to a `hard variation` of the Western liberal economic model, while keeping the arbitrary role of the Party, State and the Five Year plans.

Quite ironically, in 1979, using the pretext phrase that brought the most painful of humiliations suffered by China in the 19<sup>th</sup> century, Deng Xiaoping proclaimed his `Open Door` policy inaugurating the Special Economic Zones in Shenzhen and Xiamen. Still, it was not the `free market` but the Chinese state that decided to `marketize` the Chinese economy, to proceed with the `Four Modernizations`, and as a whole to reintegrate China into the world economy, by selectively imitating the Asian model of development and the envious by the Chinese, miracle and economic success of the `Four Asian Tigers`.<sup>316</sup> Deng believed that export-oriented industrialization (China as the world manufacturer) and imports of foreign technology and capital could and should work for the rise of China.<sup>317</sup>

With Soviet Union collapse still far ahead and hardly imaginable at that time, Deng Xiaoping made his pragmatic calculus and was convinced that, unlike in the 19<sup>th</sup> century, opening up and `westernizing` the Chinese economy would not lead to foreign dictate and domination over China. The country was under full control by the Party and government, with large, strong standing army with nuclear deterrence capacity, and internationally secured by the permanent seat in the UN Security Council. Direct threats to Chinese sovereignty deemed improbable, as the West was courting the huge Chinese market and encouraging Beijing`s balancing hedge against Moscow. All strategic calculus and circumstances appeared favorable and tempting for the successful reintegration of China in the international system and world economy on pragmatically negotiated terms.

### ***[Re] emergence in the international system in the 20<sup>th</sup> century***

For the ideological and domestic politics shift and adjustment to succeed, there was an urgent and pragmatic necessity for an adequate, and corresponding change in international relations and foreign policy strategy. In 1978 China was still regarded as isolated outsider of the international system and architecture. Deng Xiaoping`s Zhongyong dialectic model put top priority imperative and regarded China`s economic strength as the main propelling force of the new China`s rise strategy. Seeking relaxation of the external environment Deng transcended Mao`s revolutionary model in international affairs, guided China`s openness to the outside world, and searched for a beneficial to China international economic cooperation.

Although the process of the Chinese initial acceptance and admission in the international system began in the late Mao period with the ascendance of **China in the UN** in 1971, and Beijing`s official diplomatic recognition by some Western capitals<sup>318</sup>, the real and essential breakthroughs took place with the beginning of the Deng Xiaoping era in late 1970s and early 1980s.

**Rapprochement with U.S.** in 1971-1972 was still conditional and hedging. Despite the neutral and non-confrontational tone of the Shanghai Nixon-Zhou Communique of February 28, 1972, basic contradictions continued to exist, including the crucial one on the Taiwan issue. 1973 opened Liaison Offices in both Beijing and Washington, were trying to

<sup>316</sup> Hong Kong, Singapore, South Korea and Taiwan, notable for maintaining high growth rates, in excess of 7% a year and rapid industrialization between the early 1960s (mid-1950s for Hong Kong) and 1990s, where some state and government economic interventions were involved, including authoritarian political guidance and control.

<sup>317</sup> Lu Aiguo, *China and the Global Economy since 1840*, 2000, Basingstoke: Palgrave Macmillan, p. 125.

<sup>318</sup> In the period 1970-1972 China was recognized and established diplomatic relations with: Canada; Italy; Austria; Belgium; UK; West Germany; Luxemburg, the Netherlands; Japan; Australia, New Zealand, etc. , and with the European Economic Community in 1975.

improve the political dialogue, but real détente was far of sight. UN membership card also did not perform in any significant new and positive change for China. Rapprochement with Washington stimulated China's posture of opposing the two hegemonic superpowers, and by mid-1970s the Maoist leadership formulated a new approach to the structure of the international system.

In Mao Zedong's strategy, the rapprochement with Washington was only "a means to escape China's acute security predicament"<sup>319</sup> and Beijing's U.S. policies were in search of pragmatic balance of "quasi alliance and anti-hegemonism". Official normalization and full diplomatic relations between China and the United States took place on January 1, 1979, with the Joint Communiques, published on December 16, 1978. There were many political, economic and geopolitical factors, and events that made Nixon's 1972 promise come to life.

By late 1970s Deng Xiaoping was already taking the helm of the Chinese top leadership, and his pragmatic and flexible policies of "reform and opening up" were seen initially by Washington as promising and switching from the "revolutionary" oriented Mao overall strategy to a more balanced, inward and status-quo, economically subordinated state policy.

In the second half of the 1970s, China's warmongering **Taiwan** rhetoric changed gears, and the option of war like scenario for the unification with the mainland was temporarily taken off the table. Beijing's signaled to keep the status-quo for the next ten years,<sup>320</sup> luring to and engaging the U.S. on the fully normalization path. December 1978 Communique recognized Beijing as the sole legal capital of China. Washington revoked its diplomatic and official level relations with Taipei, still, maintained its commercial, technological, cultural and other "unofficial" contacts. In April 1979, only three months after the establishment of diplomatic relations, U.S. Congress passed the Taiwan Relations Act (TRA). For the next three years U.S. military procurements to Taipei rose to over \$ 800 millions, from \$ 300 million in 1981, explicitly demonstrating how the superpower rules of the play work. Reagan's first presidential term also disillusioned China's initial attempts to play a significant role in the strategic equation: U.S. – USSR, rendering Beijing only a secondary counterweight role to the Soviets in the USA global Grand Strategy.<sup>321</sup>

Relative improvement of **Sino-Japanese relations**, establishment of the bilateral diplomatic relations in 1972, Joint Statement's rejection of any kind of hegemonism in the Asia-Pacific, and the signing of the Sino-Japanese treaty of peace and friendship in October 1978 by Deng Xiaoping, also contributed to the U.S. – China normalization process.

The 1970s were marred by global **Sino-Soviet hostilities** and antagonism. For Beijing, in contrast to Vietnam war's decline of U.S.' hegemony, USSR was fresh offensive imperialist, ambitious militaristic and great-nation chauvinistic power, effectively deceiving other countries by exploiting its first socialist state status.<sup>322</sup> Sino-Soviet and Sino-Vietnamese antagonism, Hanoi's increasing military cooperation with Moscow - the signing of the USSR - Vietnam Treaty of friendship and cooperation in November 1978, and the Soviet invasion of Afghanistan in 1979, drew China – U.S. strategic priorities even closer, and contributed significantly to the rapprochement processes, providing both capitals with additional leverage in their confrontation with Moscow.<sup>323</sup>

<sup>319</sup> See, *The Cambridge History of China, The People's Republic, Part 2: Revolutions within Chinese Revolution, 1966-1982*, 1991, Cambridge: Cambridge University Press, Vol. 15, p. 470.

<sup>320</sup> Foreign minister Huang Hua report "On the World Situation" July 30, 1977, *Issues and Studies*, Vol. 14, No. 1, January 1978, pp. 110-114.

<sup>321</sup> Roy Medvedev, *China and the Superpowers*, 1986, Oxford: Basil Blackwell, pp. 141-142.

<sup>322</sup> "Chairman Mao's Theory of the Differentiation of the Three Worlds is a Major Contribution to Marxism-Leninism", editorial, *Renmin External strategy adjustments Ribao (People's Daily)* in *Beijing Review*, No. 45, 1977, pp. 9-40.

<sup>323</sup> Joseph Camilleri, *Chinese Foreign Policy: The Maoist Era and Its Aftermath*, 1980, Oxford: Martin Robertson, pp. 193-194.

By the end of 1970s, more than 100 countries, the majority developing, established diplomatic official ties with China, some on ideological grounds, but most on economic mercantile hopes of penetrating the increasing Chinese market, and for financial assistance and aid. U.S. also regarded China as a huge potential market, and the economic considerations forged large portion of the rapprochement initiatives. For Beijing, normalization of its relations with U.S. meant expansion of trade, investment from the rich West, and acquirement of so much needed modern technologies, and industrial equipments for the goals of Deng's new strategy of China's rise through development and economic growth.

In the 1980s, the external component of Deng's China rise strategy shifted its priorities from security-sovereignty - to main contributor for domestic modernization and economic growth drive under the banner of "world peace and socio-economic development".

### *External strategy adjustments*

Beijing's search for an independent and autonomous role of respected power in global affairs, the quasi-alliance with the U.S. and the West, and the symbolic position of spokesperson for the Third World in the UN, did not fully met the expected outcomes for China's rise strategy. Many developing countries even turned away from Beijing, suspicious of the latter's true goals in the rapprochement with Washington and the West as a whole.<sup>324</sup> The next shift and strategy adjustments, around mid-1980s, included – turning to the diametrically opposed to power politics 1954 **Five Principles of Peaceful Coexistence** (FPPC)<sup>325</sup>, emphasis on the UN and other international organizations via multilateral foreign policy, and in search for a noncommittal balance in the relations with the two superpowers.<sup>326</sup>

The increasingly pragmatic nature of China's rise strategy made the FPPC a very useful and rewarding instrument for Beijing's relative disengagement from the overloaded with expectations informal China-U.S. 'quasi-alliance', and for distancing from the U.S.-USSR open rivalry. The point was made very clear during President Reagan's trip to China in 1984, when Beijing's engagement in a strategic partnership against the Soviet Union was declined. "Reagan's trip to Beijing marked a turning point, for now it was the Chinese who were playing the America card".<sup>327</sup>

By weaponizing its external relations with the FPPC Beijing was aiming not only a rebalance towards the superpowers, but also a reinvigoration of its relations with the Third World, including with one of its leaders – India. then a staunch Soviet ally, where these principles were always at home, starting with their incorporation in the Statement of the Ten Principles, issued in April 1955 at the historic Asian-African Conference in Bandung, Indonesia.

The very initial reconnaissance stage of the **rapprochement with Moscow** began in 1982 at bilateral consultations on deputy-ministerial level. In 1983, China's foreign minister Huang Hua represented Beijing at the funeral of the Soviet leader Brezhnev, and also met and held talks with his Russian counterpart for the first time in more than couple of decades. The normalization process gradually continued, and after Gorbachev took over the reins of power in Moscow in 1985, was finalized, after three decades of hostility and rivalry, during his visit to China in 1989.

<sup>324</sup> China even declined formal membership in the main Third World's groups – the G-77 and the Non-aligned Movement (NAM), dealing with development and global geopolitics.

<sup>325</sup> These include: Mutual respect for each other's territorial integrity and sovereignty; Mutual non-aggression; Mutual non-interference in each other's internal affairs; Equality and cooperation for mutual benefit and Peaceful coexistence, see *United Nations Treaty Series*, Vol. 299, United Nations, pp. 57-81.

<sup>326</sup> See Hao Yufan and Huan Guocang, (eds.), *The Chinese View of the World*, 1989, New York: Pantheon Books.

<sup>327</sup> Roy Medvedev, *China and the Superpowers*, p. 153.

China's pragmatic peaceful coexistence external strategy from the early 1980s served well its strategic priority for successful domestic economic modernization and development. By rebalancing the relations with the two superpowers mostly at its terms<sup>328</sup>, Beijing reminded and demonstrated openly for the first time its firm decision of becoming an independent strong player in the international system, to be reckoned with.

China's international, relatively balanced and beneficial posture did not last long. **The collapse of the Soviet Bloc in 1989-1991**, the implosion of its 45 years old political and socio-economic system, and the end of the Cold War, left the victorious U.S. and liberal democratic West as the dominant forces in the system of the global international relations – politically, economically, financially and militarily.

Externally, China remained mainly on its own, with crippled and decreasing bargaining and hedging options, even more so, after the Tian An Men Square militarily suppressed student's demonstrations in the beginning of June 1989. Western-imposed sanctions and isolation followed, still Deng Xiaoping and Chinese leadership did not cave in, dismissing parallels of potential Chinese repetition of the Soviet ongoing collapse.

Domestically, China was not in the same situation as the USSR. She survived and managed to come out of the Cold War much stronger and mobilized. Deng Xiaoping's initial rise strategy, taught China to concentrate on its economic modernization and development in search of 'Fuqiang'. China was now more capable of confronting the West with its own equally effective 'weapons', having already growing and expanding market, Western major corporations not wanting to loose, competing and succeeding in foreign finance and investments, and playing an increasing role in the new wave of 'globalization'.

In the aftermath of the Tian An Men political crisis, the cardinal domestic socio-political threat appeared to be the issue of 'national stability' and the challenges to the leading role of the CCP. Gorbachev's 'Glasnost and Perestroika' were put to blame for the domestic and the student's pro-democracy unrest, but there were also claims from the hardliners in the Chinese leadership that the reforms and the opening up have gone much too far, suggesting rebalancing of domestic and foreign policy.<sup>329</sup>

At the urgently summoned Fourth Extraordinary Plenary Session of the 13<sup>th</sup> CC of the CCP, Deng faced serious opposition. He still managed to convince the leadership of the imperative importance to keep the reforms and opening up going, as the only way to legitimize the role of the CCP, by achieving economic growth and development that brings increasing living standard, and thus social stability. "China would continue its reform and open door policy, and would never go back to the old closed-door path", said the final Communique of the Plenary Session, released on June 24, 1989, almost three weeks after the peak of the domestic political crisis.<sup>330</sup>

The initial shock, mixed feelings and assessments concerning the disintegration of the Soviet Union and the scaling down of the new bankrupt Russian Federation, to only a "lopsided" great power<sup>331</sup>, forced Beijing to undertake a thorough and multifaceted study, research and analysis of the roots and causes that led to this catastrophic for Moscow fatal outcome, drawing the respective lessons and conclusions for internal Party and State official use.<sup>332</sup>

The sober reality was that Beijing no longer could play an independent balancing role in the new type of unequal and unbalanced relationship between Washington and Moscow. U.S. highly superior military, technological, and new sophisticated methods of warfare

<sup>328</sup> John W. Garver, *Foreign Policy of the People's Republic of China*, p. 102.

<sup>329</sup> Susan Shirk, *The Domestic Roots of China's post-Tiananmen Foreign Policy, 1991*, *Harvard Review*, Vol. 13, No. 2, pp. 32-34.

<sup>330</sup> See, <http://www.people.com.cn/GB/shizheng/252/5089/5105/index.html>

<sup>331</sup> Kenneth N. Waltz, "The Emerging Structure of International Politics", Fall 1993, *International Security*, 18, No. 2.

<sup>332</sup> My interviews with Chinese diplomats and scholars in Beijing and Brussels.

demonstration during the 1990-1991 Gulf War, only confirmed this reality, and the newly emerging U.S. dominated unipolarity after the Cold War.

China was left with no other option than to embark on a very cautious, moderate, not openly conflicting survivalist and low-profile posture, as its comprehensive power was still not a match to that of Washington, and in the good realist tradition, Beijing gave credence to John Mearsheimer's assessment and prediction that "the United States does not tolerate peer competitors". It was the time when Deng Xiaoping laid down his guidance in the maxim that China should "**keep a low profile**" (KLP). "China must set up a profile of engaging in reform and opening up. ... We cannot take the lead against American hegemonic behavior. ... We have to guarantee that our reform and opening up should be continued. ... Without reform, there is no hope for China".<sup>333</sup>

In 1992-1993, the first significant positive results of the 1978 initiated China rise policies of economic reforms came to fruition. The economic boom and lofty opportunities relatively soon put an end of China's isolation in the wake of the 1989 turmoil, as nobody wanted to miss out the lucrative deals offered by the new Chinese bonanza. China began emerging as a global trading power. In 1993 the IMF declared it the third largest world economy on PPP basis, a major recipient of FDI, with increasing trade surplus with the U.S.<sup>334</sup>

Convinced that Deng's strategic policies helped weather the 1989 crisis, and confirming them as the most appropriate in the new emerging global order, the 14<sup>th</sup> Party Congress in 1992 supported the course of further enhancing China's efforts and policies in guaranteeing "peaceful international environment and stable economic growth", as guiding priority principles in China's international relations and foreign policy.

The time-frame from 1989 to present days, can be defined in two distinctive external policy periods of cautious up-grading, some times assertive – on the brink of provocative, some times, when necessary, even stepping back policies, consistent with the Zhongyong dialectics of 'keeping the balanced middle course via continuity through change'.

### ***KLP tactical/strategic phase***

**The KLP period, from 1989 to approximately 2008-2009**, marked roughly twenty years of intensive efforts, and demonstration that China is accepting, and integrating into the international system as a status-quo country, worthy of being accorded and recognized on merits by the system itself, as a "big country power".<sup>335</sup>

This twenty years period marked the reigns of the 3<sup>rd</sup> and 4<sup>th</sup> generations of Chinese leadership, Jiang Zemin and Hu Jintao eras. In the history annals of the Chinese Communist Party both of them are remembered with their domestic oriented socio-economic and ideological contributions, with no strategic international relations or foreign policy concepts, ideas or initiatives in the context of big countries power relationships, that could have upset U.S. global posture and influence. Jiang's 'Three Represents' concept and Hu's 'Scientific Development' concept, aiming at building harmonious socialist society, prosperous and free of social conflicts, were enshrined into the Party's Charter. At the 2002 National Party Congress, leaving the top leadership post, Jiang outlined the next 20 years as "the strategic opportunity" for China to concentrate on its domestic tasks.

<sup>333</sup> Deng Xiaoping, *Deng Xiaoping wenxuan ( Selected Works of Deng Xiaoping )*, 1993, Beijing: People's Publishing House, Vol. 3, pp. 317-322.

<sup>334</sup> See Shaun Breslin, *China and the Global Political Economy*. 2007, Houndmills: Palgrave Macmillan, pp. 85-86.

<sup>335</sup> Officially, even at top levels, China shuns from the notion of "great power", associated with past expansion and hegemony politics and the Cold War rhetorics, and prefers instead the usage of the term "big country power", as exemplified with Xi Jinping's proposal for the establishment of a "new type of big country relationship with the U.S." in 2012.

The period rewarded their adherence to Deng's KLP legacy, of patient, meticulous accumulation of economic, financial, and military capabilities for the restoration of China's geopolitical centrality in Asia. As the Soviet syndrome was constantly ringing the bell, both Jiang and Hu realized that it would be illusory and counter productive, to assume that the U.S. would any time soon make equal space for China in the Asia-Pacific, or to pro-actively contest its still strong dominant hold on the unipolar international system. In 1991 and 1992 Jiang Zemin made some shy attempts to feel the American 'pulse' with proposals for general guidelines in Sino-American relations, "to increase mutual trust, reduce troubles, strengthen cooperation, and avoid confrontation".<sup>336</sup> This was the time of the peak of Cold War victory triumph, so Jiang's conciliatory lamentations were barely adequately taken in Washington. Hu Jintao did not even make a similar try, as his tenure began with the first unilateralist George W. Bush administration in the wake of 9/11.

A multipolar world order, in which China was to be one of the poles, was out of sight and not to be expected any time soon.<sup>337</sup> Beijing displayed a tacit grudging acceptance that American hegemony was there to stay for some time, and changed guard to balancing and erosion of U.S. positions and influence where possible. In parallel, Beijing sought working and cooperating with America in areas of self-interest. China's economy was still in its initial ascendance period, depending heavily on investments and transfer of advanced Western technologies, and most importantly on the American consumer market, the major destination of Chinese products. A kind of a strong interdependence of a Siamese type was into the making – the American market in exchange for the Chinese purchase of U.S. Treasury bonds and U.S. dollars denominated assets.

The domestic and international political, economic, financial and security record of China, and its participation in the globalization process, during this long twenty years period, is full of events and interactions on bilateral, multilateral regional and international level.<sup>338</sup> Most of them had rather mixed tactical/strategic status-quo connotations, with potentials for strategic added value for its future final rise period, and Grand Strategy that began to take shape at the end of first decade of the 2000s.

### *SFA strategic phase*

The **second, more SFA**, current, post-Cold War stage of China's rise strategy began with the outbreak of the global financial crisis of 2008-2009, following the collapse of Lehman Brothers in September 2008. Within few months the entire global economy came crashing down, with almost no exceptions as all were in the same globalized village. The world came close to a total global economic meltdown in January 2009, forcing the leaders of the G-20, at their London April 2, 2009 meeting, to mount a major coordinated global

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<sup>336</sup> Editorials in the Party's newspaper *Renmin Ribao* (*People's Daily*), the first from April 11, 1991, and the second – December 1, 1992.

<sup>337</sup> See Denny Roy, 'China's Pitch for a Multipolar World; The New Security Concept'. 2003, *Asia-Pacific Security Studies*, Vol. 2, No. 1.

<sup>338</sup> Asian-centric foreign policy and Sino-ASEAN rapprochement – Asian Regional Forum in 1994, and ASEAN + 3 in 1997; helped U.S. veto a Japanese plan for an Asian Monetary Fund in the wake of the Asian financial crisis 1997-98 when China demonstrated a responsible, helping Asia, behavior by not devaluing its currency; Less confrontational, more sophisticated, confident and constructive approach towards regional and global affairs and crisis: Taiwan missile crisis in 1996 and the Yugoslavia war in 1999; New Security Concept (1995-97), based on mutual cooperative win-win security, clearing China's rise course without alarming its neighbors, and naming its relations with some of the big powers - 'strategic partnerships', as additional outcome – the April 1996 Beijing initiated agreement of 'Shanghai Five', turned in June 2001 into the 'anti-terrorism, extremism and separatism' Shanghai Cooperation Organization (SCO); non-open opposition to the Afghanistan and Iraq Wars and exploiting in self-interest the War on Terror and the North Korea Six Party Talks; WTO accession in 2001, aimed at continued economic growth and increased influence on the management of globalization; countering and low-profiling, of the conceived by Beijing U.S., Japanese and Taiwanese parenthood, of the expanding since mid-1990s 'China Threat Theory' by the 2003-2004 officially energized concept of China's 'Peaceful Rise/ Peaceful Development', in search of preventing any formal anti-China front and ad-hoc coalitions in cases of crisis and disputes, as the ones in East and South China Seas; and finally the emergence of a Sino-Russian quasi-alliance in the new millennium, aimed at checking and containing the weakening U.S. hegemonic posture, as recently demonstrated with the case of Syria.

experiment to bring the world economy back from the brink, by pooling all possible and available resources for a global stimulus injection of U.S. \$ 1.1 trillion.

Series of additional individual national quantitative easing (QE) followed suit in the trillions with hope of recovery, though at present time world economy remains stagnant, volatile and recession prone,<sup>339</sup>.

In the first decade of the 2000s China pragmatically continued its strategy based on the Peaceful Development platform, under the “congaement” and economic interdependence construction in the relations with the U.S. At the end of the Bush Jr. low-profile second presidential term, Beijing made some firm and assertive moves in the existing maritime disputes with its neighbors in the East and South China Seas, exploiting the critical international conjuncture of the initial financial crisis.

China was holding large amounts in the bankrupt Fannie Mae and Freddie Mac shares. Due to domestic pressure and government considerations, in early October 2008 reports that China would buy up to U.S. \$ 200 billion worth of Treasury bonds to help Washington combat the deepening crisis were denied. U.S. Treasury Secretary Henry M. Paulson Jr., and other senior American officials were in almost daily contacts with their Chinese counterparts, For U.S. it was most pertinent whether China will continue to finance American debt.<sup>340</sup> President Bush also interfered,<sup>341</sup> and Secretary Paulson praised China’s cooperation in taming the global financial turmoil, as in early October 2008, China also joined other G-7 central banks in a rare coordinated interest rate cuts, and Chinese Premier Wen went further by expressing China’s willingness to cooperate with the U.S. to address the crisis.<sup>342</sup>

The practical and “responsible stakeholder” approach and goal of China - helping the U.S. and `saving` the global financial system, with the hope that the crisis might bring a substantial change in the relations with Washington towards recognition of its equal interdependence and power status, did not come to fruition. By late November 2008, Washington began with its first QE of \$ 600 billion, later peaked by June 2010 to \$ 2.1 trillion, followed by QE – 2, with another trench of \$ 600 billion in November 2010 and lastly, QE – 3, of 40 billion up to \$ 85 billion per month in September 2012.

Newly elected President Obama opened the first session of the new U.S. – China Strategic and Economic Dialogue on July 27, 2009, in Washington D.C., as a kind of a booby prize for China’s efforts in containing the financial crisis, by cosmetically upgrading the previous U.S. – China Strategic Economic Dialogue, which ended with its 5<sup>th</sup> session in December 2008.

The new strategic elements in his opening remarks were not too hard to be defined: the U.S. - China relationship will shape the 21<sup>st</sup> century, but the relationship is as important as any bilateral relationship in the world ... and the new president does not intend to contain or fear Beijing’s ambitions, and believes in future strong, prosperous and successful China...The presidential message also did not miss the `human rights` and `democracy promotion` issues, not by trying to impose them, but simply because “this is what Americans are”. China’s `assertiveness` was not mentioned or commented upon. This was also the first and last time when in speeches or remarks regarding future China, Obama used the adjective “strong”.

Soon in 2010 and 2011, U.S.’ Pivot/Rebalancing new Asian-Pacific strategy was shaped, and officially announced. It was assessed by Beijing as an outward attempt to encircle and contain China, by intensifying U.S. dominance and military presence in Asia-Pacific,

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<sup>339</sup> Compared to 2014, in 2015 the value of world trade in U.S. dollars fell by 13.8%, see World Trade Monitor: CPB Netherlands Bureau of Economic Policy Analysis, February 25, 2016, <http://www.cpb.nl/en/world-trade-monitor>

<sup>340</sup> See `China, an Engine of Growth, Faces a Global Slump`, *New York Times*, October 23, 2008.

<sup>341</sup> “Chinese, U.S. Presidents talk over phone about ties, U.S. financial turmoil”, *Xinhuanet*, September 22, 2008.

<sup>342</sup> `Paulson lauds China cooperation amid market turmoil`, *Reuters*, October 21, 2008.

stirring up disputes, causing trouble, taking sides and making provocative remarks on the East and South China Sea issues and contradictions.

The Chinese kind response did not come long. “China-U.S. most important relationship in the 21<sup>st</sup> century” turned into “very important ...”, and Xi’s decision to take his first official trip as new president to Russia seemed designed to send a reinforcing message.

One of the most important indicators of Beijing’s new stage of “continuity through change” rise strategy, after the 2008 global crisis, was the final formulation and officially adopted concept of the “core national interests” of China in “China’s Peaceful Development” White Paper of the State Council in 2011. It included: stability of the state, the political system, and the path with Chinese characteristics, under the leadership of the CCP, sovereignty, security, territorial integrity and the unification of the country, and sustainable development of China’s economic and social life. Thus security, sovereignty and development were officially declared as the undisputable “core national interests”,<sup>343</sup> echoing and quite similar with the U.S. frequently used rhetoric of “national security interests” and “national vital interests”.

In parallel with the newly taking shape “core national interests”, and based on its enhanced ameliorating role in the global crisis, in 2008-2010 China’s international and domestic behavior has become more pro-active, determined and assertive. It became imperative the international community understand China’s strategic approach, and forecast how it might react when Beijing safeguards its “core national interests”.

In 2011, one of the most prominent Chinese IR scholars, theorist, and close advisor to the Chinese leadership, Wang Jisi, published seminal article in *Foreign Affairs*, titled, “China’s search for a Grand Strategy: A Rising Great Power Find Its Way”.<sup>344</sup> In the article, U.S. and Western strategists and policymakers are implicitly informed that Beijing is in the process of formulating and delivering new Chinese Grand Strategy, which must give the right answers to at least three questions: What are the nation’s “core interests”? What external forces threaten them? And what can the national leadership do to safeguard them? Wang clarifies that the “core national interests” are already there, and it will now depend how China will define the organizing principles of the new strategy.

In October 2012, shortly before the Party Congress, the same strategist published in the Party run “Global Times” another policy op-ed piece, titled “March West”<sup>345</sup>. Giving broad reading of the expected new Chinese grand strategy, the logic of Wang Jisi was rather simple and reflected the complex regional environment. As U.S. pivots/rebalances to Asia-Pacific, the relationship between Beijing and Washington has become increasingly contradictory and “zero-sum”. In China’s view, the pivot was due to U.S.’ profound concern and anxiety about China’s rise in the region. Keeping its regional activism, and evading open conflict, China’s best strategic choice would be to disbalance U.S. by marching to the West.

The western vector in Chinese strategic thought was formulated much earlier, with the first major breakthrough in 2001 – the official establishment of the SCO. Attempting to codify Eurasian multilateralism, and cooperating heavily on security matters by conducting vast military games and military exercises, under the umbrella of anti-terrorism, radical extremism, separatism and organized crime, China hosted SCO raised much concern in U.S., and China’s western neighbors.

The vast regional outlook to China’s “West” might not offer the same immediate level of economic sophistication and advantages as its “hedging East”, but it does offer massive strategic prizes that will grow increasingly important in the 21<sup>st</sup> century.

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<sup>343</sup> To be discussed more in detail in the next chapter.

<sup>344</sup> See Wang Jisi, “China’s Search for a Grand Strategy: A Rising Great Power Finds Its Way”, *Foreign Affairs*, March/April 2011 Issue

<sup>345</sup> Wang Jisi, “March West: The Rebalancing of China’s Geostrategy”, *Global Times*, October 17, 2012.

### *U.S.-China strategic competition*

China's regional/global taking form Grand Strategy has introduced significant and subtle changes marking **growing China – U.S. strategic rift**.

Along with 2013 Kazakhstan announced New Silk Road Economic Belt strategic initiative, assessed by Fukuyama as the first ever Chinese attempt to export and demonstrate the superiority of its developmental model, came president Xi Jinping's blunt official offer in 2013 for the establishment of a "New Type of Major Countries Relationship" (NTMCR) between China and the U.S.

The broad analysis of the NTMCR concept allows for a certain parallel with the August 14, 1941 agreed upon Atlantic Charter between the United States and still existing British Empire, negotiated by Roosevelt and Churchill. The Americans laid down their conditions for support, and vision for the post-World War global order, very much to the reluctance of London. From the 8 principal points of the Atlantic Charter 3 of them had put the British in a difficult and uneasy position: No. 3, the principle of self-determination; No. 4, removing or lowering trade barriers and No. 7, freedom of seas. The Americans were insistent that the Charter was to acknowledge that the War was fought to ensure self-determination.<sup>346</sup> The British were forced to agree to these aims, but in September 1941 speech, Churchill stated that the Charter was only meant to apply to states under German occupation, and "certainly not to the people who formed part of the British Empire".<sup>347</sup>

The message that Xi was conveying to Washington with his NTMCR proposal, ever since 2012, during his official trip in the U.S. as then Chinese Vice President, was quite clear: China wants equal relationship status, no hegemony, no confrontation. Washington's response to the proposal was muted and vague, with no official reference or even mentioning. Consistently, Xi repeated his initiative at the informal summit with Obama at Annenberg Estate in June 2013, during Obama's state visit to China in November 2014<sup>348</sup>, and his reciprocal state visit in U.S. in September 2015.

Deployment of U.S. Marines to Darwin, Australia, beginning from 2011, a location that can be viewed as a crossroad between the Indian and Pacific Oceans, indicated that the U.S. is adopting a new two-ocean strategic framework, replacing the Atlantic-Pacific with the Indo-Pacific priority emphasis. If Japan was the most capable and reliable ally in the Pacific to counterbalance China, India should become the 'natural ally' to curb China's ambition and influence<sup>349</sup> in the Indian Ocean, balancing also the One Belt One Road project. U.S. strategic guidance document released in January 2012 defined "the arc extending from the Western Pacific and East Asia into the Indian Ocean region and South Asia" and specifically highlighted that "the United States is also investing in a long-term strategic partnership with India to support its ability to serve as a regional economic anchor and provider of security in the broader Indian Ocean region", echoing former Secretary of State Hillary Clinton's encouragement of India to not only "Look East", but also to "Go East". In June 2012, U.S. then Defense Secretary Leon Panetta specified, "America is at a turning point. After a decade of war, we are developing a new defense strategy... In particular we will expand our military partnerships and our presence in the arc extending from Western Pacific and East Asia into

<sup>346</sup> William Roger Louis, "American Anti-Colonialism and the Dissolution of the British Empire", 1985, *International Affairs*, 61 (3), pp. 395-420. See also, Keith Kyle, *Suez: Britain's End of Empire in the Middle East*, 2011, London: I. B. Tauris.

<sup>347</sup> Neta C. Crawford, *Argument and Change in World Politics: Ethnicity, Decolonization, and Humanitarian Intervention*, 2002, Cambridge, UK: Cambridge University Press, p. 297. See also Kenneth Love, *Suez: The Twice-Fought War*, 1969, New York: McGraw Hill, p. 651.

<sup>348</sup> In the released by the White House Office of the Press Secretary Fact sheet about Obama's visit on November 11, 2014, the NTBCR was not even mentioned. See <https://www.whitehouse.gov/the-press-office/2014/11/11/fact-sheet-president-obama-s-visit-china>

<sup>349</sup> Richard Halloran, "Friends or Allies?", December 2013, *Air Force Magazine*, Vol. 96, No. 12, see also Brahma Chellaney, "Arming the Elephant", *The Project Syndicate*, December 2013.

the Indian Ocean region and South Asia. Defense cooperation with India is a linchpin in this strategy”.<sup>350</sup>

As a countering move, for China’s new Premier Li Keqiang, the choice of India for his first foreign trip in May 2013 meant to send out a strong reminding signal that China was willing to enhance its relations with India when it is interested in marching West. Li made it clear to Indian leaders that “we are not a threat to each other (even partners in the BRICS), nor do we seek to contain each other”. He pledged to open China’s markets to Indian products for addressing the bilateral trade imbalance. Li also sought to reassure India over the border issue and called on both sides to use their wisdom to find “a fair and mutually acceptable solution”.

Daniel R. Russel, U.S. Assistant Secretary of State for East Asia and Pacific Affairs, has underlined on many occasions that “the Asia-Pacific rebalance is here to stay”, though there was enough evidence that the Obama administration is restrained and lacks the necessary instruments and resources to fully and successfully implement the strategy.<sup>351</sup> The “come home” policy alternative and growing contradictions in U.S., even during and after the 2016 presidential elections, puts the new Administration and Congress on the defense. Department of State senior officials complained that because of budget cuts, the financial aid for Asia-Pacific allied and partner countries between 2012 and 2013 declined by 19% compared to 2009-2010. The U.S. federal defense budget decreased by \$ 37 billion in 2013 and was projected to be cut by 20% over the next decade compared to 2012 figure. In early March 2014, Katrina McFarland, U.S. Assistant Secretary of Defense for Acquisition, admitted that “Right now, the Pivot is being looked at again, because candidly it cannot happen”.<sup>352</sup> February 2017 President Trump’s declared intentions for U.S. 54 billion dollars (almost 10%) increase of the Pentagon budget were candidly met by Premier Li Keqiang’s announcement of 7% 2017 boost of Chinese military spending at the NPC annual session.

President Xi and Chinese leadership do not convincingly accept the speculation of eminent U.S. political, economic and military decline, in spite of one of the leading slogans in the 2016 presidential campaign, “Make America Great Again”. On many occasions Xi even has stated that “The Pacific Ocean is vast enough for both China and the USA”. On U.S. military preponderance, the Chinese president being pragmatic strategist, recognizes the reality, and has no interest and intentions in triggering a war-like scenarios or an armed conflict - catastrophic scenario that would fundamentally undermine the slowing Chinese economy. Yet, he does not see this as a serious obstacle to a “continuity through change” mixed KLP and SFA Chinese Grand Strategy. Chinese comprehensive power and military capabilities are gradually enhancing over time, so as to temper and balance American unilateralism and Asia-Pacific strategy, rather than to directly challenge them.

China is now a bigger trading partner with every country in Asia than U.S. New geopolitical scene emerges and what the world sees now is the rise of what Evan Feigenbaum has described as “New Asia ... New Game: Two Asia – an economic Asia that may be increasingly dominated by China; and a security Asia – that still remains dominated by the U.S.”<sup>353</sup>

In Beijing’s eyes, U.S. is deeply opposed to China’s rise. A document circulated among CCP leadership and political elite in 2014 summing up the consensus view. “American strategy towards China, it said, has five objectives: to isolate the country, contain it, diminish

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<sup>350</sup> “The United States and India: A Shared Strategic Future” at Council on Foreign Relations and Aspen Institute, India, event, September 2011.

<sup>351</sup> Robert S. Ross, “The Problem with Pivot”, *Foreign Affairs*, November/December, 2012, See also, Daniel R. Russel, “The Asia Rebalance is Here to Stay”, *The Huffington Post*, December 31, 2013.

<sup>352</sup> Zachary Keck, “Can the U.S. Afford the Asia Pivot?”, *The Diplomat*, March 5, 2014.

<sup>353</sup> Evan A. Feigenbaum, “The New Asian Order and How the United States Fits In”, *Foreign Affairs*, February 2, 2015.

it; divide it and sabotage its political leadership”.<sup>354</sup> According to the former Australian Prime Minister, the conviction of the CCP leaders and Chinese elite is that the U.S. has not, and never will, accept the political legitimacy of the regime in Beijing because it is not a liberal democracy. The assessments in the document also reflect the Chinese view that U.S. will never willingly share or cede its status as the preeminent power in Asia, and the world. For America, the relationship paradigm with rising China is no longer business as usual. Instead, the U.S. sees a marching rival that’s growing in strength and competing for political, economic, diplomatic and security space in Asia and globally. On this view, Beijing’s long term strategy is aimed at pushing the U.S. out of Asia altogether and establishing a Chinese supremacy.

2014-2015 period in spite of the two reciprocal state visits by Obama and Xi, marked the most serious downturn in the bilateral relationship for decades. When the media and influential think-tanks make headlines about China’s construction of a so-called “Great Sand Wall” in the South China Sea, senators, congressmen, IR scholars and presidential candidates took the lead in pressuring the executive branch to be more tough on China.

The stands, official discourses and strategic documents of both U.S. and China in that period showed a distinctive non reconcilable paradigm of the most important bilateral relationship for the 21<sup>st</sup> century. President Obama’s February 2015 National Security Strategy was in a stark contrasts and departures from his first NSS in May 2010, which advocated increased engagement and cooperation with China and Russia.<sup>355</sup>

In remarks in April and May 2015 in Hawaii, on occasion of the U.S. Pacific Command (PACOM) command change, and at a symposium hosting military officials from 22 Asia-Pacific countries, the new U.S. Defense Secretary Ashton Carter issued the most forceful warning yet, demanding “an immediate and lasting halt to the land reclamation” by China in the disputed Spratley/Nansha island: “There should be no mistake, the U.S. will fly, sail, and operate wherever international law allows as we do all around the world ... the U.S. intends to remain the principle security power in the Asia-Pacific for decades to come”.<sup>356</sup>

CFR report in early 2015 advised that the U.S. Grand Strategy towards China be revised because America’s efforts to integrate China into the liberal international order have not only failed but also generated new threats to U.S. primacy in Asia. A new Grand Strategy should center on balancing the rise of Chinese power rather than continuing to assist its ascendancy and the 54 pages document prioritizes a policy, in which the U.S. takes even harder line towards China in almost every area of the bilateral relationship.<sup>357</sup>

Even compromise, bargaining, and trade off options were suggested. In February 2015 *Foreign Affairs* article<sup>358</sup>, former National Security Adviser (2005-2009) to George W. Bush, Stephen Hadley and Carnegie Qinghua Center Director Paul Haenle, suggested that U.S. and China should make a compromise: China removes its references to the “core national interests” and in return the U.S. accepts the “New Type of Major Countries` Relations” Xi proposal, in order to build a more constructive and positive relationship.

For President Xi Jinping, China has no time to spare and wait for the crystallization of the real intentions of other major countries, and must seize the limited strategic opportunities to advance and implement its strategic agenda for the 21<sup>st</sup> century. He considers that China’s domestic policy priorities are organically bound up with Beijing’s international relations and

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<sup>354</sup> Kevin Rudd, “How to Break the Mutually Assured Misperception Between the U.S. and China”.

<sup>355</sup> Fact sheet, “The 2015 National Security Strategy”, The White House, Office of the Press Secretary, February 6, 2015, <https://www.whitehouse.gov/the-press-office/2015/02/06/fact-sheet-2015-national-security-strategy>

<sup>356</sup> U.S. Department of Defense, Secretary of Defense Speech as delivered at Joint Base Pearl Harbor-Hickam, Hawaii, May 27, 2015.

<sup>357</sup> Robert D. Blackwill, Ashley J. Tellis, “Revising U.S. Grand Strategy Towards China”, CFR Special Report No 72, April 2015, 54 p.

<sup>358</sup> Stephen Hadley and Paul Haenle, “The Catch-22 in U.S.-China relations: The Future of Bilateral Ties”, *Foreign Affairs*, February 22, 2015.

foreign policy strategy. In Xi's worldview, an increasingly powerful and wealthy China has to play a much more decisive role regionally and globally.

Underpinning the strategic importance of the OBOR project, in October 2013, Xi presided over an unprecedented high level Conference on China's Relations with Neighboring Countries (CCRNC) in the context of China's periphery foreign policy and diplomacy. All CCP Politburo members as well as senior foreign policy, economic and military officials, even a good number of CEOs of state-owned enterprises attended the event. The main message and guidance that Xi laid down was – new pro-active diplomatic principles in dealing with the neighboring countries, based on win-win, honesty, tolerance and patience.

At the Conference on Interaction and Confidence Building Measures in Asia (CICA) in Shanghai, in May 2014, in the presence of Russian President Putin, Xi Jinping called for a new Asian-Pacific security infrastructure that will transcend old conflicting Cold War approaches and thinking, offering an alternative to the U.S. led system in the region - Asian security by and for the Asian countries themselves.

In November 2014, at the Party Work Conference on Foreign Affairs (FAWC), the first in 8 years, Xi stated clearly that China is now engaged in a “struggle for the international system”, emphasizing that the Chinese leadership will not bow down to foreign pressures in defending China's “core national interests”. “Regarding the long term trends of world politics, Chinese leaders have made five assessments: trend towards a multipolar world, trend of globalization;, trend of Peace and Development, trend of reform of the international system, and trend of growing prosperity in the Asia-Pacific region”.<sup>359</sup> Indeed, it was the first time, that a paramount Chinese leader urged and instructed for more pro-active SFA global foreign policy that helps maximize China's economic and security core interests, and will lead in the long run to reforming the global international system, by implementing a “new major country diplomacy with Chinese characteristics”, especially with the USA.

At the background of this “ tipping point “ environment, on May 16 and 17, 2015, State Secretary Kerry made his 5<sup>th</sup> official visit to China, ahead of the forthcoming summer 7<sup>th</sup> bilateral Strategic and Economic Dialogue, and President Xi Jinping's state visit to the USA in September 2015. The visit was of great importance at this critical moment. It showed that both countries would like to manage differences before crisis occurs. As for the construction – land reclamation work in the South China Sea, Beijing made no compromise, and even urged the U.S. not to take sides, and to avoid misunderstanding and miscalculation.

Roughly 10 days after Secretary Kerry's visit, on May 26, state Xinhua news agency announced the publication of the first military White Paper, issued by the State Council's (Government) Information Office entitled “ Chinese Military Strategy “. <sup>360</sup> The document stresses the principles of defense, self-defense and post-emptive strike, and that China will counter attack if attacked – with focus on “winning informational local war”, and international cooperation in “areas crucially related to overseas interests “.

The strategy defines 4 “crucial security domains “: ocean, outer space, cyber space, and nuclear forces, confirming that: “Chinese Navy will defend offshore and open seas waters, cyber security as priority, opposes arming of space while securing its space assets”.

May 25, 2015, state and party run Global Times editorial bluntly warned: “If the US bottom line is that China has to halt its activities, then a US-China war is inevitable in the South China Sea. China will have no choice but to engage in response to US provocations. Beijing waters are its own.”

On June 29, 2015, the formal launch of the China-led Asian Infrastructure Investment Bank (AIIB) took place in Beijing. Some analysts perceived the event as the beginning of the

<sup>359</sup> Chen Dingding, “Xi Jinping's Evolution of Chinese Grand Strategy”, *The Diplomat*, December 2, 2014.

<sup>360</sup> China's Military Strategy, The State Council Information Office of the PR of China, May 2015. [http://chainadaily.com,cn/china/2015-05/26/content\\_20820628.htm](http://chainadaily.com,cn/china/2015-05/26/content_20820628.htm)

Chinese century, as the former U.S. Treasury Secretary Larry Summers has commented earlier in April: “U.S. lost its role as the underwriter of the global economic system”.<sup>361</sup> 57 countries, in spite of U.S. objections and persuasions, joined the new bank as founding members out of which: 4 of the 5 Permanent Members of the UNSC; 18 of the 34 OECD member states; all of the ASEAN; 5 of the 6 Gulf Cooperation Council (GCC) and 6 out of the 8 South Asian countries. China-India-Russia-Germany were the four biggest contributors in the Bank with initial capitalization of \$ 50 billion, raised to \$ 100 billion later. Australia, which Secretary of State John Kerry personally pleaded to stay out, became the first to sign the Articles of Agreement as the fifth contributor with \$ 700 million. By enlisting all major EU economies, and especially the closest U.S. ally, the UK, strategists and commentators claimed that Beijing has dealt a blow to the United States` dominant status in the world and has increased China`s heft in the international arena.

Less than a week before, the two-day 7<sup>th</sup> U.S.-China Strategic and Economic Dialogue (SED) took place in Washington DC (June 23-24, 2015). The Dialogue environment and background was complex and tense, with increased U.S. tone of criticizing Beijing`s island construction in the Nansha/Spratly reefs, monitoring and surveillance operations. U.S. academia, think-tanks and even officials were pushing the executive repeatedly to resume tougher policies towards China, with voices for American support to regime change in Beijing,<sup>362</sup> casting shade over the meeting. Reacting and displaying dissatisfaction with the current state of the play, the level of the Chinese delegation was relatively lowered, headed by Liu Yandong (f), vice-premier, in charge with health, education and sports. At the opening of the session she read a letter from President Xi, expressing his stand that a ‘new model of major-country relations’ is the priority of China`s foreign policy, refuting speculations that China is adjusting its diplomatic strategy to weaken the importance of Sino-American relations at the expense of a Sino-Russian alliance against the U.S. In response, Vice-President Joe Biden remarked, that the U.S. not only does not fear, but wants to see China rise, and that besides the United States and China, the world also depends on the success of that important bilateral relationship. Biden also admitted that “there will be intense competition between the two countries”, as “that is the nature of international relations, and the U.S. welcomes fair and healthy competition”.<sup>363</sup>

Long awaited President Xi first state visit to USA in September 2015, proclaimed as success story by both parties, was actually business as usual, consequent attempt to manage disputes, and address disagreements in a constructive top level manner. China tried to reassure the U.S. that Beijing would not be a revisionist challenger, and clarified its support to the existing UN based international system, rather not using the notion of “world order”. Regarding China`s concerns, Xi requested U.S. to stay away from the issues relating to China`s sovereignty and territorial integrity, to avoid miscalculations and to save the bilateral relationship from potential damage.

In November 2015, the IMF decided to include Chinese national currency, the yuan (RMB) in its Special Drawing Rights (SDR) basket, issue discussed during Xi`s U.S. visit, which was hailed as a milestone in China`s efforts to make the RMB a major global reserve currency, reflecting China`s economic strength and outward strategy.

Two early 2016 events again showed that the stand-off has been heating up on both sides.

In the wake of the DPRK`s fourth nuclear test and the satellite-disguised long-range missile launch, ROK government took measures to beef up its military defense, also requesting the deployment of U.S. Terminal High-Altitude Area Defense (THAAD) system

<sup>361</sup> See <https://www.fortune.com/2015/04/06/larry-summers-u-s-has-lost-its-role-as-underwriter-of-the-global-economic-system>

<sup>362</sup> Joseph A. Bosco, <http://www.thediplomat.com/2015/06/americas-asia-policy-the-new-reality/>

<sup>363</sup> Chen Jimin, “The Strategic and Economic Dialogue Shows the Maturity of China-U.S. Relations, *ChinaUs Focus*, June 30, 2015.

for national protection. Beijing strongly objected to this option and warned the U.S. of possible counter-measures, as the THAAD system would seriously destabilize, and endanger the strategic equilibrium in the region.

After news in February 2016 that China has deployed an advanced surface-to-air battery in the Paracel islands, on February 24, 2016, U.S. Pacific Command Head Adm. Harry Harris told Congress that China is militarizing the South China Sea. China reacted by declaring that deployment of limited and necessary defense facilities on its own territory is granted by international law, and accused Washington of provoking needless conflict, and turning \$ 7.4 trillion Asia-Pacific annual maritime trade into a second Middle East.

U.S.-China strategic rift, and elements of new Chinese Grand Strategy were best and openly explained, and summed up in the speech of the Chairwoman of the Foreign Affairs Committee and spokesperson of the Chinese Parliament (NPC) Fu Ying, at the February 2016 Munich Security Conference, titled: “Putting the Order(s) Shift in Perspective”.<sup>364</sup>

Making a blunt distinction between the U.S.-led world order and the UN international order, she stated that China belongs to and supports the latter, UN based system including the international institutions and norms. Chinese leaders seldom talk about the “world order”, but for the need to “reform and improve the international system to keep up with the times”, using the term “international order”.<sup>365</sup> With globalization going deep and international politics fragmenting this “world order” is being overstretched in providing new and effective solutions to contemporary challenges, as promotion of western values have shown, with chaos occurring and even spilling over. The 2008 global financial crisis has betrayed flaws in the international governance and the newly born G-20 had to take on the reform of global governance system. China has also deep concern over the long-held rejection and pressure by the U.S. and other Western countries on China’s political system.

Representing the New Silk Road Initiative (OBOR) and the AIIB as new international mechanisms and public goods that China is offering, where the existing international order falls short, she pointed out that they are non-exclusive and guided by UN principles.

Commenting on the bleak strategic outlook of the Munich Security Report 2016, and the implied increasing difficulties in managing the differences between China and the U.S, the option of President Xi’s proposed “New Model of Major-Countries Relationship” was given as China’s positive contribution and a way out of the Thucydides Trap.

Trying to sound rather conciliatory with the U.S., the Foreign Affairs Committee Chairwoman, still, warned: “China’s commitment to peaceful development remains on course. We don’t want to be distracted, and still less do we wish to see the external environment that enables China’s peaceful rise reversed. The Chinese are a calm and patient people. But, if threatened or confronting tougher situations, China now has more leverages and means at disposal ...”.<sup>366</sup>

### ***Ideology, Nationalism, China Dream***

As result of the new economic model, which can be both correctly labeled as “socialism with Chinese characteristics” and/or “capitalism with Chinese characteristics”, in the last 25-30 years China gradually emerged as the new world economic miracle with an average annual growth of 9.4%. The model practically mobilized people with the middle class incentives, and lifted hundreds of millions out of poverty, in the context of the `Fuqiang` (wealthy and strong) aspirations of the country. Even the 1989 Tiananmen suppression events

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<sup>364</sup> Fu Ying, “Putting the Order(s) Shift in Perspective”, February 13, 2016, Munich, <https://www.securityconference.de/en/activities/munich-security-conference/msc-2016/speeches/speech-by-fu-ying/>

<sup>365</sup> Ibid.

<sup>366</sup> Ibid.

and political crisis were not able to deviate or radically change the processes and policies of the rise strategy, despite the serious accumulation of economic and social problems, unrest and population discontent.

Not that during the early stage of Deng's era, and the new economic model there was lack of nationalism and patriotic popular pride for the take off, and the first symptoms of 'Fuqiang'<sup>367</sup>. Still, it was the demise of the Soviet bloc and the growing anxieties and uncertainties of Chinese leadership to whether only delivery of economic growth, international prestige and improvement of living standards for substantial portion of the population, can sustain and guarantee its legitimacy and still existing popular support. This became more vitally pressing, especially after the rather controversial 16<sup>th</sup> Party congress decision in November 2002, allowing representatives from the private sector and the entrepreneurial cast to join the CCP, and some claims that the latter may become a majority among the national and local party leaderships.<sup>368</sup> The 3<sup>rd</sup> generation party leadership in the 1990s and early 2000s, headed by Jiang Zemin, had, indeed, gone too far in accommodating and prioritizing Deng's economic model and the markets by boosting the capital attractive coastal regions and widening inequality to unprecedented levels.<sup>369</sup> The gaps between rich and poor, and between (coastal) cities and the rural areas, had grown dramatically and the party's primary existential goal of political and social stability was at serious risk due to labor unrest and peasant revolts.

Given the importance of national unity and stability for the economic domestic and external standing of the regime, the 4<sup>th</sup> generation leadership under Hu Jintao and Wen Jiaobao (2002-2012) made a balanced change of course. Attention and resources were redistributed from the rich and more developed coastal areas to the underdeveloped interior and western regions. Ideologically and socially, Hu's intentions were to go back to 'socialist values', 'putting people first', poverty reduction, redressing imbalances, and fostering a more equal distribution of income and resource balance between the regions.<sup>370</sup>

With the natural passing of the older generations and the emergence of younger, much more ambitious and exigent ones, the past glorious communist revolutionary legitimacy of foreign oppression and domination resistance, and the creation of the PRC was hard to sustain and uphold. Income and other social inequalities were mounting and the party acceded to massive proletarianization of China's workforce by creation of exploitative flexible labor market regime, imposition of user fees, and the privatization of assets formerly held in common. All of that led to the raise and continuing questions about the social-political nature of the system, and threats to the domestic stability, adding to the external pressures already at display with the widely spreading first round of "China threat theory".<sup>371</sup> campaign, and the necessity of Beijing's response with the "China's peaceful rise" concept.

In contrast to the more loosened and relative ideological 'free ride' of the 2<sup>nd</sup> and 3<sup>rd</sup> generation leaders, respectively during the Deng and Jiang eras, Hu and Wen were forced to pay much more attention to social development and social justice, using the ideological allies of nationalism and patriotic pride. Their appeals to the glorious Chinese nation history, recallings of past humiliation, and destructions caused by foreign powers, allowed for some to argue that nationalism had become the only ideology that allowed the Chinese regime to

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<sup>367</sup> See Qiang Song et al., *Zhongguo Keyi Shuo Bu (China Can Say No)*, 1996, Zhonghua gongshang lianhe chubanshe.

<sup>368</sup> Bruce Dickson, *Red Capitalists in China: The Party, Private Entrepreneurs and Prospects for Political Change*, 2003, Cambridge: Cambridge University Press, pp. 26-27.

<sup>369</sup> Willy Wo-Lap Lam, *Chinese Politics in the Hu Jintao Era: New Leaders, New Challenges*, 2006, New York: M.E. Sharpe, pp. 25-26, 144-145.

<sup>370</sup> Ibid.,

<sup>371</sup> Thomas Christensen, Chinese Realpolitik, 1996, *Foreign Affairs*, 75, 5, p. 37., see also, Robert D. Kaplan, "How We Would Fight China", *The Atlantic Monthly*, vol. 295, No. 5, June 2005, pp. 49-64.

prolong its life expectancy.<sup>372</sup> In the present China case, there is a rather mixed and complex continuous phenomenon of top down nationalism created and sponsored by the state, and also a bottom up significant component of Chinese nationalism in the form of relatively popular mass initiatives, as proven by the many nationalist mass demonstrations (predominantly anti-Japanese and anti-Western), the explosion of authentic nationalist forums on the web, and vast amount of nationalistic movies and best-sellers like – *China Can Say No*.

The nationalistic Party and State adagio was overtaken by the current, 5<sup>th</sup> generation, Chinese top leadership, and personally by President Xi Jinping. In late 2014, speaking at the FAWC, Xi spelled out the guidelines of China` new foreign policy vision, as subordinate and underpinning “China`s crucial stage of achieving the great renewal of the Chinese people and the `China Dream`...”.<sup>373</sup> The term China Dream was first used by Xi during a high profile visit to the National Museum of the PRC, in Beijing, on November 29, 2012, where he took all the newly elected Political Bureau Standing Committee (the top Party echelon) members to attend a `national revival` exhibition. Since then, the Chinese Dream brand and logo has officially been linked with the concept of – “the great revival of the Chinese nation”. Deliberately departing from jargon-heavy ideology of the past, Xi is constantly using – “Chinese Dream” to psychologically appeal to the Chinese people, implying the symbol and the parallel with the past success of the “American Dream”, and to emphasize his own determination, ambition and vision for the great power status of China on the global stage, China that can project and protect its “core national interests”.

### ***Economic performances and uncertainties***

The economic aspect of the current third attempt of Deng initiated China rise strategy is also complex, contradictory and apt to uncertainties and potential setbacks. As emphasized, the thesis hypothesis is based on the leading assumption that China continues its economic development and growth, and does not suffer a Soviet – style sudden – death syndrome and spins out of control, which would create an even worse and devastating scenario, hard for the world to deal with. “Realizing the China Dream, according to Xi Jinping, requires a second phase of transformative economic reform. He sees no contradiction in prosecuting deeper market reforms to achieve his national objectives, even if implementing new restrictions on individual political freedom.”<sup>374</sup> In fact he sees this as the essence of the “China model” in contrast to the liberal democratic capitalism of the West which he describes as totally unsuited to China”.<sup>375</sup>

In the last two decades, China`s economy has emerged as a major player in the world economy. China`s high GDP<sup>376</sup> growth has changed the distribution of economic activities across the world. In 2014 China`s value of GDP represented 16.70% of world`s economy, and 17.9% in 2015. In 2010 it has passed Japan to become the second largest global economy. IMF, WB, and some economic analysts, project, it is only a matter of time before it passes the

<sup>372</sup> Jean-Pierre Cabestan, `The Many Facets of Chinese Nationalism`, 2005, *China Perspectives*, 59, p. 26.

<sup>373</sup> Chen Xiangyang, `A Diplomatic Manifesto to Secure the Chinese Dream`, *China-U,S Focus*, December 31, 2014.

<sup>374</sup> The U.S., German, Canadian and Japanese ambassadors to China signed a letter dated January 27, 2016, voicing unease about the counterterrorism law, the draft cyber security law and a draft law on management of foreign non-governmental organizations. The cyber security and counterterrorism laws codify sweeping powers for the government to combat perceived threats, from widespread censorship to heightened control over certain technologies, so even non-violent dissidents could fall over the definition of terrorism. Separate letter with similar concerns was also sent by the EU chief of mission in Beijing.

<sup>375</sup> Kevin Rudd, `How to Break the Mutually Assured Misperception Between the U.S. and China, *China-U.S Focus Digest*, February 5, 2015, p. 3.

<sup>376</sup> Starting from \$ 46. 68 billion in 1962, China`s GDP reached world second in 2015 to - \$ 11, 384.8 trillion, and only for 9 years from 2006 to 2015 increased by more than three fold, from \$ 2, 729.78 to 11, 384.8 trillion – Source: IMF World Economic Outlook (WEO), October 2015, last updated November 10, 2015.

United States.<sup>377</sup> China's exports have lowered consumer prices across the globe, and its imports have major impact on global commodity prices. Becoming also a major hub of intra industry trade, China is turning into the major engine of the world economy growth.

Chinese leadership takes pride, and does not miss opportunities to underline the constructive behavior and adequate Chinese financial and economic measures during the Asian crisis of 1997-1998, and the world financial, turned economic crisis in 2008-2009, that "helped Asia and the world escape total meltdown".

Overall global negative outlook did effect China's performances and the economy of the country began slowing down in the last three years. Reaching 25 year low of only 6.9% GDP growth in 2015, 6.7% in 2016, and 6.9% in 2017, the economy continues struggling to shift from its manufacturing roots and to rebalance towards consumption, services, innovation, and 'green'.

As economic deceleration in China continues to reverberate across global markets, foreign governments, businesses, IR scholars and economists are wondering about China's future growth and what it will mean for the world and the international system.

"There's is no doubt China has been going through a bit of bumpy road as it transitions from a 'capex' (capital expenditure) to an 'opex' (operating expenditure ) economy. That said, although it is going to be bumpy, it does feel to me that China's going to weather this ... over the long-term"<sup>378</sup>

This general, cautious and parsimoniously optimistic assessment echoes the Government Annual Work Report<sup>379</sup> for 2015 of Chinese Premier Li Keqiang at 2016 NPC annual session. At a time when China's economic momentum is sagging, Premier Li announced the government's growth target of between 6.5% and 7% <sup>380</sup> and acknowledged that "downward pressure on the economy is growing", as in 2015 China "encountered many difficulties and challenges in its development". Pointing out why these achievements did not come easily, the report marks the extremely complicated and challenging international environment in 2015: lowest global growth in 6 years, slow down of world trade with plummeting commodity prices, increasing volatility of financial markets, with direct impacts on the Chinese economy, as export and import targets were not reached.

Reiterating that no difficulties will stop China from moving forward, Premier Li pledged that the targets of the 13<sup>th</sup> Five Year Plan (FYP), 2016-2020, will be reached: average 7.8% and minimum 6.5% annual growth, so as to double by 2020 the 2010 per capita income, and reach a 2020 GDP of 90 trillion yuan, over 50 million new urban jobs, and a total work force of 900 million people, of whom over 100 million with higher education, and professionally trained.

Elaborating further on the political aspects of the government activities in 2016, emphasizing the leadership of the CCP over the army, and the concept that the Chinese people are one family, Li concluded: " so as, to make a good start to the decisive stage of finishing building a moderately prosperous society in all respects, and make new contributions to turning China into a modern socialist country that is prosperous, strong, democratic, culturally advanced, and harmonious, and to achieve the Chinese Dream of the rejuvenation of the Chinese people"<sup>381</sup>

<sup>377</sup> Ibid., According to the IMF, based on GDP purchasing power parity (PPP) valuation, in 2014 and 2015 China was the largest economy with respectively \$ 18, 088.1 and \$ 19, 510 trillion compared to the USA - \$ 17, 348,1 and \$ 17, 968,2 trillion.

<sup>378</sup> Statement by Goldman Sachs President and Chief Operation Officer Gary Cohn, [www.goldmansachs.com/our-thinking/pages/china-in-transition.html](http://www.goldmansachs.com/our-thinking/pages/china-in-transition.html)

<sup>379</sup> Usually, the official Chinese version is published with some delay, so I am using the 39 pages version published in the Wall Street Journal on March 5, 2016, see [www.blogs.wsj.com/chinarealtime/2016/03/05/china-npc-2016-the-reports/](http://www.blogs.wsj.com/chinarealtime/2016/03/05/china-npc-2016-the-reports/)

<sup>380</sup> Much lower growth rate than before, which now in official party and government rhetoric is usually referred to as "the new normal".

<sup>381</sup> All the data, discussion, my comments and quotations are based on the published report in the WSJ.

In essence, the current stage of the China rise strategy is an explicit example of the strategic shift and adjustment that Deng Xiaoping made from the extremes of the Maoist domestic and external policies to the classical Zhongyong dialectics of following the middle course of “continuity through change”. His theory of the “primary stage” was adopted at the 12<sup>th</sup> Party Congress in 1982, including the initial theorizing concept of “constructing socialism with Chinese characteristics”. It also meant justifying introduction of private ownership in the socialist economy, indicating that China should search its own model of modernization, as imitating other country’s experience would not succeed. The theory was gradually updated and at the Sixth Plenary Session in 1986 Deng stated: “Our implementation of reform and open policy need to take in the useful elements from the capitalist system as a supplement to the development of our social productivity”.<sup>382</sup> The theory of the “primary stage” was thoroughly developed at the 13<sup>th</sup> Congress in 1987<sup>383</sup>, attempting to “answer the fundamental question of how to build a modern socialist country in China, the biggest developing nation in the world. This was the problem to which Mao, the leading founder of the People’s Republic, failed to find the right answer”.<sup>384</sup>

As finally emphasized in Li Keqiang’s 2016 annual report, China of today is in its “decisive stage of finishing building a moderate prosperous socialist society” by 2020.

***[Re] emergence of China on the world stage in the 21<sup>st</sup> century  
High Church of Realpolitik***

In the continuing post-Cold War and new Millennium defense of Realism and war on Liberal idealism, in October 2004, in his E.H.Carr Memorial lecture at the University of Wales, Aberystwyth,<sup>385</sup> titled “E.H. Carr vs. Idealism: The Battle Rages On”, John Mearsheimer made firmly and convincingly his position that “states continue to worry a great deal about the balance of power, which drives and shapes much of what they do, and in short, power politics are alive and well in the world around us”.<sup>386</sup> For Mearsheimer, Realism will disappear into the night only if there is a revolutionary change in the structure of the international system, and that, he believes, is not likely to happen any time soon, if ever.

Professor Mearsheimer is notably one of the most frequently invited and visiting China U.S. IR scholar, where in his words – “he is feeling very much at home in the ‘China realist world’. He admits, he is met with understanding in academic debates, and in his meetings and discourses with Chinese counterparts and officials”, even when he argues and promotes his offensive realist theory that “China cannot rise peacefully” to Chinese students’ audiences,<sup>387</sup> and foreign public.

“China cannot rise and reemerge peacefully” theory, as discussed above, has many opponents and counterarguments. There are also relatively more optimistic voices about the future relationship between China and the United states. Especially forceful claim among Chinese academia and top officials is that the country can reemerge peacefully because it has a deeply rooted Confucian culture and peaceful political traditions. Sino-centric theory, Confucianism, Yan Xuetong argues, not only promote moral virtue and harmony but also excludes aggression towards neighboring countries, with emphasis on self-defense, except for

<sup>382</sup> Deng Xiaoping speech at the Sixth Session of the Twelfth Party Central Committee ( Zai dang de shierjie liuzhong quanhui shang de jianghua), September 28, 1986.

<sup>383</sup> Xiao Yan and Wang Ping (ed.), *Ershi nian lilun fengyun (Twenty years` Theory Development)*, 1998, Shenyang: Liaoning People’s Publishing House, pp. 328-331.

<sup>384</sup> *Beijing Review*, Vol. 35, No. 41, October 12-18, 1992, p. 17

<sup>385</sup> John J. Mearsheimer, ‘E.H. Carr vs. Idealism: The Battle Rages On’, 2005, *International Relations*, Vol. 19(2), London, Thousand Oaks, CA and New Delhi: SAGE Publications, pp. 139-152.

<sup>386</sup> *Ibid.*, p. 140.

<sup>387</sup> November 2-3, 2013, at Qinghua University in Beijing, there were public sessions and debate conference, titled “Beyond Geopolitics: Building a New Framework for Sino-American Relations” during which Mearsheimer and the Chinese ‘moral humane realist’ prof. Yan Xuetong debated their theories regarding China’s rise and the future China-U.S relationship.

`just wars`. China has historically acted in accordance with the Confucian legacy, in sharp contrast to the European great powers, Japan's, or the United States's offensive wars based on the dictates of realism. China, he claims, has behaved much more benignly towards other states: eschewing aggression, and pursuing "humane authority" instead of "hegemonic authority".<sup>388</sup> This perspective is much appreciated as an alternative to the principle IR theories, which are defied as U.S and Eurocentric and thus oblivious to China's exceptional cultural and political tradition. "The rise of China will make the world more civilized ... The Chinese Confucian concept of `benevolent governance` ... rather than hegemonic governance ... will influence international norms and make international society more civilized".<sup>389</sup> Other scholars, supporters of the `peaceful rise` narrative, claim, "Chinese culture advocates moral strength instead of military power, worships kingly rule instead of hegemonic rule, and emphasize persuasion by virtue".<sup>390</sup> They argue, too, that China has a genuine desire for peace in her rise period and may achieve it using the sources of soft power in the context of six pillars: cultural attractiveness, political values, development model, international institutions, international image and economic temptation, via the channels of formal, economic and cultural diplomacies.<sup>391</sup>

In his 2014 updated final chapter "Can China Rise Peacefully?" of "The Tragedy of Great Power Politics" Mearsheimer emphasizes that Confucian rhetoric can be used to justify aggressive as well as defensive behavior, and like Liberalism in the U.S., Confucianism makes it easy for Chinese leaders to speak like idealists and act like realists.

In the roots of the Chinese strategy for rise and reemergence, we can trace the classical Zhongyong dialectics of continuity through change and search for the middle course. Instead of leaning only to the traditional leading source of Chinese thought and insights, Confucianism, China's rise architects have also drawn on its rival Legalist school in an attempt to maximize their combined added value. Where Confucianism propounds "benevolence, ritual propriety, social hierarchy and harmony" as the only legitimate and effective basis for good government, Legalism stresses the need "to enrich the state and strengthen its military power. The concept and term of `Fuqiang` (Wealth and Strength) is actually an abbreviation of "fu[guo] – rich country, and qiang[bing] – strong army", representing the Realpolitiker's understanding for policy success or failure. Further, the Chinese leaderships since Deng Xiaoping believed that in order to reassert China's rise and reemergence in a world dominated by wealth and power relations, China must strengthen itself in all possible ways and embrace *Realpolitik*, meaning also in part, learning from `enemies` and appropriating their winning ways, or `killer apps`. They have also understood for decades that, during this period of learning and building up forces, China must defer to the stronger players, not inciting too much suspicion and evading fatal for the rise strategy deterrence and containment. For them, any success of `Fuqiang`, naturally leads to geopolitical reemergence, and furnishes the resources for a robust military facilitated global influence.

When in the 1990s first positive results of the reform and opening up began to appear, U.S. policies towards China were premised on the idea that increasing Chinese wealth and international stature would lead naturally to domestic political liberalization. In the late 1990s, Premier Zhu Rongji was the first visit of every Western foreign policy maker. He was the face of `new China` - a boisterous, confident, English-speaking technocrat who understood free-market language and was beyond reproach as a reformer. Larry Summers even viewed him as

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<sup>388</sup> See Yan Xuetong, "Ancient Chinese Thought, Modern Chinese Power", 2010. Princeton NJ: Princeton University Press.

<sup>389</sup> Ibid., p. 17.

<sup>390</sup> See Xin Li and Verner Worm, "Building China's Soft Power for a Peaceful Rise", 2011, *Journal of Chinese Political Science*, 16(1), pp. 69-89.

<sup>391</sup> Ibid.

China's answer to Fed chairman Paul Volcker who pushed harsh monetary policies to defeat U.S. inflation, while Zhu tossed more than 40 million people out of work to trim back the political and ideological influence of state-owned enterprises. Many scholars and analysts now wonder how Zhu let many Western interlocutors deceive themselves into thinking he was a true free-marketier, when in fact he had no intention of abandoning 'socialism with Chinese characteristics'.

Since the new Millennium, Premier Zhu saw China's 2001 entry into World Trade Organization (WTO) as a kind of a Trojan horse. Joining meant opening the economy and financial industry to foreign investment and to a certain extent, to international conventions of trade, intellectual property and environmental management. Likewise, Zhu did not view the internalization of China's currency as a tool of financial hegemony but as a means for China to begin forcing changes in the existing Western-led world system, which is what we observe up to present days, culminating with the acceptance of the Chinese currency, the yuan (RMB) in the IMF – SDR basket as a world reserve currency at the end of 2015, with effect – starting from October 1, 2016, and March 2018 initial Chinese issuance of RMB oil futures contracts.

In 2003 Premier Wen Jiabao and President Hu Jintao, feared modernization and liberalization would threaten the existing and relatively well functioning model of economic growth, unleash social unrest, and most importantly undermine the political system and the leading role of the CCP. Central structures and state-owned enterprises gradually reasserted their dominance over the Chinese economy and domestic politics.

Inequality and social unrest were seen as something that had been rising, and the best that can be said about them is that in their final three years in power, the country stabilized inequality though it did not reign in.

In the wake of the "China Threat Theory" world diffusion and Beijing's counter "China's Peaceful Rise/Development" campaign in 2003-2005, both Hu and Wen tried to optimize Confucius legacy in China's external relations. In 2003 Premier Wen told Harvard audience, "Peace loving has been a time-honored quality of the Chinese nation", and one year later, at the Boao Forum President Hu declared, "China since ancient times has had a fine tradition of sincerity, benevolence, kindness and trust towards its neighbors", clearly implying that China, unlike other great powers in history, has acted like a model citizen on the world stage, as friendly and cooperative atmosphere of the successful Beijing Olympics in 2008 demonstrated.

In the long term it may well be viewed that the Hu and Wen ten years formal top state and government leadership was a success. It made China a truly wealthy and significant country, and managed to build up domestic national esteem and importance. The CCP political elite remained unified, President Hu was able to create consensus over this period and to maintain the Party's privileged leading role in society. Economic growth was indisputable and visible. In 2012, China's economy was four times larger than it was in 2002, up on almost every major indicator, becoming an economic superpower, whatever its geopolitical status, and some of the realpolitik miscalculations that were made.

Perhaps the single achievement that President Hu really expanded personal political capital on was the dramatic, in spite of the anti-secession law, improvement in the relations with Taiwan on the re-election of the Nationalist Party in 2008. The symbolic importance of signing of a major quasi-free trade deal in the form of the Economic Cooperation Framework Agreement in 2009 was immense, contributing much more to the relative normalization of the strangled relationship than previous top Chinese leaders.

Hu-Wen pragmatically elevated the `Peaceful Rise/Development` concept to the core of the `New Thinking` about international relations and foreign policy under the 4<sup>th</sup> Generation Leadership.<sup>392</sup>

2008 – 2010 was the period when China finally realized that the U.S. is not ready, and probably will never accept parity with Beijing as an equal in the bilateral relationship, letting it have more say and its own sphere of influence in East Asia and world recognition. As former U.S. Treasury Secretary Paulson comments in his book<sup>393</sup>, “We would be naïve to assume that the Chinese political system will become just like ours or that Beijing will accept all aspects of the current global system, which for well over a half-century has been one in which America has played the leading role. But we should equally guard against demonizing China’s leaders as intent on world domination. We should rather, think of them, as pragmatic men striving to keep their own organization on top domestically, to return their country to pre-eminence regionally and to gain a seat at the table globally”.

In the immediate aftermath of the 2008 global financial crisis, President Bush, and later Obama, talked the urgent liquidity problems over the phone with Chinese President Hu. They personally sent their Treasury Secretaries Paulson and Geithner, respectively in 2008 and 2009, to Beijing, to get personal high level Chinese assurances that Beijing will continue the purchasing of U.S. Treasury bonds and securities. Chinese leadership was thrilled and enthusiastic, believing that interdependence really works in its favor, and that the moment of recognition of China’s equal status in the bilateral relationship has arrived.<sup>394</sup> Then came the U.S. QEs, the Pivot/Rebalancing to the Asia-Pacific, and China’s response by shifting from its skillful geopolitical maneuvering, pragmatic KLP/SFA mix, to more assertive policies and concrete Realpolitik actions. As the State and Party power transition year of 2012 was approaching, it was becoming more and more evident that the next Chinese paramount leader will be Xi Jinping. In 2008 he was promoted to the post of Vice President and in 2010 – as a Vice Chairman of the Central Military Commission. His elevation to these power positions clearly showed that he personally has participated, and has been very active and directly engaged in the 2011-2012 molding of the new selective, flexible and calculative, “continuity through changes”, more assertive/SFA Chinese international relations and foreign policy strategy, especially towards some of its regional neighbors and in the bilateral China – U.S. relationship.

### *The `strategic distrust` roots of Chinese selective Realpolitik*

At U.S. Vice President Biden’s invitation, Vice President Xi Jinping visited the United States in February 2012. The invitation was extended not only to feel the pulse of the incoming at the end of the year top Chinese leader, but also symbolically coincided with the 40<sup>th</sup> anniversary of U.S. Nixon opening to China in 1972. Top U.S. officials gave Xi a respectful and warm welcome, and he met with President Barack Obama, Vice President Joe Biden, Secretary of State Hillary Clinton, Defense, Treasury and Agricultural Secretaries, members of Congress, military and business leaders, even with some local leaders.<sup>395</sup>

The U.S. Democratic administration demonstrated it attaches significant importance to Sino-U.S. relations and indicated that it is in a search of a bilateral “cooperation paradigm”.

<sup>392</sup> See Guo Sujian, (ed.), “China’s Peaceful Rise in the 21<sup>st</sup> Century: Domestic and International Conditions”, 2006, Aldershot, UK: Ashgate Publishers.

<sup>393</sup> Henry M. Paulson Jr., “Dealing with China: An Insider Unmasks the New Economic Superpower”, 2015, New York: Twelve, Hachette Book Group, pp. 353-355.

<sup>394</sup> See Kishore Mahbubani, “The Great Convergence: Asia, the West, and the Logic of One World”, 2013, New York: Public Affairs.

<sup>395</sup> The White House Office of the Press Secretary, “White House Briefing on Visit of Chinese Vice President Xi”, **Washington File**, February 13, 2012, pp. 11-15. See also Merle Davia Kellerhals Jr., “Biden and China’s Xi to Hold Crucial Talks”, *Washington File*, February 13, 2012, pp. 9-11.

Xi, stepping on 2011 China defined and announced “core national interests”, invoked the sovereignty and territorial integrity principles implying the correlation between the existence of stable Sino-U.S. “cooperation paradigm” with difficulties for other countries to push their artificial pretense and cases or take reckless actions in disputed areas, and vice-versa.<sup>396</sup> For Xi, China could and should do many things, such as further “binding” Sino-U.S. economic and trade relations, continuing to strengthen strategic mutual trust, seeking solution to “trust deficit” issues, actively promoting public diplomacy and increasing bilateral cultural exchanges, and others.<sup>397</sup>

Indeed, the question of mutual distrust of long-term intentions, or “strategic distrust”, was continuing to be a central priority concern and impediment in U.S.-China relations in 2012, even more so in present days. Vice President Xi openly focused on this reality in giving the issue first place in his review of key problems in China-U.S. relations during his major policy address in Washington DC on February 15, 2012. It was during this trip to the United States that he first tried to probe, and to implant the seeds of his concept for a “New model of major countries relations” between China and the U.S., and ever since misses no opportunity to raise it again and again when meeting Obama or other U.S. senior officials.

In 2012, both Beijing and Washington were seeking to build a constructive partnership for the long run. U.S.-China relations were, more over mature. The two sides understood well each others` position on all major issues and dealt with each other extensively. The highest level leaders met relatively frequently, and there were more than 60 regular government-to-government dialogues between ministries and agencies in the two governments each year.

Since the 1970s and 1980s quasi-rapprochement, the PRC leadership has consistently demonstrated desire to “increase trust, reduce entanglements, develop cooperation, and refrain from confrontation” in U.S.-China relations, as a prerequisite for the country`s success in reform and opening up. In Beijing`s view, it is U.S. policies, attitude, and misperceptions that cause the growth of existing “strategic distrust”, which is deeply rooted in history. Four Chinese assessments based on recent structural changes in the international system contribute to this distrust: perceptions in Beijing that since 2008 the PRC has risen to a first-class world power, relative decline of U.S., despite its ongoing great strength, continuing challenge to Western domination by emerging powers like Russia, India, Brazil and South Africa. China`s development model of a strong political leadership, effectively managing social and economic problems, for Beijing, provides an alternative to Western liberal democracy and market economies for other developing countries. Based on these factors, Beijing firmly believes that the U.S. ultimate goal is to maintain its global hegemony, to constrain or even upset China`s rise.<sup>398</sup> American democracy promotion agenda is understood by China as designed to sabotage the CCP`s leadership, to divide and weaken China, and has been met by building increasingly powerful and sophisticated political and technological devices to safeguard domestic stability.

For Beijing, continuing arms sales to Taiwan despite vastly improved cross-Strait relations, and close-in U.S. surveillance activities off China`s coasts – contribute to PRC`s deepening distrust of Washington`s strategic intentions in the national security arena. U.S. rebalancing towards Asia and strengthening of its alliance and partnership structures further contributes to this assessment of security threat. China also views the U.S. as taking advantage of the dollar as a world reserve currency and by adopting various protectionist measures, and ‘trade wars’ seeks to disadvantage the PRC economically and financially.<sup>399</sup>

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<sup>396</sup> Philip Stephens, “The Danger in Xi`s Rebuff to Obama”, *Financial Times*, March 2, 2012

<sup>397</sup> Ibid., see also, Geoff Dyer, “A Less Pacific Ocean”, *Financial Times*, February 13, 2012.

<sup>398</sup> See Wang Jisi, in ‘Addressing U.S.-China Strategic Distrust’, *John L. Thornton China Center Monograph Series*, Number 4, March 2012, Brookings Institution Press, pp. vi – viii.

<sup>399</sup> Ibid., pp. vii-viii

In 2012, strategic distrust of China was not the then dominant view of national decision makers in the U.S. government, who believed it is feasible and desirable to develop basically constructive long-term relationship with a rising China. At the same time, U.S. decision makers also saw China's future as very undetermined, and there were related worries and debates about the most effective approach for promoting desired Chinese behavior. The following underlying concerns of American leaders help understanding the U.S. "strategic distrust": Various U.S. and other sources indicated that the Chinese side thinks in terms of a long-term zero-sum game, which requires that America prepare to defend its interests against potential Chinese efforts to undermine them as China grows stronger. It was considered that PLA (People's Liberation Army of PRC) aspirations for dominance in the near seas potentially challenge American freedom of access and action in international waters where such freedom is deemed vital to meet American commitments to friends and allies, to maintain U.S. credibility. The Pentagon saw the PLA apparently prioritizing development of weapon systems particularly targeted at American platforms and worried about lack of transparency in China's military plans and doctrines. The scope and persistence of China-based cyber attacks against U.S. government, military, and private sector targets has alarmed American officials in charge of cyber efforts and raised very serious concerns about Chinese norms and intentions. U.S. intelligence officials also saw increased evidence of zero-sum thinking in Beijing regarding the U.S. and increased Chinese espionage efforts in the United States.<sup>400</sup>

Economically, the United States worried that China's mercantilist policies will harm the chances of American economic recovery after the 2008 crisis. China's one-party governing system continued to induce distrust in various ways: less stable and more prone to blaming others for its domestic discontent, and less transparent, which makes it more difficult to judge China's sincerity and intentions. Violations of civil rights made it more difficult for the U.S. to take actions targeted at building greater mutual trust.

U.S. no longer regarded China as a developing country, so it should stick to global rules, take some responsibility for international public goods that major powers should assume, and Washington worries when Beijing declines to do so. Given the U.S. assessment that Asia is the most important region in the world for future American interests, American leaders were especially sensitive to Chinese actions in 2009-2012 that suggested the PRC may be assuming a more hegemonic approach to that vital region.<sup>401</sup>

Back in 2012, Kenneth Lieberthal and Wang Jisi, both very influential and closely related to U.S. and Chinese leaderships, respectively,<sup>402</sup> made common conclusions in their analysis, that there are three fundamental sources of growing strategic distrust between the United States and China: "different political traditions, value systems and cultures, insufficient comprehension of each others' policymaking processes and relations between government and other entities, and a perception of narrowing gap in power between the United States and China".<sup>403</sup> For both strategists, U.S. and Chinese leaderships should very carefully consider how to manage bilateral relations so as to maximize cooperation and

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<sup>400</sup> See Kenneth G. Lieberthal in 'Addressing U.S.-China Strategic Distrust', *John L. Thornton China Center Monograph Series*, Number 4, March 2012, Brookings Institution Press, pp. ix – x.

<sup>401</sup> *Ibid.*, p. x

<sup>402</sup> Kenneth G. Lieberthal was Special Assistant to the U.S. President for National Security Affairs and Senior Director for Asia at the U.S. National Security Council during the Clinton Administration, also closely working with the Obama Administration, specialized on security and intelligence matters and one of the top U.S. strategists on China; Wang Jisi – Director of the Center for International and Strategic Studies and Dean of the School for International Studies at Peking University, one of China's top strategists on USA matters and longstanding Advisor at the MFA of the PRC.

<sup>403</sup> 'Addressing U.S.-China Strategic Distrust', *John L. Thornton China Center Monograph Series*, Number 4, March 2012, Brookings Institution Press, pp. x – xi.

minimize the tensions and conflict, despite each side's deep distrust of the long-term intentions of the other.<sup>404</sup>

Fast forward 2016, the open mutual U.S.- China strategic distrust of the long-term intentions of the other, since 2012, not only did not erode but became even more deeply rooted.

In November 2012 President Obama was reelected for another, and last, four-year term. Also in November 2012, 18<sup>th</sup> Party Congress marked a key power transition with the election of Xi Jinping. In March 2013 Xi assumed also the top position of President of the PRC. Well in advance, Obama's China strategists began organizing the informal 'shirt-sleeves' Obama-Xi summit at Sunnyland, California for June 2013, aimed to review the state of the bilateral relations, engulfed within the 'strategic distrust', and assess President Xi's plans and vision for their future perspectives.

The June summit, with total seven hours Obama-Xi discussions, once again proved that the U.S. relations are defined by multi-vector strategic competition. The U.S. steadfastly step-sided and declined China's consistent push for a "new type/model of major countries relations" signifying Beijing's quest for equality and parity. It came clear that besides the strategic mistrust issue, the biggest problem additionally burdening the Sino-U.S. relations will be – power sharing. More importantly, on all security issues that actually concern China's 'core national interests' and reflect Beijing's selective realpolitik, such as the China-Japan dispute, South China Sea disputes and Taiwan weapon sales, the U.S. made no changes in its positions.

The state of the bilateral play did not change substantially following the reciprocal state visits Obama and Xi exchanged, respectively, in 2014 and 2015.

"Americans will need to stop asking questions about who is number one, and to entertain narratives about dominance, and start asking questions about how various tools of power can be combined into smart strategies for power *with* rather than merely *over* other nations".<sup>405</sup> Along with this equally valid for both Washington and Beijing vision, in 2011, Joseph Nye defined the hubris in the rising power and the fear in the status-quo power as a big but not existential problem of the 21<sup>st</sup> century, compared to other much more important and expected survival issues and global vital challenges.

For China, still, the primary goal of the U.S. in world affairs is to preserve its status as the sole superpower as long as possible, with strategic design and efforts to weaken any actual or potential peer competitor. China's surging power is considered as the greatest challenge to U.S. hegemony and the most likely realpolitik adversary. In Chinese interpretations, in spite of – or because of – Washington's inability to shape and manage China by wielding its own power, the Obama administration was taking advantage of China's territorial disputes with Japan, the Philippines and some other neighbors by strengthening military and security ties with them in coalition effort to encircle China. U.S. 'Pivot to Asia-Pacific', and now 'Indo-Pacific – Quad' strategies had further confirmed these plans and intentions.

Serious, additional Chinese concern was the Trans-Pacific-Partnership (TTP) – "a cornerstone of the Obama administration's economic, investment and financial policies in the Asia-Pacific" and "an U.S.-led ambitious, comprehensive and high-standard agreement" to be ratified by 12 countries, with vague and not strong interest in China's participation. Following initial January 2017 Trump withdrawal from TPP, currently there are options for U.S. return to the agreement - 'at Washington's terms'.

Together with the Transatlantic Trade and Investment Partnership (TTIP) and the Trade in Services Agreement (TISA) initiated by the U.S., both seen in Beijing as

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<sup>404</sup> Ibid., p. xiii.

<sup>405</sup> Joseph S. Nye Jr., "The Future of Power" 2011, New York: Public Affairs, xvii.

Washington's attempts and strategic maneuvering to hamper China's economic development and international presence, and for maintaining USA's economic supremacy.

The most challenging and sensitive U.S. threat that the Chinese leadership is aware of and countering, are the alleged 'liberal-democratization' moves and schemes of political and ideological penetration into the Chinese society, to subvert the government and weaken the leading role of the Communist Party. For most of Chinese strategists and the public at large the so called Chinese "assertive" and aggressive" recent behavior is rather too "timid" and "submissive", if compared to U.S. policies versus China. Both China and the United States are entering into their own respective '*Realpolitik*' moments, seeing each other as being both assertive and defensive in a selective strategic, calculative manner. For Beijing, the only reasonable and politically win-win way out of escaping the "warfare trap" is the construction and faithful implementation of the "New Model of Major-Countries Relations" proposed by Xi. It is in China's best interest to see a vibrant U.S. economy stimulated by technological innovations, and a benign, careful use of U.S. power in the international system. In turn, an orderly yet changing China, under a strong, reform-minded leadership, will make greater contributions to the international order in favor of the United States.<sup>406</sup>

American strategists and analysts consider that Washington and Beijing are moving into a period in which in almost every sector – cyber, business attitudes and activities, and primarily military, they are going to rub up against each other more and more as China goes out and confronts the United States. The real problem is that the two countries have not established, yet, set of rules of the road or crisis mechanisms to regulate inadvertence or threat miscalculations. At present, in contrast to the past, U.S. has to use a very different set of strategies in trying to shape the world view and the actions of the fastest rising power in world history. It will be very difficult for the U.S. to keep right track of a relationship that has intense areas of competition, but also areas of some overlapping shared interests, that might be described as cooperation. The U.S. does not have much history as a nation at these mixed relationships, but rather black and white, friend-foe experience, like the one with the USSR.<sup>407</sup>

The complexities of a relation like the one U.S. is going to have with China will require characteristics not very often used when describing USA foreign policy, like: deftness, subtlety, nuance, sophistication, and much more preparation and capabilities, for decades and decades.

During President Xi September 2015 state visit in the U.S. both sides compromised and achieved some positive results: cyber security agreement, though only on cyber economic espionage, and not on mutual non-targeting of critical kinetic infrastructure, Chinese acknowledgement of the benefits of the Bretton Woods system, and not short-circuiting it with the AIIB, U.S. not blocking China's greater voice in the IMF, voting quotas changes and inclusion of the RMB in the SDR basket – which, with some U.S. caveats, took place a couple of months later.

Not a single word regarding the topic of maritime security was mentioned in the White House-released Fact Sheet about the visit, meaning that Xi has not compromised on the Chinese "core national interests" in the South China Sea. He also did not give ground on human rights abuses, the foreign NGO law, and other concerning the domestic stability and national security issues. Regarding the U.S.-led TTP, some analysis showed that China will try to transcend it and move straight to a more encompassing Free Trade Area of the Asia-Pacific, making it thus not a major topic in the discussions.

Washington feels most uncomfortable with the broad specter of the U.S – China interdependence, and as bitter as it goes, the two countries have to learn to live together and

<sup>406</sup> See Wang Jisi, 'The U.S. – China Codependency', April 8, 2014, *The American Interest*, Vol. 9, No. 5.

<sup>407</sup> Transcript, 'Assessing U.S.- China Relations After the Obama-Xi Summit, October 19, 2015, *Schieffer Series*, Center for Strategic and International Studies, p. 10. [http://www.csis.org/files/attachments/151020\\_schieffer\\_obama-xi\\_trans.pdf](http://www.csis.org/files/attachments/151020_schieffer_obama-xi_trans.pdf)

find areas of constructive cooperation, including, difficult as it is, a Bilateral Investment Treaty (BIT). In case of success of the Chinese next phase of economic growth, in spite of the current slow down, and in case of a healthy U.S. – China relationship, American goods and services` participation, and U.S. business role in the surging Chinese middle-class market should be non-negotiable.<sup>408</sup>

Against the background of contradictory, ambiguous, sporadically conflicting and China assertive international environment, beginning with 2010-2011, the formation and crystallization of the Chinese new Grand Strategy gradually, and based on the `continuity through changes` dialectics, took its current shape and practical implementation.

***Chinese elite and the 18<sup>th</sup> Party Congress, Leadership Transition,  
13<sup>th</sup> Five Year Plan and the 19<sup>th</sup> Party Congress***

China`s “assertiveness debate”, or the top leadership and elite discussions over how pro-actively China should project its increasing power and influence on the global, but more so, on its regional stage, to defend what it officially coined in 2010 and 2011 as its “core national interests”(CNI), took place intermittently, but more vigorously in the aftermath of the global financial crisis. Then-President Hu Jintao consensually tried to stove the debates with the officially and unanimously accepted Party/Government line of “Peaceful Rise/Development”(PR/D), reminding the proactive hardliners that the CCP is faithful to Deng Xiaoping`s legacy and strategic guidance for a KLP foreign policy. The peaks of the Chinese assertiveness during 2009 and into 2010, for which Beijing claimed of being provoked by foreign hostile forces, were tactical probes and “legitimate counteractions”. Beijing sought to feel the pulse and readiness for push backs from its regional neighbors and U.S. after its cooperative and `responsible stakeholder`s` behavior in overcoming the immediate meltdown of the 2008 crisis. The “assertiveness mode” would also serve as an international geopolitical barometer for the forthcoming new Party leadership, and also as a showcase of Chinese potential realpolitik reactions to the announced U.S. strategic pivot/rebalancing to Asia-Pacific, along with the rhetoric of “mutual strategic distrust”.

Since Deng launched the KLP reform-and-opening strategy in 1978-79, Beijing`s paramount strategy priority has been concentrated on rapid peaceful economic development and domestic modernization, to which external political and economic ties, including with its regional neighbors, were totally subordinated. Foreign policy was de-revolutionized.<sup>409</sup>

The urgent focus on domestic development, its direct and indirect external support by attracting foreign direct investments (FDI), trade and favorable external environment, brought the initial positive growth outcomes. That led to more proactive economic diplomacy and Beijing`s financial solidarity behavior during the Asian financial crisis in 1997-98. The pattern was used again after the Great Recession of 2008, to demonstrate benevolence and goodwill to its neighbors, and to check as much as possible the ongoing diffusion of the “China Threat Theory”. The latter was politically complemented by two white papers released by the Ministry of Foreign Affairs in 2005 and 2011 on “China`s Peaceful Development”,<sup>410</sup> a pillar concept that was to play a major role in the future shaping of Beijing`s Grand Strategy.

U.S. sparked 2008 financial crisis and Europe`s sovereign debt crisis to a certain extent discredited their status as role models. The unraveling of the Great Recession exposed

<sup>408</sup> Ibid., pp. 14, 18, 20, 23.

<sup>409</sup> See Evan S. Medeiros and M.Taylor Fravel, “China`s New Diplomacy”, *Foreign Affairs*, 82, No. 6, November/December 2003.

<sup>410</sup> PRC,MinistryofForeignAffairs,“China`s2011PeacefulDevelopmentWhitePaper”,2011,http://www.news.xinhuanet.com/english2010/china/2011-09/06/c\_131102329.htm

their imbalances and vulnerabilities, as it did the same for China, where the initial shock was followed by a rude awakening.<sup>411</sup>

Both domestic and external factors were pressing hard for strategic adjustments and changes as Beijing was preparing for the 2012 Party Congress and top leadership and elite transition. There was deep conviction for the necessity of power consolidation and unity in the face of growing complex challenges confronting the PRC.

### *State of the Chinese Elite*

“Any political regime, in the first place, represents the result of the actions of the elite. The mechanism of interaction between different elite groups, of the communication with the citizenry of the country, defines the character of the political system and her stability. The differences in the elite’s interaction mechanism, the level of their internal homogeneity and structure is defined by two main parameters.

First, the level of the structure integration, which shows how deep the regional elite groups are inscribed in the central elite’s relationships structures, and also how stable is the system of vertical intercommunication within the elite.

The second parameter represents the degree of consolidation of the elite, which reflects the level up to which members of the elite are ready to support a common set of values and goals, and if they are apt to follow a defined code of conduct.”<sup>412</sup>

Based on these characteristics we can distinguish three main types of elite:

First type: Fragmented elite, i.e. – ones that have not reached a compromise regarding the common set of values and the code of conduct. What is essential for this type are the frequent conflicts, permanent fights for redistribution of power-resources and as a consequence – the political regime supported by this type of elite is rather fluid, having a low level of efficiency.

Second type: elite, united on the platform of an ideology. This type is marked by high level of centralization and tight integration, based on a single set of values, which define the dominant ideology. Not all members of the elite should share these values, but are obliged to declaratively uphold them. Usually, in this case the main power prerogatives are concentrated into a narrow group of the political elite members.

Third type: Agreed/Coordinated elite. They function in accordance with a single code of conduct, formulated on the basis of the system of values, to which all elite group agree to adhere to. The value basis of their activities is not openly declared, as is the case with the ideologically united elite, yet there are undeclared rules for coexistence in the political system of the country, limits and principles, whose violations are not encouraged.

The existence of consensus does not mean that there are no contradictions and conflicts among the different elite groups, or intergroup’s disagreements, but all of these processes flow within the established system.

The elite themselves are interested in the support of such balanced self regulated system and seek to exclude the elements that are destroying the settled order.

Based on historical experience there are several basic ways for the unification of national elite. First, the integration of elite groups having contradictory goals and values, may be the result of war, external or civil, or revolutions that necessitates the unification of all forces for the recovery and the stability of the country. Unifying ideas and ideals of national proportions is the second factor, which stimulates the compromise platform for the cooperation between rival elite groups for reaching the common goals. Favorable economic conditions in the country also creates environment for the gradual overlapping of the elite

<sup>411</sup> See Stephen Roach, “*Unbalanced: The Codependency of America and China*”, 2014, New Haven and London: Yale University Press.

<sup>412</sup> M.Burton and J.Higley, “*Elite Foundations of Liberal Democracies*”, 2006, Lanham: Rowman and Littlefield Publishers, pp. 3-8.

groups, observed in the absence of strong external impulses and by inter elite special arrangements.<sup>413</sup>

According to this classification, we can identify the Chinese elite as predominantly – ideological elite, with still marginal component of agreed/coordinated elite in the face of the newly emerging business cast. On the other hand, in the American case, all three types of elite are being actively represented. In spite of the domestic fights and partisan struggle<sup>414</sup>, they are pragmatically united under the banner of global political, economic, financial and military preeminence, and mostly – by the promotion of liberal democracy. Some current deviations in the light of President Trump’s ‘America first’ offshore balancing and ‘economic nationalism’ announced strategic policies, are drawing ire, internal and external accusations that he is taking the global liberal order on the ground.

Besides being highly centralized, horizontally and vertically integrated, the current Chinese elite is also ambitious, strongly unified and motivated for reaching the goals of the nation’s Rejuvenation, the decades long accumulated political legacy and the Chinese Dream Grand Strategy project, with an open nationalistic zeal of never forgetting the lessons of the “century of humiliation”, often expressed in the leadership parlance that “China will never, ever bend on its knees again”.

The advantages of the American elite are its long term hereditary history, rich domestic and offshore successful politico-economic and financial practices and experience, as well as its amassed wealth and unparallel military power.

The common place and conventional assessment of China observers, pundits and especially foreign IR scholars is the assumption that there are 4-5 major elite factional groups in Chinese politics: the Shanghai Group; the Princelings; the Qinghua Clique; the Chinese Communist Youth League / CCYL / Group, the New Left, etc., that are quite mutually exclusive.<sup>415</sup>

In 1977-78, when Deng Xiaoping took over the helm of Chinese politics with the reform and opening up strategy, a gradual process of streamlining, cohesion and even overlaps among factional elite groups took place with various degree of amplitude.

The theoretical models of explanation of elite politics in China as: “the winner-takes-all”,<sup>416</sup> “bandwagon” and “balance of power”<sup>417</sup>(anarchical structure) - have tremendous explanatory power for the political dynamics of China’s elite politics of the pre Deng eras.

The new theoretical model – “ Power Balancing ”<sup>418</sup>, introduced by Bo Zhiyue, explicitly assuming that the Chinese political structure is hierarchically organized, is offering much better arguments as alternative perspective on Chinese elite politics in the 21<sup>st</sup> century. It has taken into account a fundamental structural change of the 1990s – the political institutionalization in China. As a result of the political institutionalization, the authority of position has been restored, the formal substructure has become more dominant, institutional loyalty has mostly superseded personal loyalty, and functional differentiation has become substantial.<sup>419</sup>

<sup>413</sup> John Higley, ‘Democracy and Elites’, in Fredrik Engelstad, Trygve Gulbrandsen (ed.), *Comparative Studies of Social and Political Elites (Comparative Social Research, Volume 23)*, 2006, Emerald Group Publishing Limited, pp. 249-263.

<sup>414</sup> State Secretary John Kerry, “U.S. 2016 Presidential Campaign Descending into ‘Embarrassment’ for U.S.”, commenting that leaders abroad are shocked regarding the campaign and worry about U.S. reliability. See *The Guardian*, March 27, 2016.

<sup>415</sup> Bo Zhiyue, “*China Elite Politics*”, World Scientific Publishing Co.Pte.Ltd, pp. 9-10.

<sup>416</sup> Tang Tsou, ‘Chinese Politics at the Top: Factionalism or Informal Politics? Balance of Power or a Game to Win All’, in Johatan Unger (ed.), “*The Nature of Chinese Politics: From Mao to Jiang*”, 2002, Armonk NY: M. E. Sharpe, pp. 101-153.

<sup>417</sup> Avery Goldstein, “*From Bandwagon to Balance of Power Politics: Structural Constraints and Politics in China, 1949 – 1978*”, 1991, Stanford: Stanford University Press, pp. 4-7.

<sup>418</sup> Bo Zhiyue, “*China Elite Politics*”, p. 5.

<sup>419</sup> Mao Zedong was able to alter the formal substructure almost at will. The fundamental change occurred in 1992 when Deng Xiaoping decided to withdraw formally and completely from official politics and the Central Advisory Commission - the ‘Shadow Politburo’ was abolished, taking along with him all the old revolutionary senior Party cadres. Consequently, although informal networks and personal relations factions still play some accessory role, formal institutions became dominant in Chinese politics.

The passing of the highest political office from one political leader to another could be consensual and politically meaningful due to the authority of the position, the prioritization of the institutional loyalty with the positive outcome of the political game with multiple winners, instead of – “the winner-takes-all” old and detrimental zero-sum practice. Finally, a power balance among political elite actors could be achieved because of the functional differentiation, the existence of common domestic and external challenges, as well as shared national strategy.<sup>420</sup>

The key principle that was rooted at the foundation of the new political architecture, masterminded by Deng Xiaoping, allowed initially for the existence of informal agreement between the dominant political actor – the ruling elite, and the rest of the elite factions for the separation of power (institutionalization) and the functioning of the system for resource distribution. The political actors had two choices: either become part of the existing system formulated by the power elite, or be thrown out [ the demise of Premier Zhao Ziyang after Tian Anmen events in 1989 and the expulsion from the CCP and trial of Bo Xilai ( a serious candidate for a Politburo Standing Committee post ) in 2012 , and most recently in June 2015, life sentence of the ex-security boss and Politburo Standing Committee member Zhou Yongkang ], under the pressure of the existing system.

There are three major formal institutions in China: central institutions; provincial organs and the military. They all have their role prescribed and defined in the Constitution of the PRC, last version promulgated in 1982, with further revisions in 1983, 1993 and 2004.

In the Preamble, the leading role of the Chinese Communist Party is explicitly imposed and China is defined as a Unitary Multinational State undergoing socialist modernization. In article 1 of the Constitution one can read that the PRC is a socialist state and that the socialist system is the basic system of the country and that the sabotage of the system is prohibited. Constitutionally fixed and guarded, the 89 million members of the CCP represent the leading political force, therefore the vast majority of the ruling elite is within this political structure – as center piece of China politics, domestically and externally.

### ***18<sup>th</sup> Party Congress – 2012***

Party Congress work reports usually perform three main concrete tasks: to identify the major achievements (and to a lesser extent the omissions and failures) of party work since the previous congress, to identify the challenges and strategic opportunities in mid-term range, and describe the basic principles and priority goals that will guide the CCP until its next convention. Emphasis is usually concentrated on general strategic trends, concepts and themes in party work, covering all major policy spheres: party building; social and economic development, defense and foreign relations. Domestic issues and policies take center stage. Foreign policy and defense sections are briefly conceptualized, with no content and approach references, barely mentioning foreign countries, depiction of the international environment facing the CCP and China, general foreign policy goals of the leadership, and the basic features of China’s current and future foreign policy strategy.

The 18<sup>th</sup> Party Congress opened on November 8, 2012, attended by 2270 party member delegates, and additional 50 delegates representing the business. Hu’s, 12-part, work report had a strong undercurrent of Marxist and Mao ideology, twice mentioned Deng’s concept of the ‘Four Cardinal Principles’, Mao’s ‘let a hundred flowers bloom and a hundred thoughts contend’, spoke of continuing to adopt Marxism to China’s conditions and for strengthening “core socialist values”. The report mentioned reform 86 times and tasked for doubling the per capita GDP by 2021 from 2010 levels. It also said: “economic entities under

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<sup>420</sup> Bo Zhiyue, “China Elite Politics”, p. 8.

all forms of ownership have equal access to factors of production in accordance with law,” “and are protected as equals”, but the emphasis was noticeably on “common prosperity” and economic policies that benefit peasants and rural areas. Emphasizing gradual reform the report cautioned that “in economic structural reform how to strike a balance between the role of the government and that of the market ...” must be examined. Taking note of social tensions, an entire portion discussed ‘social management’, the euphemism for domestic political stability.

In Hu’s view, developing nations are primarily focused on economic development, and contribute to the process of economic globalization. Their growing power and influence in the international system promotes the emergence of multiple power centers, which restrain negative forces, such as hegemonism and power politics, the latter often involving aggressive or expansionist behavior,<sup>421</sup> with clear allusion that Western powers – the U.S. in particular as a major driver in military alliances – are the foremost practitioners of hegemonism and power politics.

In the work report, the phrase “neo-interventionism” was listed for the first time alongside hegemonism and power politics, implying the Western military intervention in Libya and the 2012 Syrian crisis, as the statement – “China opposes any foreign attempt to subvert legitimate government of any other countries” is unprecedented in past reports. Also allegedly associated with the West, for the first time, the effects of the financial crisis are referred as a separate force, along with the increasingly disruptive forces associated with “food, energy, resource and cyber security”, that contribute to what the report described as a “volatile global environment and fierce competition in overall national strength”.<sup>422</sup>

Market-oriented economic development, through peaceful and productive relations with all nations, is cited as the primary objective of China’s foreign (as well as domestic) policies, much the same as in previous reports. Echoing the last one of 2007, the reference to a “win-win strategy of opening up” is again emphasized in line with Beijing’s efforts to counter the ‘hostile allusions’ of the so-called “China Threat Theory”, that its growing power is at the expense of other nations and will lead to a “zero-sum” challenge to the U.S. and other major powers.<sup>423</sup>

Besides the traditional “... to safeguard China’s sovereignty, security and territorial integrity and ensure its peaceful development”, for the first time the report also asserts the need to construct a “... strong national defense and powerful armed forces that are commensurate with China’s international standing and meets the needs of its security and development interests ...”, an official recognition for “continuity through change”, regarding pro-active expansive level of military power and codependence with China’s international standing, that was not displayed in previous party document or statements.

The report did not discuss or clarify such important and pressing issues as: the maritime sovereignty disputes with China’s regional neighbors in the East and South China Seas, pro-active involvement in new fields that imply foreign and defense strategy elements, such as space and cyberspace, and the concept of “New Type of Major-Countries Relations” that Xi as a Vice President initially raised during his February 2012 visit to the USA.

The first two, China seemingly regards as entirely its “core national interests” and sovereignty rights, that need no discussion or explanation (only mentioned as being attached great importance to maritime rights and interests, space and cyber security), while the third, as explicitly a bilateral China-U.S. question, yet to be formulated and raised at appropriate

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<sup>421</sup> See Michael D. Swaine, ‘The 18<sup>th</sup> Party Congress and Foreign Policy: The Dog that Did Not Bark’ 2013, *China Leadership Monitor*, No. 40, pp. 2-4, [http://www.carnegieendowment.org/files/CLM40\\_012913.pdf](http://www.carnegieendowment.org/files/CLM40_012913.pdf)

<sup>422</sup> *Ibid.*, p. 3.

<sup>423</sup> See “FulltextofHuJintao’sreportatthe18<sup>th</sup>PartyCongress”, *Xinhua*, November 17, 2012, [http://news.xinhuanet.com/english/special/18cpcnc/2012-11/17/c\\_131981259.htm](http://news.xinhuanet.com/english/special/18cpcnc/2012-11/17/c_131981259.htm)

moment by the new leadership. The report only stated "... strive to establish a new type of relations of long-term stability and sound growth with other major countries". The inclusion of this statement in the report points to its significance in China's foreign policy strategy and a kind of a preamble for the massive campaign for its promotion to the United States, initiated by Xi Jinping since 2013.

The 18<sup>th</sup> Party Congress has outlined and sent out three clear and organic messages: "continuity through changes", re-assertion of the Party's traditional and inclusive orthodox values of development and political stability, and retention of focus on domestic issues including gradual economic reforms leading to "common prosperity" and what is now seen as a "new normal" model of development.

Most importantly, the Congress oversaw, more smoothly and institutionalized than predicted, the hand over of power to a pair of new leaders who had not been directly selected by "Long March" Party elders, and a set of Politburo Standing Committee (PBSC) and Politburo (PB) members, who have entirely different academic and social backgrounds than their predecessors and all of whom grew and joined the CCP during the deconstructive and tumultuous Cultural Revolution years.<sup>424</sup>

### ***Leadership transition (2012-2013)***

In November 2012, the 18<sup>th</sup> Party Congress witnessed the Party power transition of 4<sup>th</sup> to 5<sup>th</sup> generation of Chinese top leadership, and concluded with the State power transition at the NPC session in March 2013, with the election of the new General Secretary of the CC of the CCP Xi Jinping as President, and the number two in the new Party hierarchy – Li Keqiang, as the Premier of the PRC.

In spite of the routinely for such Chinese Party fora extensive overseas and domestic rumors and speculations about severe inter-factional fights and bargaining for the future key Party and State positions, in the pre-18<sup>th</sup> Party Congress period, all major cadre issues were well coordinated, settled and decided long time in advance. The ascendance of Xi was very much a consensual decision, and he was preparing for the paramount post for quite a long period of time. Party Secretary of Shanghai in 2007, member of the PBSC, Vice President since 2008, and Vice Chairman of the Central Military Commission (CMC) since 2010, were all clear indicators for his eminent top leadership elevation. The only and last recent attempt to break this ascendancy process took place at the 16<sup>th</sup> Party Congress in 2002, when Hu Jintao took over only the Party and State leadership, and the system had to rectify the problem by "forcing Jiang Zemin to write his letter of resignation from the Chairmanship of the Central Military Commission on September 1, 2004"<sup>425</sup>, almost two years after the 2002 power transition Party Congress.

The political institutionalization as a leading principle of power transition from the older to the younger generation of Chinese leadership was demonstrated by the active participation of Xi Jinping in the initial drafting of Hu Jintao's work report at the Congress and by the fact of openly non contradictory and peaceful transition of power from Hu to Xi in 2012 and 2013 in all 3 top positions ( Party, State and Military), when Xi Jinping assumed the posts of General Secretary of the CC of the CCP, Chairman of the Central Military Commissions, and President of the PRC.

Xi Jinping's first speech, after assuming the post of Party General Secretary on November 15, 2012, to a "collective study session" of the new Politburo was highly ideological. Emphasizing the necessity to "uphold and develop socialism with Chinese

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<sup>424</sup> Jayadeva Ranade, "China's 18<sup>th</sup> Party Congress: Trends and Analysis, <http://www.ipcs.org/issue-brief/china/chinas-18th-party-congress-trends-and-analysis-200.html>

<sup>425</sup> Bo Zhiyue, "China Elite Politics", p. 11.

characteristics as the focus priority ...” and “make sure the 18<sup>th</sup> CCP national congress guidelines become a powerful ideological weapon” he asserted that “the theoretical development and novice of socialism with Chinese characteristics is to genuinely uphold Marxism. Xi reiterated that the CCP will be the sole ruling party in China for a long period of time, as CCP’s main task is to “make the Chinese people wealthy, build a strong and prosperous country and rejuvenate the great Chinese nation”, enlisting ‘combating corruption’ and ‘preventing degeneration’ as party priorities of equal importance.<sup>426</sup>

On November 16, speaking at the enlarged meeting of the Central Military Commission, Xi discussed and set the guidelines for “ideological and political awareness as the top priority in army building and Party leadership” instructing the military brass to ‘always put the country’s sovereignty and security first, comprehensively improve the military’s deterrent power and capacity of real combat to protect China’s sovereignty, security and development priorities in the current information-based age’.<sup>427</sup>

What is the current political, ideological, professional and personnel power-base for Xi Jinping’s ambitious new strategic development plan for China’s rise in the next decade? The strength of the Party’s new 18<sup>th</sup> Central Committee (CC) registered a marginal increase from 371 (permanent and alternate members) to 376. The average age, however dropped to 56.1, with 166 of the 205 full members born in the 1950s. The female representatives were reduced to 33, with 39 ethnic minority members, which is roughly the usual case. Tibetan members of the CC were reduced from 2 to 1, but their alternative members rose to an all time high of 4.

Chinese 2012 political elite leadership was concentrated in the Party top brass. The Politburo Standing Committee had 7 members (9 in 2007), out of which only 2 – Xi himself and his tandem Premier – Li Keqiang were to remain at the next Congress in 2017. The Politburo had 25 members; the Secretariat of the Central Committee – 7 members and the Central Committee – 205 members. Almost 70% of the old PBSC, PB and CC members were replaced in 2012, due to age of retirement, a limit introduced by Deng Xiaoping. Majority of the 18<sup>th</sup> Congress CC members, who had practically elected/selected Xi Jinping in 2012 were to be around and active at the next Congress in 2017, presupposing a ruling elite stability, unity and integrity for the next 5 years, at least till – 2022, with options for Xi and Li to search, make choices and prepare their future successors.

Average age of 2012 members of PB was 61 years, with unprecedented educational background and practical personal experience at high level party and government positions: 19 – university degrees; 5 – degree from the party Central School and 1 – degree from Military Academy. 6 members of the PB were economists; 2 – IRs scholars and practitioners, 2 – MA in Literature; 1 in Political Science; 1 – in History and as a whole 13 of them hold postgraduate degrees. The PB was strongly civilian, with only 2 ex-officio military men.

The composition of the PB was better balanced and proportionally represented: 14 members from the coastal and richer provinces, where they have previously worked; 11 from the central, poorer provinces, yet the far western 1-2 provinces were not represented on that highest level.<sup>428</sup>

President Xi Jinping’s unparallel leadership style draws him quite apart from the modern Chinese orthodoxy and norm. Both in personality and policy he represents, by Chinese standards, 34% continuity and 66% change. For the last four years he successfully managed, supported overwhelmingly by the Chinese elite, to become the most powerful Chinese leader since Deng Xiaoping, and seemingly so since Mao Zedong, a sort of second

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<sup>426</sup> Jayadeva Ranade, ‘China’s 18<sup>th</sup> Party Congress: Trends and Analysis.

<sup>427</sup> Ibid., p. 3.

<sup>428</sup> My personal research and analysis based on multiple Chinese and foreign publications, media, lectures and debates in think-tank and academia events.

Deng Xiaoping moment. Even sticking to the principle of collective leadership he is infinitely more *primus* than he is *primus inter pares*.

Three pillars define how Xi Jinping's leadership differs from that of his recent predecessors: his personal background and integrity; political and managerial mastery and authority; deep, almost messianic sense of national mission and multifaceted approaches of urgency.

Xi, as a person, feels quite comfortable in his skin as a national paramount leader, including with the exercise of the respective power entrusted to him by his multiple top positions. Due to his family upbringing and history, he knows - ups and downs (Cultural Revolution), most of the revolutionary leading veterans personally, and the military high command while serving as a personal secretary to the minister of defense Geng Biao in the early 1980s. He is a professional and consummate politician who understands the dynamics of Chinese politics from within.

Before 2012, besides his Party and State posts, Xi was leader of only 3 Leading Groups (LG)<sup>429</sup>: President of the Central Party School and leader of the LG for Party building; leader of the LG for Study of the Scientific Development and leader of the Coordination Group for Hong Kong and Macau.

After taking over the three top Party, State and Military posts in 2012-2013, in 2013 he was elected Chairman of the new National Security Commission, and also took over, as leader, the control and oversight of the most important national LGs as: Foreign Affairs (2013); Taiwan Affairs (2013); Comprehensively deepening of the reforms (2013); Finance and Economic Affairs (2013); Defense and Military Reform (2014); Internet Security and Informatics (2014), thus accumulating and concentrating unprecedented power, authority and leverage in all strategic sectors of political, military, security and socio-economic life in China.

Xi is absorbed nationalist-realist deeply proficient in Chinese and world history and international relations, surging for the best of his country. He sees himself as savior of the CCP, leaning on ideology, classical Chinese thought and traditions, fighting against corruption, and preventing the party from explosion, degeneration and lost of power. At the same time during his overseas official trips he exploits the mantle of idealist-constructivist in promoting win-win international institutional inclusive cooperation, and calls for international community/society of common destiny for mankind.

The Chinese Academy for Social Sciences (CASC), Xi Jinping's favorite political and social science institution and think-tank, has hundreds of qualified scholars and researchers whose main tasks are studying, researching, comparing and drawing lessons and conclusions from historical political theory and especially – practice, of the cases of power transition periods, with top priority on the British Empire, Pax Americana and the collapse of the Soviet Union".<sup>430</sup> The aims of these huge efforts and resources being to provide the Chinese leadership with the optimum accurate and objective assessments, analysis and expertise on the real causes, prerequisites and leadership/elite mistakes or false judgments that lead to the fall of the British Empire and USA ascent, the German disasters in World Wars and specially the collapse of the USSR.

In February 2015, Xi introduced his personal theoretic-practical contribution to the construct of China's Grand Strategy, by unveiling his "Four-Pronged Comprehensive Strategy", concentrated mainly in solving the domestic Party and socio-economic near and

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<sup>429</sup> Central Leading Groups ( LG ) - also translated as "Leading Small Groups" – an ad-hoc supra ministerial coordinating and consulting bodies ( two types – Party and Government ), formed to build consensus on issues that are across Party, Government and Military systems (Chapter IX of the Constitution of the CCP ).

<sup>430</sup> From my interviews and discussions with Chinese diplomats and IR scholars.

midterm tasks and challenges: to build a moderately prosperous society, deepen reform; govern the nation according to law and strictly govern the Party.

According to sinologists and China leading experts, regular meeting's agenda of the Chinese Politburo has three main organically interdependent items for debate and discussion: 1. Political stability, guarantees and measures that the CCP is safe and in place; 2. Search for economic growth, and jobs for the people, especially for the young generation, and 3. Safeguarding of energy security.<sup>431</sup>

### *13<sup>th</sup> Five-Year Plan – FYP (2016 – 2020)*

China observers and analysts agree that the CCP was able to rule successfully after the reform and opening up in 1978, and to maintain relatively high public confidence and participation, thanks to its capacity to deliver on its major economic promises, to its highly organized structure and meticulously planned preparations ahead of key party and government events.

China's FYPs are blueprints containing the country's social, economic and political goals. They encompass and interwine with existing policies, regional development plans, and strategy initiatives. FYPs signal Chinese party and government's visions for future reforms and communicate to the rest of the hierarchical bureaucratic structures, to business, citizenry, and to outside world. It is a living document that takes hurdles to be born and goes through constant review and revisions over the five years of duration, as things are far from set in stone.

Traditionally there are two main sets of comments and analysis regarding the FYPs. External by strategists, China experts, and business who usually claim that while providing some policy continuity, FYP does not provide clarity on the operating environment for foreign and multinational corporations in China, representing top line summary of targets, a wish list that packages existing policies and goals providing no guarantees.

The Chinese official rhetoric, responses and claims usually follow the line that China has no other options than reform and opening up, and in spite of risks for its political system and stability will continue with more bold reforms and opening up. Blaming the Great Recession and volatile, risky international economic, trade and financial environment, on whose healthy and steady growth China has claimed to rely on, is another way of hiding Beijing's domestic fears and cautiousness while proceeding with the reforms. In President Xi's words, "to make good use of both the invisible and the visible hand of the market". Not surprisingly, the previous – 12<sup>th</sup> FYP (2011-2015) was focused on the agenda of "inclusive growth" – ensuring that more benefits of the economic growth are spread to greater portion Chinese population.

The 13<sup>th</sup> FYP is the first under President Xi's leadership, and articulates building blocks of his "continuity through changes" China Dream Grand Strategy until mid-21<sup>st</sup> century. It contains five main principles (innovation, openness, green, coordination, and inclusiveness) formulated and set up first at the 5<sup>th</sup> CCP Plenum in October 2015<sup>432</sup>, translated into state-government language at the NPC March 2016 Sessions, underpinning the policies for China's future development.

The analysis of FYP shows that in addition to market privatization, China plans to employ a variety of strategies aimed at transforming it from big into powerful industrial country, meaning new sources of growth combined with domestic protectionism, emulating

<sup>431</sup> Kevin Rudd, lecture "Imagining China in 2023: China's Domestic and Foreign Posture under Xi Jinping", Lee Kuan Yew School of Public Policy, Singapore, March 18, 2014.

<sup>432</sup> See full text of the Proposal, <http://www.xinhuanet.com/english/special/fifthplenary/>, and at [http://www.xinhuanet.com/fortune/2015-11/03/c\\_1117027676.htm](http://www.xinhuanet.com/fortune/2015-11/03/c_1117027676.htm)

the U.S. protectionism during its advanced period of rise, especially the period of the 1930s when it became less open to inward FDI and a “battery of legislation was passed to ensure that the U.S. retained control over an increasingly American economy”.<sup>433</sup> These strategies are not entirely new – they are continuation of China’s previous industrial policies, including Strategic Emerging Industries (SEIs), Megaprojects and myriad of policies that called for truly indigenous innovation.

As pointed out, the first component of China’s vocabulary of reform is ensuring the economy stays on track, as the old model of growth is out of steam, and the “new normal” paradigm of development is making a shift from exports and investment-driven to services and consumption-driven growth. This means finding new drivers of growth by promoting innovation and entrepreneurship, while simultaneously creating conditions and external environment conducive to producing Chinese national multifaceted champions. The 13<sup>th</sup> FYP envisages a “medium to high” growth, with President Xi stating that the annual GDP growth rate should be no less than 6.5% over the next five years – for the nation-wide successful celebration of the first Grand Strategy goal – meeting the centenarian anniversary of the CCP in 2021, as a “moderately prosperous society”.

In interview during his first official state visit to the U.S. in September 2015, Xi described the China Dream as a dream for the “great rejuvenation of the Chinese nation”, the greatest Chinese hope of modern time, and not an illusion. For him, “the China Dream is fundamentally about making life better for the Chinese people and should be approached from two angles: history and reality”.<sup>434</sup> In historical aspect he referred to the “century of humiliation”, but fell short of mentioning the long period of the supremacy of the Chinese Empire till the 18<sup>th</sup> century.

The text of the 13<sup>th</sup> FYP opens and closes with the firm ambition of creating a “moderate prosperous society” by 2020, an obvious “stepping stone” in “passing the river” on the way to achieving China Dream “national revival” and the second strategic goal of successful celebration of the centenary anniversary of the creation of the CCP-led PRC in 2049.

### ***19<sup>th</sup> Party Congress the of the CCP – 2017***

October 2017 19<sup>th</sup> Congress of the CCP underwent the active and usual pattern of political and socio-economic national preparations. On March 5, 2017, addressing the annual session of the NPC, Premier Li Keqiang announced that Chinese growth target this year has been cut to around 6.5%, down from 6.5 to 7% last year, metaphorically describing the world’s second largest economy as ‘a butterfly struggling to emerge from a chrysalis’, and admitting that this transformation was filled with promise but also great pain. Along the telling 7% planned 2017 increase of the military budget, in a veiled reference to President Trump’s stands on North Korea, East and South China Seas, and complaints about China’s exchange rate and trade policies, Premier Li warned of a far more complicated and risky global picture in the year ahead with Beijing facing threats of outside pressures and growing economic and financial protectionism.<sup>435</sup>

In 2012, China’s Internet blogosphere before and after the 18<sup>th</sup> Party Congress seemed to be quite controversial. Before, there were markedly stringent voices demanding democracy and change, guessing whether the CCP would drop its Maoist legacy. The moment the new leadership was announced, microblogs appeared filled with balanced satisfaction and

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<sup>433</sup> Barry Buzan and Michael Cox, ‘China and the U.S’, p. 122.

<sup>434</sup> Interview with Chinese President Xi Jinping, full transcript, *The Wall Street Journal*, September 22, 2015, <http://www.wsj.com/articles/full-transcript-interview-with-chinese-president-xi-jinping-1442894700>

<sup>435</sup> See ‘China cuts growth target to 6.5% this year – Premier Li Keqiang’, *BBC news*, March 05, 2017,

expectations of the new line-up, thankful that Xi Jinping and Li Keqiang have been elected to lead the nation. Hu Jintao's decision to retire completely from all top positions was labeled respectful and civilized, echoing Xi's personal comment, "Chairman Hu's important decision fully embodies his profound thinking of the overall development of the Party, country and military. The decision also embodies his exemplary conduct and nobility of character".<sup>436</sup>

One of the key factors explaining the CCP's continuing ability to govern lies in its stronghold of national institutions. It is not a loosely organized party that works towards obtaining people's political preferences and votes at election time. The elaborate body of party institutions governs recruitment, indoctrination, performance evaluation and profiling, promotion, cadre transfer, leadership selection, deliberation, decision making, discipline and other important organizational aspects of strongly centralized party life. There are party structures in every workplace, organizing members to study the party's ideological and development policy strategies, a process that unifies and consolidates the 89 million members political force, well aware of what its destiny will be in case of China's systemic, economic failure, and a Soviet Union type of implosion.

As discussed, Party Congress represents one of the most important CCP institutions, charged with three main responsibilities: to further unify the party in terms of policies and strategic direction, to rejuvenate and strengthen the top structures of power, and to formalize the line of top leadership transitions and succession. What the domestic general public, outside world see at CCP congress is only tip of a gigantic iceberg of enormous permanent political, ideological and organizational activity. Political Congress work reports seem repeatedly and boring, which is exactly the point – a consensus on policy, ideology and power hierarchy has already been achieved prior to the event.<sup>437</sup>

Prevailing view among China's ruling elite is that reform and further opening up is the only way forward for the realization of the China Dream Grand Strategy. In spite of the deteriorating external and domestic environment, both politico-militarily and economical frictions with the U.S., global volatility and China's much slower "new normal" model of economic development, 18<sup>th</sup> CCP Congress and 13<sup>th</sup> FYP, cautiously but firmly had put reform back on the agenda. What Xi and Li now face are the key cardinal challenges – successful implementation of the "moderately prosperous society" first leg of the Grand Strategy in 2021, and who from the younger Chinese leadership can be entrusted to take the succession baton of paramount leadership at allegedly defining times in the 2020s?

2017 19<sup>th</sup> Party Congress, organizationally well prepared in advance,<sup>438</sup> made review, evaluations of the period since 18<sup>th</sup> Congress, and necessary policy adjustments based on results of the initial implementations of March 2016 adopted 13<sup>th</sup> FYP, with emphasis on political, social stability, financial security and economic growth.

With five vacancies in the PBSC, there were ample opportunities for Xi and to a certain extent – for Li, to seek and make their choices for their viable and trustworthy successors to whom they were to hand top power at the 20<sup>th</sup> Party Congress in 2022. Still, the wetting process did not occur, and no clear top successors were selected.

2012 Politburo saw 15 new 2017 members out of total 25. All plain members of the 18<sup>th</sup> Politburo born prior to 1950 retired without exception. Only three members meeting age requirement returned to 19<sup>th</sup> Politburo for a second term. Taking into account new Standing Committee members who were all promoted from the Politburo level, top echelon changes in 2017 represented a 60% turnover of membership between the 18<sup>th</sup> and 19<sup>th</sup> Politburo, mostly with Xi's confidants and allies.

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<sup>436</sup> See Jayadeva Ranade, "China's 18<sup>th</sup> Party Congress: Trends and Analysis."

<sup>437</sup> See Wang Zhengxu, "Communist Party's Well-Planned Route to Successful Rule, South China Morning Post, November 20, 2012, <http://www.scmp.com/comment/insight-opinion/article/1086178/communist-party-well-planned-route-successful-rule>

<sup>438</sup> See Wang Zhengxu, "Communist Party's Well-Planned Route to Successful Rule."

History and tradition in Chinese leadership records for the last 25 plus years tell that no General Secretary, President or Premier has ever been elected without serving at least one 5 year term as member of the almighty PBSC. On the Politburo Standing Committee, Xi Jinping and Li Keqiang renewed their terms, while five new members joined. From the five new members of the PBSC no one qualifies due to age to remain for new term in 2022 at the 20<sup>th</sup> Party Congress.

### ***Conclusions:***

2012 18<sup>th</sup> Congress, 2016 13<sup>th</sup> FYP, and 2017 19<sup>th</sup> Party Congress represent Zhong yong ‘continuity through changes’ dialectics, and co-evolution final synthesis of the long rise period in PRChina’s history. The period marks the success story of Deng Xiaoping’s post 1978 KLP tactics and strategy of reform and opening up, and demonstrates more clearly the domestic and external pillars of President Xi Jinping’s Grand Strategy till mid-21<sup>st</sup> century.

March 2018 NPC’s no objections and no abstentions vote allowing for Xi’s unlimited post-2023 terms as head of state demonstrates the ideological and strategic unity of Chinese elite.

19<sup>th</sup> Congress ratified changes to its Charter by approving the incorporation of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era into the Party constitution. Xi thus became the first modern leader since Deng Xiaoping to append his name into party politico – ideological theory, and was defined by many Western IR scholars and strategists – “the most powerful Chinese leader since Mao”.

Congress also advanced the coordinated development of Xi’s “Four Comprehensives”, which refers to four-pronged Grand Strategy that aims to comprehensively accomplish deepening of reform, advance rule of law, strengthen Party self-governance and prosperous Chinese society – a big vision that will determine China’s two centenary (2021/2049) goals, called by President Xi – China Dream.

Following Congress resolution, Xi’s ‘Belt and Road Initiative’ project was also incorporated into the CCP Constitution. This is clear indication that inspite of domestic pressure and potential foreign obstructions, China is firmly decided to continue with the implementation of this vast economic endeavor in the 21<sup>st</sup> century.

By 2022 President Xi and Premier Li will be 69 and 67, respectively, not that old age for Chinese standards and revolutionary veteran practices.

For years, with few exceptions, and not set in stone, CCP has institutionalized a check on the power of its leaders by calling on them to retire if they have reached age 68 when a new Party and State leadership takes the reins. NPC March 2018 annual session revoked PRC Constitution’s clause limiting Chinese Presidents to only 2 five years term in office, thus allowing for President Xi to remain on the post after 2023. No law or Party Constitution’s clause may prevent him from retaining also the more powerful posts of Chairman of the Central Military Commission and Secretary General of CCP.

Most probably, Xi’s protracted paramount power positions in China will be defined as imperative case of national security urgency and vital necessity presumably under the pretext of successful implementation of China Dream Grand Strategy, and strongman handling of upcoming strategic mistrust controversial economic power transition processes from the U.S. to China in the late 2020s and beyond.

The enormous power and prestige President Xi Jinping has accumulated for such a short period of time, emulating second Deng Xiaoping moment, may also lead to a Deng type option – Xi, formally stepping down from official power in 2027-2028, but still yielding decisive influence, and playing guiding role from behind for the next 6<sup>th</sup> generation younger Chinese leadership.

At the end of the first two chapters' selectively structured U.S.-China rise comparison, initial generalized conclusions can help the next steps of my work's research design.

Having two weak neighbors, Canada and Mexico, and two vast oceans, to the East and to the West, that separate it far from other centers of power, the U.S. represents unique case as the most secured nation in the world, even in the age of nuclear weapons.

On the other hand, as the most populous country in the world and third largest in area, China has a good number of 14 neighbors sharing its 22,000 km land borders, out of which – 4 nuclear players, and economically powerful Japan.

U.S.' rise to global preeminence after WWII, inspite of the confrontational Cold War, was rather linear and progressive, based on the premises of its 19<sup>th</sup> century policies for 'wealth and power', and the post-war bipartisan Grand Strategy.

In contrast, China's rise was marred by continuous struggles with foreign powers on its soil, by domestic crisis – civil war, ups and downs in development and the drawbacks of the Cultural Revolution. It took China almost 35 years of gradual comprehensive great power build up, allowing for Beijing to openly declare its 'core national interest', and long-term Grand Strategy in 2011-2012.

U.S. and China are mainly geo-economics competitors and rivals. The assertive and open confrontational geopolitical vector in their bilateral relationship is currently left aside into a latent status. U.S.' 2017 NSS treatment of China, the latest 2018 signs of potential reciprocal trade war, and Trump's complains that globalization and WTO's rules are 'unfair towards the U.S.' are good examples of reference.

In a way U.S. and China have changed their role models. After WWII, China absent, it was Washington who created and shaped the global liberal economic model of free trade, and the non-protectionism based globalization. Now, China, that admittedly has hugely benefited from the U.S.' imposed Bretton Woods model, is the one who firmly and openly tries to safeguard and lead the processes of Globalization 2.0, while the U.S. works to change and modify the economic and trade rules and principles it has created.

Not underestimating the zero-sum potential of the U.S.-China geopolitical contention and competition, it seems evident that the geo-economics priorities of their Grand Strategies will shape and lead the bilateral relation into the next decades of the 21<sup>st</sup> century, affecting also the existing system of international relations.

### CHAPTER 3: BASIC COMPONENTS OF "CHINA DREAM" GRAND STRATEGY.

In this chapter I research and address the general structural roots and trends that have shaped Beijing's 2009-2011 official establishment of China's firm 'core national interests'. The latter being the ideational and practical base for President Xi's 2012 launch and pragmatic steps/gradual building blocks that followed his announcement of China Dream Grand Strategy policies, both domestically and externally as objective processes, and through the lenses of Xi's personality and deeply structured beliefs.

#### *Origins and evolution*

In 2012, couple of months before the 18<sup>th</sup> CCP Congress and Xi's elevation to power, in their *Foreign Affairs* analysis "How China Sees America: The Sum of Beijing Fears", Nathan and Scobell wrote: "Great Power` is a vague term, but China deserves it by any measure: the extent and strategic location of its territory, the size and dynamism of its population, the value and growth rate of its economy, the massive size of its share of global trade, and the strength of its military... And most importantly, China is the only country widely seen as a possible threat to U.S. predominance ... with fears that one day may supplant the United States as a global hegemon".<sup>439</sup>

In spite the Chinese "assertive moves" in East and South China Seas in 2009 and 2010, the widespread perceptions of China as an aggressive, expansionist power, the authors regarded them as off base, defining Beijing's strategic quest – to reach a global role that serves its interests as well as winning acceptance from the other major powers and mainly from the United States.

Labeling China "an offensive realist", the authors suggested that the best solution for both China and the West is to create a new equilibrium of power that maintains the current world system, but with a larger role for China. Beijing, they claim, has good reason to seek that outcome, because even, and if, it becomes the world's largest economy, its prosperity will depend on the prosperity of its global rivals (and vice versa), including the U.S. and Japan. Washington must back its policies with credible U.S. power, in two main domains: "First, the United States must maintain its military predominance in the Western Pacific, including the East and South China Seas ...Second, the United States should continue to push back against Chinese efforts to remake global legal regimes in ways that do not serve the interests of the West ...and as long as the U.S. addresses its problems at home and holds tight to its own values, it can manage China's rise".<sup>440</sup>

These same ideas and suggestions were already in action and used as tools in the U.S. China strategy playbook. When Barack Obama arrived at the White House in 2009, his Asian team met with its Chinese counterpart and exchanged views on how each side envisioned the bilateral relationship evolving in the years ahead. Chinese strategists offered their suggestion: by elevating the U.S.-China relationship to a so-called "strategic partnership" and that the U.S. would show respect for China's rising status and interests in the world and build trust among the people of the two countries. Only then could Washington and Beijing begin engaging and cooperating in new more mature way. The U.S. could not agree to changing the definition of the relationship until the two countries began acting and cooperating like strategic partners, implying quality rather than slogans.

In the administration's first major policy speech on China, in September 2009, at the Center for New American Security, then Deputy Secretary of State James Steinberg

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<sup>439</sup> Andrew J. Nathan and Andrew Scobell, "How China Sees America: The Sum of Beijing's Fears," *Foreign Affairs* 91, No. 5, September/October 2012 Issue, <https://www.foreignaffairs.com/articles/china/2012-08-16/how-china-sees-america>

<sup>440</sup> Ibid.

introduced the concept of “strategic reassurance”, which he defined in the following way: “Just as we and our allies must make clear that we are prepared to welcome China’s arrival...as prosperous and successful power, China must reassure the rest of the world that its development and growing global role will not come at the expense of the security and well-being of others”. China would need to “reassure others that this buildup does not present a threat”, it would need to “increase its military transparency in order to reassure all the countries in the rest of Asia and globally about its intentions” and demonstrate that it “respects the rule of law and universal norms”.<sup>441</sup>

“To Chinese analysts, such statements send the message that Washington wants cooperation on its own terms, seeks to deter Beijing from developing a military capability adequate to defend its interests, and intends to promote change in the character of the Chinese regime”.<sup>442</sup>

Issues, China officially and firmly identified as “core national interests” since 2009-2011, including Tibet, Taiwan, and increasingly the East and South China Seas, have a long and complex balancing political hedging in the U.S., and made serious compromises on these most important to China “hot topics”, all but inadmissible. With Obama facing a host of domestic criticism in many other fields, his China advisers were very sensitive to attacks and criticism that they were “accommodative” to the PRC. The Obama administration’s initial concept of “strategic reassurance” was rhetorically taken off the agenda, largely because of conservative forces and media outcry that it meant caving to Chinese interests.<sup>443</sup>.

Coming to office into the middle of the second to the Great Depression financial crisis, for Obama, foreign policy issues seemed a secondary concern, as his first priority was obviously to put right America’s domestic financial and economic woes.

Taking the genuine role of world leadership, Obama’s top priority was to coordinate a global response to the crisis. The administration believed that Beijing would be an indispensable “responsible stakeholder” in this urgent task and sought to partner with China to “form a two-member How-To-Save-The-World Club”.<sup>444</sup>

President Obama and President Hu first met at the April 2009 G-20 Summit in London, which was shortly convened with the main goal of coordinating international cooperation to combat the extending financial crisis. Hu’s participation in the summit was important as China’s early stimulus measures were already driving its domestic recovery from the first worst shocks of the crisis. U.S. active support, China participation, and the ability of world leaders to map out an initial global economic strategy at the London Summit helped cement the club’s place as the leading global economic and financial forum. By 2010, the White House was assessing the G-20 as the “premier international economic forum” putting it ahead of the exclusive G-8.<sup>445</sup> The shift to the G-20 centrality better reflected the changing balance of power in the face of the “emerging centers of influence”- notably Asia and China.

In April 2009 both Obama and Hu announced the upgrade of Bush Junior presidency’s – Senior Dialogue and Strategic Economic Dialogue between the two countries into a new U.S.- China Strategic and Economic Dialogue (S&ED), a high-level annual, alternative in both capitals, meetings and discussions on wide range of regional and global strategic and economic topics.

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<sup>441</sup> James B. Steinberg, “Administration’s Vision of the U.S.-China Relationship”, address at the *Center for a New American Security*, September 24, 2009, <http://www.state.gov/s/d/former/steinberg/remarks/2009/169332htm>

<sup>442</sup> Andrew J. Nathan and Andrew Scobell, “How China Sees America: The Sum of Beijing’s Fears.”

<sup>443</sup> Josh Rogin, “The End of the Concept of ‘Strategic Reassurance’”, *Foreign Policy*, November 6, 2009.

<sup>444</sup> James Reynolds, “How-to-save-the-world club”, *BBC*, February 21, 2009, [http://www.bbc.co.uk/blogs/thereporters/jamesreynolds/2009/02/howtosavetheworld\\_html](http://www.bbc.co.uk/blogs/thereporters/jamesreynolds/2009/02/howtosavetheworld_html).

<sup>445</sup> USA “National Security Strategy” May 2010, White House, p. 44., [http://www.whitehouse.gov/sites/default/files/rss\\_viewer/national\\_security\\_strategy.pdf](http://www.whitehouse.gov/sites/default/files/rss_viewer/national_security_strategy.pdf)

In certain ways, 2008-2009 marked an important turning point in U.S.- China relations mainly due to the global financial crisis and its much deeper negative consequences. The crisis, which many in China, including official publications, blamed on American policies, altered the balance of U.S.- China relations.<sup>446</sup> For China, the financial crisis was a strong argument to display to the world and to validate its own economic and financial strategies, pointing out the flaws and risks of the Western liberal model. More so, after China's successful hosting of the 2008 Olympics, long aspired to demonstrate China's increased comprehensive power, the Chinese leadership assumed that PRC's time of being regarded as a world power had finally come.

At the beginning of 2009, when Obama took office, the trends were pointing at China's continuing rise, and at the same time American power seemed to be at its weakest point in decades. This shifting geo-strategic landscape and context changed the perceptions and the actions of Chinese decision-makers and strategists, in a subtle, smart ways with "Chinese characteristics".<sup>447</sup>

Pressed by the changing and more "Realpolitik" actions of the Chinese leadership in 2009-2010, Obama tasked for an adequate and more appropriate U.S. long-term strategy for his China policy. His China team advisors, largely made up of strategists and analysts, who had served under Bill Clinton, were guided to "correct the mistakes of the 1990s" – a strategy that proved ineffective and that had missed the current changes in China's policies.<sup>448</sup>

Obama administration's new Asian-Pacific strategy projecting American military, diplomatic and economic "Pivot" or "Rebalancing" towards Asia and the Pacific was revealed in a concentrated and prioritized order in Secretary of State Hillary Clinton's publication in *Foreign Policy* in November 2011, under the title "America's Pacific Century".<sup>449</sup> Emphasizing the importance of the Asia-Pacific, the "Pivot" strategy, according to Clinton, will proceed along six courses of action: strengthening bilateral security alliances, deepening America's relationships with rising powers, including China, engaging with regional multilateral institutions, expanding trade and investment, forging a broad-based military presence, and advancing democracy and human rights. Strategically, maintaining peace and security across the Asia-Pacific was increasingly crucial to global progress, whether through defending freedom of navigation in the South China Sea, countering the nuclear proliferation efforts of North Korea, or ensuring transparency in military activities of the region's key players.<sup>450</sup>

"Rebalancing to Asia-Pacific" strategy was enshrined in U.S. 2015 National Security Strategy, in President Obama's cover letter and as a first priority in Section V – International Order.<sup>451</sup>

While many in the region have welcomed this renewed U.S. commitment, the "Pivot" to Asia-Pacific has created heightened concerns in China about Washington intentions and viewed by many in Beijing as directly aimed at constraining China's rise and as principle cause of regional instability, as well as deterioration of China's strategic environment by maintaining U.S. hegemony in the region.

Leading Chinese strategists analyzed the "Pivot" as undermining China's security and increasingly believe the unifying scopes of such a seemingly coordinated U.S. approach are to

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<sup>446</sup> Martin S. Indyk, Kenneth G. Lieberthal. Michael O'Hanlon, *Bending History: Barack Obama's Foreign Policy*, 2012, Washington, D.C.: Brookings Institution Press, pp. 28-29.

<sup>447</sup> Richard McGregor, *The Party: The Secret World of China's Communist Rulers*, 2010, New York: Harper Collins, xi.

<sup>448</sup> James Mann, *The Obamians*, pp. 176-177.

<sup>449</sup> Hillary Clinton, "America's Pacific Century", *Foreign Policy*, November 2011, [http://www.foreignpolicy.com/articles/2011/10/11/americas\\_pacific\\_century](http://www.foreignpolicy.com/articles/2011/10/11/americas_pacific_century)

<sup>450</sup> *Ibid.*

<sup>451</sup> U.S. "National Security Strategy – February 2015", [https://www.whitehouse.gov/sites/default/filesdocs/2015\\_national\\_security\\_strategy.pdf](https://www.whitehouse.gov/sites/default/filesdocs/2015_national_security_strategy.pdf)

constrain China's rise.<sup>452</sup> Two major arguments form the basis for Chinese accusations about how the U.S. renewed commitment to Asia-Pacific is destabilizing to regional security: proactively fomenting conflict between Beijing and other regional neighbors like the Philippines, Vietnam, and Japan, pulling strings and artificially overexposing divisive disputable topics, like the South China Sea, and by actively guiding and encouraging countries to challenge China<sup>453</sup>; and the second, softer argument was that the reason why some countries are so unbridled may be related with the adjusted geo-strategy of the United States.

Defense Department's January 2012 strategic guidance document articulated that the United States "will of necessity rebalance towards the Asia-Pacific region." Secretary of Defense Panetta's June 2012 speech at the Shangri-La Dialogue in Singapore reiterated this commitment and declared that "by 2020 the Navy will re-dislocate its forces from roughly 50:50 percent split between the Pacific and the Atlantic to about 60:40",<sup>454</sup> indicating that the 'Pivot' strategy should be regarded as a decade-long complex and multi-dimensional costly initial project.

### *Gradual building blocks of China's Grand Strategy*

Sun Tzu's "Art of War" provides a classical play book of how a war should be fought – if war cannot be avoided, and allegorically can be found reflected in modern sophisticated and idealistic-constructivist parlance in Joseph Nye's Smart Power strategy concept of masterly combination and employment of "hard" and "soft" power.

"Art of War"'s legacy, and major guiding points roughly consist of: "to fight and conquer ... is not supreme excellence..., but to break the enemy's resistance without fighting, have a clear strategy, organize and concentrate your forces, know yourself and your adversary, and engage at a time, in terms, and on a terrain which is advantageous to yourself, no alliances, but undermine the alliances of others..."<sup>455</sup>, all of which should be regarded as vital to the State, a matter of life and death, a road either to security or to ruin.

There is no clear evidence how much classical Chinese strategic thought is shaping and underpinning the current Grand Strategy, but the constant and genuine references and parallels that President Xi, Premier Li, and other senior Chinese officials make to Confucius, Mencius, Sima and other ancient political philosophers and strategists, allows for the assessment that indeed it is having the 'continuity through changes' modern "Chinese characteristics" at its core.

In the classical work published in the mid-1940s, "Makers of Modern Strategy: Military Thought from Machiavelli to Hitler", editor Edward Meade Earle defined Grand Strategy as "the art of controlling and utilizing the resources of a nation ... to the end that its *vital interests* shall be effectively promoted and secured against enemies, actual, potential, or presumed".

"For the United States, Grand Strategy has long focused on acquiring and maintaining preeminent power over various rivals. In the face of a rising China, however, the United States has failed to apply this century long approach to its national security,"<sup>456</sup>

Emulating selectively and pragmatically U.S.' successful practice, feeling more self-confident, strong and wealthy in 2008-2010, the first fundamental building block of the new

<sup>452</sup> See Kenneth Lieberthal and Wang Jisi, "Addressing U.S.- China Strategic Distrust, pp. 8-10.

<sup>453</sup> See Zhong Sheng, "Hold mainstream of China-ASEAN relations", *People's Daily*, April 6, 2012.

<sup>454</sup> Secretary of Defense Leon Panetta, "Shangri-La Security Dialogue" speech, June 2, 2012. <http://www.defense.gov/speeches/speech.aspx?speechid=1681>.

<sup>455</sup> See Kevin Rudd, "How Chinese Strategic Thought Applies Today", pp. 5-6.

<sup>456</sup> Robert D.Blackwill, Ashley J.Tellis, "A New U.S. Grand Strategy Towards China", *The National Interest*, April 13, 2015, <http://www.nationalinterest.org/feature/wake-america-china-must-be-contained-contained-12616?page=2>

China Dream Grand Strategy was laid down by Beijing in 2010-2011 with the formulation and officially announced Chinese “*core national interests*”. Not that they were in totality new, but it was the first time that the Chinese leadership notified them as firm “red lines”, elevating their meaning to parity to the U.S.’s – “national security interests” and “vital national interests”, in bold demand for their equal status and treatment in bilateral China-U.S. relationship.

*Thus security, sovereignty, and development are officially regarded as the undisputable “core national interests”.* They are seen as a closely interrelated trinity, in which the security of the state and the political system is the key driver, and the other two constitute the enabling and complementary indispensable supporting pillars. Respectively, security, i.e. the security of the state and the political system, is the most important component of the Grand Strategy, while sovereignty and economic development are both crucial prerequisites, providing the political and economic foundations for the legitimacy of the state and the political system of the country, basic mandatory preconditions for China’s security. As a basic component of *core national interests*, sovereignty is the area wherein China’s positions will become firmer, more assertive and tough, and even limited military action cannot be excluded.<sup>457</sup>

The firm ‘red line’ position of China on its ‘core interests’ was confirmed during the Obama-Xi meeting late March 2016, ahead of the Global Nuclear Security Summit in Washington, where they discussed a long list of issues that have strained their bilateral relations in the last years. Joint statements on climate change and nuclear security were issued.

On the issues, which China considers its core interests President Xi has been firm and blunt: warned that China would not accept South China Sea violations of its sovereignty under the pretext of freedom of navigation, urged the U.S. to stick to its “One China” policy and take concrete actions to safeguard peaceful cross-strait relations, and stressed that the alleged U.S. plans to deploy THAAD missile system in South Korea would affect other countries’ security interests and regional strategic balance, as the system has a range that extends far beyond the Korean peninsula into China.<sup>458</sup>

Another building block of China’s Grand Strategy is represented by the gradual shift and ‘continuity through change’ *from a KLP to a middle course mixed and selective KLP – SFA international relations and foreign policy strategy*, whereas “continuity, as far as ultimate goals, overall designs, and strategic policies are concerned, constitutes the primary feature of China’s Grand Strategy”.<sup>459</sup>

Strategic cautious shift was engineered and put into practice by President Xi after he assumed top leadership in 2012. He believed that time has come for increasingly powerful and wealthy China to be respected, admitted to the status she deserves, regionally and globally, and to counter U.S. ‘Pivot’ to Asia-Pacific and TPP strategies, then regarded as “containment tools” for China’s continuous rise. Four major events and concepts shaped and energized this Zhongyong dialectics approach.

First, and most important was the 2012 concept and policy playbook that Xi wanted to introduce and implant as pillar in bilateral China-U.S. relationship under the principle of “New Type of Major-Countries Relations” (NTMCR), in the sense of: mutual respect; no confrontation; no conflict; and a win-win approach to mutual cooperation

For U.S. strategists, analysts and IR scholars the strategic and intellectual roots of this concept was clear and obvious. A principle task and puzzle for the Chinese leadership has

<sup>457</sup> See Qin Yaquin, *Continuity through Change: Background Knowledge and China’s International Strategy*, pp. 309-310.

<sup>458</sup> “Xi and Obama: What happened when two of the most powerful men in the world got together”, *South China Morning Post*, April 1, 2016. <http://www.scmp.com/news/china/diplomacy-defence/article/1932787/xi-and-obama-what-happened-when-two-most-powerful-men>

<sup>459</sup> See Qin Yaquin, *Continuity through Change: Background Knowledge and China’s International Strategy*, pp. 311-312.

been founding out and establishing a pragmatic and safe *modus vivendi*, particularly while China's rise and military power are still incomplete, as "building a new type of relations between major powers is the only way to prevent two countries from entering violent conflict as previous major powers did".<sup>460</sup>

For some U.S. analysts, the concept was a "poison pill" and its particular language irrelevant as China was aiming at Washington aborting enduring elements of U.S. national security strategy that are unlikely to change solely to accommodate China's anxieties. What matters most for the future U.S. – China relations is that United States is unlikely to take, even minority of the actions, Beijing would deem necessary, to solidify strategic trust and provide China with a satisfying dose of regional security.<sup>461</sup>

Since 2012-2013 China has been insistently calling upon the United States to walk the talk and move beyond rhetoric statements about seeking a cooperative partnership. "New Type of Major-Countries Relationship" remained always President Xi's number one topic on the agenda when meeting President Obama. Their March 2016 meeting in Washington was no exception, and also ranked # 1 in Xi's agenda talking points during his two encounters with President Trump in 2017.

China's foreign policy had for decades reflected and abided to the principles of biding time and KLP, pursuing a restrained non-leadership foreign posture, planning the first decades of the 21<sup>st</sup> century as a period of strategic opportunity to focus primarily on domestic economic and social development, within the concept of "Peaceful Development".

After taking power in 2012, not neglecting the population mobilizing and energizing factor of the latter, President Xi, in his urgent pragmatic and SFA manner took, besides the U.S. addressed NTMCR, major foreign policy initiatives, series of additional comprehensive steps for strengthening China's posture and image in the region, and globally, shaping and finalizing the overall Grand Strategy.

The second external policy building block of the strategy was to address the insecurity and anxiety of the neighboring countries in connection with China's rise and future intentions. Emphasizing the importance that China attaches to its relations with the neighboring countries Xi personally presided an unprecedented high level Conference in October 2013, bringing along all Chinese top party, foreign policy, economic and military leadership, addressing *China's periphery overall political, economic and diplomacy policies*. His main message was – China offers new pro-active economic and foreign policy principles in dealing with its neighbors, based on win-win, honesty, tolerance, patience, and case by case bilateral or multilateral dialogue and negotiations in emergence of disputes.

One of the basic elements of the new Grand Strategy was a more active promotion of multilateralism, both regionally and globally. In the early post-Cold War period, Beijing was rather reluctant regional multilateralist, and remained cautious of any deep involvements, with concerns that these forums were utilized by the overwhelmingly economic superiority and manipulations of U.S. and Japan to put pressure and shape China's policies, moreover in regards to the absoluteness of Chinese national sovereignty. New 'Fuqiang' Chinese reality led to Beijing's strategic assessment of possible benefits from working in multilateral platforms as much preferable to risks of isolation and encirclement. After the launching of the "Peaceful Rise" strategy and especially after Xi's ascendance to power, the multilateral priority was geared towards the direct Asian periphery (zhoubian waijiao) and the region, as a prerequisite for the success of the new Grand Strategy.

In his October 2013 speech, President Xi directly pointed out the co-dependency of the necessity of sound peripheral environment with the final success of the "Two Century" strategic goals of the China Dream Grand Strategy. He stressed its strategic meaning for the

<sup>460</sup> Yuan Peng, "Building new type of relations the only choice for China, U.S." *People's Daily*, May 8, 2012.

<sup>461</sup> See Ely Ratner, "Rebalancing to Asia with an Insecure China", *The Washington Quarterly*, 36, No. 2, Spring 2013, pp. 27-29.

overall Chinese future peaceful development in the context of the ideas of “inclusion” and the “new moment of the times tide”. Using both realist and idealist-constructivist “self” and “other” identity language President Xi gave his instructions and send his message to the neighboring countries: “ make full use of the important strategic opportunity period for China`s development, maintain national sovereignty and security ...give mutual support, pursue equality and affection, meet and exchange frequently, do more beneficial things, make peripheral countries kinder and more intimate to China, more recognizable and supportive to China, thereby increasing China`s affinity and influence ...highlighting the ideas of sincerity, mutual benefit and tolerance ...<sup>462</sup>

Although Chinese leaders have prioritized economic cooperation in their policy statements on China`s good neighborhood diplomacy, Xi has also emphasized and included the strategic importance of increasing new type of regional cooperation on security issues, on terrorism, energy and resource security, which represents the *third external/security policy building block of the China Dream Grand Strategy*.

Speaking at the Fourth Summit of the Conference on Interaction and Confidence Building Measures in Asia (CICA), held in Shanghai in May 2014, President Putin present, Xi set out his project for a “New Asian Security Concept”. He declared: “In the final analysis it is for the people of Asia to run affairs of Asia, solve the problems of Asia and uphold the security of Asia. The people of Asia have the capacity and wisdom to achieve peace and stability in the region through enhanced cooperation”<sup>463</sup>, quite echoing the U.S. Monroe Doctrine of 1823. Xi called for increased coordination within CICA, including through the establishment of a “defense consultation mechanisms” rejecting the conflicting warmongering Cold War mentality and practices, and for replacing the current alliance system.<sup>464</sup>

For Beijing`s strategists, countries in Asia have little choice but to manage the economic, political and especially the closeness of the geographical realities of a rising China, and in doing so, they assume, few countries are willing to sign up for an overt hostile counterbalancing coalition against China. Beijing is well aware of the fact that “leaders throughout Asia have made clear to Washington that they have little interest in choosing sides between the two giants”<sup>465</sup> or of being dragged into an adversarial offensive realism structural dynamic.

For Washington`s strategists, the `Pivot`, U.S. trade agenda, and progress of TTP would likely not prevail if China becomes more actively committed to using its economic and financial muscle to counter U.S. vital interests, as was proved with the U.S.`s closest allies and partners` alignment and signing up to the China-led AIIB and demonstrated active interest in the OBOR/BRI plans. The U.S. is interested in practical cooperation with China, and “Washington should also continue to reiterate – perhaps with greater emphasis – that it prefers others in the region to also have strong and positive ties with Beijing, communicating to allies and partners that the U.S. rebalancing to Asia does not give regional states the license to challenge or provoke China”.<sup>466</sup>

The importance China`s new leadership has attached to neighborhood foreign policy coalesced at the Party Central Conference on Work Relating to Foreign Affairs (FAWC) , held in late November 2014. The forum represented the *fourth external building block of the New China Dream Grand Strategy*.

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<sup>462</sup>See Xi Jinping speech at “Peripheral Diplomacy Work Conference”, October 25, 2013, Beijing, [https://www.ccied.net/encied/newscenter/latestnews/201310/t20131030\\_262608.html](https://www.ccied.net/encied/newscenter/latestnews/201310/t20131030_262608.html)

<sup>463</sup> Ibid.

<sup>464</sup> “At CICA, Xi calls for New Regional Security Architecture”, *The Diplomat*, May 22, 2014.

<sup>465</sup> See Ely Ratner, “Rebalancing to Asia with an Insecure China” p. 32.

<sup>466</sup> Ibid. p. 33.

Xi Jinping's speech at FAWC embarked the most significant innovative goals and guidelines put forward by new Chinese leadership for more pro-active and security-oriented approach to PRC's international relations and foreign policy. The Party Conference, first since 2006, presided over by Premier Li Keqiang, included entire PBSC, unprecedented number of top central and local Chinese civilian and military officials, closely every Chinese ambassador overseas, and Commissioners of MFA to Hong Kong Special Administrative Region and Macao Special Administrative Region.

In his FAWC speech, Xi sought to establish the guidelines, basic new principles, strategic goals and major mission of China's external relations in the new era of pursuit of the China Dream of national rejuvenation. For him, achieving its "Double Centenary" strategic goals and long-term strategic approach to peaceful development, China will endure the 21<sup>st</sup> century in the context of both economic growth and security.<sup>467</sup>

The main assessments and pro-active guidelines formulated and emphasized by Xi that point to a Grand Strategy approach can be summed up as follows:

- In its interactions with the world, China's biggest opportunity lies in its steady development and growth in its strength, an obvious contrast with the 2006 FAWC statement by then-President Hu Jintao that "China is and will remain for a long time to come in the initial stage of socialism";<sup>468</sup>

- China must develop a distinctive foreign policy approach befitting its posture of a major country and must conduct diplomacy with a salient Chinese feature and a Chinese vision in pursuit of a new type of international relations. The latter should be aiming win-win cooperation, reforming the international system, properly handling of sovereignty disputes, and enhancement of CCP leadership, and the reform of the PRC foreign policy processes,<sup>469</sup> in seeking other countries' understanding of and support for China Dream, which is about peace, development, cooperation and win-win outcomes;<sup>470</sup>

- To actively advance the building of the Silk Road Economic Belt (OBOR) and the 21<sup>st</sup> Century Maritime Silk Road, working hard to expand the converging interests of various parties, and achieve win-win outcomes;

- Firmly uphold China's territorial sovereignty, maritime rights and interests and national unity, and properly handle territorial and island disputes. Protect China's overseas interests and improve capacities that provide such protection, explicitly emphasizing that the new Chinese leadership is firm in safeguarding China's "core national interests".

Xi's speech, its assessments and guidelines became the object of thorough and scrutinized analysis and commentary by leading Chinese and Western strategists and IR scholars, some labeling the speech as a "Diplomatic manifesto to secure the China Dream".<sup>471</sup>

For Michael Swaine, one of the four leading U.S. China watchers, Xi's speech stands as the most authoritative and comprehensive statement on China's international relations and foreign policy, ever, defining China's place in a changing world order and the unprecedented critical role Chinese external more sophisticated, strategic and dynamic policies must play in advancing and protecting China's most vital interests at home and abroad. According to him, Xi has shaped these goals in a more long-term, strategic manner, connecting them explicitly with the so-called "double centenary" objectives of creating a rich and powerful nation by 2049. How the United States responds to this challenge will largely determine the strategic landscape in the Asia-Pacific for decades to come".<sup>472</sup>

<sup>467</sup> "Xi eyes more enabling int'l environment for China's peaceful development", *Xinhua*, November 30, 2014.

<sup>468</sup> See "PRC President Hu Jintao Addresses Central Foreign Work Meeting in Beijing", *Xinhua*, August 23, 2006.

<sup>469</sup> "Xi eyes more enabling int'l environment for China's peaceful development",

<sup>470</sup> Michael D. Swaine, "Xi Jinping's Address to the Central Conference on Work Related to Foreign Affairs: Assessing and Advancing Major-Power Diplomacy with Chinese Characteristics", *China Leadership Monitor*, No. 46, March 2, 2015, p. 5.

<sup>471</sup> Chen Xiangyang, "A Diplomatic Manifesto to Secure the China Dream", *China-U.S. Focus*, December 31, 2014.

<sup>472</sup> Michael D. Swaine, "Xi Jinping's Address to the Central Conference on Work Related to Foreign Affairs", p. 15.

In contrast to Hu Jintao, who analysts assess, did not have a strong hold of the army top brass, under the decisive leadership of President Xi, *the People's Liberation Army (PLA) has launched its most comprehensive reform program to date, embodying another important building block of the new Grand Strategy*. His initiated measures will optimize the PLA's size, structure and combat strategies with aims of improving capabilities and effectiveness, administrative efficiency, and deference to CCP leadership. The planned new 300000 personnel cut, saving finance and paying for manpower-saving modern defense technologies, will still leave China with the world's largest arms forces in terms of numbers – about two million active duty military and huge reservist corp.

China is studying best foreign modern warfare experience and practice, and is reorganizing its operational structure to create five standing combatant commands, with permanent staff responsible for both peacetime and wartime missions in China and neighboring regions. The reforming steps aim to break down barriers between rival commanders, and make them focus on fighting as an integrated team regardless of their military service or the platform they have under their command. The decision to create a separate ground forces command reinforces the rebalancing among the military services and targets integrated joint operations, as the worst scenario opponents, Japan, the U.S., and the ASEAN states, contesting Beijing's claims in the South China Sea will most likely engage China on the air or sea rather than on land.

The most important change has been the establishment of two new structures, the PLA Strategic Support Forces (PLASSF) and the PLA Rocket Forces (PLARF), as well the restructuring of the Central Military Commission.<sup>473</sup>

The PLASSF is much more than a simple support force, and besides having the same capacity of independent operations as the PLARF, it will include “new type of forces”, such with cyber, space, and electromagnetic capabilities. Concentrating resources on cyber network defense, information and psychological operations, this step also will sustain the PLA's focus on building anti-access, area-denial (A2/AD). These advances will make the PLA capable of attacking U.S. Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance systems. The aim is to exploit U.S. asymmetrical vulnerabilities such as dependence on information technology, outer space systems, and other enabling networks to allow the PLA to resist what are still superior U.S. conventional forces.

The new PLA Rocket Forces will support this A2/AD strategy. More than a dozen new administrative bodies will function under the new CMC, creating a “force provider” chain of command from it to the military services, and a “force user” operational command that proceeds from the CMC to the new theater commands.

These ongoing reforms do not suggest a new cardinal foreign or national security strategy shift, and will lead to improved integration and flexibility rather than charging the military with new ventures.<sup>474</sup>

Having the PLA led by true Party believers may not make PLA commanders more aggressive than the promotion of more traditional Chinese nationalism, and Xi's cracking down on corruption will more clearly improve the PLA's morale and use of resources. The most important constraint remains the PLA's limited combat effectiveness, as the last fought major wars were in 1979 against Vietnam and in 1950-53 against the U.S. in Korea.

In May 2015, China adopted its Military Strategy. The available document stresses the principles of defense, self-defense and post-emptive strikes, that China will counter-attack if attacked – with focus on “winning informational local war” and international cooperation in “areas crucially related to overseas interests”.

<sup>473</sup> Richard Weitz, “China's Defense Reforms not a Shift in National Security Strategy”, Hudson Institute, *China-U.S. Focus*, April 6, 2016.

<sup>474</sup> *Ibid.* p. 2.

Beijing's quest to restore China's historic 'greatness' and to attain international status as a military power commensurate with its economic standing is obvious and continues. Yet, with the 'new normal' economic adjustment, GDP growth slowing, official (and probably debatable) rate of growth of defense spending 'decreasing', and social and demographic headwinds mounting, Chinese leaders face increasingly difficult trade offs concerning how to allocate government largess to the population in parallel with Xi's ambitious military modernization and PLA reforms – prioritizing certain asymmetric weapons – missiles foremost among them, to assert China's 'core interests' on its contested periphery, threatening to place the U.S. and China's neighbors on the costly end of a capabilities competition.

Accounts for Washington's military spending as a ratio of its GDP during the USA initial period of rise are difficult to be found. Conventional historical parlance claims that before the entry into the Great War in 1914, U.S. military burden seldom if ever exceeded 1% of GDP, which for a fast growing and already the world's largest economy was quite a considerable amount, but still generally less than that of the British and Russian Empires or Germany in that period.

Acquiring credible figures for China's military spending as share of GDP after the initial rise period since 1978 is almost equally problematic, as Beijing was pushing down while Washington pitching high the Chinese official figures.

According to Pentagon estimates, from 2005 to 2014, China's official military budget grew an average of 9.5% annually, after adjusting for inflation, with the last single-digit increase of 7.5% in 2010, 12.2% in 2014, and 10% in 2015 – reaching U.S.\$ 136 billion. The highest hike was in 2007, when after the passage of the Anti-Secession Law in 2005, allowing for a forceful unification with Taiwan, Beijing increased its military budget by 17.8%, leading to frictions with the U.S.<sup>475</sup>

In his annual legislature report to the NPC in March 2016, Premier Li Keqiang announced, in surprise to the much higher Western projections, a rise of 7.6% of the PRC military budget for 2016 to U.S.\$ 146 billions, an increase reflecting the domestic economic environment, and partly a gesture to mollify China's neighbors about its intentions in the South China Sea. 2017 military budget rose by 7%, 2018 – by 8.1%, reflecting China's negative assessments for existing risks and military threats in the international security environment, especially in its neighborhood ( Korean peninsula, East and South China Seas, and the Middle East).

Chinese official figure for 2016 military budget is far less than the figure given by SIPRI – U.S. \$ 214.787 billions, making a well-informed guess and compromise to a real figure somewhere in the middle. The SIPRI estimates for the U.S. military budget for 2016 are – U.S. \$ 573 billion, down from 596 billion in 2015.<sup>476</sup>

Even as China is now pulling ahead in its military spending comparable to that of Russia and major EU countries, it still falls extremely far short of the massive \$ 700 billion U.S. 2018 figure. In some parallel with the rise of the United States, therefore, China has favored pragmatic economic development and growth over excessive military expenditure, in spite of the fact that Deng Xiaoping's Four Modernization drive, included PLA modernization.

China's overall current military policy is aimed at building sea control to its first island chain, already in motion by the island construction in the South China Sea and the assertive claims in the East China Sea. Like United States in its rise period, China is accumulating power to either initially share preeminence with, or exclude outside great powers from its region exemplified by Xi's vision of the new Asian Security Concept.

<sup>475</sup> Chris Buckley and Jane Pelez, "China Military Budget to Rise Less Than 8%, Slower Than Usual", *The New York Times*, March 4, 2016.

<sup>476</sup> SIPRI Military Expenditure database 2016, [https://www.sipri.org/research/armaments/milex/milex\\_database](https://www.sipri.org/research/armaments/milex/milex_database)

Dynamics and Chinese actions in the South China Sea demonstrate the structural importance China Dream Grand Strategy attaches to balancing and blocking U.S.' naval dominance in the allegedly most important region of the 21<sup>st</sup> century. China currently has no potential in controlling the seas and oceans' military and economic lanes, and is in search for alternative routes and in bypassing the 7<sup>th</sup>, 8<sup>th</sup>, and 9<sup>th</sup> U.S. fleets that strategically ring the Eurasian landmass. Besides attempts of sharing preeminence and strategic presence in the South China Sea and pushing for polar Silk Road with Russia, Beijing is trying to diminish the importance of the sea-power paradigm, and increase the role and priority of the land-power alternative model. To that end the first test train from China arrived directly in London in July 2017, taking 20 days less than by sea.

In parallel, China continues to quietly dig in on disputed islands in the South China Sea with the obvious perspective of converting them into naval and air bases with future potential of checking and balancing U.S. naval military superiority in the region, a "steady progress" of Chinese construction and land reclamation in the disputed sea, praised by President Xi Jinping in his report at the 19<sup>th</sup> Communist Party Congress in October 2017. More so, Beijing has warned the U.S. to stop meddling in South China Sea territorial disputes in advance to President Trump's November 2017 visit to several East Asian nations, including Japan, the Philippines, China and South Korea.

According to Cui Tiankai, China's ambassador to the USA, "matters of disagreement in the South China Sea should be resolved by a 'Code of conduct' created by regional parties, as opposed to U.S. arbitration."<sup>477</sup>

***Economic and financial power and incentives form the second basic pillar set of building blocks of the new China Dream Grand Strategy.*** The energetic and expedient actions and practical pragmatic moves of Beijing in these directions embody the responses of China to the five long-term trends in world politics that President Xi identified at the FAWC in November 2014: multipolar world; globalization; peace and development; reform of the international system and prosperity in the Asia-Pacific region, and also the Chinese vision on the crucial economic strategic component in the balance of power with the U.S.

"One Belt, One Road strategy represents a striking departure in Chinese policy. For the first time China is seeking to export its development model to other countries ... and it is different from that of the West: its purpose is to develop industrial capacity and consumer demand in countries outside of China. Rather than extracting raw materials, China is seeking to shift its heavy industry to less developed countries, making them richer and encouraging demand for Chinese products"<sup>478</sup>.

China is planning the construction of the world's greatest economic, energy, trade, infrastructure and construction project ever undertaken. The ***new land and maritime Silk Road (OBOR)*** ambitious vision and strategy aims a revolutionary change in the overall economic map of the world, extending more than 8000 miles from Shanghai to Germany, creating economic zones and corridors that equals over one third of the global circumference, and if realized in entirety, will affect the economies of roughly 100 countries, covering a population of 4.4 billion people and an initial economic output of about U.S. \$ 23-25 trillions.

"Go West" strategy was not very new initiative, initially taken seriously after the collapse of the USSR in the form of the Shanghai Five mechanism established in 1996, then slowed down by Deng's legacy of priority economic development based on China's coastal opportunities, with less impulses for development of the inland parts of the PRC.

The origins of the strategy's revival have deep and complex roots and far-sighted motivations, economic, security and major country prestige goals. Besides 2011 U.S. 'Pivot'

<sup>477</sup> Back off: Beijing tells US South China Sea Disputes Not Theirs to Solve', AFP, 31.10.2017

<sup>478</sup> Francis Fukuyama, "Exporting the Chinese Model", *Project Syndicate*, January 12, 2016.

<https://www.projectsyndicate.org/commentary/china-one-belt-one-road-strategy-by-francis-fukuyama-2016-01>

to Asia-Pacific, TPP and other derivative U.S. initiatives in the region, negative effects of global financial and economic crisis and the coming slow down and `new normal` economic model and growth, China needed to champion counter initiatives offering lucrative choices<sup>479</sup> to its near neighborhood and adjacent regions. Beijing was in search for new and how to preserve existing markets, as well as to narrow the economic gap between coastal areas and much less developed inner regions, preserving political and social stability there, threatened by the “three evils” – terrorism, extremism, and separatism.

For less than a year after Xi – Li took Party, State and government power, by end of 2013, both leaders had visited 22 countries, out of which - 12 of China`s neighbors.<sup>480</sup> Apart from the “China Dream” priority topic of Xi`s China future vision discourse, the OBOR/BRI supplementary strategy ranked second as topic when meeting foreign statesmen.

OBOR initiative was launched by President Xi during his landmark 10-day four-leg visit to Central Asia in September 2013 in Turkmenistan, Kazakhstan, Uzbekistan and Kyrgyzstan. Xi oversaw the signing of deals valued at U.S. \$ 30 billion in Kazakhstan, including oil and gas projects, and agreed to lend \$ 3 billion into loans and infrastructure in Kyrgyzstan. He also took part in the 13<sup>th</sup> Shanghai Cooperation Organization (SCO) summit in Bishkek and later attended G-20 summit in St. Petersburg, meeting separately Putin for the 5<sup>th</sup> time in 2013.

The strategy was introduced in Xi`s address in Kazakhstan and reiterated in his speech at the SCO meeting in the initial form of five-point proposal offering the joint construction of the OBOR, with the scope of increasing the economic cooperation between China, Central Asia and Europe.

ASEAN was the other Asia-Pacific strategic direction included in Beijing`s OBOR/BRI planning through the establishment of the new Maritime Silk Road. Concertedly, the project was introduced by both President Xi and Premier Li during the former`s speech in the Indonesian Parliament and the latter`s attendance at the 16<sup>th</sup> ASEAN + China summit in Brunei, in early October 2013. Main emphasis was laid upon enhanced economic cooperation and related financial issues, closer cooperation on joint infrastructure projects (roads and railways), security cooperation, and the promotion of a “21<sup>st</sup> century maritime Silk Road” through strengthened “maritime economy, environment, technical and scientific cooperation.”<sup>481</sup> It entailed building or expanding ports and industrial parks across Southeast Asia and in places including Sri Lanka, Kenya and Greece, along with a goal of expanding bilateral trade with Southeast Asia to \$ 1 trillion by 2020 – more than double its 2012 level.

Between 2007 and 2014, China crossed its countryside with 9000 miles of new high-speed rail, more than the rest of the world combined. The system now carries 2.5 million passengers daily at top speeds of over 250 km. per hour. By the time the system is completed in 2030, it will have added up to 16000 miles of high-speed track at a cost of U.S. \$ 300 billion, connecting all of China`s major cities. Starting in 2008, the Germans and Russians joined the Chinese in launching the “Eurasian Land Bridge”. Two East-West routes, the old Trans-Siberian in the North and a new Southern route along the ancient Silk Road through Kazakhstan are planned to bind all of Eurasia together. On the faster Southern route, containers of high-value manufactured goods, computers, and auto parts began traversing 6700 miles from Leipzig to Chongqing in China, in just 20 days, about half the 35 days such goods now take via cargo ships.

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<sup>479</sup> At the Davos twin Asian Boao Forum in April 2013, President Xi bluntly told the 21 Asian countries`s participants to make their calculations, referring that for the next 5 years China projects: U.S. \$ 10 trillion of imports; OFDI of 500 billion and 400 million Chinese tourists abroad.

<sup>480</sup> Russia; Turkmenistan; Kazakhstan; Uzbekistan; Kyrgyzstan; Indonesia; Malaysia; Brunei, Vietnam, Thailand, India and Pakistan.

<sup>481</sup> “Chairman Xi Jinping delivered a speech in the Indonesian Parliament”, *Xinhua*, October 3, 2013; “Prime Minister Li Keqiang delivered a speech at the 16<sup>th</sup> China – ASEAN (10 + 1) leaders` summit, *Xinhua*, October 10, 2013. See also, D. Cohen, “China Pushes `Silk Road` Regional Trade on Two Fronts”, *China Brief*, Vol. 13, Issue 20, October 10, 2013,

In 2013, Deutsche Bahn AG began preparing a third route connecting Hamburg and Zhengzhou that has now cut travel time to just 15 days, while Kazakh Rail opened a Chongqing – Duisburg link with similar time-schedule. In 2014, China announced plans for the construction of the world's longest high-speed rail line at a cost of U.S. \$ 230 billions. According to plans, trains will traverse the 4300 miles between Beijing and Moscow in just two days.

China is also building two spur lines running Southwest and due South towards the world island's maritime periphery. In April 2015, President Xi reached an agreement with Pakistan to spend U.S. \$ 46 billion on China – Pakistan Economic Corridor.<sup>482</sup> Highway, rail links, and pipelines will stretch nearly 2000 miles from Kashgar in Xinjiang, China's westernmost province, to a joint port facility in Gwadar, Pakistan, opened back in 2007. China has invested more than U.S. \$ 200 billion in the building of this strategic port at Gwadar on the Arabia Sea, just 370 miles from the Persian Gulf. Starting in 2011, China also began extending its rail lines through Laos into Southeast Asia at an initial cost of U.S. \$ 6.2 billion. A high-speed line is expected to take passengers and goods for just 10 hours from Kunming to Singapore.

In this dynamic decade, China has constructed a comprehensive network of trans-continental gas and oil pipelines to import fuels from the whole of Eurasia for its population centers – in the North, Center, and Southeast. In 2009, after a decade of construction, the state-owned China National Petroleum Corporation (CNPC) opened the final stage of the Kazakhstan-China Oil Pipeline, stretching 1400 miles from the Caspian Sea to Xinjiang. Simultaneously, CNPC collaborated with Turkmenistan to inaugurate the Central Asia-China gas pipeline. Running for 1200 miles largely parallel to the Kazakhstan-China Oil Pipeline, it is the first to bring the region's natural gas to China. To bypass the Straits of Malacca controlled by the U.S. Navy, where almost 80% of Chinese trade and energy imports are shipped, CNPC opened a Sino-Myanmar pipeline in 2013 to carry both Middle Eastern oil and Burmese natural gas 1500 miles from the Bay of Bengal to China's remote Southwestern region. In May 2014, the company signed a U.S. \$ 400 billion, 30 years deal with the Russian energy giant Gazprom to deliver 38 billion cubic meters natural gas annually by 2018 via a still-to-be completed Northern network of pipelines across Siberia and into Manchuria.

Though massive, these projects are just part of an ongoing construction spree that, over the past five years, has woven an impressive cradle of oil and gas lines (and many in projection) across Central Asia and South into Iran and Pakistan. In case of success, the result will be an integrated inland energy infrastructure, including Russia's own vast network of pipelines, extending across the whole of Eurasia, from the Atlantic to South China Sea. On May 8, 2015, in Moscow, presidents Putin and Xi signed an agreement, setting out the framework for cooperation between Moscow-led Eurasian Economic Union (EEU) and China's OBOR/BRI.

What was originally known as the Silk Road Economic Belt and the 21st Century Maritime Silk Road were endorsed by the Third Plenum of the 18th CCP Central Committee in November 2013. Only after the release of the official document, "Visions and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Roads", in March 2015, the whole project was finally renamed Belt and Road Initiative (BRI), displaying its structural importance and strategic engagement of the Xi presidency.

According to early estimates of the World Bank, the development of BRI will likely influence FDI activity in developing participating regions, because the initiative involves more than 60 countries and a combined inward FDI stock of around \$ 6 trillion. Connecting some 65 countries and 4.4 billion people, in 2016 Chinese companies signed 8158 contracts

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<sup>482</sup> "China to invest \$ 900 billion in New Silk Road", *Asia Times*, May 29, 2015, <https://www.atimes.com/2015/05/china-to-invest-900-billion-in-new-silk-road/>

worth \$ 150 billion, and China's trade with BRI countries reached \$ 953 billion. In the first three quarters of 2017 trade between China and countries along BRI amounted to \$ 786 billion, 15% increase from the same 2016 period.

“We have to make sure America writes the rules of the global economy, and we should do it today while our economy is in a position of global strength. If we don't write the rules for trade around the world guess what, China will!”<sup>483</sup>

In line with this vision of President Obama, in October 2015, the U.S.-led TPP was signed, remaining to be ratified, and the 12 member states agreed on new rules in their interactions. On November 2, 2015, during Secretary of State John Kerry's Central Asian tour, in Astana, Kazakhstan, he invited China, Russia, and other countries to join TTP, “as long as they want to raise the standards and live up to the highest standards of protecting people and doing business openly and transparently and accountably”.<sup>484</sup>

Officially China wished the TPP success, but currently, as President Trump has pulled the U.S. out of TPP, Beijing is trying to figure out what, besides attempts of 'trade wars', Trump's strategic economic, trade and investment substitute for it in the Asia-Pacific would look like.

Aware of the outside perceptions and assessments that the BRI strategy would introduce a new geo-strategic landscape in the region, that the U.S. is upset, and that Japan, India and Australia are wary of its strategic implications, and in spite of the economic slow down and the “new normal” growth model, Beijing did not change course.

Addressing the opening ceremony of the Asia-Europe (ASEM) Industry Dialogue on Connectivity, in May 2015, member of the PBSC and Executive Vice-Premier Zhang Gaoli announced that within the framework of BRI China is considering the construction of six economic corridors to substantially upgrade the economic connectivity between Asia and Europe, as the necessities of such stronger relationships were “a trend of the times and a global concern”.<sup>485</sup> The corridors were set to run through China-Mongolia and Russia; New Eurasian Land Bridge; China and Central and West Asia; China and the Indo-China Peninsula: China and Pakistan, and Bangladesh, China, India and Myanmar. In his promotion statement the Executive Vice-Premier emphasized that “connectivity” involves not only economic and physical infrastructure, but also policy coordination, capital flow, and people-to-people exchanges, a comprehensive qualitative upgrade of Asia-Europe partnership. Highlighting transportation, communications and energy as important sectors for connectivity, Zhang urged the participants for “consolidation of the social foundation for connectivity”, by ensuring openness in their education, employment and tourism markets.

Meanwhile, China Development Bank, one of the country's policy implementing banks, announced its plans to invest more than U.S. \$ 890 billion into over 900 jointly run projects, involving 60 countries, as the bank's contribution to support and further develop the BRI. As practical steps, the bank has recently allocated over U.S. \$ 10 billion for initiatives in coal and gas, mining, electricity, telecommunications, infrastructure and agriculture.<sup>486</sup>

The comprehensive and holistic economic and financial building blocks of the new China Dream Grand Strategy, underpinning and servicing the BRI strategy, included also – Beijing initiated Asian-Pacific Free Trade Agreement (APFTA) and Regional Comprehensive Economic Partnership (RCEP) – multilateral agreements that link the economies of China, Japan, India, Australia, South Korea and New Zealand along with the 10 ASEAN countries

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<sup>483</sup> President Obama remarks on trade, Oregon, May 8, 2015, <https://www.whitehouse.gov/the-press-office/2015/05/08/remarks-president-trade>

<sup>484</sup> “Secretary John Kerry Invites Russia and China into TPP”, *The New American*, November 4, 2015, <https://www.thenewamerican.com/usnews/foreign-policy/item/21891-secretary-kerry-invites-russia-and-china-into-tpp>

<sup>485</sup> “China to invest \$ 900 billion in Belt and Road Initiative”, *The Telegraph*, June 10, 2015.

<sup>486</sup> *Ibid.*

(including China, but excluding U.S.)<sup>487</sup>, \$ 50 billion Asian Infrastructure Investment Bank (AIIB), and \$ 40 billion Silk Road Fund (SRF).

In the run-up to the 26<sup>th</sup> Asia-Pacific Economic Cooperation (APEC) summit in Beijing (November 10-12, 2014), U.S. blocked China's efforts to begin negotiations on the APFTA, as conflicting with the preparations for the U.S.-led TPP. Beijing continued to promote the agreement in pre-summit meetings but won endorsement for it only as a long-term goal.<sup>488</sup>

The launch of the AIIB and the SRF was announced by President Xi in early November 2014, prior to the APEC summit, underlining their inclusiveness and that they would complement, and not substitute the existing international financial institutions. Party loudspeaker *Global Times* defined the moves as example of new major country's relations and breaking U.S. containment policies.<sup>489</sup>

In spite of U.S. lobbying and obstructions, known and documented in Beijing, the ***formal official launch of the AIIB took place in late June 2015***, when 57 countries signed on to become Charter Bank members, out of which as founding members - 12 NATO countries and three of the main U.S. military allies in Asia – Australia, South Korea and New Zealand. Another 30 plus countries are on the queue, eyeing future membership, including Thailand and Taiwan. That will probably surpass the 67 members, Manila based, and Japan and U.S. dominated Asia Development Bank (ADB), in which Beijing has one sixth of the 26% blocking voting rights of both Tokyo and Washington.

Beijing's official rationale and parlance in explaining the necessity of the AIIB is centered on the claims in Chinese leaders' statements and government publications that by 2050 Asia will have 11 out of the 25 world leading economies in GDP (PPP) terms and that Asia is and will be infrastructure funding thirsty. There are references to a 2010 ADB report, and its estimates that Asia would need \$ 8 trillion for infrastructure development in the coming decade, or roughly \$ 800 billion annually. For some analysts, the operations of the ADB, WB, or the IMF are obsolete, for they can no longer represent and meet the needs of the emerging economies and do not reflect the realities of the current global economy, giving example with the only \$ 13 billion annual credit capacity of the ABD. During his state visits to the United State and United Kingdom in 2015, President Xi personally lobbied and supported the AIIB by pointing out that as an international financial institution the policies and the rules of operations of the bank will not be decided by China alone (26% voting rights), but transparently and by its Charter members through dialogue and consultations.<sup>490</sup>

China plans to inject initially at least \$ 62 billion into 3 banks to support BRI strategy: 32 billion – for China Development Bank; 30 billion into Exim Bank, and to pump additional capital into the Agricultural Development Bank of China. For Beijing, the project is to take decades, costing hundreds of billions, even trillions of U.S. dollars, noting with satisfaction that the world's largest hedge funds, like Goldman Sachs and Blackstone are rushing to market new multi-billion dollars international infrastructure investment funds along with the Chinese financial funding efforts.

The “continuity through change”- Zhongyong dialectics' new ***China Dream Grand Strategy has a defined third pillar set of building blocks – political; ideological, and legal/anticorruption***. President Xi Jinping is trying to activate and use them as the bedrock

<sup>487</sup> Up to now there have been 11 rounds of negotiations, the last, the 14<sup>th</sup> round, should take place in September 2016 in Laos. At the last, 11<sup>th</sup> round, February 15-18, 2016, in Brunei, the conference was guided by the leader's instruction to strive to conclude negotiations as planned in 2016.

<sup>488</sup> Jeremy Page, “China Sees Itself at Center of New Asian Order”, *The Wall Street Journal*, November 9, 2014. <https://www.wsj.com/articles/china-new-trade-routes-center-it-on-geopolitical-map-1415559290>

<sup>489</sup> “AIIB embodies new major power country's relations”, *Global Times*, March 20, 2015.

<sup>490</sup> “Exclusive Q&A with Chinese President Xi Jinping”, Reuters, October 17, 2015, <https://www.reuters.com/article/us-china-britain-xi-q-a-idUSKCN0SC03920151018>

fundamentals underpinning the strategy, in addition to the patriotic-nationalistic feelings and attitudes he massively cultivates and ignites, especially among the young generation. For him, “domestic political and social stability and unity, leadership of the CCP, represent the most important `core national interest` of China”.<sup>491</sup>

Xi’s audacious paramount leadership style sets him apart from the modern Chinese norm. In personality and policy criteria, he represents both continuity and change, as most powerful leader since Deng and Mao, while most of his current strategic policies have their initial roots in the previous Hu-Wen leadership period, especially after 2008-2009. Xi is driven by a deep sense of personal integrity, personal destiny and the decisive conviction for the role that he is to play in bringing about two great historical missions for his country: first, national rejuvenation through the China Dream, thereby restoring the fully merited China status and role as a respected great power, and second, curing and saving the CCP itself from the cancer of “liberal degradation” and corruption, thereby securing the party’s future, difficult as it may be, as the undisputed leading political force that will celebrate the centenary anniversary of the People’s Republic in 2049.<sup>492</sup>

Is President Xi a communist or a Chinese? Analytically well informed answer is that he is very loyal to both. Deeply and widely read in Chinese history, culture and classical political philosophy he has made his personal and China’s self-audit and is deeply convinced that the “Chinese characteristics” copy right attached to everything that China does must always be present, mostly for popular appeal. He is carefully cultivating Chinese self-esteem and mass mobilization under the leadership of the CCP, the original author of the concept and the sole factor who made it possible that now, after 150 years, China has regained its proper place in the world.

He is loyal to *Mao Zedong’s positive legacy* as the symbol of 1949 New China. This was apparent in his decision to call a meeting in 2014 of hundreds of generals and military officials in Gutian County, the historic site where Mao first declared that the military must always be loyal to the Party.<sup>493</sup>

Xi has an encyclopedic knowledge of the history of the CCP. Being pragmatic realist often leaning on ideational-constructivist classical Chinese rhetoric, he has absorbed *Deng Xiaoping’s theory of practical political and economic ideologies*, not rejecting Marxism-Leninism or Mao Zedong Thought, but instead trying to adapt them to the current existing socio-economic conditions in China. Xi sticks to Deng’s `one country, two systems` and `seek truth from facts` political and economic pragmatism, because in reality he now faces, even more gravely, the problems which were challenging Deng Xiaoping in the early reform and opening up period. He is challenged now by the basic structural issues of how to promote further the economic development and growth while preserving the ideological unity of the CCP and its control and management of the risky processes of the `new normal` model of development. The ideological conservatism of Deng’s theory – to uphold the “Four Cardinal Principles”: the basic spirit of Communism, People’s democratic dictatorship political system, leadership of the CCC, Marxism-Leninism and Mao Zedong Thought remain enshrined in today’s CCP Charter. His postulates, `socialist market economy`, `socialism with Chinese characteristics`, and the `Chinese characteristics` attributes, when describing almost any political, external, economic, legal, and social policy remain omnipresent.

Xi is also pragmatically using the politico-theoretical contributions with `Chinese characteristics` to Marxism-Leninism of his predecessors Jiang and Hu, as they both, too, ran in direction of enhancing and consolidating the power and role of CCP in the socio-economic and political life in China.

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<sup>491</sup> See Qin Yaqing, `Continuity through Change`, p. 311.

<sup>492</sup> See Kevin Rudd, “How to Break the `Mutually Assured Misperception` Between the U.S. and China”, pp. 2-3.

<sup>493</sup> “Xi stresses CCP’s Absolute Leadership Over Army”, *China Daily*, November 3, 2014.

Jiang Zemin's 2000, enshrined in the Party Charter in 2002, "**Three Represents Theory**", aims at solidifying and strengthening of the CCP organizational and ideological influence among the population. It also represents a leverage in the fight against corruption, called by Hu Jintao, the "soul of the 2002 16<sup>th</sup> Party Congress", and important development of Deng's "Theory of building socialism with Chinese characteristics".<sup>494</sup> The theory's developmental, consolidation and unifying platform is based on the concept that the CCP is the avant-garde political force that represents: advanced productive forces, advanced culture; and the fundamental interests of the vast majority of the Chinese people. The aim of the first two representational functions is obvious and clear. The third, much criticized by then conservative hardliners in the Party, in reality, pragmatically targets the expanding posture and ideological influence of the CCP by including in its social base and structures, besides – workers, peasants and army, also mass representatives of the new social strata that have emerged as result of the reform and opening up since 1978, including private commerce owners, entrepreneurs, even big business.

Based on Zhongyong dialectics, President Xi is making pragmatic use and leans on the legacy of his direct predecessor Hu Jintao, whom he supported and worked actively with as his Vice President and PBSC member since 2007-2008.

President Hu's overarching political and ideological vision is summarized by three concepts and policies related to domestic issues – **Harmonious Society; Scientific Perspective on Development and Putting People First**, and by two concepts related to international relations and foreign policy – **Peaceful Development and Harmonious World**.

Harmonious Society is the goal, stressing social and political reform and seeking fairness and equity (if not equality) across China's enormous and diverse population and regions. It should feature democracy, rule of law, equity, justice, sincerity, amity and vitality ... giving full scope to people's talent and creativity, enable all people to share the wealth brought by reform and development, and forge an even closer bond between the people and government.<sup>495</sup>

Scientific Perspective on Development is the strategy for achieving this goal of a Harmonious Society. It calls for integrated set of solutions to arrays of economic, social, political and cultural problems – while always retaining economic development as the primary driver. For Hu, it seeks the rectification of economic imbalances (rural-urban, coastal-inland), and includes sustainable development and environmental protection as requirements. It is a strategy of optimizing multiple objectives, as opposed to maximizing the single objective of economic growth to the detrimental growth of other social public goods.

Putting People First is the reason for setting the goal, the underlying motivation for creating a Harmonious Society, thus - the fundamental principle upon which all other policies are built. Harmonious World in Hu's view meant that the world is "multi-polar", its diversity should be guarded, and that the right of nations to choose their own systems is sacrosanct.

Xi insists that CCP should have a cautious appraisal of its accomplishments. Chinese leaders should not be satisfied with the status quo, and are responsible to be decisive and action oriented, to make good things happen and aspire to China's next higher [strategic] goal".<sup>496</sup>

Stepping on the ideational building blocks of his predecessors, and launching his grandiose China Dream strategic project in November 2012, President Xi was well aware that for the project to succeed he needed consolidation, unification, and the alignment of the major part of the population. He permanently addresses and reaches at people's trust and confidence

<sup>494</sup> "Politburo meets to research measures to study and implement the spirit of the 16<sup>th</sup> Party Congress", *Xinhua*, November 16, 2002.

<sup>495</sup> See Robert Lawrence Kuhn, "*How China's Leaders Think: The Inside Story of China's Reform and What This Means for the Future*", 2009, Singapore: John Wiley & Sons Pte Ltd.

<sup>496</sup> *Ibid.*, pp. 23-24.

that the existing “rule of law” problems and malpractices are being fought in decisive and practical manner.

The 4<sup>th</sup> Plenum of the CC of the CCP, addressing *the initial phase of the legal reform* in China, took place in October 2014. In preparation for the Plenum, Xi started his anti-corruption drive in November 2012. Until the 4<sup>th</sup> Plenum, in two years time, more than 40 high-level officials came under investigation: current and former municipal and provincial party secretaries and vice governors, senior government officials, and executives at state-owned enterprises. The highest-profile politician to be investigated was China’s former security top leader and PBSC member Zhou Yongkang. In July 2014, the CCP officially accused him of “serious disciplinary violations” – the first criminal case against a former PBSC member in more than 30 years, breaking an unofficial taboo against investigating the Party’s decision-making 9 top leaders. In June 2015, he was sentenced to life in prison for corruption and other crimes.<sup>497</sup>

The other major and most politically charged trial was the conviction for bribery, embezzlement and abuse of power of CCP hopeful and Party Secretary of Chongqing, Bo Xilai, former member of the Politburo and son of legendary Party elderly leader Bo Yibo, sentenced to life in prison in September 2013. The PLA was not spared, with the arrest of the former general and Vice Chairman of the CMC Xu Caihou for corruption in 2014.

The 4<sup>th</sup> Plenum, first of its kind in the history of CCP, devoted to the controversial and sensible for CCP issue of “rule of law”, was presented as a milestone in China’s political and legal reforms, progress in promoting the modernization of the governing and legal systems with ‘Chinese characteristics’ from top level, and as decisive step for improving the social justice in the country. Besides general guideline decisions, the four-day Plenum has also decided that: China will promote transparency of government affairs, NPC should play a better role in supervising the Constitution’s implementation, Supreme People’s Court to set up circuit courts, the establishment of cross-administrative regional courts and attorneys to be explored, allow prosecutors to file public interest litigation cases and to enhance the protection of human rights in judicial procedures. The forum obliged the CCP to improve its internal rules and mechanisms, the PLA to promote the rule of law and enforce strict discipline, and China to guarantee the practice of the “one country, two systems” principle and to promote the national reunification in line with the law.<sup>498</sup>

At the end of the plenary session meeting 6 former high officials and members of the CC of the CCP were expelled from the party, for violation of party discipline and corruption, replaced by only 3 new members.

The ambitious, well calculated, sometimes forceful actions and tough decisions by President Xi spoke for “the iron in his soul”<sup>499</sup> and firm determination for the success of his strategic visions.

Some strategists and analysts argue, that one downside to Xi’s breathtaking success in consolidating power is that it has left him with near total responsibility for his government’s policy missteps, his visibility on all strategic issues and his dominance of the decision-making process have made him enormously powerful but potentially exposed leader.<sup>500</sup> Indeed, Xi must address countless domestic challenges for which he is now accountable, and a major failure could be costly to his strategic goals and position. The largest problem looming over Xi’s tenure represents China’s economic slowdown and its related manifestations, including unemployment, financial risks, income and stock market volatility.

<sup>497</sup> James T. Areddy, “China’s Former Security Chief Zhou Yongkang Sentenced to Life in Prison”, *The Wall Street Journal*, June 11, 2015.

<sup>498</sup> Ibid.

<sup>499</sup> Lee Kuan Yew, former PM of Singapore on Chinese President Xi Jinping, as quoted in Robert D. Blackwill and Kurt M. Campbell, ‘Xi Jinping on the Global Stage: Chinese Foreign Policy Under a Powerful but Exposed Leader’, *Council on Foreign Relations*, Council Special Report No. 74, February 2016.

<sup>500</sup> Ibid.

The government was forced to reduce its 13<sup>th</sup> FYP growth target to a record-low 6.5%. Xi's top challenge is to smoothly reorient the economy towards innovation, consumption and services, away from the old export and investment model, even as growth continues to fall, and it could take years before he sees results. The sudden decline in the Chinese stock market in the summer of 2015 and again in January 2016 raised worries in China and around the world that the Party under Xi will fail to make this structurally difficult transition.

China's economic travails began years before Xi came to power. The real risk to China's economy, and to Xi's ambitious strategic plans, main concerns and domestic preoccupations come not from the stock market's raw economic impact but from the potential damage that can affect the Party and the government's credibility and mobilizing force.

As a faithful son of an idealistic revolutionary who has fought for China's 1949 revolution, Xi has long deep-seated disdain for 'liberal decadence' and corruption of party officials, whose greed threatens the Party's people support. Deeply suspicious of Western values and intentions, he is especially concerned about possible parallels with the USSR's collapse and disintegration, and the country's unity and stability is his top priority.

Xi's sense of personal and national urgency is underpinned by enormous, Confucian work ethic, which he also expects and demands from his Party decision-making partners and policy advisors. Although he is loyal to Deng's legacy of guiding the gradual process of reforms and ascendancy, Xi is "frustrated by the interminable processes of the Chinese bureaucracy, and its predisposition for formulaic responses to real policy challenges. He is very much a man in a hurry".<sup>501</sup> For China itself, given the sheer size of its political, government and military apparatus, requires all major policy direction and strategies to be simplified into manageable, sometimes ideationally symbolic classical formulations and allegories for its 89 million party members and the public at large.

Xi has significantly reformed the system of Chinese governance. The bureaucratic lavish procedures and prerogatives no longer function as before. His centralized actions have given him greater freedom and leverage for exigency and efficiency. Xi has been able to achieve this dramatic transformation by amassing power quickly, in part through his **unprecedented campaign against corruption**. His right-hand advisor, PBSC member and head of the Party's Commission for Discipline Wang Qishan, has used the campaign to demonstrate that Xi is firmly determined to go along till the end. Zhou, Bo, Xu cases, and tens of thousands party and government officials' investigations have proven that the campaign will not be one act drive, but a permanent party priority, with the military, no exception. 2018 NPC annual session elected Wang Qishan as Vice-President of the PRC, a clear indication that the fight against corruption is still very much high on Xi's domestic priority agenda.

The new Chinese society's wealthy cast of businessmen, industrial and commercial entrepreneurs, too, were given a warning. President Xi directly and personally told them to toe the party line and policies, and set a good example to the public, reminding and urging them to be mindful of their behavior and words. In March 2016, speaking at a panel discussion with delegates from the China Democratic National Construction Association and the All-China Federation of Industry and Commerce, he told the participants that wealthy businessmen should maintain political loyalty to the party and follow the socialist path, requiring that they, "actively exercise core values of socialism" and show "their love to the motherland, the people and the party".<sup>502</sup>

Unlike recent Chinese leaders, Xi seems to have the charisma and an intuitive grasp of public sentiment that calls him a brash, assertive, yet popular and down to earth leader. This image is buttressed by a relentless and active social media participation that portrays Xi

<sup>501</sup> See Kevin Rudd, "How to Break the 'Mutually Assured Misperception' Between the U.S. and China, p. 4.

<sup>502</sup> Cary Huang, "Mind your behavior! Xi tells wealthy businessmen to 'set a good example' amid criticism of China's nouveau riche", *South China Morning Post*, March 9, 2016.

as an incorruptible and self-sacrificial exemplary statesman. Public opinion is one of the pillars of his power, with a Harvard study finding that Xi had a higher approval rating domestically than any other world leader in 2014.<sup>503</sup>

As a culmination of Xi's personal overall politico-ideological contribution during his first five years of top leadership tenure, October 2017 19<sup>th</sup> Congress established and wrote into the Party Constitution – “*Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era*”. The forum incorporated also his “*Four Comprehensives*” – Xi's overarching development and governance philosophy and four-pronged Grand Strategy, having Chinese prosperous society as goal number one, deepening reform as a means, rule of law as a principle, and the strict governance of the Party like action of state of affairs, highlighting China's critical moment at present in terms of its domestic development and its nonlinear engagement with the world, and the deep-rooted complexity of what will take to achieve the China Dream.

### *Xi's Nationalism and China Dream Grand Strategy*

Foreign strategists and analysts' conventional wisdom and narrative usually goes that, “ever since Deng Xiaoping dispatched communist ideology in favor of pragmatic capitalist reforms, CCP's legitimacy has been built on two pillars: economic growth and nationalist ideology. Now that the former is fading, the story goes on, the latter may be the primary tool to support the edifice of the party and Xi's strongman image.”<sup>504</sup>

Although nationalism is not key variable in realist theory, most leading realists appear to believe that nationalism has been especially powerful force in international politics, and that realism and nationalism as particularistic theories at their most basic level are “kissing cousins”<sup>505</sup>. The former having the state as central unit of analysis, and the latter – the nation - with the state as its key institution, each privileging two key concepts: the state and its survival.

After 1800, the dynastic state gave way to the nation-state comprised of more than one nation, and that political structure eventually spread across the globe. “The great political fact of global history in the last 500 years is the emergence of a world of states from a world of empires. The fact – more than the expansion of democracy, more than nationalism, more than the language of rights, more even than globalization – fundamentally defines the political universe we all inhabit”.<sup>506</sup>

In spite of Kissinger's claim in 2010, that “China is not a nation-state, but a continental expression of an ancient and great culture”<sup>507</sup>, to a very large degree China turned into a nation-state since 1949, with all the attributes of that political concept, including the real-world phenomenon of power politics for its survival, and succinctly captures what nationalism is all about: self-glorifying; whitewashing, and other-maligning.<sup>508</sup>

Offensive realism's “China cannot rise peacefully” theory also refers to how nationalism affects the balance of power, the likelihood of war, and the probability that threatened states ( China's closest and regional neighbors ) will balance, not bandwagon with Beijing, and openly advocates the necessity of a similar to the Napoleonic France balancing coalition against the rise of China. Mearsheimer sees the absolute mandatory role of Russia in

<sup>503</sup> See “Reflections on a Survey of Global Perceptions of International Leaders and World Powers”, December 2014, [http://ash.harvard.edu/files/ash/files/survey-global-perceptions-international-leaders-world-powers\\_o.pdf](http://ash.harvard.edu/files/ash/files/survey-global-perceptions-international-leaders-world-powers_o.pdf).

<sup>504</sup> See Robert D. Blackwill and Kurt M. Campbell, “Xi Jinping on the Global Stage”, pp. 14-15.

<sup>505</sup> John J. Mearsheimer, “Kissing Cousins: Nationalism and Realism”, Paper at the Yale Workshop on International Relations, May 5, 2011.

<sup>506</sup> David Armitage, “The Contagion of Sovereignty: Declarations of Independence since 1776”, 2005, *South African Historical Journal*, Vol. 52, No. 1, p. 1.

<sup>507</sup> See Henry Kissinger, “Global security Governance, and the Emerging Distribution of Power”.

<sup>508</sup> Stephen Van Evera, “Hypotheses on Nationalism and War”, *International Security*, Spring 1994, Vol. 18. No. 4, p. 27.

such an anti-China coalition. He is perhaps the only leading U.S. IR scholar who openly criticizes Washington's current policies versus Moscow, and defines the February 2014 events in Kiev, as a coup, implying that the U.S.' real 21<sup>st</sup> century threat is China, not Russia.

Unlike realists, modern liberals distinguish between different types of states; liberal states, which are peace loving and good<sup>509</sup>; and non-liberal states, which are troublemakers. Naturally inclined to spread liberalism across the globe, in search of a world where there are only liberal states, emphasis is placed on the notion that there is a "sovereign equality of states",<sup>510</sup> not just equals, but a community: international community, Atlantic community, European Community, security community, allies and partners more generally. This rhetoric in a way acknowledges that modern liberalism is universalistic in its outlook, a transnational theory, not a particularistic one like nationalism, and the driving force is the respect for the universal individual rights that sits at the core of this paradigm. Nationalism, by contrast, invariably treats a member of his or her group differently than someone from another group. "Today's diffusion of power and nationalism, social and political mobilization, with politically aware people and groups, who usually do not like others to come and tell them how to live, we shall always run to a nationalist resistance..."<sup>511</sup>

Modern liberalism does not have a hard shell view of the state like nationalism, and sovereignty is not that much cherished principle, directly clashing with President Xi's China Dream Grand Strategy, which puts China first, with secondary trickling down effects for the individual person. For Xi, it would sound strange and unacceptable that China need not worry about her survival when reading John Ikenberry's assessment that, "there is an optimist assumption lurking in liberal internationalism that states can overcome constraints and cooperate to solve security dilemmas, pursue collective actions, and create an open, stable system".<sup>512</sup> He is well read in history and knows that power politics and nationalism have well interacted with each other in different up-down ways playing a major role in shaping the modern Chinese state system.

For modern constructivists, as China's slow down and the wane of communist ideology are bringing identity-related questions to the fore in Chinese domestic and IR debates, it seems reasonable to expect that Chinese civilization distinctiveness will play an increasingly prominent role in this "self-investigative" process, and they ask: "Will China turn out to be a revisionist state"?<sup>513</sup> Challenging realism and liberalism, the constructivist perspective argues that more attention should be paid to how the self-understanding of China will constitute its overall interests and thus her Grand Strategy goals. Shunning from the nationalistic labeling, some constructivists emphasize the four fundamental markers - 'Sino-civilization', 'Confucian ideology', 'dynastic centralism' and 'Han-ethnocentrism', even though they have been temporarily repressed during China's communist era, as the base of Sino-centrism that will propagate a different vision of world order than the current liberal one instituted by the Western powers. Conclusions and recommendations are given: the Sino-centric tendency does not seem sufficiently strong to ensure that an ascending China will challenge all of the norms and values of the liberal international order, but to reduce the risk of ideological conflict, Western governments should not proclaim such institutions to be universal standards; and second, though Sino-centric tendency is gaining prominence in China, such a development may be counteracted by lending credence to those actors within China who favor a globalist-integration outlook and may check the Sino-centric identity

<sup>509</sup> The implying political notions of "good" and "bad" countries began to appear in the U.S. National Security Strategies, starting with the Clinton administrations.

<sup>510</sup> G. John Ikenberry, "Liberal Internationalism 3.0: America and the Dilemmas of Liberal World Order". *Perspectives on Politics*, March 2009, Vol. 7, No. 1, p. 75.

<sup>511</sup> See Barry Pozen, *Whither U.S. Grand Strategy*.

<sup>512</sup> G. John Ikenberry, "Liberal Internationalism 3.0", p. 72.

<sup>513</sup> See Andreas Boje Forsby, *The Non-Western Challenger*, pp. 6-7.

dynamics. For the West – that is, the United States, prepare for alternative scenarios and hedge against the possibility of an increasingly Sino-centric China by retaining its forward presence in South East Asia to ensure that the countries there do not feel compelled to submit to particularistic Chinese interests.<sup>514</sup>

For the English School, in spite of their massive cultural difference, which might broadly be summed up as being individualist versus collectivist societies, “Chinese and American societies have much in common including amongst other things a strong sense of patriotic pride (often verging on the chauvinist) married to a much-commented upon commitment to materialism and materialist measures of success.”<sup>515</sup> This may in part explain America’s very real fascination with a modern entrepreneurial China that might have much more in common with the United States than some Americans would care to admit. It would also help explain China’s very deep respect for American power and American economic success, and at political level some of their similarities may also explain why both sides are much inclined to bean counting in terms of their economic and military strength. English School charges the quantitative approach to power which plays easily into zero-sum, realist, materialist way of thinking about international relations, as it reinforces the views of those on both sides in Beijing and Washington who either want to, or think they have to, construct their relationship as one of rivals or enemy.

Recent strategic publication, arguing the necessity of a new resolve U.S. Grand Strategy towards China, and claiming that President Xi will inevitably turn to and exploit “Chinese nationalism” was the February 2016, Council on Foreign Relations` Special Report, titled “*Xi Jinping on the Global Stage*”<sup>516</sup> For less than a year, this was the second CFR’s Special Report on China, recommending to Washington to devise a new Grand Strategy, a lithe version of the April 2015 – “*Revising U.S. Grand Strategy Towards China*”,<sup>517</sup> perhaps in the context of the forthcoming change of guard at the White House in January 2017.

For Blackwill and Campbell, the real risk to China’s economy and to President Xi’s standing, comes not from the 2015-2016 stock market’s raw economic impact but from the damage done to the party’s leading role, as the expected prolonged slowdown will directly affect the welfare of the average Chinese citizen, and will worsen a number of domestic trends. The labor market already struggling to absorb the eight million college graduates China’s universities perform each year, and for well over a year layoffs continue in coastal factories, with labor disputes doubling in 2014 and again in 2015.<sup>518</sup> If the government’s reputation diminishes and economic growth remains stagnant, then the leadership will grow increasingly worried about social unrest, and Xi’s constraints will not abate in the next few years.

“Above all, he [Xi Jinping] will almost certainly choose to intensify and stimulate Chinese nationalism in response to slower growth...The foundations for a turn to nationalism have been laid for decades. After Tiananmen Square, the party inculcated nationalist sentiment through relentless propaganda, a barrage of chauvinistic television shows and movies, and a “patriotic education campaign” in the country’s schools. According to the government’s nationalist narrative, which downplays the party’s failure ... to position Xi’s leadership within the arc of a larger narrative that portrays the party as responsible for restoring China’s historic place in the world. In December 2015, the Communist Party Central Committee held a group study of Chinese patriotism and Xi himself called for further

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<sup>514</sup> Ibid., pp. 45-47.

<sup>515</sup> See Buzan and Cox, *China and the U.S.*, pp. 122-123.

<sup>516</sup> See Robert D. Blackwill and Kurt M. Campbell, “*Xi Jinping on the Global Stage: Chinese Foreign Policy Under a Powerful but Exposed Leader*”, Council Special Report No. 74, New York: Council on Foreign Relations, February 2016. pp. 14-15.

<sup>517</sup> Robert D. Blackwill and Ashley J. Tellis, *Revising U.S. Grand Strategy Towards China*.

<sup>518</sup> Robert D. Blackwill and Kurt M. Campbell, “*Xi Jinping on the Global Stage*”, p. 12, fn. 25.

“promoting patriotism to achieve the great rejuvenation of the Chinese nation”. By connecting patriotism to Xi’s mission to restore Chinese greatness, that link is being made even more concrete...., and by stoking Chinese nationalism, Xi will seek to protect himself and the party from the worst of the economic downturn”.<sup>519</sup>

Other IR scholars, China strategists and analysts do not devote too much research time and energy on the issue of “Chinese nationalism”, taking it as granted and at par with the other existing ‘great power nationalisms’, worth considering - but not as a crucial China threat issue. They try to promote and advance the agenda of mutual win-win interactions, dialogue, and constructive U.S.-China competition, challenging, as they claim, the biggest fiction in “China cannot rise peacefully” determinist theory, that it has no alternative.

### ***Conclusions:***

President Xi’s 2012 Grand Strategy project is not a theoretical and utopian enterprise. It represents a deeply well-thought and strategically underpinned realistic, complex and organically interwoven system of accumulated past positive achievements of China, to which after 2012, new and gradual Grand Strategy building block are dialectically added up in all spheres of life – security, international relations and diplomacy, economy, ideology, military, legal system, fight against corruption and as a whole – united nation building.

To believe and assume that China’s politico-ideological party and economic-financial government elites, with the strong Xi hand on top, will somehow prove to be less apt and creative in meeting the current, and potential follow up set of political, ideological, economic and financial problems and challenges, than they have been in the previous 40 years, is mildly a wishful thinking. It would also be imprudent and misleading in the extreme for any China policy to be based on an implicit (and sometimes explicit) assumption and hope, that if “Chinese nationalism”, suddenly loses ground, crushes or turns against the party and government, we would expect political implosion or the “China collapse” scenario, recently advanced by David Shambaugh. President Xi, Premier Li and overall Chinese policy elites know well what is at stake, and are much more sophisticated now than at any time since 1978, determined and capable of rapid and flexible hard or soft policy responses and carefully calculated actions when necessary.

More over, President Xi and his team are researching, and experimenting a fundamentally new ‘continuity through change’ approach to the overly explored and exploited concept of “Chinese nationalism”. They aim to give it new life, positive connotation and optimistic future vision by the new China Dream Grand Strategy and the rejuvenation of the Chinese nation, with the idea of realizing a vital bottom-up broad idealistic-constructivist country-and-self-motivated identity concentration of the national energy and power for the 21<sup>st</sup> century, especially among the younger generation.

The horrific memories and traumatic connotations of the Century of humiliation (Western and more so, Japanese ‘demons’, and the Chinese fixation with Taiwan as America’s ‘unsinkable aircraft carrier’), will tactically remain and exist. But, as Zhongyong complementary co-evolutionary dialectics of due measure and degree teaches, and guides, the Century of Humiliation and the China Dream Century will inclusively, selectively and flexibly co-exist towards a new higher level of practical, and workable synthesis of managed nationalism and patriotism with ‘Chinese characteristics’.

Well read and informed in political history, Xi, it seems, is doing his best to evade cultivation of open and extreme hostilities for domestic purposes, the way it was behind the rise of Anglo-German warmongering antagonism that led to the Great War. His China Dream

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<sup>519</sup> Ibid., pp. 14-15, fn. 31, 32.

is a proactive realist, Zhongyong, and psychological attempt to selectively emulate, with Chinese characteristics, the success moments and achievements of the American Dream, and to announce to the world that there is a resolute newcomer who intends to be Fuqiang and capable of achieving his China Dream in the 21<sup>st</sup> century.

## CHAPTER 4: “CHINA DREAM” GRAND STRATEGY

The chapter, following the title, constructs and analyzes the main pillars of the dissertation thesis, the structure and content of the Grand Strategy, optional Chinese operational behavior based on it, and potential U.S Grand Strategy reaction which will lead and allow for the formulation and of scholarly sustainable and objective assessments and conclusions in the last chapter, in response to the leading research questions that are posed in the work.

“The great rejuvenation of the Chinese nation must go hand in hand with a rich and powerful army. In order to achieve this goal, China must dare to strengthen its military force, not just its economy”.

The quote comes from the book *China Dream* (Zhongguo meng) by Liu Mingfu, a retired PLA colonel, originally published in 2010, and in English in 2015.<sup>520</sup> In high demand even before publication, with bidding war from dozens of Chinese commercial publishers, the book was met with great success, but then removed from bookshops over fears it would damage relations with the United States.<sup>521</sup>

Liu claims that it has been China’s dream for a century to become the world’s leading nation, combining the continuous ideals and efforts of three of China’s greatest 20<sup>th</sup> century leaders: Sun Yat-sen; Mao Zedong and Deng Xiaoping.

The emphasis lies on Deng’s most progressive role, and his wise, quiet KLP policies in the new successful era of reform and opening up.

Quoting and challenging the assertion of one of President Obama’s most important China advisor, David Lampton, that “China and the United States are involuntarily engaged in a ‘double gamble’ with history”, Liu argues, that for him, “the Sino-American competition in the 21<sup>st</sup> century seems more a game than gamble ... For him, whoever can create more appealing fruits of development, and whoever becomes stronger first, will win the influence necessary to lead and direct the progress of the world, a competition/power game never seen before. The ‘game’ will represent a new era in human history, irrevocably changing the world. Liu also argues that besides being competitors, America and China are far from being enemies or antagonists,” and that a “great strategy requires a great thinking”.<sup>522</sup>

New Chinese leader Xi Jinping’s China Dream speech in late November 2012,<sup>523</sup> was met with speculations that the title of the book most probably has influenced Xi to adopt it as euphemism for his major policy Grand Strategy compass.

In mid-April 2016 program-article in *The American Interest*, titled, ‘Towards a Global Realignment, Brzezinski raised his proposal for a new U.S. Grand Strategy.’<sup>524</sup> By leaving aside the undisputable global leadership posture, he declares that “as its era of global dominance ends, the United States needs to take the lead in realigning the global power architecture”. Five basic verities are signaling the coming of a new international political era: U.S. is no longer the global imperial power, but neither is any other major power, Russia is not fatally precluded – and if it acts wisely, may eventually become a leading European nation-state, China is rising steadily as America’s eventual coequal and likely rival, careful currently not to pose an outright challenge to America, Europe is not, and is not likely to become a global power, but can play a constructive role to global wellbeing and even human survival ..., the currently violent political awakening among post-colonial Muslims, is, in

<sup>520</sup> Liu Mingfu, *The China Dream: Great Power Thinking and Strategic Posture in the Post-American Era*, May 2015, New York: CN Times Books, Inc.

<sup>521</sup> Jared McKinney, ‘The China Dream of Liu Mingfu’, *China-U.S. Focus*, April 12, 2016.

<sup>522</sup> Ibid., Foreword, see also Chapter 5.

<sup>523</sup> Jeremy Page, “For Xi, a ‘China Dream’ of Military Power”, *The Wall Street Journal*, March 13, 2013.

<sup>524</sup> Zbigniew Brzezinski, Towards a Global Realignment, *The National Interest*, April 17, 2016.

part, a belated reaction to their occasionally brutal suppression mostly by European powers...<sup>525</sup>

For Brzezinski, assessed as a unified framework, these five verities tell that the United States must take the lead, with patient persistence, in realigning the global power architecture, and forge coalition that involves, in varying degrees, also China and Russia, a kind of a global power triumvirate.<sup>526</sup>

The probability of global chaos behooves the United States to fashion a policy in which at least one of the two potentially threatening states becomes a partner in the quest for regional and then wider global stability, thus containing the least predictable but potentially the most likely rival to overreach. Currently, his logic goes, the more likely to overreach is Russia, but in the longer run it could be China..

In April 2016, Russian foreign minister Serghey Lavrov openly, and officially for the first time, announced, that under President Putin`s direct instructions, Russia will start to firmly and actively promote and practically realize a new foreign policy strategy for the construction of polycentric global political system. Speaking at the press-free 24<sup>th</sup> Assembly of Russia`s Supreme Council on Foreign and Defense Policies, on April 9, Lavrov has stated that the competent bodies are working over the new editions of the National Security Strategy and the Foreign Policy Doctrine of the Russian Federation, where the new principles and strategic policies reflecting the changing global trends and realities will be officially enshrined,<sup>527</sup> a state guarantee for their practical and resolve implementation.

Besides these foreign policy shifts, Moscow is researching and working on its Russian Civilizational Project with emphasis on home-grown concepts of “justice” and “national will”, distinct and different from the ideational paradigm of the Western`s liberalism and the concept of “Chinese characteristics”.

On June 28, 2016, five days after the Brexit referendum vote, in the Conclusions of the European Council meeting, under item 20 (out of 23 altogether) could be read, “The European Council welcomes the presentation of the Global Strategy for the European Union`s Foreign and Security Policy by the High Representative and invites the High Representative, the Commission and the Council to take the work forward.”<sup>528</sup>

As Blackwill, Tellis, Campbell, and other U.S. eminent strategists and scholars insist, the United States should devise a Grand Strategy for Asia/China at least as coherent and coordinated as the one [Grand Strategy] that has been formulated in Beijing, and which appears designed to maximize China`s power while challenging the long-standing role and alliance dominance of the United States in the region.

In spite of their claim, there is still a broad debate both abroad and domestically about whether China has a Grand Strategy or not. As officially and documentary there is no clear evidence, the general assumptions are that most probably China should have such a strategy, while many believe it does not, arguing that Beijing`s inconsistent and incoherent policies prove the lack of a Grand Strategy.<sup>529</sup> There are scholars who see China as drifting along, gaining experience in course of practice,<sup>530</sup> and others, that see indirect indications of its building blocks, though with no official commitments.<sup>531</sup> Heath, in his 2012 work, using and

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<sup>525</sup> Ibid.

<sup>526</sup> Ibid.

<sup>527</sup> Андрей Борцов, *Россия меняет курс во внешней политике, (Russia shifts its foreign policy strategy)*, at <http://www.worldcrisis.ru/crisis/2314690>

<sup>528</sup> See, <http://consilium.europa.eu>, Conclusions, European Council meeting (28 June 2016), p.7

<sup>529</sup> Barry Buzan, “The Logic and Contradictions of ‘Peaceful Rise/Development’ as China`s Grand Strategy”, 2014, *The Chinese Journal of International Politics*, Vol. 7, No. 4, pp. 381-420.

<sup>530</sup> Zhang Feng, ‘Rethinking China`s Grand Strategy: Beijing`s Evolving National Interests and Strategic Ideas in the Reform Era’, 2012, *International Politics*, Vol. 49, No. 3, p. 338.

<sup>531</sup> See Wang Jisi, ‘China`s Search for a Grand Strategy’, pp. 68-74.

analyzing CCP's documents, claims that there is supporting evidence for elements of new 'national strategy', more than the usual conventional IR rhetoric on the subject.<sup>532</sup>

In the dissertation I argue that China has a Grand Strategy, and I have given it the idealistic-constructivist name of "**China Dream Grand Strategy**". Some IR scholars and analysts call "China Dream" a slogan and mantra, others – a concept.

There are no foreign or Chinese policy-makers, IR scholars, strategists, or analysts that have defined and titled an allegedly Chinese Grand Strategy. Even American realists, who mostly claim that China already is guided by and implementing a Grand Strategy, have not yet given it a name or coherent detailed characteristics, structural composition, and strategic building blocks.

The only other case of name labeling exception is Barry Buzan, who in his 2014 analysis, calls it **Peaceful Rise/Development (PR/D) Grand Strategy**.<sup>533</sup>

My point, arguments and explanatory emphasis, is not on the fact of the name itself, but on the overall core strategic political, party and state centered, developmental, psychological and mobilizing effect, domestic economic charge, external realist and symbolic/ideational message that President Xi implies, conveys, and strongly promotes when using the "China Dream" Grand Strategy loaded vision, guidelines and language.

On November 29, 2012, newly elected Xi, accompanied by all PBSC members, made a high profile and accordingly media covered visit at "The Road to Rejuvenation" exhibition at the National Museum in Beijing. In his first public "China Dream" strategic program speech,<sup>534</sup> the paramount leader specified and firmly outlined the overall attributes of medium and long-term Grand Strategy for China under the leadership of the CCP. For him, the Strategy has to achieve a "moderately well-off China" (xiaokang shehui) by **2021** when during his tenure the Party celebrates its centenary. Second, "wealthy and strong" (Fuqiang) China by **2049** on the centenary of the People's Republic, or to use Mearsheimer's metaphor, "when we shall have an economic mainland China of Hong Kong or Singapore type".

At the October 2017, 19<sup>th</sup> CCP Congress, intermediate strategic target time-line was introduced, defining **2035** as the period when China, Chinese society and army should have obtained the characteristics of a modern nation state. In 2035 Xi Jinping will be 82, quite younger than Deng Xiaoping, who as a shadow paramount Chinese leader made his final active political South China tour in 1992, at the age of 88.

The ideational and material strategic visions and messages of Xi are obvious: "the present of the Chinese nation can well be called 'the right human way brings great changes' ... and in the end, it found a correct path to realize the great rejuvenation of the Chinese nation called – Socialism with Chinese characteristics... with more confidence and ability to realize this objective than at any time in history; What is the China Dream? We believe that realizing the great rejuvenation of the Chinese nation is the greatest China Dream ... in modern times ...concentrated and endowed the long cherished wish of many Chinese generations, it reflects the comprehensive interests ...and it is a common expectation of all sons and daughters of China ... Only when the country does well, and the nation does well, can everyone do well ...and the objective of building our country into a modern Socialist country that is rich, strong, democratic, civilized and harmonious can absolutely be realized."<sup>535</sup>

The dissertation research uses the 2008 global financial crisis as a demarcation line in the periodicity of China's final rise and Grand Strategy formation process. The post-2008

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<sup>532</sup> Timothy R. Heath, 'What Does China Want? Discerning the PRC's National Strategy', 2012, *Asian Security*, Vol. 8, No. 1, pp. 51-55.

<sup>533</sup> See Barry Buzan, The Logic and Contradictions of 'Peaceful Rise/Development' as China's Grand Strategy.

<sup>534</sup> See Xi Jinping's speech, "The Road to Rejuvenation", <https://www.chinacopyrightandmedia.com/2012/11/29/speech-at-the-road-to-rejuvenation/>

<sup>535</sup> *ibid.*

period marked a gradual shift from KLP accentuated to a complex-mixed `continuity through adjustment and change` - KLP-SFA overall Chinese policies, beginning with 2008-2010. This pragmatic strategic shift began after the introduction, and application in China`s international relations and foreign policy stands of the undisputable red-lines of the new officially declared Chinese “core national interests”, since 2010-2011.

Never in its millennium history – being Empire, Republic from 1912, or People`s Republic since 1949, has China ever been in the classical sense – a strictly status quo or revisionist entity. It has been, and still, is both – in due measure, degree, and in different periods of time, based on pragmatic `continuity through adjustments and change` assessments of its comprehensive power, the strategic environment, and in pursuit of its tactical and strategic national interests. There were ups and downs, even moments of national survival during the “century of humiliation”, and in the present period of “strategic opportunity” President Xi Jinping seems firmly determined not to miss the unique chance and case in world history that a country aspires to climb twice the ladder to global eminence.

It all began with Deng Xiaoping`s strategic and promising KLP status-quo behavior shift from Maoist revolutionary ideology to liberal market economy with `Chinese characteristics` in 1978, under the slogan of reform and opening up. This radical change coincided with the brilliant idea of the then Fed Chairman Paul Volcker, admittedly accredited as the U.S savior from the oil and stagflation crisis in the 1970s, and one of the initiators of Nixon`s August 15, 1971, suspension of the U.S. dollar gold convertibility. Volcker sought international solution of the U.S. monetary problems by recycling the world`s surpluses, including by opening the U.S. markets to the expected Chinese manufacturing boom. Trade data from U.S. Census Bureau shows that China has been running a big trade surplus with the U.S. since 1985 and has been steadily accumulating American debt – U.S. Treasury securities and other dollar denominated assets for decades.<sup>536</sup> The bigger the Chinese economy grew, the larger and tighter the economic and financial interdependence became. China today is the biggest American foreign creditor and owner of U.S. assets in the range of around U.S. \$ 2 trillion, out of which almost 1.2 trillion in Treasuries. Flash back-ward to the 20<sup>th</sup> century. Beginning with the Great War, the United States became for many decades the biggest creditor of the ailing British Empire, and to the West as a whole, with only the Marshall Plan – to the tune of U.S. \$ 14 billion. Dominant Washington threatened London to crash the pound sterling during the Suez crisis in 1956, leading to the latter`s decision in 1967 to withdraw from all bases “East of Suez”. Arguably, only economic superpowers and dictatorships can drive Grand Strategy independently of domestic considerations – and Britain was neither in 1967.

Deng`s strategic turn in 1978, “required that China engage economically with the developed wealthy West, its neighbors, and to become [status quo] part of the global system of finance, trade and investment”.<sup>537</sup> The strategic calculus of Deng, targeting a China status quo (with shy elements of revisionism) `quasi alliance` with the U.S., which came to fruition in early 1980s, was also enabled by the short border Sino-Vietnamese war in 1979, as result of the Vietnamese termination of the Chinese-backed Khmer Rouge rule in Cambodia in 1978. Deng Xiaoping attributed this to a Soviet attempt “to extend its evil tentacles to Southeast Asia and ... carry out expansion there” demonstrating the long-standing Sino-Soviet split, and implying that Washington can rely on Beijing in containing Moscow. Kissinger noted that “whatever the shortcomings of its execution, the 1979 Chinese campaign

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<sup>536</sup> Shobhit Seth, The Reasons Why China Buys U.S. Treasury bonds, at <http://www.investopedia.com/articles/investing/040115/reasons-why-china-buys-us-treasury-bonds.asp>

<sup>537</sup> See Buzan and Cox, `China and the U.S.` p. 114.

reflected a serious, long-term strategic analysis” and explained U.S. backing of Beijing by, “American ideals had encountered the imperatives of geopolitical reality”.<sup>538</sup>

Like Britain in relation to the United States, the U.S. and its multinational corporations have played a significant facilitating role in the China power accumulation status quo period, mainly in terms of economic policy and investment capital inflows for the construction of China’s enormous manufacturing power base. “Like the United States, China is similarly reticent about acknowledging this helping hand from the leading liberal power ...”.<sup>539</sup> By 2010 China became the second largest world economy surpassing Japan, and in 2012 – the most important FDI world wide destination, overtaking the U.S., even though the gradual shift from its status quo KLP policy to a more proactive and assertive mixed KLP-SFA strategy has been on display since 2008-2009, well to the knowledge of the foreign investors. In 2015, from the overall bilateral U.S.-China trade of \$ 598 billion, the U.S. deficit reached \$ 366 billion, slightly reduced to \$ 347 billion in 2016, according to U.S. Census.<sup>540</sup>

Does President Xi has a strategic vision and strategic opportunity Grand Strategy for China, and what is a Grand Strategy? Is it Earle’s 1943 vision, George Kenan’s 1946 intersection of strategy, war and statecraft, or Gaddis’ 2009 – “endangered ecological discipline, about seeing forests and not just trees, about viewing the world as round and not square, about relating of the means at your disposal to the ends you have in view”.<sup>541</sup>

The analytical eclectic research thesis rather shuns from the dichotomous Hegelian conflicting dialectics of “either – or” logic. Analyzing China Dream, it shows more affinity and explores the “continuity through adjustment and change”, Zhongyong – middle course of “passing the river stepping on the stones one by one, and when necessary, stepping back”, by concentrating and `stepping with the explanatory narrative in the way the Chinese think and do`.<sup>542</sup>

Brooks, Ikenberry and Wohlforth’s `Don’t Come Home America’s definition of Grand Strategy<sup>543</sup>, drawing on Art, Betts, and Terry L. Diebel<sup>544</sup>, is – “a set of ideas for deploying a nation’s resources to achieve its interests over the long run”.

For Brooks, Ikenberry, and Wohlforth, for more than sixty years, the United States has sought to advance its core interests in security, prosperity, and domestic liberty by pursuing three overlapping objectives: managing the external environment to reduce near and long-term threats to U.S. national security, promoting a liberal economic order to expand global economy and maximize domestic prosperity, and creating, sustaining, and revising global institutional order to secure necessary interstate cooperation on terms favorable to U.S. interests... Woven through official U.S. speeches and strategy documents over the last six decades is a set of broader grand strategic arguments that the security commitments are a necessary conditions of U.S. leadership, and that leadership is necessary to pursue the [Grand] strategy’s three core objectives”.<sup>545</sup>

The eclectic approach shows some mixed affinity to Mearsheimer’s open realpolitik offensive realist analysis of U.S. Grand Strategy and China’s future options in its quest for global posture. Still, the dissertation prefers to make the case of China Dream based on comparison with the liberal internationalist Ikenberry paradigmatic construction, much preferable in predominantly realist Beijing. For China, the ideational idealistic-constructivist

<sup>538</sup> See Henry Kissinger, *On China*, 2012, New York: Penguin Books, pp. 372, 346, 370.

<sup>539</sup> See Buzan and Cox, `China and the U.S.` p. 117.

<sup>540</sup> Kimberly Amadeo, `Why is America’s Trade Deficit With China So High?`, *The Balance*, February 27, 2017.

<sup>541</sup> See John Lewis Gaddis, `What is a Grand Strategy`, 2009, at [http://www.tiss-nc.org/wp-content/upload/2015/01/KEYNOTE\\_Gaddis.pdf](http://www.tiss-nc.org/wp-content/upload/2015/01/KEYNOTE_Gaddis.pdf)

<sup>542</sup> See Qin Yaqing, `Continuity through Change`, pp. 287-289.

<sup>543</sup> Stephen G. Brooks, G. John Ikenberry and William C. Wohlforth, `Don’t Come Home America: The Case against Retrenchment`, 2012/2013, *International Security*, Vol. 37, No. 3, p. 11.

<sup>544</sup> *Idid.*, p. 11, fn. 7.

<sup>545</sup> *Ibid.*, p. 11.

connotation of “China Dream”’s real meaning is “no-conflict, no-war, let China ‘dream’ at least till 2049”, a hopeful attempt to escape from the structural offensive realist cynical, risky, and war-like perspective.

Analyzing Chinese official documents, leadership key statements, Wang and Yan’s echoing definition of the newly evolved China Grand Strategy, the latter, similarly to the above liberally defined U.S. Grand Strategy, also has three ‘continuity through change’ realistic, selective and flexible core national objectives with Chinese characteristics: **“security; sovereignty; and development.** They represent closely interrelated dialectical trinity, in which the security of the state and political system is the key link, and the other two constitute the enabling and indispensable crucial factors – necessary conditions for security”.<sup>546</sup>

Drawing on Buzan’s differentiated assessment that “American exceptionalism was outward looking and open” while “Chinese exceptionalism is inward looking and closed”<sup>547</sup>, the former is explicitly sustained by the above definition of the U.S. Grand Strategy of Brooks, Ikenberry and Wohlforth. The dissertation argues that these ‘exceptionalisms’ basic differences are in a process of change. The work supports the hypothesis that China is gradually and pragmatically emulating the successful elements in U.S.’ ascendancy to world preeminence, and its current, both third path inward and outward China Dream Grand Strategy, is the leading driving force in this balanced status quo-revisionist long time-span patient process.

The second and third core interests of the U.S, as defined in ‘Don’t Come Home, America’ are: “promoting a liberal economic order to expand the global economy and maximize domestic prosperity, and creating, sustaining, and revising the global institutional order to secure necessary interstate cooperation on terms favorable to U.S. interests”<sup>548</sup>. Beijing’s recent mixed status quo and revisionist initiatives and moves, and most importantly the way they are officially announced and promoted, do emulate to a certain substantial extent the goals and content of the above defined U.S. core interests.

“Promoting liberal economic and global institutional order, and interstate cooperation” goals of the U.S. Grand Strategy were underpinned by the 1944 Bretton Woods U.S. dollar based system and its institutions: the IMF, WB, and GATT (WTO), when the U.S. GDP was roughly 50% of the global (owning 70% of the world’s gold reserves). Today’s China Dream Grand Strategy tries to parallel this approach by offering and organizing its own led economic and financial alternative structures and cooperation platforms (China model) under official liberal-constructivist rhetoric

According to CCP’s Central Party School President, Li Junru, “China has become the main driver of the global economy (50% of world’s growth after the peak of the 2008 financial and economic crisis, to 30% ‘new normal’ at present) as after 2008 the global economy is exposed to growing volatility, instability and uncertainty.”<sup>549</sup>

While keeping some overall status quo KLP policy elements in China’s approach to the UN, WTO, world’s climate threats, verbally and practically, besides the role and functioning of the G-20, all other recent Chinese policies and initiatives openly speak for a more pronounced and flexible mixed KLP-SFA strategy. Beijing leaders have a profound sense that time has now come for China to have its own impact on Asia-Pacific and the world, and simultaneously deep concerns that others, particularly the United States, will try to block that from happening, as being a challenge to the U.S. global dominance.

<sup>546</sup> See Qin Yaqing, ‘Continuity through Change’, pp. 309-314.

<sup>547</sup> See Buzan and Cox, ‘China and the U.S.’ p. 121.

<sup>548</sup> Stephen G. Brooks, G. John Ikenberry and William C. Wohlforth, ‘Don’t Come Home America: The Case against Retrenchment’, pp. 11-12.

<sup>549</sup> Li Junru, ‘Party’s positive pragmatism’, *China Daily*, December 26, 2012.

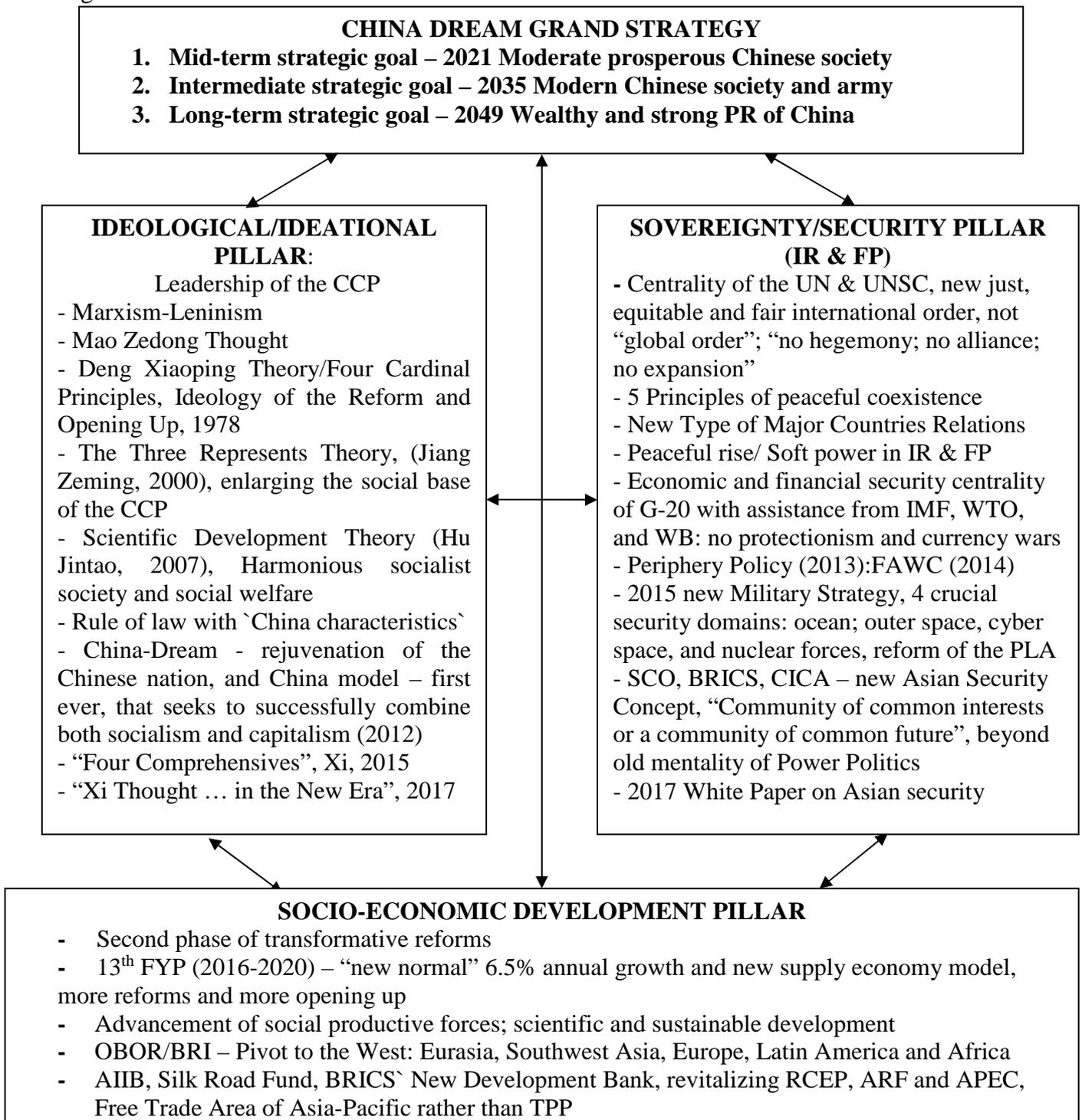
China Dream hypothesis, bears the notion and pattern about how the current world is functioning, how China views its means and plans to position itself, to influence and be influenced by that world in mid- and long-term perspective in the light of its 2021, 2035, and 2049 ends strategic goals, giving China Dream all the attributes to qualify as the current Chinese Grand Strategy. Xi believes in time-lines.

The thesis research and analysis elaborates the following holistic **structure of the China Dream Grand Strategy-Rejuvenation of the Chinese nation** (see fig. A).

Officially and explicitly three major sets of core strategic objectives are defined:

1. 2021 - middle-term task of achieving a “moderately prosperous Chinese society”
2. 2035 - intermediate task of achieving “modern Chinese society and army”
3. 2049 - longterm task of achieving a “wealthy and strong China”.

Fig. A



For achieving the China Dream core strategic objectives, the Grand Strategy is based upon a complex trinity of mutually supportive, interrelated and organically interwoven three major pillars, representing and safeguarding the three “core national interests” of China: Ideological/Ideational Pillar; Security/Sovereignty Pillar; and Socio-Economic Development Pillar.

The pillars include all positive, according to the current leadership, legacy, and successful theoretical and practical ideological, domestic stability, security and economic achievements of most previous Chinese leaderships, since 1949, even Sun Yat-sen visions, based on the “continuity through adjustments and change” Zhongyong dialectics, underpinning the strategic visions and practical steps of the current Xi leadership.

“The entire Party must keep in mind that the path decides destiny, and looking for a correct path is not easy at all, we must unwavering keep going ...march a very long road ...make long-term and arduous efforts ... and I believe the objectives of building our country into a modern Socialist country that is rich, strong, democratic, civilized and harmonious can absolutely be realized”.<sup>550</sup> These are the carved in stone guidelines for China’s path till 2050 that Xi Jinping laid out in his November 2012 strategic China Dream speech.

The analysis explores and rationalizes the following three still unknown IR puzzles, at least until late 2020s, when Xi will perhaps be still officially on top central stage:

**1. What are the real goals of Xi’s China Dream Grand Strategy, where and how credibly he thinks China Dream will lead China to?**

In his 2011 *Civilization*, 2013 *The Great Degeneration*, and in numerous lectures and elite speeches, Niall Ferguson makes one of the most eloquent Western diagnosis and analysis of the current world order and institutions, and answers why “It’s not fine” the way China relates to his story. For him, we should at least feel some disquiet and it would be dangerously complacent to think that “does it matter; it’s fine, ah, whatever”, when we discuss about one party state, where rule of law is highly compromised by the arbitrary power of the CCP, centrally, and above all at local levels, and according the projections of IMF, an economy that is run by a communist party, in 4 years time will become the largest in the world. The problem, he claims, is that unlike in the Cold War, the ideological antagonist is going to win the economic race and the leadership will pass on to a society that is not based on individual freedom, and `who says the opposite does not understand the lessons of historical processes that such transitions are seldom peaceful.<sup>551</sup>

Ferguson, indeed, makes a sharp observation, as in Xi’s 2012 China Dream speech, the collectivist, not individualist political dialectics, and most obviously – the 2050 leading role of the CCP, show what Xi really thinks and what strategic goals underpin his Grand Strategy. “This path is Socialism with Chinese characteristics, ...and only when the country does well, and the nation does well, can everyone do well”.<sup>552</sup>, which paraphrases Deng’s legacy – “to be rich is glorious” into – “for society to be rich is glorious”. In line with Deng’s theoretical work analysis that policy must answer pragmatic questions of the present, and must change with the times, Xi explicitly places emphasis on the first strategic 2021 goal on achieving “moderately prosperous society”.

What Xi is trying to promote and promising to achieve, is a unified collectivistic China Dream – both for the rejuvenation of the Chinese nation and society, and laying out incentives, motivation, and nationalistic pride for the individual, especially targeting the younger generation’s expectations and collective sense of life, for them and for their country.

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<sup>550</sup> See Xi Jinping’s speech, “The Road to Rejuvenation”.

<sup>551</sup> See Niall Ferguson, *Civilization: The West and the Rest*, and *The Great Degeneration*.

<sup>552</sup> See Xi Jinping’s speech, “The Road to Rejuvenation”.

He is promising: a better society, prosperity and improvement of people's livelihood, strong and respected standing of powerful (soft and hard) China in the world, a national glory.

As a whole, China Dream is an unprecedented holistic project of state and nation building of profound proportions, which can be seen in state press, printed and electronic media, TV, in schools and universities, and on the millions bill-boards around the country.

From social psychology and social identity theory point of view, China Dream represents a genuine mix and Zhongyong dialectics exploiting all of the general three strategic options for policy and actions: social mobility; social competition and social creativity. The psychologically driven effects and goals have both internal domestic and external foreign audience and public as targets and addressees.

It did not take too long for Xi to make his China Dream proposition and concrete offers. He pragmatically used the occasion, copying China's successful past experience with foreign corporations and private business, and made his initial Asia-Pacific offer and announcement during a speech to industry leaders at the opening of the APEC summit in Beijing in November 2014. As PRC's role in the Asia-Pacific was getting larger, broader and more heavily scrutinized, Xi's announcement was timely and supportive by the continuing global economic slowdown when he described the Asia-Pacific dream (and China Dream part of it) as "acting in the spirit of the Asia-Pacific community and out of a sense of shared destinies, following the trend of peace, development and mutually-beneficial cooperation, and jointly working for the prosperity and progress of the region".<sup>553</sup>

Massive alignment, participation, even from the West, and expressed interest in the major projects – OBOR/BRI and the AIIB, that underpin the strategy, shows that Xi's appeals and offers were not merely brushed away skeptically, but taken seriously into consideration.

When Xi took the reigns of power at the 2012 18<sup>th</sup> Party Congress, the first 2021 "moderately prosperous society" strategic goal of China Dream in concrete figures meant that China's 2010 GDP has to double, i.e. increase by 100% by 2021. Doubling per capita income in the same period was a derivative flowing from an assumption that the division between investment and consumption will remain essentially constant.

The foundation of the term "moderately prosperous society" is obviously economic, with 'Chinese characteristics', as it cannot be identified to international terminology, and relates to GDP per capita, not total GDP. To help make international comparison it is useful to relate it to IMF figures and World Bank definitions. According to IMF estimates, China's 2010 GDP was \$ 6.03 trillion, with projections for 2021 - \$ 17.76 trillion, meaning that the doubling GDP China Dream target will be achieved even earlier. China's official National Bureau of Statistics 2010 GDP per capita figure is \$ 4,433, so when doubled by 2021 it should be in the range of \$ 8,900. (figure given for 2015 is \$ 7, 847). IMF figures are even higher: 2010 GDP per capita - \$ 4, 478, and projections for 2021 – \$ 12, 542<sup>554</sup>. which implies that according to WB's classification of a High Income Economy (HIE) China will become as such sometime in mid-plus 2020s. Conservative or overestimated, these figures are conditional, as China's official statistics are usually questioned, while IMF is famous for its regular corrections of estimates and GDP projections. In its April 2016 IMF World Economic Outlook, titled 'Global Economy Faltering from Too Slow Growth for Too Long', assessing that "Uncertainty has increased, and risks of weaker growth scenarios are becoming more tangible. The fragile conjuncture increases the urgency of broad-base policy response to raise growth and manage vulnerabilities", the IMF changed its January projections for 2016 world GDP growth of 3.4% to 3.2% just in two months time. To quote Mme Lagarde, "The IMF is not alarmed, but in increased vigilance!"

<sup>553</sup> Yuen Pau Woo, 'Is China Dream an Asia-Pacific Dream', *China-US Focus*, November 13, 2014, <http://www.chinausfocus.com/foreign-policy/is-china-dream-an-asian-pacific-dream.pdf>

<sup>554</sup> IMF figures at <http://imf.org/external/pubs/ft/weo/2016/01/index.htm>

**2. What do we project China's capabilities and aggregate national power will be in 2023; its political system; net performance of the new Chinese economic growth model; societal and environmental constraints; where China's energy security will lie?**

For China to become HIE would dramatically change the world economy – China's 1.35 billion population is roughly equal to the entire global population living in such economies at present. It would also transform Chinese population's housing, quality of domestic goods, incomes, environment, leisure times, health and culture, much in compliance with the first strategic China Dream target and Xi's promises. It would equally transform the world markets in the industries supplying these needs. Whether China wishes to refer the level of GDP per capita and living standards which can be achieved by 2021 as a “moderately prosperous society” is for the Chinese people to decide and judge. Perhaps for the world, based on international comparison, would be more comprehensible to expect that within the next 10-12 years China may most probably enter the ranks of high income economies, notwithstanding the “new normal” slowed economic model of growth and the “China collapse” prophecies.

The highest level decision (jueding) for transformation of the Chinese growth model is irreversible – enshrined in party and government basic guidance documents. At the same time it is cautious, and with Chinese characteristics – step by step, leaving options for selective reversals if necessary, as it will be a rocky political road for Xi, and offers political economy scholars and analysts research challenges in the years ahead.

The model that served China well for the last 35-40 years: low wages; labor intensive; manufacturing; savings friendly; trade exports and investments has produced, as discussed, rapid economic growth, but equally, has exposed serious socio-economic challenges and problems that face Xi's leadership.

There are no convincing signs and plausible data for the argument that China's transformation to the new economic model based on household consumption, the services sector and a strongly innovative private sector is somehow doomed to failure. The “new normal” is a complex sophisticated policy project, prudently anticipated, and developed over many years. According to Xi, China Dream urgently needs a second phase of adjusted to the new objective economic realities, market reforms, and there is strong political backing to drive implementation.

The sustainability of Chinese economic growth as the continuing basis of Chinese comprehensive national power, on balance, it can be assumed that a growth rate in the medium to medium-high scale of around 4-6% is relatively probable for the period till 2023, taking in consideration some reservations regarding the Chinese official statistics. This assumption also takes into account the lower level of global demand for Chinese goods, high level of domestic debt, signs of demographically driven shrinking in labor, continued high levels of domestic savings, still modest rate of consumption, an expanding private sector though constrained by state-owned entities, hesitant financial reform, and a growing environmental crisis, where pollution in its diversified forms is number one political problem for the CCP.<sup>555</sup>

If China's growth rate begins to falter, China has sufficient fiscal and monetary policy capacity to intervene for sustaining the growth rate in the range of 6%, which is broadly the rapper Chinese policymakers consider to be observed to maintain social stability. Besides, if we trust Christine Lagarde and IMF's gloomy forecast for “Global Too Slow Growth for Too Long”, except for speculators, nobody would existentially hope and seek China's failure or collapse at this moment, as it would totally crash the global economy into a deep depression.

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<sup>555</sup> See “U.S.- China 21: The Future of U.S.-China Relations Under Xi Jinping, at [http://www.belfercenter.ksg.harvard.edu/files/Summary\\_Report\\_US-China\\_21.pdf](http://www.belfercenter.ksg.harvard.edu/files/Summary_Report_US-China_21.pdf)

China's August 11, 2015, slightly over 3% devaluation of its currency – the RMB, brought down the global markets, and its overall devaluation of around 5% from September 2015 to January 2016, due to globalization and interdependence, according to Bloomberg and Reuters inflicted losses in North America, Europe and Asia in the range of U.S. \$ 2.5 trillion, and only to Apple - \$ 50 billion of its capitalization. All major world Central Banks feel and know they are in the same boat, and would prefer some kind of cooperation rather than lethal currency wars. Although there were U.S. strings attached, in a form of appeasement, in November 2015, the Chinese RMB was included in the IMF's SDR currency basket as the fifth, next to the U.S. dollar, the Euro, British pound sterling and the Japanese Yen.

Although democracy and rule of law exist as characteristics in Xi's China Dream, it would be unrealistic to be expected any substantial changes in China's political system by 2023. Individual freedom and civil restrictions will continue to be implemented as seen with the recent restrictive media policy<sup>556</sup>, selective tightened Internet control and foreign NGO legislative regulations. Xi's personal remarks that they all should abide by the Chinese laws, at the joint press conference with President Obama, in November 2014, are much telling. In fact, he sees this as “the essence of the `China Model` (Zhongguo moshi) that is different from the inapplicable in China liberal democratic capitalism of the West”<sup>557</sup>.

As pointed out, pollution is a primary problem of the CCP and the government. Bad air is all over the big cities, even in the rural areas. Good potable water is a treasure. The 13<sup>th</sup> FYP has put forward numerous and costly projects for tackling these issues, but it will take constant and long-term efforts and practical measures, including beyond Xi's term in power.

It is widely accepted in IR and IPE to associate energy security with reliability, affordability, and environmental sustainability, where reliability reflects the continuity (security) of energy supply. The topic is vast and can be a subject of a separate dissertation. Among many definitions, “energy is an important physical base of economic development, social progress and the construction of modern civilization [as well as] a strategic material and major element of a country's Grand Strategy, which links national and foreign security policies”<sup>558</sup>.

China has no problem with the affordability variable, given the present low energy prices, projections that they would remain in the reasonable affordable scale due to the overall global economic slowdown, reemergence of Iran on the energy markets, and OPEC (Saudi Arabia) oil production policy.

The environmental sustainability issue is taken seriously. Premier Li Keqiang launched a `war against pollution`, while in April 2016, the largest electric utility company in the world, State Grid Corporation of China (SGCC) proposed the largest long-term electricity project in history: U.S. \$ 50 trillion clean energy network that would power the planet, and that actually could work ... if politics, money and geography do not get in the way. According to the former U.S. acting undersecretary of energy David Sandalow, “most of the premises of the plan are fundamentally correct ... and it is an open question whether national governments will be open to such a revolutionary idea”<sup>559</sup>. It would be prudent to expect in the future similar Chinese initiatives, reflecting the China Dream external components for delivery of global public goods, initially regionally in the Asia-Pacific, and then gradually in the rest of the world.

The most serious energy security problem China faces is the variable regarding the reliability – the secure continuity of energy supply. As discussed above, China has a large

<sup>556</sup> Sarah Cook, `The Gamble Behind Xi Jinping's More Restrictive Media Policy`, March 10, 2016, <https://freedomhouse.org/blog/gamble-behind-xi-jinping-s-more-restrictive-media-policy>

<sup>557</sup> See `U.S.-China 21, p. 10, fn. 1

<sup>558</sup> W. Cao and C. Bluth, `Challenges and countermeasures of China's energy security`, 2012, *Energy Policy*, No. 53, pp. 381-388./

<sup>559</sup> `China Just Proposed a \$ 50 Trillion Fix for Global Warming`, *Planet Experts*, April 1, 2016, at <http://www.planetexperts.com/china-just-proposed-a-50-trillion-fix-for-global-warming/>

diversified mix of imported energy resources and suppliers, and will never lay “all the eggs in one basket”. China Dream Grand Strategy’s basic components – the OBOR/BRI strategic initiative and the new Chinese military strategy, both aim at constructing and safeguarding additional diversified secure routes for continuous inflows of energy supply, in attempt to bypass the existing, and of China’s concern, trade maritime routes control of the U.S. Navy. In spite of the current global economic slowdown, World Energy Statistics still project that 2035 total energy supply will be 33% higher than the crisis level of 2010.<sup>560</sup>

In concluding the generalized analysis of China’s comprehensive national power it is worth referring to Kevin Rudd’s remarks made at his 2014 China lecture in Singapore. In a new book by China’s moral realist Yan Xuetong<sup>561</sup>, to which Rudd was kindly asked to write the foreword, the Chinese professor had made the following 3 basic comparative projections for 2023: China’s GDP would be in the range of U.S \$ 21 trillion, that of the U.S. – 19 trillion; over 50% of world trade and world currency reserves would be in Chinese RMB; and Chinese military expenditures will be around 60-70% of the U.S.’. Additionally China will have – a manned space station, 3-4 air-carrier battle groups, 4-5 strategic nuclear submarines with missile range of over 8000 miles and 5<sup>th</sup> generation jet fighters in service.<sup>562</sup>

In Rudd’s analysis and comments, “if all of these projections would come true, and especially the GDP projection of China surpassing the U.S. not in PPP but in nominal GDP terms, it would represent a big victory and award to Xi Jinping’s China Dream strategy. Also according to Rudd, SIPRI’s estimates showed that by 2035 China’s military spending might surpass the U.S.’, and only because the United States has accumulated massive stock and technological military capabilities, Beijing may claim military parity with Washington around 2050, a challenge worthy of reflection and deep, cold analysis.<sup>563</sup>

#### **4. What are China’s regional and global strategic intentions in the context of Beijing’s operational behavior?**

Deng’s influential legacy that China should keep a low profile (KLP) and not flaunt its power, was part of the package of putting development as the first priority of China’s 1978 Grand Strategy, giving an important indication about its ‘means’ variable. Gradually, the ‘Search of a Grand Strategy’ debate raised the issue about whether China’s rise was then sufficiently advanced and strong that KLP should be **modified or even abandoned**.

This was the time of the active domestic U.S. debate about American Grand Strategy between two main philosophies: Liberal Hegemony or Restraint, seen in advance and during the 2016 campaign in the dichotomy: Hillary Clinton – Donald Trump. At the 2014 FAWC, the unusual for Chinese leader, sharp language of Xi Jinping’s announcement that China was engaged in “a struggle for the international order”, with great emphasis on “multipolarity”, was understood as a transition away from the United States’ brief “unipolar moment”. At this conference, Xi stated for the first time the modification of China’s KLP strategy into a complex Zhongyong mix of KLP-SFA, by placing security/sovereignty on equal, even on higher par with economic development on the Party agenda in the current “important period of strategic opportunity”.<sup>564</sup>

Reconciling the vastly different Chinese and Western worldviews and notions of international order is seemingly a core 21<sup>st</sup> century challenge and problem. We are not yet in a bipolar international system, as during the Cold War, but division into two or more camps is

<sup>560</sup> “2012 Key World Energy Statistics”, *International Energy Agency*, at <http://www.iea.org>

<sup>561</sup> All my efforts to find out this new Yan Xuetong’s book, in Chinese or in English were in vain. Most probably due to the content it was either censored or delayed for publication.

<sup>562</sup> See Kevin Rudd lecture, ‘China’s Domestic and Foreign Posture under Xi Jinping’, Lee Kuan Yew School of Public Policy, March 18, 2014. Singapore, transcript.

<sup>563</sup> Ibid.

<sup>564</sup> Chen Xiangyang, ‘A Diplomatic Manifesto to Secure the China Dream’, *China-U.S. Focus*, December 31, 2014, at <http://www.chinausfocus.com/foreign-policy/a-diplomatic-manifesto-to-secure-the-chinese-dream.htm>

real and potentially viable. A long-term power diffusion and shift from West to East would challenge almost every preconception and socio-political paradigms Westerners have grown up with. Above all, it would challenge and put to test the fundamental questions – can Washington and Beijing work together to sustain, strengthen, and reform the status quo world order against forces seeking to erode it, and does China make part of the latter, and to what extent, scale and proportions does it want to reform it.

International community always demands and wants to know earlier as to what China's intentions are. With the exception of the September 2016 “Hangzhou Consensus” G-20 global economic governance initiatives, and Xi's 2017 Davos economic globalization speech, Beijing has not yet articulated clearly defined and authoritative blueprint of its holistic vision for the future of the global order, or to use its parlance – “the international system”. Still, since 2012, its outlines are becoming more clear, indicative, and determinate by China's categorical continuous insistence for a “New Type of Major Countries Relations” with the U.S., its “struggle for the international system”, permanent restatements in line with adherence to the “five principles of peaceful coexistence” and “no hegemony, no expansion, no alliance” peaceful policies. Francis Fukuyama's observations that through the BRI+AIIB+NDB strategy Beijing for the first time is exporting its “China Development Model”, convincingly show that China has shifted to a KLP-SFA Grand Strategy, implying that its “Chinese characteristics” do not take part in the management of the U.S.-led global order. All the above is confirmed also by Beijing's more powerful regional and global operational behavior combined with idealistic-constructivist ideas and rhetoric of peace, win-win cooperation, community of common destiny, and world harmonious identity international relations.

As Hughes points out, Deng's three goals from the 1980s were: national unification, anti-hegemony and economic development,<sup>565</sup> very likely the definitions that Wang 2011 and Yan 2014 echo regarding the “core national interest” of China and their priority ranking within the Xi's modified KLP Grand Strategy, turned China Dream.

In regards to the current China Dream Grand Strategy operational behavior it is worth also to promote and give strong IR theoretical connotation to the practical need of searching and finding peaceful means and approaches to China's place and role into a changing world of the 21<sup>st</sup> century, based on Buzan's concept – “A World Order without Superpowers: Decentered Globalism”.<sup>566</sup>

The hypothesis and China Dream Grand Strategy argument is based on well documented primary and secondary source evidence. Being very powerful pragmatic and highly ambitious nationalistic strategist, Xi Jinping will never openly comment and disclose his real and true operational behavior intentions. They are exhibited flexibly and selectively, case by case, within pragmatic Zhongyong dialectics' mixed approaches and strategic policies. Unpredictability and suspense remain his strongest strategic attributes and assets, as the West still asks the question – what does China really want? His moves, initiatives, speeches and statements have to be carefully read in between the lines, and analyzed in a non Western manner, the way and the moments he chooses to address important issues, referring to – “gradual processes”, “dialogue, consultations and negotiations”, and never ending Chinese classical proverbs, sayings and idioms. According to David Lampton, the National Security Commission that Xi Jinping announced end of 2013, and created in January 2014, is not only increasing Xi's personal power as its chairman, but also aims coordination and streamlining of the foreign policy and domestic security policy-making processes, confirmed in Xi's speech at the 2014 FAWC: “We must enhance the central and unified leadership of the Party, reform and improve institutions and mechanisms concerning foreign

<sup>565</sup> See Christopher R. Hughes, *Chinese Nationalism in the Global Era*, 2004, Abingdon: Taylor&Francis.

<sup>566</sup> Barry Buzan, “A World Order without Superpowers: Decentered Globalism”, 2011, *International Relations*, Vol. 25, No.1, pp. 1-23.

affairs, step up coordination among different sectors, government bodies, and localities, increase strategic input, ensure well-regulated foreign affairs management, and strengthen the ranks of officials managing foreign affairs”.<sup>567</sup>

China Dream Grand Strategy’s and Chinese foreign policy’s concrete steps, intentions, and ‘gradual processes’ of initiatives and policies still remain an open question. For Xi, no single country can monopolize the international system, but ‘‘once changes are made, things will improve’’, for more equitable, just and fair world.<sup>568</sup>

When the international community inquires and wants to know earlier as to what China Dream, the globally and regionally foreign policy plans and intentions of Beijing are, the usual response from senior ministers, policy advisors, and specialized think-tanks is: ‘‘We are working on that’’. When asked, state councilor for foreign policy Yang Jiechi and foreign minister Wang Yi respond, that the purpose of Chinese foreign policy is not only to assist to the realization of the China Dream but to create also better strategic environment in China’s neighboring states and immediate region for the fair and just future of China, the region and the global international system. They never specify and elaborate more concretely what does ‘better strategic environment, more fair and just rules’ exactly mean, and imply from Chinese operational behavior point of view.<sup>569</sup>

As analyzed, Xi’s anecdotal pursuit of establishing a ‘‘New Type of Major Countries Relationships’’ (NTMCR) with the United States is one of the external building blocks of China Dream Grand Strategy. Beijing is deeply convinced that Washington will never cease its efforts to undermine the socio-political system and the leadership role of the CCP – the priority top ‘‘core national interest’’ of China. The main operational rationale and motives behind Xi’s NTMCR is to formally engage the U.S. and make it commit itself of not working against the political status quo in China, and also to accept equality, power sharing and parity with Beijing initially in Asia-Pacific<sup>570</sup>, and then to use Xi’s favorite term – ‘‘gradually’’ globally. As far as the results show, Washington well understands the meaning of the proposal and politely declines any serious and formal discussions on the topic, in spite of the fact that President Xi permanently floats the rhetoric that he and President Obama had made the strategic decision of jointly building the NTMCR at their California informal summit in 2013.<sup>571</sup>

In regards to the U.S., China has no appetite for any kind of serious military accidents or conflict. Xi is in a hurry, but also cautious, knowing he still needs time and peaceful environment, as China is not yet match, in case of necessity, to the U.S. military capabilities and regional security architecture of Washington-led alliances and partnerships. The operational behavior is one of mixed KLP and mild/hard SFA. Xi believes time is on China’s side, and that as its comprehensive power grows further, the U.S. perhaps reluctantly, will begin sharing power, agreeing to initially minor accommodations, the way it did with allowing the inclusion of the Chinese RMB in the IMF’s SDR basket. Chinese officials never miss the opportunity to emphasize that the United States is still the only global superpower and that China’s economy is second to the American, in attempts to lure, calm down anxieties, by not provoking and exacerbating growing U.S. sensibilities.

At the same time, when Beijing believes that its officially declared ‘red lines’ are stepped over and ‘core national interests’ threatened, balanced, some times decisive measures are taken, disregarding Washington’s official position or claims. End of April 2016, Beijing

<sup>567</sup> David M. Lampton, ‘Xi Jinping and the National Security Commission: policy coordination and political power, 2015, *Journal of Contemporary China*, Vol. 24, No. 95, pp. 759-777, , at p. 761, fn. 4.

<sup>568</sup> Interview with Chinese President Xi Jinping, *The Wall Street Journal*, September 22, 2015, at <http://www.wsj.com/articles/full-transcript-interview-with-chinese-president-xi-jinping-1442894700>

<sup>569</sup> See Kevin Rudd lecture, ‘China’s Domestic and Foreign Posture under Xi Jinping’.

<sup>570</sup> See Hugh White, ‘*The China Choice: Why America Should Share Power*’, 2013, Oxford: Oxford University Press.

<sup>571</sup> See, Interview with Chinese President Xi Jinping, *The Wall Street Journal*.

approved the long controversial and externally opposed NGO law, clapping down and restricting the activities of some 7000 foreign organizations, including such from the USA, under the pretext of “rule of law”, but actually due to allegations of “interference in China’s internal affairs”. Xi was blunt enough to declare during his September 2015 U.S. state visit that China does not accept the “freedom of navigation” argument of Washington, pointing out that, “fully backed by historical and legal evidence the Nansha Islands have been China’s territory since ancient times”. He firmly declared - “those issues that cannot be resolved for the time being, should be managed in constructive way, making sure that they are not exacerbated or escalated”.<sup>572</sup> China’s consistent and nonnegotiable position regarding its territorial claims in the South China Sea are becoming more clear by the recent announcements of its intentions to develop floating nuclear power plants aimed at providing energy to its constructed islands in the region,<sup>573</sup> not accepting and recognizing the rulings of the Philippines’ initiated international arbitration, emulating in a certain way Washington’s disregard toward the ICC in the Hague.

One of Beijing’s favored operational behavior and approach, actively implemented globally, regionally, and on bilateral interstate level, is the set of tools of financial and economic incentives and opportunities that China uses and offers to those who do not oppose openly its policies and seek gains and profits. Not surprisingly, President Xi’s September 2015 U.S. state visit began at Seattle, where he also saw Boeing’s plant and Microsoft’s campus in Redmond, and took part at roundtable-discussion with tech executives like Apple’s Tim Cook and Amazon’s Jeff Bezos. He was given a high level official dinner attended by hundreds of representatives of American corporations and big businesses, longstanding participants and beneficiaries of China’s “economic miracle”, a very handy “Chinese lobby” in Washington. In his speech at the dinner<sup>574</sup>, and in the same day interview in *The Wall Street Journal*, he reminded the big business audience that “together, China and the United States account for one-third of the world economy, one-fourth of the global population, and one-fifth of global trade”, emphasizing the huge consumer potential of the current 300 million Chinese middle class. He strongly implied that he is undisputedly in charge in China, and that his campaign against corruption has nothing to do with power struggle in China and Kevin Spacey’s famous TV film serial – “House of Cards”. He also pledged no protectionism and currency/trade wars, as China works for and contributes to regional and global development, and welcomed U.S., other countries and international organizations to participate in the open and inclusive BRI and AIIB projects.<sup>575</sup>

When meeting, contacting, and addressing selective and targeted audiences, President Xi’s operational behavior of creating confidence and trust is worth analyzing. He seldom uses the term “communism” abroad even when implying and enumerating the gradual achievements of his Party. He talks freely, openly, and emphasizes the deepening of reforms and further opening up, about China’s progress in building the socialist market economy, democracy, advanced culture, harmonious society, and sound environment. He always implies and suggests that China is like any other country in the world, not that different, and who wants to develop and profit can do business with her. At the same time, he does not shun and evade difficult and provocative, from Chinese official perspective, questions and accusations. When asked in his *WSJ* interview about the forthcoming restrictive foreign NGO law, referring to and ranking China’s “core national interests” he declared: “Rule of law also

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<sup>572</sup> Ibid.

<sup>573</sup> “China to develop Floating Nuclear Power Plants”, at [http://www.shanghaiist.com/2016/04/25/20\\_floating-nuclear-power-plants.php](http://www.shanghaiist.com/2016/04/25/20_floating-nuclear-power-plants.php)

<sup>574</sup> Xi’s Seattle speech, at <http://www.geekwire.com/2015/full-text-china-president-xi-gives-policy-speech-in-seattle>

<sup>575</sup> Ibid.

applies to the Internet, with the need to safeguard a country's sovereignty, security and development interests as relevant as in the real world".<sup>576</sup>

China's regional operational behavior is equally subtle, sophisticated, pragmatically flexible and complex – Beijing is in search of leadership role, strategic partners and friends. Besides President Xi's guidance at the Periphery Foreign Affairs Central Conference in 2013, for benevolent, constructive and friendly win-win relations with neighborly and regional countries, his main message was – patience and pragmatism, underpinned by a mixed case by case gradual KLP-SFA strategy.

Cato Institute senior fellow Bandow has a point when he argues that China needs a strategy that makes friends. For him, the U.S. dominates the globe with policies that have emphasized making friends and acquiring allies. Shared interests were buttressed by a basic trust in Washington's objectives, while today's China is essentially friendless, concluding that: "If Beijing cannot find a way to win favor from at least some of its neighbors and other influential nations around the globe, it may remain a modest geopolitical player".<sup>577</sup>

Chinese realist Yan Xuetong holds a similar view, arguing until recently, that China's "non-alliance" principle blocks the country's path to world preeminence.

The strategic operational behavior of Xi and Chinese leadership is based on different rationale and far-sighted vision and intentions. Their first China Dream Grand Strategy operational goal is clearly set and determined – to achieve equality and parity in the relations with the U.S., and if possible to surpass the American economy by mid to late 2020s. Can Beijing succeed? That is perhaps in the affirmative, as the doubling of the 2010 nominal and per capita GDP by 2020, most probably has been well in advance calculated and assessed as achievable, otherwise it would not have been announced officially as strategic goal (the official 2000 GDP target was reached in 1995). For Xi, this would be the crossroad that marks his strategy to make China Dream, not only national but also a project with global projection, in line with Bandow's reasoning for trust, credibility, and shared interests. Until that time comes Beijing may firmly stick to the "non-alliance" principle, as a "China model", evading suspicion, tensions, and potential conflicts, parting way with the "American Dream"’s Cold War model. Even if in the future the principle is conditionally abandoned, the analysis and assessment of the trends show that Beijing would not likely be the initiator, but would rather pretend that other countries have come to him and kindly requested an alliance relationship.

As first steps in this strategic behavior calculus Beijing initiated the building of the world's greatest BRI economic, infrastructure and construction project ever undertaken. BRI and its financial component – the AIIB, are concrete emanation of the SFA leg of the China Dream Grand Strategy. So far, for Beijing, the outcome is not discouraging. Over 65 countries have expressed initial interest in BRI's projects participation; while 64 countries (20 prospect members), have joined AIIB: 4 of 5 UNSC members, 18 of the 34 OECD, all the ASEAN, 6 out of 8 South Asian states, 5 out of 6 GCC, and many NATO member states. According AIIB's president Jin Liqun, "more than 30 countries are on the waiting list eager to join",<sup>578</sup> and as admitted by the Canadian PM Trudeau in his 2016 China G-20 interview, Canada may well be the first North American country to do so.

China's rhetoric and official argument for the creation of the AIIB is based on WB and Asian Development Bank's (ADB) projections that from 2010 to 2020, the annual shortfall in funding for Asian infrastructural development would be around U.S.\$ 800 billion, and that the AIIB would respond to these needs as a new complementary option to other multilateral development banks. The funding shortage being huge, AIIB alone could not possibly meet

<sup>576</sup> See, Interview with Chinese President Xi Jinping, *The Wall Street Journal*.

<sup>577</sup> Doug Bandow, 'China Needs a Foreign Policy that Makes Friends', *China-U.S. Focus*, April 26, 2016.

<sup>578</sup> 'China-backed bank says more than 30 countries await membership', *Reuters*, March 25, 2016, at <http://www.reuters.com/article/us-chinna-aiib-idUSKCN0WR149>

such demand. As an open and inclusive multilateral development agency China welcomes new members, including the U.S., to join the bank.<sup>579</sup> The message was well read and understood, which explains the massive regional and neighborly alignment and participation in both the Chinese initiatives, partly pushed also by the fact that recently China has slightly turned away from its 2000s regional ASEAN centrality of attention and engagements.

“Unlike any other countries, Germany or Japan, China wants to be accepted as China, not as a member of the West. They expect us, Asians and neighbors, to be more respectful of China as it becomes more influential and more powerful. They tell us that all countries, small and big, are equal, we are not a hegemon. But when you do something they don’t like, they say: you have made 1.3 billion people unhappy, so please, know your place ...”<sup>580</sup> To this precise and masterly summing-up of China’s operational behavior by one of the best China connoisseurs Lee Kuan Yew, can also be added Chinese foreign minister Yang Jiechi’s 2010 ASEAN meeting remark that: “China is a big country and others are small countries, and that’s just a fact.”<sup>581</sup>

Along with the external economic and financial SFA pillars of the China Dream Grand Strategy, Beijing has also embarked on a more Sino-centric leadership, pro-active and initiative loaded security aspect of its regional operational behavior.

At the CICA Summit in Shanghai in 2014, President Xi proposed a self-defined vision on common, comprehensive and sustainable security in Asia, and called for joint efforts to explore an inclusive and win-win approach to Asian security, a security governance model with Asian features, for all and by all Asians, implicitly excluding the U.S.

On April 28, 2016, addressing the fifth foreign ministers’ meeting of the CICA in Beijing, he elaborated further his Asian Security Concept, outlining China’s position on security hotspots in the region, including the South China Sea. For Xi, Asia enjoys vibrant regional cooperation, integration, and a rising strategic status in the global development processes, yet, some parts of the continent are still plagued by turbulence and conflicts caused by traditional, old way mentality of security challenges. The main emphasis, assessments, and proposals in his Asian analysis were concentrated again on: win-win cooperation, respect, equality, mutual assistance, mutual understanding and mutual accommodation and peaceful settlement of disputes through dialogue and consultations. As a novice, Xi floated the idea of an Asia Civilization Dialogue Conference, to pool wisdom, strength and to solidify the foundation for comprehensive regional security governance.

Reiterating that China firmly stands by its sovereignty, rights, and interests in the South China Sea, Xi pledged that China remains committed to resolving disputes peacefully through friendly consultations and negotiations with countries directly concerned, and that Beijing will continue to work with ASEAN countries to make the South China Sea a sea of peace, friendship and cooperation,<sup>582</sup> directly implying that China will seek only bilateral resolution of the territorial disputes there, and does not accept Mearsheimer’s “pacifier” and broker’s U.S. role in the region.

At the 12<sup>th</sup> Party Congress in 1982, Deng’s “non-alliance” principle was adopted as a priority cornerstone element of China’s international relations and foreign policy. The goal was not only avoiding getting China entangled in the Cold War, and demonstration that Beijing is no junior partner in the “quasi alliance” with the U.S. in containing the USSR. In practice it sought more flexibility, space, and freedom from obligations that would allow China to focus and accelerate the building of its comprehensive economic power.

<sup>579</sup> See, Interview with Chinese President Xi Jinping, *The Wall Street Journal*.

<sup>580</sup> See Graham Allison, Robert D. Blackwill, with Ali Wyne, Henry A. Kissinger (Foreword), *Lee Kuan Yew: The Grand Master’s Insights on China, the United States and the World* (Belfer Center Studies in International Security), 2013, Cambridge: MIT Press.

<sup>581</sup> Andrew Scobell and Scott W. Harold, “An “Assertive” China? Insights from Interviews”, 2013, *Asian Security*, Vol. 9, No. 2.

<sup>582</sup> “Xi Propose Pathway to Building “Cooperative and Sustainable Security” in Asia”, *China-U.S. Focus*, April 29, 2016.

This principle is still on the Grand Strategy agenda of Beijing. It can be traced in the broader Chinese international relations, even at regional level, where Beijing accentuates more on the bilateral operational behavior with “Chinese characteristics”. China 1996 initiated, 2001 formalized, hosted and energized Shanghai Cooperation Organization (SCO) , though having political, economic and security components, is by Chinese firm understanding and official treatment, not an alliance, but a traditional regional international organization.

China’s current paradigmatic operational behavior, based on “ bilateral – no-alliance rooted” relationship list of partners-friends - targets about 70 “strategic partnerships” or “cooperation partnerships”, including with many U.S. allies and NATO members, such as Britain, France, Germany, Italy. In October 2015, China concluded ‘strategic partnership’ with the Czech Republic, after its President Milos Zeman, was the only one from a NATO country officially attending the 2015 extravagant military parade in Beijing celebrating the victorious end of the Sino-Japanese war 70 years ago.<sup>583</sup>

China’s last ‘friendly strategic partnership’ was established on April 8, 2018, with Austria, during an unprecedented high level official state visit of the Austrian president Van der Bellen heading a large delegation including Austrian Chancellor Sebastian Kurz, four cabinet ministers, and members of the business community.

Yan Xuetong, China’s most active, leading realist IR theorist in opposing the “non-alliance” posture of Beijing, makes his case based on several main premises: New Cold War between China and the United States is less probable in the visible future due to lack of ideological struggle and the existing tight bilateral MAD’s economic and financial interdependence. For China to become a U.S. model superpower, Yan claims, Beijing needs a new strategy that fully covers genuine alliances, not just the so-called “strategic partnerships”- a nice diplomatic jargon for mostly economic and financial bilateral agreements. These in reality fall short of true alliances, unlike the U.S.’ 60 plus fully-fledged treaty allies, involved in military cooperation with Washington – even some in China’s regional neighborhood. In concert with its “improving political ties through economic approaches” (yi-jing-cu-zheng) principle, China should also start forming alliances in its own neighborhood - to attain support for the strategic goal of “national rejuvenation”.<sup>584</sup>

For Yan, it is hard to imagine that China can become a leading world power without a neighborhood majority acceptance of its regional leadership, especially from American allies. This can and will function as preventative cooperation for maintaining regional peace after China becomes a full-fledged superpower in the next decade, in three aspects: reduce the “security dilemma” between China and its new allies, decrease the threat of American involvement, and transfer the asymmetric to relative symmetric balance of power in the Asia-Pacific, making both China and the U.S. more realistic and cautious about any military miscalculations and hostile actions.

Beijing is not underestimating the importance of its close neighborhood and the Asia-Pacific region as a whole, underpinned by the BRI and AIIB strategic projects. China’s main Western operational strategic behavior is concentrated on winning equality and U.S. parity in the relationships with the latter’s main strategic allies – UK, Germany, and France, trying to emulate and even neutralize, the United States’ “special relationships”, especially with the former two, which with some ups and downs were characteristic during the U.S. Grand Strategy period of rise in the 20<sup>th</sup> century, i.e. to neutralize and balance from within the main European pillars of the American post-WWII global alliance system.

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<sup>583</sup> Yan Xuetong, ‘Inside the China-U.S. Competition for Strategic Partners’, *The Huffington Post*, November 2, 2015,

<sup>584</sup> *Ibid.*

Important results from recent research on the “Americanization of the world” and the “American century”<sup>585</sup> basically show that the U.S. did not ruthlessly rumble into other countries like a steamroller that flattened all indigenous socio-economic, political, and cultural traditions and practices. Conventional wisdom now generally accepts that, while there were enthusiasm for “America” and for the “American Dream” on part of some countries, societies and social groups, there was also rejection and resistance by others – until more influential political, economic, financial and “soft” power trends either asserted themselves or compromises were forged that combined or mediated previous divergent positions. Actually, this is the model and the path that China Dream wants to emulate and patiently achieve in its long-term Grand Strategy with all available realist-idealist-constructivist incentives and socio-psychological pledges – a `role model` for peace, justice, fairness, win-win cooperation for common harmonious, rejuvenated world destiny, in times of transformational changes.

### ***Trends and options for U.S. Grand Strategy response to China Dream***

It is a common place, around the world, that opposing political candidates for President regularly campaign on the premise that the incumbent has done almost everything wrong, and on the promise that they will do things very differently if elected. Once elected, many great power Presidents find themselves delivering a Grand Strategy that has more continuity than change, quite in tune with the classical Chinese Zhongyong dialectics. Few U.S. Presidents have followed this pattern as dramatically as President Obama. His 2008 campaign was built entirely around the theme “Change and Hope”, and especially around the repudiation of the foreign policy of his predecessor, George W. Bush. The Obama Administration has kept the same campaign rhetoric throughout, but at the level of policy and Grand Strategy, there has been a substantial degree of continuity, and admittedly some areas of significant changes. The continuity compound element is more striking and, importantly, the continuity has mostly worked for Obama, certainly more so than have any changes.

As analyzed, the Obama design spelled out in the 2010 National Security Strategy (NSS) is remarkably similar to Bush`s 2006 NSS. Both prioritize American leadership.

U.S. 2016 Presidential contenders faced: non-bending China and the South China Sea disputes, Ukraine and a failed “reset” with resurgent Russia, Syria-Russia and ISIS, lingering Iraq and Afghanistan, Libya and Yemen. U.S. witnessed volatile and fearful world economy with fragile recovery and gloomy expectations, official modest U.S. GDP growth for the 2016 first quarter in contrast to the higher initial projections, as well as Moscow and Beijing`s attempts for de-dollarization of the world economy, and still strongly politically divided country.

By early May 2016, the number of the remaining contenders for the 2017 White House shrank to three: the allegedly Democratic favorite Hillary Clinton and her co-partisan, election surprise, and self defined progressive socialist Bernie Sanders, and the mildly put, not so well accepted by the GOP establishment self proclaimed Republican Donald Trump.

Did the 2016 U.S. presidential campaign represented a coherent expression of “anger” or “revolt”, and how can that relate to the future U.S.- China 21<sup>st</sup> century relationship?

With some conditionality, the Republican candidate Trump emanated the rise of a *sui generis* national-populist rightist, or rather left-right amalgam movement in the Republican Party that reflected the fragmented electorate and deep vertical and horizontal fissures characterizing the U.S. ethno-social structure. Its fundamental strength was in its spontaneity,

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<sup>585</sup> See MarieLaure Djelic, *Exporting the American model: The Post-War Transformation of European Business*, 1998, Oxford, Oxford University Press; Paul Hollander, *Understanding Anti-Americanism. Its Origins and Impact at Home and Abroad*, 2004. Chicago: Ivan R. Dee; see also Jonathan Zeitlin and Gary Herrigel, (eds.), 2000, *Americanization and Its Limits*, Oxford: Oxford University Press.

novelty, hostile focus on strategic elites, importantly supplemented by the gradual submission and band-wagon of the mass-and-social media.

Trump's electoral campaign messages and promises had a little of everything, for all representative clusters of American society, that in aggregate, he claimed, will lead to "America First" and "Make America Great Again". In return he psychologically appealed for their support of his Grand Strategy - a new "American Dream 2.0", the panacea for most American woes and travails.

The analysis of Trump's April 27, 2016 Mayflower pre-election Grand Strategy speech<sup>586</sup> shows a striking similarity of his unorthodox and challenging views and intentions with the main tenets and geopolitical constructions in Brzezinski's April 17, 2016, renewed American realist's strategic version of 'Global Zero' for the 21<sup>st</sup> century, guiding strategic piece, "Towards a Global Realignment".<sup>587</sup>

Echoing, in his peculiar aggressive way, the start up assessment in Brzezinski's program analysis, "As its era of global dominance ends, the United States needs to take the lead in realigning the global power structure", Trump was the first ever Republican frontrunner candidate who openly claimed that the U.S. is in decline, and not winning, with the leading statement in his Mayflower speech: "Foreign policy is complete and total disaster, no vision, no purpose, no direction, no strategy. The legacy of Obama-Clinton interventions will be weakness, confusion and disarray, a mess...A Trump Administration will lead a free world...".

As briefly discussed above, Brzezinski's five basic verities regarding the emerging redistribution of global political power, which signal the coming of a new global realignment, taken together as unified framework, and telling how the U.S. should take the lead in that process without destroying the global order, were all present in Trump's program speech in one form or another, with stronger assertive language and formulations. In addition to Brzezinski's predominant geopolitical focus, Trump also added in his Grand Strategy vision the geo-economic strategic leverage component, mainly in regards to China, world trade/TTP, dismissed "the false song of globalism", and prioritized the role of the nation-state.

First, the Cold War strategist's assessment that the U.S. is no longer the global imperial power, but still the world's politically, economically, and militarily most powerful entity, was paralleled and emphasized by Trump's: "America First"; "lead the free world"; "negotiate from position of strength"; "if America fights, it must only fight to win"; and "our power will be used if others do not play by the rule".

On the second and third verities – Russia and China, Brzezinski saw several options and makes projections, which he reasoned, cover also the interests of Moscow and Beijing:

Trump's attitudes towards Russia and China in his 2016 Mayflower speech were also cooperative, pragmatic and negotiable, "We desire to live peacefully and in friendship with Russia and China. We have serious differences with these two nations, and must regard them with open eyes, but we are not bound to be adversaries. We should seek common ground based on shared interests". "I believe in easing tensions, and improved relations with Russia from a position of strength ...a deal, that is great for America, but also good for Russia".<sup>588</sup>

With more emphasis on the geo-economic competition with China, Trump still searched a balance, "Fixing our relations with China is another important step... a strong and smart America is an America that will find a better friend in China, better than we have right now. Look at what China is doing in the South China Sea. They're not supposed to be doing

<sup>586</sup> Ryan Teague Beckwith, 'Read Donald Trump's 'America First' Foreign Policy Speech, *Time*, April 27, 2016, at <http://time.com/4309786/read-donald-trumps-america-first-foreign-policy-speech/>

<sup>587</sup> See Zbigniew Brzezinski, 'Towards a Global Realignment', *The American Interest*, April 17, 2016, at <http://www.the-american-interest.com/2016/04/17/toward-a-global-realignment/>

<sup>588</sup> See Ryan Teague Beckwith, 'Read Donald Trump's 'America First' Foreign Policy Speech.

it.” This is the only mild rebuke by Trump regarding China’s actions in the South China Sea, while neither he nor Brzezinski ever mentioned the issue of Crimea when addressing Russia, at the same time recognizing that the “Russians and Chinese have rapidly expanded their military capability”.

For Trump, U.S. allies, including in NATO, are not paying their fair share in the tremendous security burden, and if not, the United States must be prepared to let these countries defend themselves, as the U.S. has no other choice. He pledges the “U.S. to finally have a coherent foreign policy based upon American interests and the shared interest of its allies”. As president, Trump plans to call for a NATO summit, and for a separate summit with U.S. Asian allies, for discussing a rebalancing of financial commitments, new strategies for tackling common challenges, upgrading NATO’s outdated mission and structure, including for confronting migration and Islamic terrorism. Finally, he promised to work with U.S. allies to reinvigorate Western values and institutions, “Instead of trying to spread universal values that not everybody shares or wants, we should understand that strengthening and promoting Western civilization and its accomplishments will do more to inspire positive reforms around the world than military interventions<sup>589</sup>”

Echoing Brzezinski’s main geopolitical considerations concerning the global leadership role of the United States, and the strategic threats of Middle East originated violence towards the rest of the world, Trump’s Mayflower program-speech attributed detailed offensive attention to the latter. He declared, “First, we need a long-term plan to halt the spread and reach of radical Islam. Containing the spread of radical Islam must be a major foreign policy of the United States and indeed the world...Our actions in Iraq, Libya and Syria have helped unleash ISIS, and we’re in a war against radical Islam ... We are getting out of nation-building business and instead focusing on creating stability in the world... We are going to be working very closely with our allies in the Muslim world, all of which are at risk from radical Islamic violence, attacks and everything else. It is a dangerous world, more dangerous now than it has ever been... And then, there is ISIS. I have a simple message for them. Their days are numbered...<sup>590</sup>”

The leitmotifs of Trump’s program speech: “America First”, American and mutual interests, making deals, peace, world stability and friendship, nation-state, no globalization and nation-building, etc, brought a lot of sneer, rejections and accusations of ‘isolationism’, ‘non-conservatism’, and lack of understanding of what real threats America faces, even adds that Trump is the “Kremlin candidate”.

His speech did not deviate considerably from the themes he had already enunciated during his election campaign, and it showed that if elected, he is firmly determined and willing to go very far indeed, though not abandoning entirely the tenets of Washington’s Grand Strategy playbook. Nothing similar has ever been heard from a Republican candidate on foreign policy in decades, and it seems that Trump does not only want to modify the GOP’s foreign policy stands, but that he is out to destroy some of them, dispensing with an entire wing of the Republican Party that has controlled the commanding heights of Grand Strategy over recent decades.

The “Never Trump” campaign also led to an open letter from 121 Republican Party affiliated foreign and security policy strategists and leaders, declaring that if elected, they will not work with Trump,<sup>591</sup> among whom very influential China experts, such as Robert D. Blackwill, Aaron Friedberg, Daniel A. Blumenthal, Colin Dueck, and others.

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<sup>589</sup> Ibid.

<sup>590</sup> See Ryan Teague Beckwith, ‘Read Donald Trump’s ‘America First’ Foreign Policy Speech.

<sup>591</sup> ‘Open Letter on Donald Trump from GOP National Security Leaders’, *War on the Rocks*, March 2, 2016, at <http://warontherocks.com/2016/03/open-letter-on-donald-trump-from-gop-national-security-leaders/>

Trump's response, in his speech, was blunt and direct, "I will also look for talented experts with new approaches, and practical ideas, rather than surrounding myself with those who have perfect resumes but very little to brag about except responsibility for a long history of failed policies and continued losses at war".<sup>592</sup>

### *New evolutionary pillars of U.S. Grand Strategy in 2017*

President Trump's major foreign policy speech<sup>593</sup> in Riyadh on May 21, 2017, gave food for thought, and raised different assessments and policy questions:

For the first time Trump openly announced that the U.S. is adopting a new Grand Strategy – based on 'Principled Realism' paradigm, not only for the Middle East but for the whole world, rooted in common values, shared interests, and common sense. For that, U.S. is committed to adjust its old strategies to meet evolving threats, discarding those that have not worked, using new approaches informed by experience, talent, and judgement.

Declaring that friends will never question U.S.' support and enemies will never doubt U.S.' determination, Trump emphasized that U.S.' partnerships will advance security not through radical disruptions, decisions will be based on real world outcomes, not on inflexible ideology, guided by the lessons of experience, not the confines of rigid thinking.

Wherever possible, Trump pledged, the U.S. will look for gradual reforms, not sudden interventions, as it seeks partners, not perfection, and to make allies of all who share U.S.' views and work for peace.

As key phrases - "security guarantees, faith (implying also fight for human rights); fight of Good versus Evil (echoing Reagan's Cold War fight with the 'evil empire', and Bush Junior 2002 NSS's formulations of Good versus Bad, just before the 2003 Iraqi invasion), partners and allies", can be singled out in Trump's program speech. Explaining his motivations and the logic behind his consequent visits to Saudi Arabia, Israel and the Vatican, he floats the vision of faith (Islam, Judaism, and Christianity) as uniting and cementing a partnership of civilizations by bringing the three religions together in the fight of Good against Evil – i.e. versus terrorism, radical extremism (the term – Islamic, not used), and notably – Iran. This type of Islamic-Judaic-Christian, faith based pattern of coalition quite resembles their respective roles, especially that of the Polish Catholic Pope and the Muslim Taliban in Afghanistan, during the Cold War's fight against the faithless, atheistic, and communist former Soviet Union.

According to Chinese IR experts<sup>594</sup>, current U.S. GDP is around \$ 18 trillion, but only \$ 7-8 trillion is from real productive economy. What America exports most is security guarantees, which now Trump demands to be well-paid, digital dollars and issues debt. In Congress approved government spending of \$ 1.17 trillion, until the end of 2017 fiscal year, September 30, 2017, almost all of Trump's demands for funding increases were cut. From \$ 54 billion demand for defence spending, only \$ 15 billion were allocated.

At the backdrop of its economic, financial, and debt problems, Washington is not able to launch and promote similar to the OBOR/BRI intercontinental integration and development project in infrastructure, industry, trade, energy, science and technology. Decades long-term projects will sooner or later begin to be financed in Chinese RMB or in local currencies of the participating countries

President Trump has constantly indicated that he needs weak dollar, huge flows of dollars back to the U.S. to fence off higher inflation, avoid \$ devaluation, and strengthen the

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<sup>592</sup> See Ryan Teague Beckwith, 'Read Donald Trump's 'America First' Foreign Policy Speech.

<sup>593</sup> See at <https://www.voanews.com/a/trump-speech-in-riyadh/3864144.html>

<sup>594</sup> Interview assessments by Chinese IR professors in June 2017.

global reserve currency status of the U.S. dollar. Switching away from his electoral promises platform of disengagement from foreign ventures to recent overt military actions in 5 locations (Yemen, Syria, threats and Navy concentration against North Korea, Eastern Afghanistan, more troops to Northern Iraq and Eastern Syria), Iran probably pending, show that something major has changed Trump's declared Grand Strategy philosophy, leading to the Riyadh major speech.

His renewed desire to escalate the faith based coalition fight of Good versus Evil and potential military tensions, may be considered as a front for America's continual financial warfare, this time directed at regions where significant quantities of U.S. dollars are owned and invested – the Gulf Cooperation Council (GCC) countries, South Korea and Japan, offering the potential for capital flight, including due to his huge tax cuts bill.

By issuing debt, the U.S. brings a large amount of dollars from overseas back to the U.S.' three big markets: the commodity market, the Treasury Bills market, and the stock market. By recycling: print \$, export \$ (foreign owned dollars never leave the U.S., only their function), and bringing back \$, the U.S. has become a financialized economy, and partly America's wealth is sustained by a pump-and-dump operations facilitated by the dollar's reserve currency status. The U.S. government causes dollars to be diverted from foreign trade and investment in real economy and manufacturing, to be invested in Treasuries, by increasing the risks of other uses compared with owning U.S. Treasuries, which are deemed to be 'risk free'. Mostly due to the Ukraine crisis, Russian outflow of capital for the last couple of years has amounted to almost \$ 100 billion per annum. By threatening North Korea, dollar investment is likely to flow out of trade and investment in South Korea and Japan, back to U.S. Treasuries.

The second reason for the new 'Principled Realism' Grand Strategy perhaps aims the strengthening of the control over the Gulf States regarding oil sales in U.S. dollars, and not in other currencies, especially not in Chinese RMB, whereas the recycle scheme will deliver huge profits. The opening of Global Centre for Combating Terrorism, especially its financing, during Trump's visit in Riyadh, also serves to that purpose, as well as opens the door more broadly for permanent and additional risks generating arms sales to the region.

Third, anti-Iran sabre-rattling and potential sanctions will substantially increase the conflict risk indexes in the region and will diminish Iran's important integration role and function in the OBOR/BRI, not to mention the unknown outcome in case of regime change.

Fourth, Trump probably is assuming that by launching a new stage of 'Global War on Terror' it would be easier to persuade Congress to sanction an increase in the debt ceiling, as it has always been easier to press Congress to finance an administration in 'war-like' situation. Besides, the necessary dollar-denominated capital inflows will block the otherwise pending increases of interest rates by the Fed, thus minimizing the risk of triggering of a full-blown debt crisis.

Finally, as was the case with the Asian crisis, it seems China will avoid being undermined by the above mentioned hypothetical negative consequences of capital flows and regional security destabilization damaging the OBOR/BRI. It also seems that America has already failed in its financial warfare against China, and needs new alternatives, which is why the attention has switched to the Korean peninsula as well as the Middle East.

Trump now realizes the only way his presidency can deliver, survive and prosper is to encourage capital flight into America from abroad, and lift the debt limit to accommodate it.

As regarding the future of the faith-based coalition, for the Chinese scholars, it remains to be an object of additional academic research and analysis, as to how, when, and if it will have a serious impact on communist/atheistic China's relationships with the Islamic and Christian world. Not surprisingly, China is actively working to sign an agreement with Pope Francis on the appointment of Catholic Bishops in the PRC.

## *2017 U.S. NSS*

No U.S. administration has ever released its National Security Strategy (NSS) in its first year in office, offering the President's appraisal of America's core interests, challenges, and opportunities, and (to a lesser degree) the means by which the administration intends to achieve its Grand Strategy vision. Each needed time to reconcile campaign-driven rhetoric with an unforgiving world that even astute foreign policy and security advisors did not fully appreciate when campaigning. 2001 Bush Junior administration issued its first NSS in September 2002, while 2009 Obama administration released it in May 2010, with none of the two Presidents present or speaking at the launching ceremony in their official capacity.

On December 18, 2017, only after 11 months in office, President Trump personally launched and delivered remarks regarding his administration's National Security Strategy<sup>595</sup> (17<sup>th</sup> edition) defined as 'America First NSS', at the Ronald Reagan Building and International Trade Centre in Washington D.C.

The 68 pages document begins with President Trump's signed address to fellow Americans, giving account of his initial period in office. For him, the United States faces an extraordinary dangerous world, filled with a wide range of threats that have intensified in recent years with rival powers aggressively undermining American interests around the globe. Nearly one year in office, although serious challenges remain, the U.S. is charting a new, very different course, and this NSS puts America First, as a duty of the government and the foundation of U.S. leadership in the world, and shows the way.

In comparison with the previous 16 editions of NSS, the construct of this one is genuinely new and innovative: Introduction; Pillar I – Protect the American People, the Homeland and the American Way of Life; Pillar II – Promote American Prosperity; Pillar III – Preserve Peace through Strength; Pillar IV – Advance American Influence; The Strategy in a Regional Context and Conclusion.

The Competitive World section of the first pillar points out that the U.S. will respond to the growing political, economic, and military competitions that it faces around the world, where China and Russia challenge American power, influence, and interests, attempting to erode American security and prosperity, determined to make economies less free and less fair, to grow their militaries, to control information and data to repress their societies and expand their influence.

Second pillar's promotion of American prosperity will be based on rejuvenating of the American economy, on fair and reciprocal economic relationships to address trade imbalances, on lead in research and technology, on protecting the economy from competitors who unfairly acquire U.S.' intellectual property, and on America's energy dominance.

Third pillar's preservation of peace through strength will be achieved by rebuilding U.S. military, if necessary to be able to fight and win, and by competing with all tools of national power to ensure that regions of the world are not dominated by one power. Allies and partners are expected to magnify U.S. power and to shoulder a fair share of the burden of responsibility to protect against common threats.

The main assessment in this section of the NSS is that: "A central continuity in history is the contest for power. The present time period is no different. Three main sets of challengers – the revisionist powers of China and Russia, the rogue states of Iran and North

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<sup>595</sup> 'National Security Strategy' of the United States of America, December 2017, The White House, see at <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>

Korea, and trans-national threat organizations, particularly jihadist terrorist groups – are actively competing against the United States and our allies and partners.’’<sup>596</sup>

Fourth pillar’s advancement of American influence will be based upon a world that supports American interests, reflects U.S.’ values, and makes America more secure and prosperous, while U.S. will compete and lead in multilateral organizations so that American interests and principles are protected. Together with allies, partners, and aspiring partners, the United States will pursue cooperation with reciprocity, as cooperation means sharing responsibilities and burdens.

The threat assessment analysis of the section – The Strategy in a Regional Context of the NSS, and the priority grading of the regions: Indo-Pacific (instead of Asia-Pacific); Europe; Middle East ..., shows the pivotal concerns and attention that the document attaches to China as a primordial peer-competitor, not only in the Indo-Pacific region, but also for the first time in a NSS, in Europe, next to Russia.

The conclusion of the December 2017 NSS clarifies and emphasizes that the strategy is guided by a Principled Realism paradigm, being realist, because it acknowledges the central role of power in international politics, affirms that sovereign states are the best hope for a peaceful world, and clearly defines U.S. national interests<sup>597</sup>.

President Trump’s first NSS as a whole envisions a world in which the United States confronts two ‘revisionist’ great powers – China and Russia – both of which are seeking to change the global status quo, often to the detriment of America’s interests.

Particularly after a change of party, an administration’s first NSS inevitably pledges a sharp break with the foreign policy of its predecessor. Presidents Obama, George W. Bush, and Clinton defined their early foreign policies by contrast with their predecessors, but then managed to articulate more affirmative visions through their respective NSS. Trump’s penchant for ad hominem invective suggests he might struggle with an NSS that does not use Obama’s foreign policy as a guiding foil. Objectively and empirically, the main structural focus of attention and analysis of China’s role as the main challenger and peer-competitor to the USA, almost explicitly labelled - ‘an economic aggressor’ in this NSS, can be read by the following comparison: In Obama’s 2015 NSS China was analyzed and mentioned 12 times; Russia – 15 times; the Ukraine – 5 times. In Trump’s 2017 NSS the numbers are inverted: China – 32 times; Russia – 25 times; the Ukraine – once.

While President Obama’s two national security strategies emphasized cooperation with allies and economic partners, the new 2017 NSS attempts to walk the line between Trump’s campaign slogan of ‘America First’ and the insistence that he is not rejecting working with American partners – as long as they do so on terms advantageous to the United States. Moreover, Trump’s NSS contains more than a few hints of a return to a Cold War view of the world, including the open option for a new arms race and the ideological variable of the American model versus the Chinese model. While Obama used his strategies to de-emphasize nuclear weapons as a key to American defense, Trump calls those weapons ‘‘the foundation of his strategy to preserve peace and stability by deterring aggression against the United States, allies and partners.’’

In another shift from his predecessor, President Trump’s NSS does not recognize climate change as a threat to national security. The document instead places climate under the section on embracing ‘‘Energy Dominance’’, and declares that while ‘‘climate policies will continue to shape the global energy system, ‘‘American leadership will be ‘‘indispensable to countering anti-growth energy agenda.’’<sup>598</sup>

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<sup>596</sup> Ibid., p. 35.

<sup>597</sup> Ibid., p. 55.

<sup>598</sup> Ibid., p. 22.

“In his speech announcing the NSS Mr Trump said: ‘America is in the game, and America is going to win’, to an audience that included cabinet members and military officers. The disconnect between the president’s speech and the analysis in his administration’s document attests to the broader challenge his national security advisers have faced, as they have struggled to develop an intellectual framework that encompasses Mr Trump’s unpredictable, domestically driven and Twitter-fueled approach to foreign policy. The same confusion has confronted foreign governments trying to understand Mr Trump’s conflicting signals. ...Some foreign policy experts praised the report for its vigorous tone. For Nile Gardiner, director of the Margaret Thatcher Center for Freedom at the Heritage Foundation, ‘It’s a robust statement of U.S. leadership on the world stage, it’s a rejection of isolationism.’<sup>599</sup>

For others, however, the disjunction between Mr Trump and his national security team raised questions about how relevant the strategy would be. ‘Who does it represent? What does it represent? How seriously should we take it?’ asked Richard N. Haass, who served in the State Department during George W. Bush administration and is currently the president of the Council on Foreign Relations.<sup>600</sup>

The immediate Chinese reaction to President Trump’s speech and launching of the NSS was expressed in several publications/editorials in the official government and Party organs, ranging from cautious preliminary analysis, disappointments over the hegemonic approach, emphasis on the U.S.-China cooperation options in the document, even sort of mockery.<sup>601</sup>

“We urge the United States to stop deliberately distorting China’s strategic intentions, and abandon outdated concepts such as a Cold War mentality and a zero-sum game. Otherwise it will only harm everyone,” Chinese Foreign Ministry spokeswoman Hua Chunying commented at a press-briefing on December 19, 2017.

### ***Conclusions:***

The ultimate challenge for the 21<sup>st</sup> century: how to build a shared international order in a world of different historical perspectives and national interests, violent conflicts and ideological extremism verging to chaos, financial and economic crisis – bail outs, bail-ins, currency and trade wars, zero and negative interest rates, austerity and ecological threats, is high on the agenda of policy-makers and IR scholars all around the globe, with calls and attempts for coherent new respective Grand Strategies in this age of transformations and power shifts.

President Xi Jinping, unlike his recent predecessors and especially after October 2017 CCP Congress, and March 2018 NPC annual session, has skyrocketed his personal paramount power, authority, policy tools, and flexibility to seek realization of his China Dream, and his intentions should not be simply discarded as a piece of Chinese propaganda.

The 2013 OBOR strategic initiative, AIIB, New Development Bank, Silk Road Fund, calls for a new Asian Security Concept, Regional Comprehensive Economic Partnership and APFTA, all work in that direction of assessments and geopolitical logic. The formal alignment, participation and expressed willingness of good number of countries to take active part in these projects of magnitude also shows that China has not embarked on the self-empowering realist structural paradigm, but will seek and pursue as much as possible

<sup>599</sup> See ‘Trump’s Strategy: Wealth and Power at Home’, *AP*, December 18, 2017.

<sup>600</sup> *Ibid.*

<sup>601</sup> See ‘US’ national security strategy is still a work in progress’, editorial, *China Daily*, 19.12.2017; ‘Trump plays up competition in national security while China lays out cooperation strategy’, editorial, *People’s Daily*, December 19, 2017; ‘Trump to accuse China of “economic aggression”: a big joke’, *People’s Daily*, December 18, 2017.

multilateral auxiliary solutions to its strategic goals, projecting her alternative to the current volatile, disorderly and chaotic world, image, as a `peacefully dreaming China`.

For all his faults and statements` contradictions as a candidate, after being elected, Trump is trying to survive politically domestically, and to force a sea change in the American political discourse. In case he gradually achieves positive results in his urgent American centered Grand Strategy, which on balance is not “isolationist”, but a `continuity through change` - unpredictable, ambitious and flexible mix of “global leadership plus controlled accommodations”, as suggested by Brzezinski, then in the 21<sup>st</sup> century we may witness risky, unprecedented competition and rivalry, balancing and hedging, between China Dream and American Dream 2.0 Grand Strategies of China and the United States.

**CHAPTER 5: NEW SYSTEM OF INTERNATIONAL RELATIONS?  
UN; EU; G-7; G-20; BRICS; SCO: which way into the 21<sup>st</sup> century?**

The chapter researches and analyzes different theorizing on current geopolitical shifts in the system of IR. Based on empirical documentary data on recent major international events, platforms and forums, including Chinese systemic structured initiatives and positions towards global players, I try to elucidate Beijing's drive and intentions for the elaboration of a new system of global governance and international relations. Complementing and in strong cohesion with the previous ones, the chapter adds value to the overall research design of demonstrating China's third path geo-strategic operational behavior from within and from outside of the existing system of international relations that leads its China Dream Grand Strategy in dealing with global and regional multilateral institutions.

***Chinese approach and strategy***

“The global governance system is built and shared by the world, not monopolizes by a single country. China certainly has no intention to do so. China is involved in building the current international system...to uphold the international order and system with the UN as its core and the purposes and principles of the UN Charter as its foundation...It is necessary to adjust and reform the global governance system and mechanism. Such reform is not about dismantling the existing system and creating a new one to replace it. Rather, it aims to improve it in an innovative way ...To build a more equitable, just and effective architecture of global governance meets the common aspiration of all countries. China and the U.S. share broad interests ... should work together to improve the global governance system ... jointly respond to major challenges facing mankind...China stands ready to work with all the other UN member states to build a new type of international relationship featuring win-win cooperation, improve the architecture of global governance, and build a community of shared future for mankind”.<sup>602</sup>

This is how President Xi Jinping began *The Wall Street Journal* interview during his September 2015 state visit to the United States. The plain English translation of this politically correct, non-confrontational, and idealistic-constructivist charged position, and how really Beijing thinks, can be found in the official CCP's analysis, and the theorizing of leading Chinese IR scholars regarding the current international relations/global governance system.

China's swift response to the special report ‘Post-truth, post-West, post-Order’ submitted for discussions at the 53<sup>rd</sup> Munich Security Conference (MSC) February 17-19, 2017, was published in the Party propaganda organ *Renmin Ribao (People's Daily)* on February 22, 2017.<sup>603</sup> It played down the report's anxieties and concerns that the world is facing an era shaped by disorder and illiberal actors, that world order could be on the verge of collapse due to the rise of populism, anti-globalization tide in the West, as well as the divided relations between Western countries. The editorial claimed that the two Western narratives about history and status quo of the world must be corrected, as it was unfair to label the current international order being ‘‘created by the West’’ while neglecting the rising international strength of the developing countries. Sketching a gloomy current global status quo, still, *Renmin Ribao* pointed out that the world is definitely not out of order. For Beijing, the multilateral framework and mechanisms built after WWII continue to play key and irreplaceable part and role in maintaining world peace and development. As long as every country abides by the purposes and principles of the UN Charter, disputes and conflicts can be

<sup>602</sup> See President Xi Jinping interview, *The Wall Street Journal*, September 22, 2015.

<sup>603</sup> See ‘China plays key role in maintaining multilateral world order’, *People's Daily*, February 22, 2017.

resolved and win-win outcomes based on peaceful coexistence will dominate the system of international relations and global governance. “The more chaotic the world becomes, the more it needs countries like China to maintain world peace, contribute to global development, defend multilateralism, and make contributions to human peace via its own development model”<sup>604</sup>, the editorial concluded.

According to the former President of China Institute of Contemporary International Relations (CICIR) Cui Liru, the world has entered an era of multipolarization and is still in a process of historical transition. In the still existing space for changes in comparative strengths of old and new power centers, the old equilibrium has been broken, and a new one is yet to come. As undoubtedly the most important player in the process, the U.S. is taking advantage of its remaining power assets and tremendous clout in the current international system to sustain its dominant status in an emerging multipolar era, despite the irreversible weakening of its leadership.<sup>605</sup> For the Chinese professor, President Obama’s attempts of adjustments in the U.S. foreign policy have been wise in that they were meant to modify the way the American Grand Strategy is practiced, the essence of which still remaining in safeguarding the United States’ dominance in three role models: a dominant player, a leader, and a balancer in a new world order. According Cui’s analysis, within the Washington establishment exists disagreements over how to achieve U.S.-dominated equilibrium in strategy for handling contradictions with rising powers. Influential business community, led by major transnational corporations, and financial movers and shakers on Wall Street, seek to continue the pragmatic cooperation with China as a main stakeholder, yet, political hawks and special interest groups from within the military-industrial-security complexes, on the pretext of safeguarding U.S. leadership and national security push for tougher policies and actions versus potential strategic rivals, foremost against China and Russia. Obama administration’s Pivot to the Asia-Pacific is viewed by Cui as a compromise scheme, the core of which still including power politics and hegemonic aspirations of the past. Unfortunately for Obama, his Grand Strategy adjustments have proven difficult due to financial restraints, the chaos in the Middle East, the Ukraine crisis, Europe’s debt and refugee travails, and the Russian involvement in Syria.<sup>606</sup>

According Michael Swaine’s definition of global governance, drawing on Rosenau and Keohane, “it refers to the ways in which global affairs are managed among nation states and non-states actors in the absence of a global government, normally denoting those structures, processes, and norms – usually organized into “regimes”- that provide public goods for the global community”.<sup>607</sup>

How much and to what extent does China agree and accept this definition and the current form of global governance often described as the liberal international order and its set of values, institutions and processes centered on the promotion of open trade and liberal or free-market economic system?

“The best solution for both China and the West is to create a new equilibrium of power to maintain the current world system, but with a larger role for China”.<sup>608</sup> PRC, Nathan and Scobell claim, has good reason not to undermine the global governance system, because even, and if, it becomes the world’s largest economy, its prosperity will depend on the prosperity of its regional and global competitors. Washington should engage Beijing to accept this new equilibrium by drawing clear policy lines without threatening China, which as it rises will push against U.S. power. As China has not earned a voice equal to that of the United States in

<sup>604</sup> Ibid.

<sup>605</sup> Cui Liru, ‘International Order in a Time of Transition’, *China-U.S. Focus*, March 22, 2016.

<sup>606</sup> Ibid.

<sup>607</sup> See Michael D. Swaine, ‘Chinese Views on Global Governance Since 2008-9: Not Much New’, 2016, *China Leadership Monitor* No. 49.

<sup>608</sup> Andrew J. Nathan and Andrew Scobell, ‘How China Sees America: The Sum of Beijing’s Fears’, *Foreign Affairs* 91, No. 5, September/October 2012 Issue, <https://www.foreignaffairs.com/articles/china/2012-08-16/how-china-sees-america>

a hypothetical Pacific Community or a role in a global condominium as one member of a “G-2”, Washington must back its policies with credible U.S. power, in two main domains: “First, the United States must maintain its military predominance in the Western Pacific, including the East and South China Seas ...Second, the United States should continue to push back against Chinese efforts to remake regional and global legal regimes in ways that do not serve the interests of the West..., and it can manage China’s rise”.<sup>609</sup>

Swaine’s claim that China has not changed much of its positions on global governance since 2008-9, is contradicted by Xi’s emphasis on the need of adjustments and reforms, and China’s active and practical policies of regional and global governance changes since 2012. Currently China regards itself as forced to play a junior role and by the rules written by others, while she seeks equality, parity, and will not accept to be managed or engaged as a secondary player, as suggested by Nathan and Scobell in 2012.

China’s international relations and foreign policies have for decades reflected and abided to the principles of biding time and KLP, pursuing a restrained non-leadership foreign policy, comprehensive power building, and planning the first decades of the 21<sup>st</sup> century as a period of strategic opportunity.

One of the strategic goals of the new Grand Strategy was a more active promotion of multilateral governance with “Chinese characteristics”, both regionally and globally. In the early post-Cold War period, as discussed, Beijing was rather reluctant regional multilateralist, with concerns that regional forums were subject to the overwhelmingly economic superiority and manipulations by the Western-led alliances to put pressure and shape China’s policies, especially in regards to the absoluteness of China’s political system and national sovereignty. The new ‘Fuqiang’ Chinese reality led to the strategic assessment of the possible benefits of working in multilateral forums as much preferable to the risks of isolation and encirclement to which Beijing regarded the Obama ‘Pivot’ would lead to. Beijing targeted also the “China Threat” perceptions in the region with demonstration of responsible regional and international behavior. After the launching of the “Peaceful Rise” concept, and after Xi’s ascendance to power, the multilateral priority was geared towards the direct Asia-Pacific periphery, the region, and beyond, in the context of BRI.

. “Regarding the long term trends of world politics, Chinese leaders have, as pointed out, made five assessments: trend towards a multipolar world; trend of globalization; trend of Peace and Development; trend of reform of the international system and trend of growing prosperity in the Asia-Pacific region”.<sup>610</sup> At the 2014 FAWC, it was the first time, in recent decades, that top Chinese leader urged and instructed for more pro-active SFA global foreign policy that helps maximize China’s economic and security core interests. For Xi, that will lead in the long run to reforming the global international system, by implementing a “new major power diplomacy with Chinese characteristics”, in order to construct and realize a “new type of major countries relationships”.

Beijing has not yet articulated fully defined and authoritative blueprint of its vision for the holistic future of the global order – “the international system”, emphasizing only that the current order has been hugely beneficial for the U.S, as was openly declared at the 2016 Munich Security Conference.<sup>611</sup> At the forum, China directly implied her understanding that there are two parallel notions: an international order in which China takes part, and “the U.S.-led world order”. Fu Ying, representing Beijing, rhetorically asked: “Are we talking about the same order?” and gave China’s general, simplified definition. “The U.S.-led world order rests on three pillars: first, the American value system, which is also accepted as the Western one;

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<sup>609</sup> Ibid.

<sup>610</sup> Chen Dingding, “Xi Jinping’s Evolution of Chinese Grand Strategy”, *The Diplomat*, December 2, 2014.

<sup>611</sup> See, Fu Ying speech ‘Putting the Order(s) in Perspective’, February 13, 2016, at <https://www.securityconference.de/en/activities/munich-security-conference/msc-2016/speeches/speech-by-fu-ying/>

second, U.S. military alignment, which is claimed to be the security foundation for U.S. leadership; third, the international institutions including the UN system, and other element that fall in these categories”.<sup>612</sup> The fact that the “Order(s)” in the title of her prepared written speech was symbolically in plural, is a clear sign that China, as declared, does not consider itself as part of the “U.S.-led world order”.

Since 2012, China categorically and continuously insists for a “New Type of Major Countries Relations”. Xi’s “struggle for the international system”, firm restatements in line with adherence to the “five principles of peaceful coexistence” - “no hegemony, no expansion, no alliance”, and the BRI and AIIB `public goods` first time export of “China Development Model”, convincingly demonstrated that China has shifted to a KLP-SFA tactics and strategy. All the above underpins Beijing’s more powerful regional and global operational behavior combined with search of leadership status through cooperative active rhetoric for peace, win-win cooperation, community of common destiny, and world harmonious identity international relations.

China Dream Grand Strategy’s and Chinese foreign policy’s steps, intentions, and `gradual processes` of initiatives and policies still remain an open question regarding the concrete and real regional and global `ends`. For Xi, no single country can monopolize the international system, which is the general guideline, as to how China should concentrate its efforts in its “struggle for the international system”. His current priority and primordial concern and preoccupation is the success of the first 2021 strategic goal of the China Dream, the outcome of which will be quite significant and indicative for the overall destiny of the Grand Strategy.

### *China-UN*

Official Chinese rhetoric on global governance and international relations generally stresses six basic interrelated issues. First, to affirm and strengthen the principles of justice, equality, freedom and democracy, the increased status and effectiveness of international law and the bodies, which oversee and implement it, in particular the United Nations. Second, reforms needed, not to overturn the system, not only to correct “unjust and improper arrangements”, but also to manage an array of increasingly challenging global problems, such as – economics, health and nontraditional security. Third, reform-efforts to protect and advance the interests of developing states, against policies and actions, especially by developed nations. Fourth, core feature and bedrock status of “the principle of equality and sovereignty” – territorial integrity; no interference in internal affairs; rights to choose its own social order and development path”. Fifth, upholding the state sovereignty principle in international relations, and sixth, maintenance and expansion of open economic systems, with no protectionism.<sup>613</sup>

President Xi and China’s cautious and comprehensive KLP/SFA ambitions to reshape and reform regional and global international systems have never been so strategically driven. They overlap global financial and economic governance, by including also political (UN, BRICS, G-20 formal institutionalization), security (SCO, CICA,), environmental, cyber, civilization/cultural governance. New regimes and structured initiatives underpin China Dream Grand Strategy promotion and practical exemplary PR moves, actions, in search for recognition, support and credibility. Xi Jinping’s first September 28<sup>th</sup> 2015 statement at the General Debate of the 70<sup>th</sup> Session of the UNGA, “Working Together to Forge a New Partnership of Win-Win Cooperation and Create a Community of Shared Future for

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<sup>612</sup> Ibid.

<sup>613</sup> See Michael D. Swaine, `Chinese Views on Global Governance Since 2008-9: Not Much New`.

Mankind” is a strong impulse and exemplary strategic policy direction in that aspect.<sup>614</sup> Clearly and firmly Xi reiterated in front of the international community that for China the **United Nations (and its Charter)** represent the universal and most authoritative international organization, a cornerstone that guides and establishes the fundamental principles of contemporary international relations. Using an ancient Chinese adage – “The greatest ideal is to create a world truly shared by all”, for Xi, “Peace, development, equity, justice, democracy and freedom are common values of all mankind and the lofty goals of the United Nations”. For him, they are yet far from being achieved, and he urges the international community to renew its commitments to the purposes and principles of the UN Charter in building a new type of international relations featuring win-win cooperation, and create a community of shared future for mankind. Having gone through the test of time over the past seven decades, and having reached a new historical starting point, now the UN needs to address the central issue of how to better promote world peace and development in the 21<sup>st</sup> century”.<sup>615</sup>

Implying that the current international order does not function well for all, and that it has reached “a new historical starting point”, Xi outlined the Chinese assessments and vision for the efforts the UN member states should make to achieve the goal of a shared future for mankind: uphold the principle of sovereign equality of the UN Charter, creation of security architecture featuring fairness, justice, joint contribution and shared benefits, promote open, innovative and inclusive development, learn from the lessons of the 2008 crisis, and fully implement UN Sustainable Development Summit’s agenda. For Xi, increased inter-civilizational exchanges should promote harmony, inclusiveness and respect for differences, as no civilization is superior to others.<sup>616</sup>

Appealing to and luring the UN member states, President Xi also elaborated on his China Dream project of great national renewal as closely connected with the dreams of other peoples of the world. For him, China Dream cannot be realized without a peaceful international environment, a stable international system, understanding, support and help from the rest of the world. He pledged that China will continue to participate in building world peace and that no matter how the international landscape may evolve and how strong it might become, China will never pursue hegemony, expansion or sphere of influence. He also made commitments that China will continue to contribute to global development and will uphold the international order underpinned by the purposes and principles of UN Charter, as symbolically China was the first country to put its signature on it.<sup>617</sup>

The general budget of the UN is drawn up every two years, while the contribution of each member state is determined based on an assessment done every three years. Based on the new quota, China contributed \$ 196 million in 2016 and \$ 199 million in 2017, being the first one to pay its 2017 dues among the five UNSC member states.

To emphasize and to prove China’s credibility and practical involvement in the UN centrality in the international governance, Xi announced Beijing’s additional decision to establish a 10-year, U.S. \$ 1 billion China-UN peace and development fund to support the UN’s activities, advance multilateral cooperation and contribute more to world peace and development. He also announced that China will join the new UN Peacekeeping Capability Readiness System and has thus decided to take the lead in setting up a permanent peacekeeping police squad and build a peacekeeping standby force of 8000 troops, besides providing a total of U.S. \$ 100 million of free military assistance to the African Union in the next five years to support the establishment of the African Standby Force and the African Capacity for Immediate Response to Crisis.

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<sup>614</sup> Xi Jinping address at the UN GA, September 28 2015, <http://qz.com/5128886/read-the-full-text-of-xi-jinping-first-un-address/>

<sup>615</sup> Ibid. p. 2

<sup>616</sup> Ibid. pp. 3-5.

<sup>617</sup> Ibid. p. 6.

China's global governance ideology, and the proposed changes to the existing international order, such as: reforming the 'unjust' and 'unfair' towards the developing countries past arrangements, and strengthening the latter's influence, strict application and equality of the principle of state sovereignty, reservations regarding the R2P – are still attempts, expressions of balancing and adjustments for that order, and not explicit intentions for departure or overturn. Beijing does not feel enough strong and influential, yet, for imposing radical regional and global governance initiatives and acts from position of open domination. The latter are becoming issues and research topics under increasing debates in Chinese IR community.

In 2015, leading Chinese strategist on China-U.S. relations and security matters, IR theorist and promoter of moral realism theory, Yan Xuetong, contended that more likely present day world is leading towards a bipolar pattern featuring China and the United State, rather than a unipolar or multipolar global order.<sup>618</sup> For him, the so called "Chinese century" must meet two preconditions: a unipolar international configuration and absolute Chinese dominance. Still, Chinese Comprehensive National Strength (CNS) is not global, and even if it successfully fulfills its 2049 second strategic centennial goal of "building a prosperous, strong, democratic, civilized, and harmonious modern socialist country" by then, the U.S. would not necessarily have lost its superpower status thereby. In his theorizing, international configuration is determined by two key factors: comparative strength and strategic relationships of major powers. From CNS point of view, China's components are imbalanced, whereas its political and cultural influence is limited to the Western Pacific, and its military capabilities, the weakest link, have hardly gone beyond perimeter defense. The U.S. upgrades its military capabilities through wars, while China through military drills. From point of view of strategic relationships of major country, China's global influence rests mainly on the economic component of its hard power, stands well only in front of Russia and Japan, but lags behind the U.S., Germany, GB, even France.

In 2016 article, Yan laid down the basic elements of his Chinese moral realism binary theory, according to which China can change the international system in the 21<sup>st</sup> century.<sup>619</sup> He claims that a rising state is able to displace a dominating hegemon in spite of its inferiority to the latter in terms of economic base, technical invention, education system, military strength and political system. As a binary theory, Yan defines that a states's strength determines the strategic national interests while the types of political leadership determines the strategies for achieving those interests. Bringing back two key independent variables – political leadership and international strategic credibility, Yan posits that a strong political leadership with high international strategic credibility can facilitate changes in the international configuration towards new international norms and international system.

Admitting that his moral realism theory is still in its infancy, and pending further development, he sends strong messages and urges for proactive approach from Beijing:

"China's resurgence as a superpower may shape a new world order, yet, still difficult for moral realists to predict of what kind. China's non-alliance principle adherence, in contrast to America's strategy of alliance and partnership consolidation of its world leadership, hinders China from mobilizing international support for its national rejuvenation, and undermines Beijing's strategic credibility. For moral realists, it is absolutely necessary for China to make alliances, as many as possible, and also to practice the ideology of fairness, justice, and civility, both at home and abroad, for the sake of its own strategic interests as well as those of the world".<sup>620</sup>

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<sup>618</sup> See Yan Xuetong, 'A bipolar world is more likely than a Unipolar or Multipolar one'.

<sup>619</sup> Yan Xuetong, 'Political Leadership and Power Redistribution', 2016, *The Chinese Journal of International Politics*, Vol. 9, No. 1. at <http://cjip.oxfordjournals.org/content/9/1/1.full.pdf>

<sup>620</sup> *Ibid.*, p. 26.

Concentrating more on the regional governance of the 21<sup>st</sup> century priority area of the Asia-Pacific, Cui Liru takes a more balanced, constructive, and cooperative approach. For him, globally, two increasingly conspicuous trends will shape the evolution of international order. First, at the level of global power structure, power is diffusing to more power centers, initiating a new round of balancing. The U.S. is striving to retain its dominant position in the de-centralizing (de-American hegemony) multipolar order, thereby enhancing containment of new, rising power centers, and regional major powers` increasing competition showing an even more complicated perspective of formulating regional order.<sup>621</sup>

Second, at the level of pattern of international relations, at the level of the degree of connectedness and ways of interaction between states, disruptive changes have occurred thanks to globalization – forming indivisible economic interdependence, social, personal mobility and Internet interconnectivity, etc, putting forward the need to redefine the concept of state-to-state relations in the macro picture of a networked world. He echoes to some extent Anne-Marie Slaughter`s proposal for U.S. “Grand Strategy of Network Centrality”, where she argues that the most important shift for America is not the rise of China and the alignment of power in the international system, but rather the ubiquity and density of global networks, and that advancing U.S. interests, American strategists should analyze states as the principle hubs of intersecting regional and global networks instead of as poles in a unipolar, bipolar or multipolar system.<sup>622</sup>

In Cui`s view, as basic units of international relations, states and their foreign policies are caught in obvious contradictions resulting from the conflicting dynamics the above discussed dimensions have produced. In the structure of power dimension, the fundamental philosophy and strategy patterns are realistic, while in state-to-state relations` dimensions these are idealistic, pacifist and constructivist. Currently, international and regional orders are fumbling for balance between the two dimensions. Drawing on Kissinger`s *World Order*, and quoting his assessment that “although tremendous changes have taken place in the world, politicians` sense of history and geo-political awareness remain essential”, Cui shows his affinity to the doctrine of equilibrium as a basic truth in international order, and argues that China-U.S. cooperation in the construction of regional order for the Asia-Pacific, based on existing, realistic relations, is not only in their fundamental interest, but also their historical responsibility for the area.<sup>623</sup>

### *China-EU on global governance*

Back on March 31, 2014, when meeting with then European Council President Herman Van Rompuy in Brussels, President Xi, for the first time, proposed that the two sides should jointly forge China-EU partnerships for peace, growth, reform and civilization to inject new impetus in their comprehensive strategic cooperation for the scope of new type of global governance and international relations.

Besides China, the EU, as the largest combined world GDP, is also in a search for a theoretical/practical framework and its copy right response to the changing global governance landscape. The long outdated 2003 EU Security Strategy was born out of a specific geopolitical context, where High Representative Javier Solana sought to heal the internal European wounds opened by the 2003 U.S.-led invasion of Iraq and the acrimonious divisions, notably between the UK – France and Germany. The political message of the 2003 ESS could well be read in the text: `effective multilateralism` emphasized the Franco-German

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<sup>621</sup> Cui Liru, `Building Order in Multipolar Era`, *China-U.S. Focus*, March 29, 2016.

<sup>622</sup> See Anne-Marie Slaughter, `A Grand Strategy of Network Centrality`, Richard Fontaine and Kristin M. Lord (eds.), `America`s Path: Grand Strategy for the Next Administration`, *Center for New American Security*, May 2012. pp. 45-46.

<sup>623</sup> See Cui Liru, `Building Order in Multipolar Era`.

insistence to cement a European preference for multilateralism. Solana's successor, Catherine Ashton, in old British way, made no secret of her skepticism towards a comprehensive EU updated Grand Strategy.

The first seeds, imposed by the real global governance adjustments, of what was to become the 'EU strategic reflection process' were sown at the HR/VP designate Federica Mogherini's hearing at the European Parliament in October 2014 when she called for a 'strategic rethink' in EU foreign policy.<sup>624</sup> In this complex and delicate endeavor she was enabled by the mandate entrusted to the HR/VP by the conclusions of the December 2013 European Council. HR/VP was tasked, 'in close cooperation with the Commission, to assess the impact of changes in the global environment, and to report to the Council in the course of 2015 on the challenges and opportunities arising for the Union, following consultations with the Member States'. It was not new strategy production mandate, but one for reflection and assessments, showing the ambiguous positions within the European Council, where some member states were working for a new ESS, while the leading ones – Germany, France, and the UK were reluctant.

The period of relative European decline, financial, economic and refugee crisis, the rise of number of powers across the globe, diffusion of power beyond regional and global institutions, short supply of resources versus rising problems, and Lisbon Treaty that lacked in 2003, finally made the European Council aware, that the primary purpose of an EU Global Strategy was actually the internal situation in the Union. After the HR/VP strategic assessment presentation at the June 2015 European Council, member states had to declare that: 'the High Representative will continue the process of strategic reflection with a view to preparing an EU global strategy on foreign and security policy in close cooperation with member states, to be submitted to the European Council by June 2016'.<sup>625</sup> While from 2008 to 2013 there were divisions among major member states regarding EU global strategy, by 2015 all agreed that the external global political, security, and economic environment had so radically changed – and not for the better – that strategic decisions had become imperative.

Based on the 2015 EU Institute for Security Studies' analytical publication "An EU Global Strategy"<sup>626</sup>, prefaced by HR/VP Mogherini, a well informed expectation of the trends and potential content of the Global Strategy project that were to be introduced at the June 2016 European Council could then be drawn.

The main assessments upon which the 2016 EU Global Strategy was constructed and formulated, were, that since the 2003 ESS, the EU's strategic environment has changed radically, the Union is surrounded by an arc of instability, into a more connected, contested and complex world,<sup>627</sup> challenges and opportunities which the EU must confront, having the responsibility to protect its citizens while promoting the Union's interests and universal values.

The analysis' defined increased complexity of the world - global power shifts and power diffusion, was characterized as due to: U.S. continuous comprehensive global reach in the years to come, EU retaining one of the highest per capita incomes in the world, and the end of the age of dominance by any single country. China was singled out as the prime amongst the new powers, with other emerging powers also rising in global rankings, but unlikely to form a single and cohesive bloc. For EUGS, different regions display different configuration of power, and globally power is diffusing beyond the nation state towards a network of state, non-state, inter-state and transnational actors. Traditional multilateralism

<sup>624</sup> EP hearings, at <http://www.europarl.europa.eu/hearings-2014/en/schedule/06-10-2014/federica-mogherini>.

<sup>625</sup> See <http://www.consilium.europa.eu/en/press/press-releases/2015/06/26-euco-conclusions/>, II. Security and defence, 10. b.

<sup>626</sup> Antonio Missiroli, (ed.), 'An EU Global Strategy', 2015, *EUISS*, at [http://www.iss.europa.eu/uploads/media/Towards\\_an\\_EU\\_Global\\_Strategy.pdf](http://www.iss.europa.eu/uploads/media/Towards_an_EU_Global_Strategy.pdf)

<sup>627</sup> *Ibid.*, p. 123.

was losing steam, and emerging countries wanting to reform the post-WWII architecture – as much easier to oppose the existing than to create new global governance mechanisms.

According to the document, in the emerging global environment, the EU faces five broad sets of challenges and opportunities, ranked as follows: **European Neighbors** – support of reform in the Western Balkans, Turkey and the Eastern partners, strengthen statehood of Eastern partners, and engage Russia to restore sustainable European security architecture and address global challenges. **North Africa and the Middle East** – to tackle the immediate challenges in its South by sharpening its tools in the internal-external nexus and addressing immediate humanitarian crisis, to respond to old and new conflicts and help address the root causes of resentment through tailor-made responses. **Africa** – to help unlock Africa’s potential by developing the right mix of migration and mobility policies, by bolstering security cooperation with the UN, the AU and other African partners, and by bridging fair trade and economic integration objectives. **Atlantic Partnership** – to continue investing in a strong and sound privileged relationship across the Atlantic through closer cooperation between the EU and NATO and through the TTIP, deepen relations with Latin America and the Caribbean through bilateral partnerships and inter-regional arrangements. **Asia** – EU to offer consistent and customized support to regional cooperation efforts in Asia and needs to foster a rules-based approach to conflict management and respond to the opportunity presented by various developments in Asian connectivity drive – from ASEAN’s plans to China’s OBOR.<sup>628</sup>

Calling on the EU to tackle the challenges and seize the opportunities which the global environment presents, the analysis pointed out that effective responses depend on the Union’s ability to make choices and prioritize areas where it is willing and able to make difference depending on whether the EU’s external action instruments are fit for purpose, making reference to five key issues that need to be addressed: Direction; Flexibility; Leverage; Coordination; Capabilities.

Exemplifying the “comprehensive approach” pioneered by the CSDP, more relevant at present than a decade ago, where the “D” matters, the analysis urged for a joint-up EU approach in all aspects of the Union’s role in the world, for all actors and instruments of EU external action to work in synergy, as the EU needs a common, comprehensive and consistent Global Strategy.

The global functional integration of finance, industry, technology, and attempts to commonly address environment, and climate change has set the stage for what can be called global governance. Some American IR scholars’ vision that the U.S. wants to make best of *de facto* global governance networks, operating by virtue of myriad accords, business enterprises, government and non-government agencies, and international and transnational institutions,<sup>629</sup> to some extent was echoed as an assessment of the ‘more complex world’ in the 2015 EUISS’ report, “while global power is diffusing beyond the nation state towards a network of state, non-state, inter-state and transnational actors”.<sup>630</sup>

On June 28, 2016, VP/HR Mogherini reported and presented the Global Strategy for the European Union’s Foreign and Security Policy (EUGS) to the European Council. There were few if any serious open reactions and comments from major powers and global public opinion – all of which were concentrated on the 5 days prior Brexit referendum outcome. Chinese leading ideological and propaganda machinery reaction was almost mute, except for a brief analysis by Chinese Academy of Social Sciences’ European researcher He Zhigao,

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<sup>628</sup> Ibid., p.142.

<sup>629</sup> See Anne-Marie Slaughter, *A New World Order*, 2005, Princeton: Princeton University Press, and Michael Mandelbaum, *The Case for Goliath: How the United States Has Become the World’s Government*, 2006, New York: Public Affairs.

<sup>630</sup> See Antonio Missiroli, (ed.), ‘An EU Global Strategy’, p. 124.

published at state controlled *Global Times* on July 7, 2016, entitled “EU’s security needs rethink after Brexit”.<sup>631</sup>

The author’s, i.e. – Beijing’s initial assessments and conclusions were as follows: Brexit has overshadowed the EU’s Global Strategy, quoting Mogherini, “The purpose, even the existence, of our Union is being questioned”. The EU is being questioned as both a model of regional integration and an example of regional security governance, which will cripple its international reputation. Brexit has severely impaired EU’s identity and position as an international actor. EU without the UK will not only have its foreign policy weakened but also its power to select policy tools, and constraints will continue hampering the union’s diplomatic capability when it comes to security and defense issues;

By stating that the EU should transform its normative power and civilian power to a combination of soft and hard power, reinforcing cooperation with its strategic partners and the role of NATO instead of underlining its own strategic autonomy, and by turning its normative guidelines towards an integration of realism and idealism and especially stressing principled pragmatism, the author posits, “EU’s new Global Strategy has also changed to closely following the stability of eastern and southern Europe, meaning that its strategic emphasis has shifted to peripheral regions.”

Although East Asia and China are mentioned in the EUGS, the content related to Sino-EU cooperation is mainly embodied in documents like “China-EU 2020 Strategic Agenda for Cooperation”, EC’s June 22, 2016, “Elements for a new EU strategy on China” ( the latter being the seventh Brussels’ strategy document on China since the EU and China forged diplomatic ties ), and so, the “model, fields and dynamics of Sino-EU cooperation remain to be seen in the post-Brexit era”, the analysis concludes.<sup>632</sup>

On the sidelines of the 18<sup>th</sup> EU-China Summit in Beijing, 12-13 July 2016, HR/VP Mogherini gave a speech at the CASS, admittedly presenting and explaining for the first time to foreign audience the rationale of the new EUGS, after presenting the latter to the European Council at the end of June, including the EC’s June 22, 2016, “Elements for a new strategy on China”.<sup>633</sup>

The key points and messages Mogherini conveyed in her speech at this Chinese leading party and state think-tank, were as follows:

It is in both EU and China mutual interest that they work through a united European interlocutor. EU together with China and the U.S. is in the world’s G-3, EU being China’s first trading partner, a global security provider, including in Asia. EU needs a strategy and needs it right now, as there are many questions about the future, first of all about the UK’s future and also about the future of the Union after the Brexit. EU also has some certainties and some clear sense of direction, and what the EUGS is telling the world is: these are our priorities, this is kind of world we would want to work for, and the EU is ready to engage actively and pro-actively with all those who share the same priorities and the same goals, as “engagement” is one of the key principles and one of the key words in both EU strategic documents. Engagement and cooperation are key words in EUGS: cooperation as vital and partnership – essential, particularly true for partnership among the world powers, as confrontation leads nowhere. The European way of foreign policy being investing in partnerships, cooperation, in trying to find common ground for win-win solutions whenever it is possible, in the framework of international rules and international norms, and in full respect of international norms and rules. Singling out Afghanistan and Africa as examples where EU

<sup>631</sup> He Zhigao, “EU’s security needs rethink after Brexit”, *Global Times*, July 7, 2016, at <http://www.globaltimes.cn/content/992922.shtml>

<sup>632</sup> Ibid.

<sup>633</sup> Speech by HR/VP, Federica Mogherini at the Chinese Academy of Social Sciences in Beijing, China, 13/07/2016, at [http://eeas.europa.eu/statements-eeas/160714\\_01\\_en.htm](http://eeas.europa.eu/statements-eeas/160714_01_en.htm)

and China can cooperate and work more closely, the second priority identified in the EUGS according to Mogherini is strengthening the resilience of states and societies in the European wider region, meaning: good jobs and economic growth, fighting climate change and its consequences, open societies and good governance, managing migration and giving shelter to refugees. Or, as a whole – making the next crisis less likely to happen, very much linked to the full implementation of the Sustainable Development Goals – for which the EU feels a lot of ownership and responsibility and worked closely and cooperated with China to achieve this important result in 2015. For HR/VP, new institution such as the AIIB can be important engine of development and resilience, and as resilience is not simply only about growth - “development can only be sustainable if it doesn’t hurt the environment, and if it respects basic human rights”.<sup>634</sup>

A third priority, beyond managing crisis and working for resilience, for Mogherini is – working for better global governance based on multilateralism and on international law, as Beijing is crucial interlocutor towards a more multilateral and cooperative world order. EU and China need to strengthen and deepen such cooperation at international level and multilateralism by crucially respecting international commitments, implementing the decisions taken collectively and by abiding to the same sets of rules. EU insists on the need to address all maritime disputes in a peaceful way and in full respect of international norms and law, as violations of global rules make the entire international system weaker, conflicts more likely and the world less secure. On the South China Sea, the EU underlines, without taking position on sovereignty aspects related to claims on land and maritime space, the fundamental importance of upholding the freedoms, rights and duties established in UNCLOS. In particular, the EU upholds the freedom of navigation and over-flight, and calls upon parties to fully respect decisions rendered by the relevant courts and tribunals, and always invites partners and friends to settle disputes in a peaceful and cooperative manner and avoid escalations that would be detrimental for the entire region. As partners, EU and China have interest for a strengthened multilateral system, and as the world keeps changing very fast better global governance calls for a reform of the UN and of the world financial institutions. Like China, EU believes that rather than unilateral approaches it is multilateral frameworks that need to be strengthened in more global and contested world. EU is ready to step up its engagement with China towards a more multilateral and cooperative, rather than multipolar, global order, as the EU believes in multilateralism and in a system that recognizes the different roles for different actors worldwide and the need of each having its place, its voice, its responsibility by the rules in a cooperative manner.

Being two leading world powers, representing two of the great civilizations of human history, EU and China and their peoples need each other and have the responsibility as an alliance of civilizations to lead the way towards shared progress for both and for the rest of the world.<sup>635</sup>

At the conclusion of the 18<sup>th</sup> EU-China Summit, the President of the European Council Donald Tusk made the following remarks: “... We had rich and sometimes very candid discussions on all dimensions of our relations. ...As result I can say that we moved the strategic partnership between the EU and China forward. ...First of all we discussed the importance of international cooperation based on rules. A global order based on common rules is in our mutual interest but clearly we have our differences in what it means in practice...Secondly, ahead of the September G-20 summit in China I am happy that we agreed to tackle the migration crisis at the global level ...Thirdly we agreed to have another round of dialogue about human rights still this year in Brussels. There is no doubt there are disagreements on this issue, but I welcome that China stands ready to engage. ...Finally let

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<sup>634</sup> Ibid.

<sup>635</sup> Ibid.

me say this. We came here to discuss common challenges in an open and friendly manner. It is not always easy to have such talks because the stakes are high and real differences persist....<sup>636</sup>

In its efforts and strategic reach for gradual transformative multipolar (not only multilateral) international system, the way it sees and defines it, Beijing, besides the UN, targets and exploits the more favorable geopolitical and geo-economic level playing field of the **G-20 platform**, where the G-7 and the U.S. Western-led security and alliance based world order dominance is more diffused, checked and balanced by the emerging and developing countries.

What was the global socio-economic, financial, institutional, developmental and general state of the play of globalization and global governance before the 2016 China G-20 Leaders' Summit that facilitated Beijing in its arguments for shaping the agenda of the Hangzhou meeting, including President Xi's ideas, proposals and initiatives that dominated China's G-20 Presidency?

“The third leg of the world's intractable depression is yet to come. If trade economists at the UN are right, the next traumatic episode may entail the greatest debt jubilee in history. It may also prove to be the definite crisis of globalized capitalism, the demise of the liberal free-market orthodoxies promoted for almost forty years by the Bretton Woods institutions, the OECD, and the Davos fraternity.”<sup>637</sup> For Pritchard, agreeing with the diagnosis and critique in the 2016 annual report of UNCTAD, “What is clear is that world will soon need a massive and coordinated push by governments to create demand and bring the broken global system back into equilibrium. If this does not happen, it is *sauve qui peut*.”<sup>638</sup>

The transition to a healthier and more realistically sustainable economic system will be the defining social battle of the remaining 21<sup>st</sup> century, as national social contracts worldwide are breaking down, with almost no serious global debate about the role modern economic ideas played in the creation of the lingering 8-9 years financial and economic crisis. Governments responding to this with austerity and money-printing did not address the problems, becoming the defaulting contract parties when people anxiously ask and demand that social contracts be followed and respected - ‘*pacta sunt servanda*’. Still, the over-leveraged governments and banks' balance sheets remain, making a return to consumption driven growth almost impossible. Most obviously of all, almost no one has asked why the growth of the last 20 years has actually increased income inequality globally when modern-day policy-makers and economists had promised it would do the opposite, or as put by Christine Lagarde - “Global growth has been too low for too long and has benefited too few”<sup>639</sup>

The only sensible way to fix these problems seems to require Tolstoy's “two most powerful warriors” - patience and time, which notably Beijing and President Xi masterly exploit and guide in their “struggle for the international system” and for the success of China Dream, as admitted by Ikenberry, “The world is in some sort of global power transition, from concentrated power to multipolarity perhaps, or some kind of diffused system of power. Perhaps China is the greatest beneficiary of that.”<sup>640</sup>

<sup>636</sup> Remarks by President Donald Tusk after the 18<sup>th</sup> EU-China summit , Beijing, 13/07/2016,

<http://www.consilium.europa.eu/en/press/press-releases/2016/07/13-tusk-remarks-eu-china-summit/>

<sup>637</sup> Ambrose Evans-Pritchard, ‘UN fears third leg of the global financial crisis-with prospect of epic debt defaults’, *The Telegraph*,

September 22, 2016, at <http://www.telegraph.co.uk/business/2016/09/21/un-fears-third-leg-of-the-global-financial-crisis-with-epic-debt/>

<sup>638</sup> Ibid.

<sup>639</sup> Christine Lagarde's statement at the conclusion of the G-20 Summit in Hangzhou, China, September 5, 2016.

<http://www.imf.org/en/News/>

Articles/2016/09/05/pr16394-Lagarde-Urges-Action-to-Deliver-on-G20-Hangzhou-Commitments

<sup>640</sup> G.John Ikenberry, Chatham House lecture, ‘The Rise of China and the Future of Liberal World Order’, May 7, 2014, Transcript, p. 3.

### *China-G-20*

In Xi's strategy and "struggle for the international system", besides the UN, G-20 is another current key level playing field where China seeks to demonstrate at least parity with the USA, using both geo-economics and geopolitics in its open challenge for a global leadership role of "rules making", leaving behind the "rules taking and sharing" role Beijing believes was supposedly assigned to.

"...Even though the G-8[7] and the G-20 remain controversial in terms of legitimacy (they are self-appointed clubs trying to exert global leadership), they almost 'had to' come into existence ... both as European initiatives, originated from severe international monetary turbulence and financial crisis as indicators of deepening complex interdependence, or globalization, and the increased demand for international cooperation the latter process entails... In the 1970s, there was a sense among Western leaders that dealing with crisis required high-level cooperation among the states that mattered most at that time. Leaders felt that the U.S. could no longer do it alone. In 1999, the G-7 realized that in its turn it had become too small, and that the new rising powers had to be brought on board. In fact, the creation of the G-8 and G-20 reflected the ongoing process of deepening multipolarity... By launching these bodies leaders wanted to add a new layer of governance to the existing global institutional architecture, namely two flexible and informal mechanisms among the most powerful states for consultation, coordination of domestic policies and giving the right impulses to official multilateralism. They deemed these new fora, with their very specific diplomatic methods, necessary to manage a world characterized by both risk-prone globalization and multipolarity."<sup>641</sup>

Summitries through bodies such as G-7 and G-20 are predominantly Western ideas.<sup>642</sup> In the aftermath of the global financial - turned economic, crisis of 2008, large developing countries such as China, India, Brazil and South Africa, being very cautious, were not openly eager and active to fully engage in these mechanisms. In the last couple of years, China under Xi's Grand Strategy radically reversed course in regards to G-20 aiming to grasp the 'strategic opportunity' of being still the engine of world's growth, and by way of example and 'wisdom' – as driver and guardian of the emerging, developing and least developed countries (LDC), to gradually assert itself into an accepted unifying and credulous world governance leadership role, initially on par with the West.

As Yale's Stephen Roach puts it - "While seemingly elegant in theory, globalization suffers in practice...It also underpins the increasingly virulent anti-China backlash now sweeping the world...Those who worship at the altar of free trade – including me – must come to grips with this glaring disconnect...Trade liberalization – the elixir of globalization – promises benefits for all. That promise arguably holds in the long run, but a far tougher reality check invariably occurs in the short run. Brexit – the United Kingdom's withdrawal from the European Union – is just the latest case in point."<sup>643</sup>

For the author of *Unbalanced: The Codependency of America and China* – the global growth is still made in China and despite all the hand-wringing over the vaunted China slowdown, that contribution is all the more important for preventing a global economy limping along at stall speed – and most likely unable to withstand a significant shock from toppling into a renewed recession. According to Roach, if Chinese official GDP target growth

<sup>641</sup> See Dries Lesage, 'The G8 and G20: How Far Can the Parallel Be Drawn', 2010, *International Organisations Research Journal*, No 5 (31), pp. 93-94.

<sup>642</sup> *Ibid.*, p. 94.

<sup>643</sup> Stephen S. Roach, 'The Globalization Disconnect', *Project Syndicate*, July 25, 2016, at <https://www.project-syndicate.org/commentary/find-solutions-for-free-trade-backlash-by-stephen-s--roach-2016-07>

reaches 6.7% in 2016 – China would account for 1.2 percentage points of the IMF expected 3.1% global growth in 2016, or nearly 39% of the total. That share dwarfs the contribution of other major economies: U.S. – 0.3 percentage points; Europe – 0.2, and Japan – not even 0.1, making China’s contribution to global growth 50% larger than the combined 0.8 percentage-point contribution likely to be made by all advanced economies in 2016.<sup>644</sup>

Still, China’s economy is in a historic transition. Opportunities and challenges abound, with daunting problems, such as: ‘new normal’ slower growth; social imbalances; industrial overcapacity; massive pollution – the list goes on. China Dream represents the overarching guiding strategy that addresses both domestically and externally these diverse and complex issues. According to President Xi Jinping, China’s development model, embodied into the ‘‘Five Major Development Concepts’’ and adopted in the March 2016 13<sup>th</sup> FYP, going forward, will be driven domestically by the dialectical unity and interdependence of ‘‘innovation; coordination; green; openness and sharing’’ within all the regions of the country.

For Beijing to fulfill China Dream’s first comprehensive strategic goal of becoming a ‘‘moderately prosperous society’’ by 2021, its economy must transition and its society must properly rebalance. Xi calls for market and government, or to use his metaphor - ‘‘the invisible and the visible hand’’, working together, to optimize and balance economic growth and efficiency with social fairness. The government in Xi’s philosophy is ‘‘smart’’, while the market is ‘‘decisive’’.

President Xi is loyal to Deng Xiaoping’s definition and legacy that China’s foreign policy and international relations are dialectical extensions of its domestic policies. Since 2012-2013 China’s strategic operational behavior has proactively changed, including on global governance, and mainly regarding the G-20, – one of the major economic and financial platform of its global competition with the U.S.

For Beijing, ‘‘major developed economies are witnessing the phenomenon of aging societies, inward looking and rising protectionism underpinned by surging anti-globalization which buffeted economic globalization and multilateral trading system, slowed down world trade and investment and given rise to accumulated financial risks of high leverage and expanding bubbles.’’<sup>645</sup>

According to the Chinese University of Political Science and Law, September 2016 report - ‘States’ Participation Index of Global Governance (SPIGG) World Report’, China’s provision of public goods to the world is expected to be strengthened by taking more active role in the global governance process, especially given the current trends of de-globalization. A short-term plan focuses on promoting the sustainable growth of the global economy, improvement of the Financial Stability Board, the establishment of G-20 Secretariat and the implementation of the new BRI ‘‘in which China and Asia will play the leading role to reinvigorate the economy and enhance regional cooperation’’<sup>646</sup>

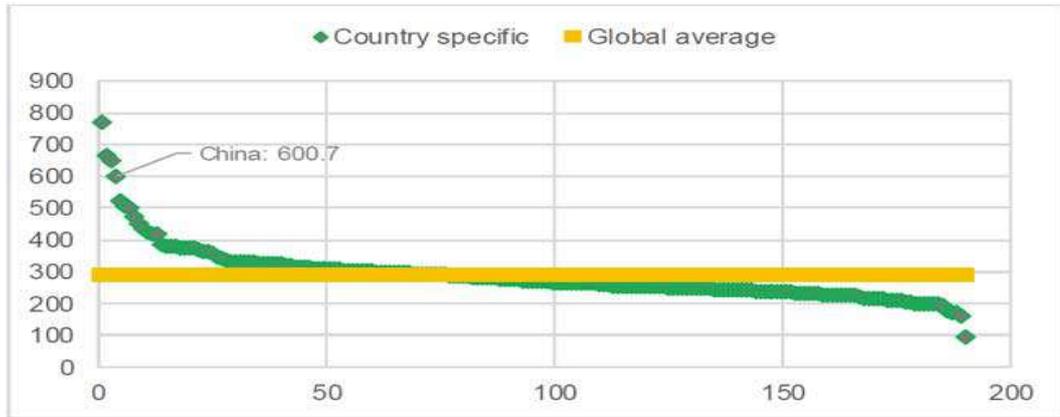
For the director of the Center for China and Globalization Wang Huiyao, ‘‘China has benefited from globalization 1.0, wherein international organizations have supported China’s development. Now it’s an era of globalization 2.0, but the trend of de-globalization has taken shape ... Global governance at this time is no longer about international organizations, but also nation states where China is to play more active role in the process’’<sup>647</sup>

<sup>644</sup> See Stephen S. Roach, ‘Global Growth – Still Made in China’, *Project Syndicate*, August 29, 2016, at <https://www.projectsyndicate.org/commentary/china-still-global-growth-engine-by-stephen-s-roach-2016-08>

<sup>645</sup> He Yafei, ‘China’s Role at G20: Team Player and Growth Driver’, *China-US Focus*, September 21, 2016, at <http://www.chinausfocus.com/foreign-policy/chinas-role-at-g20-team-player-and-growth-driver/#sthash.xmxgwgwn.dpuf>.

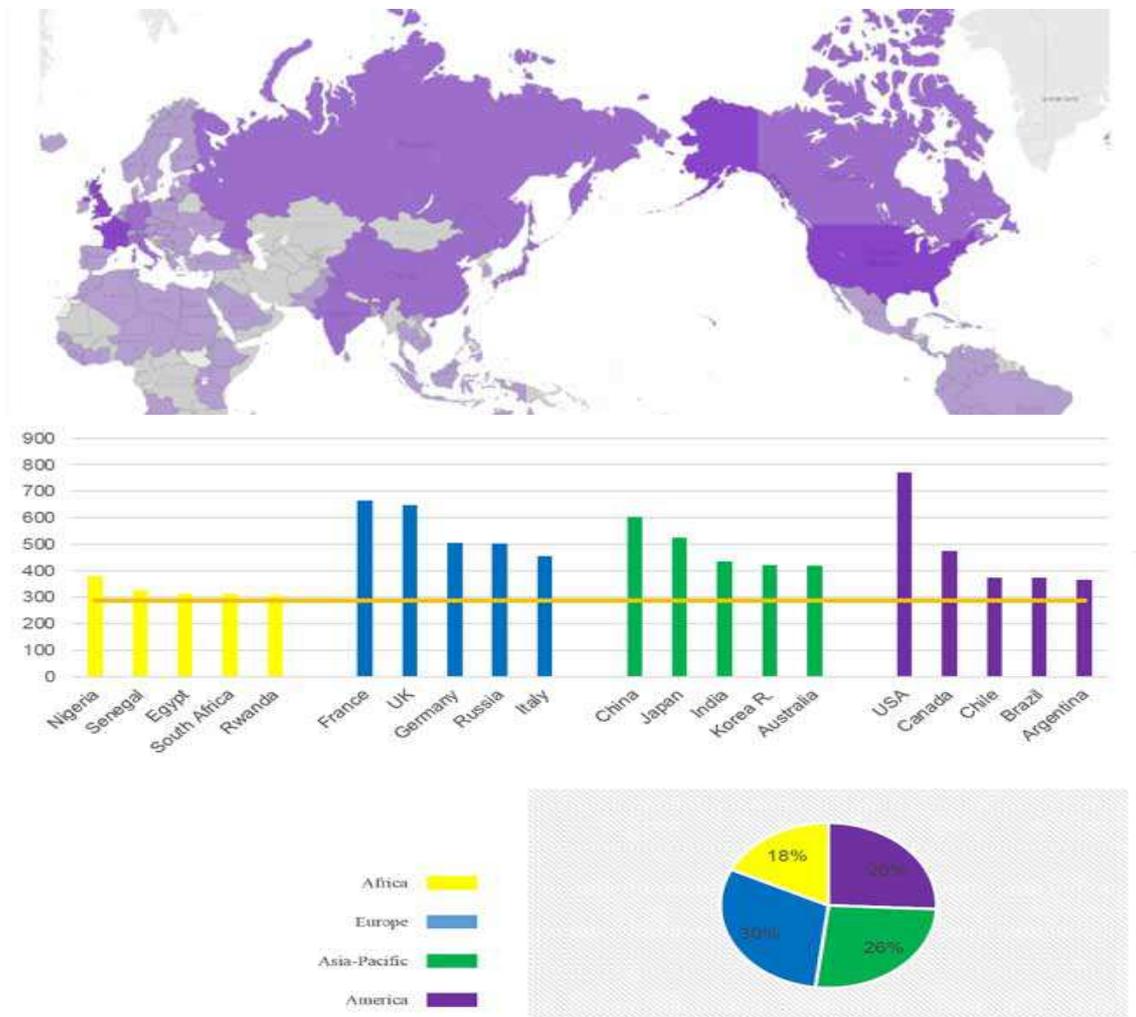
<sup>646</sup> Jiang Jie, ‘China expected to take larger role in global governance amid calls for de-globalization’, *People’s Daily Online*, September 22, 2016.

<sup>647</sup> Ibid.



[Figure 3. Overall scores of the 190 countries]

The SPIGG report analyzes four main factors: mechanisms; performance; decision – making and responsibilities in 190 sovereign states across the globe that constitute a solid base for understanding a nation’s role in the world, its participation in and contribution to global governance. While the average score being 287, China earned an impressive 600.7, placed after only France, the UK and the USA, the latter scoring 770 in total – 108 points higher than its closest competitor. The report notes the remarkable transformations that have lately taken place in economic growth and soft power, acknowledging the still existing gap between China and other Western powers, and points out that world leadership is a status to be gained gradually, through individual and step by step cases.



[Figure 6. 'Top-five' from each continent]

Against this backdrop, China began its profound and pragmatic preparations for the 2016 Hahgzhou G-20 Summit, right after Australian Prime Minister Tony Abbott announced on November 16, 2014, at the Brisbane G-20, that China was selected to host the Summit in 2016.

Two days prior to Abbott's announcement, He Fan – Deputy Director of the Institute of World Economics and Politics, at President Xi's favorite Chinese think-tank – Chinese Academy of Social Sciences, wrote: "Even though the world's leading economies are preoccupied with their responses to the financial crisis, the global economy is losing momentum ... IMF has downgraded its global growth forecast for both 2014 and 2015, ... emerging markets are now suffering an unprecedented slowdown ... and global trade has also turned down sharply...financial markets are still mispricing and potential crisis are lurking in the shadows."<sup>648</sup> For the heavyweight advisor at the Chinese ministries for finance, commerce and foreign affairs it seems that the legitimacy of G-20 is declining, and people are increasingly cynical to what the Summits can achieve.

For Fan, China is rising steadily and trying to find its place in the new alignment of global power, and as G-20 is a major platform for dialogue and coordination between developed and developing big countries, Beijing feels far more at ease at the G-20 than in other forums like the G-8. Assessing that China needs G-20 and G-20 needs China, and if and when China assumes the presidency, he posits that Beijing should seek to strike a balance between the developed and developing countries, granting the credibility to the G-20 it badly needs.

According to Fan, "...positive reaction from the international community is also important. It has to be admitted that many Chinese people still have a deep-rooted distrust of the West, even as Chinese leaders are becoming more confident. China does not harbor interests to please the international community any longer. Domestic politics influence diplomacy. The evolving economic and political changes in China may reflex on its international stance. A Cold War mindset and zero-sum game assumptions could poison and jeopardize G-20 cooperation. Look at how geopolitical conflicts tarnished the G-8. A failure of G-20 is unacceptable for all of its members... and G-20 could do better by upgrading to 3.0, where economic growth is important but not the answer to all the questions. We have to look beyond the fluctuation of annual growth rates and address the issue of global governance gap. All the long-term issues with global governance and multilateral organizations should be on the G-20 agenda ...and in spite of different diplomatic traditions member states will need to urgently develop a habit of thinking collectively about common challenges to global economic governance,<sup>649</sup> i.e. - floating the idea of changing the current liberal mode of globalization with an alleged new governance globalization with "Chinese characteristics".

Key agenda items of the 2016 G-20 Summit did not deviate largely from the above He Fan's general assessments and prognosis. They promised China's search and efforts for introducing 'novelties and change' in the philosophy and nature of G-20, as the chosen theme of the 2016 Summit speaks for - "Towards an Innovative, Invigorated, Interconnected and Inclusive World Economy"<sup>650</sup>, quite in line with China's 2016 "Five Major Development Concepts" and Beijing's push for "New Model of Major Country's Relationships".

When Western leaders visit China, and when and if given the chance to address student, academia and think-tank selected and prepared in advance audiences, they tend and legitimately prefer to usually raise the issues of democracy, rule of law, human rights, etc.

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<sup>648</sup> He Fan, 'Putting the G20 back on track', November 14, 2014, at <http://thebricspost.com/putting-the-g20-back-on-track/#.V-eDCvQbIgQ>  
11 Ibid.

<sup>650</sup> Xi Jinping message and attached Theme and Key Agenda Items, at <http://www.g20.org/English/China2016/G202016/index.html>

In contrast, Chinese leadership's operational behavior, and especially that of President Xi, is to target and pragmatically address foreign national and multinational big business, industry and finance, which generally facilitated and contributed substantially to China's economic development in the last three decades. Chinese leadership's narrative usually concentrates on the success of China's modernization, reforms and opening up, benefiting its over 1.3 billion population, an endeavor never undertaken in the history of mankind. The occasion of the 2016 G-20 Summit in Hangzhou was no exception.

President Xi's 47 minute keynote speech at the opening ceremony of Business-20 Summit, on September 3, was the fora where all the current major economic and political messages which Beijing wanted to openly convey to the G-20 member and to the world, were on display, starting with the title of his speech - "A new Starting Point for China's development – A new Blueprint for Global Growth".<sup>651</sup>

By openly promoting China's development model, for President Xi, thirty-eight years of reform and opening-up has been a course of blazing a new trail, a Chinese own path of development of socialism with distinctive Chinese characteristics. China turned into the world's second biggest economy with per capita GDP to close to 8000 U.S. dollars, lifting over 700 million Chinese out of poverty in just few decades what has taken other countries several hundred years to achieve, and has pursued independent foreign policy and international relations of peace and active involvement in building a fairer and more equitable international order with friends all over the world.

Exemplifying the initial success of China's new development model, Xi informed the foreign business audience that in the first half of 2016, China's GDP has grown by 6.7%. Its industrial upgrading and structural adjustments have picked up pace, the final consumption expenditure contributing 73.4% to GDP, and the added value of the tertiary industry up to 54.1% of GDP, with steady household income growth, and 7.17 million new urban jobs, all of which added up gives even better prospects for China's greater economic development contribution and lucrative options to the world.

Using idealistic-constructivist parlance, Xi stressed that the new mechanisms and initiatives launched by China are not intended to reinvent the wheel or target any other country, but to complement and improve the current international mechanisms to achieve win-win cooperation and common development – an open invitation to all, as China is not pursuing to establish its own sphere of influence, but to support common development of all countries.

For the Chinese President, the world economy is in profound adjustments, moving along a twisted path to recovery, and stands at a crucial juncture where new growth drivers are taking the place of old fading ones. Protectionism is on the rise, global trade and investment – sluggish; multilateral trading regimes facing bottlenecks in development, and the emergence of various regional trade agreements leading to fragmentation of rules, as complex geopolitical factors, regional hot-spot crisis and global challenges have all affected the world economy with negative downturn consequences.

Taking the banner of leader and spokesperson of the non-developed world, Xi pointed out that 2016 G-20 has, for the first time, put the issues of development front and center of the global macro policy framework, and the pioneering first action plan has been formulated for implementing the UN 2030 Agenda for Sustainable Development to support African countries and low-income developing countries (LDC) in their industrialization.

Xi expressed his belief that the G-20 should join other members of the international community and act immediately and in good faith in the following aspects: "Work together and build a peaceful, stable international environment ... as the logic that a strong country is

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<sup>651</sup> Xi Jinping speech, 'A New Starting Point for China's Development – A New Blueprint for Global Growth', at <http://en.people.cn/n3/2016/0904/c90000-9110023.html>

bound to seek hegemony no longer applies and the willful use of force will lead to nowhere ... All countries should uphold the purposes and principles of the UN Charter; work together to build a global partnership for win-win cooperation ... and new type of international relations ... and jointly build a community of shared future for mankind. Work together to improve global economic governance ... as G-20 has come to a crucial juncture of development and one of the goals of China's G-20 Presidency is to enable to transform it from a crisis response mechanism focusing on short-term policies to one of long-term governance that shapes medium-to long-term policies, and solidify its role as the premier forum for international economic governance."<sup>652</sup>

President Xi's official 13 minute opening speech of the G-20 Leaders' Summit on the next day, September 4, 2016, in a nutshell repeated his previous keynote speech at the B-20. The speech was balanced, short of political and geopolitical references, but still quite firm and imperative, as most of the leading new paragraphs Xi began with the same phrase - 'In the face of these challenges, G-20 (we) should (must) ...', demonstrating Beijing's resolve and determination to enhance the role and status of the forum as a centerpiece of multilateral economic global governance and cooperation, with China as a major player.

After the G-20 closing ceremony President Xi held a 20 minute press-briefing of the outcomes of the Summit to the accredited journalists emphasizing that the forum was a signal to the world that G-20 belongs not to its members, but also to the whole world, and that for its vitality G-20 must embrace transformation, change and progress with the times.

The G-20 Leaders' Communique for the 2016 Hangzhou Summit was released late on September 5. While the 2014 Brisbane Communique had 21 articles, and the 2015 Antalya Communique displayed 27 article, 2016 Hangzhou one contained 48 articles. On September 14, a total of fifty outcome documents, reports from international financial institutions and growth strategies for group members, including the Hangzhou Action Plan – a core outcome document, setting out a suggested strategy for the global economy to follow, were posted on the official website of the People's Bank of China.

What president Xi Jinping implicitly and symbolically tried to convey to the G-20 Leaders and the international community, he openly explained using plain realpolitik English, and gave further instructions at a study session on September 27, 2016, attended by members of the Politburo of the CCP Central Committee.

For Xi, "the global governance structure depends on the international balance of power and governance reforms hinge on a change in the balance, ... as the international balance of power has shifted and global challenges are increasing, global governance system reform has emerged as a 'trend of the times' ... China must take the chance and ride the wave to make the international order, with the principles of the UN Charter as the core, more reasonable and just to protect the common interest of China and other developing countries, by actively participating in global governance, setting rules and taking more international responsibilities, but definitely without overreach ..."<sup>653</sup>

G-20's role as a major platform in global economic governance should be promoted to a long-term mechanism. OBOR/BRI and AIIB projects, cooperation under the Shanghai Cooperation Organization, and regional cooperation mechanisms such as the Conference on Interaction and Confidence Building Measures in Asia (CICA), and the East Asia Summit should all be strengthened, according Xi's guidelines and operational philosophy.

"China has been promoting the shaping of a new type of international relations ... and will continue to pursue cooperation instead of confrontation ...and needs to improve its ability

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<sup>652</sup> Ibid. pp. 8-9.

<sup>653</sup> See 'Xi calls for reforms on global governance', *Xinhua*, September 29, 2016, at <http://en.people.cn/n3/2016/0929/c90000-9121228.html>

of participating in the process of rule-making, agenda setting, publicity and coordination in global governance ...<sup>654</sup>

From 'big success' to 'big on show but short on substance' world coverage and divergent assessments, the China 2016 G-20 event cannot and should not be underestimated both geo-economically and geopolitically:

Whether the U.S. president got a red carpet - front door - high level welcome might seem irrelevant, but the 'accidental precedent of Obama leaving Air Force One by the backdoor' says much about China's growing power, openly demonstrated self-confidence and initiatives for delivery of global public goods at the Hangzhou G-20 Leaders Summit.

U.S.- Chinese exemplary joint ratification of the Paris agreement on climate change just hours ahead of the summit sort of calmed down the initial gaffe furor and offered China's claim and promise of a new model for G-20 shared leadership. China pragmatically used the host privilege of formulating and sending to the world a good number of direct and implied signals and imperative ideas and initiatives, in response to world opinion's reservations about the role of the G-20 platform in the future.

In its open efforts in confidence building and gaining broader trustworthiness Beijing used the parallel and offered its own national 'new historic starting point', new national social contract within its China Dream Grand Strategy. It also offered the claimed successful 'new normal' economic development model to be explored and shared with the goal of achieving 'new G-20 starting point' for global economic cooperation and governance, a new global social contract, i.e. – Globalization 2.0 planted with significant Chinese characteristics.

Eight years after the creation of G-20, president Xi Jinping simply implied that the existing 'liberal economic and financial model' is not working and that the international community must 'embrace change and progress with the times'. For him, G-20 'should provide solutions that address both the symptoms and the root causes of the global economic problems ... must transform itself into a long-term mechanism ... honor its commitments and become an active action team instead of a talk-shop'<sup>655</sup>, thus enhancing its global legitimacy in contrast to G-7.

Making the most of its status of member and guardian of the developing world, China brought at the summit the dual major themes of peaceful comprehensive global economic development and inclusiveness more firmly into focus. By extending official prior consultations well beyond the circle of G-20 members, and inviting a record number of guests from the major international institutions, from developing world, Africa in particular<sup>656</sup>, China secured its claim to being the most inclusive, globally responsible and unifying G-20 Leaders' 11<sup>th</sup> summit host.

2016 G-20 Summit was abundant of psychological and Chinese classical style messages and symbols. Explicitly and implicitly it aimed to demonstrate and show to the world China's leadership abilities and claimed status of responsible major power. By its targeted efforts, ideas and initiatives Beijing tried to further open the door to comprehensive communication between China and the rest of the world, sending the implicit symbolic message - 'We are firmly determined to successfully implement our China Dream Grand Strategy of rejuvenation of the Chinese nation state and its people ... at least we tried and offered to the world our ideas, visions, initiatives, and the 'Hangzhou consensus' ... , now, the choice is yours ... '<sup>657</sup>

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<sup>654</sup>Ibid.

<sup>655</sup> See Xi Jinping's opening speech ...

<sup>656</sup> At Beijing's invitation, 2016 G-20 Leaders' summit was attended by the presidents of Chad and Senegal, the Chairman of the African Union, and the event was covered by 28 African journalist representing 27 countries, some even dubbing the event as 'African G-20'.

<sup>657</sup> Chinese foreign minister Wang Yi article, 'G-20 offers Chinese proposals to world economic governance', People Daily, September 30, 2016, at <http://en.people.cn/n3/2016/0930/c90000-9122214.html>

### *China-BRICS*

Displaying non-systematic, non-streamlined references to the major emerging players to which the West prior made calls to share increased responsibilities in the global international relations and governance arena, the international IR community still falls short of correctly analyzing and assessing the mounting institutionalized cooperation of the **BRICS** countries - Brazil, Russia, India, China and South Africa . It is the platform where Beijing tries to play the role of ‘first among equals’ led by the goal of modifying and reshaping global governance – often to the detriment of the existing liberal order. BRICS not only insist for a broader say of the emerging and developing countries in the global international affairs, but also support the centrality of the WTO, IMF, WB, where, especially in the latter two, relevant governance structural reforms are needed. The BRICS also claim that their newly established New Development Bank (NDB) and China-led Asian Infrastructure Investment Bank (AIIB) are not rivaling but complementing the role and functions of the IMF and WB, pledging to reinforce coordination to well build, maintain and further develop the compatibility of the BRICS and G-20 platforms, adhering to the principles of the UN Charter.

BRICS is not based on volatile economic conjuncture. There are four strategic goals that make BRICS a team and still functioning platform: each member tries to pursue an independent policy on the world stage, all members want reform of the global financial system, reforming the IMF in the first place, all want to strengthen the role of the UN, and all pragmatically want to use the factor of complementarity of their economies for the scope of speeding up their national development. Despite occasional doubts over the fading effectiveness of BRICS, and especially in the context of the recent serious economic problems in Russia, Brazil and South Africa, the developing world still looks at BRICS countries in a different way. In 2015, even IMF Christine Lagarde voiced her confidence in the development of the BRICS members against the background of the continuing fragile and unbalanced world economic recovery.

After prolonged discussions and negotiations since 2009, BRICS’ practical cooperation mechanism, especially at the last 2014, 2015 and 2016 summits, has formed a comprehensive, wide-ranging and multi-layered framework ( global governance, economy and finance, science, technology and innovation, civil society, anti-terrorism, etc.), setting an example for gradual successful multilateral cooperation and partnership among emerging markets and developing countries.

The sixth July 2014 Fortaleza, Brazil, BRICS summit, five years after the first presidential meeting in 2009, achieved its main goal and finally gained an institutional dimension. The creation of the BRICS’ New Development Bank (NDB - U.S. \$ 100 billion) and the Contingency Reserve Agreement (U.S. \$ 200 billion) had been discussed for several years, and yet came as a surprise to analysts who consistently argued that BRICS member states were too different from each other to ever agree on much. The sheer quantity of important global and regional issues laid down in the Fortaleza Declaration, along with the adopted Action Plan were impressive and underpinning the institutional character of the summitry.

2016 was crucial and testing for the future of the BRICS association project which comprises the five major emerging economies with 43% of the world population, having 37% of the world GDP and a 17% share in the world trade.

With most of BRICS nations mired in economic stagnation and with Brazil’s endless political/economic/institutional debacle many analysts assessed that BRICS is in a coma. After assuming the rotating Chair of BRICS in February 2016 in the tradition of ‘brief bumps’ and lasting balancing acts towards Beijing, in April, New Delhi hosted a three-day visit by U.S. Secretary of Defense Carter for finalizing the Logistics Exchange Memorandum

of Agreement (LEMOA) and decisions to boost bilateral defense technology cooperation. New Delhi claimed that LEMOA is actually a version of the Logistics Support Agreement (LSA) which covers the provisions of logistical support, supplies and services between the U.S. military and armed forces of other countries, and Indian Defense Minister Parikkar categorically stated that LEMOA would apply only to supplies like fuel and food and not for stationing U.S. military in India. Also, although New Delhi has its own interests in the South China Sea, it has initially declined the idea to assist the United States in patrolling the region.

In 2016 Carter and Parikkar have met five times and the former's last visit in New Delhi in December 2016 aimed reviewing the progress achieved in deepening defense ties over the last three years and the finalization of the provisions for the "Major Defense Partner" status which the U.S. had designated India during PM Modi's visit to Washington in June 2016, before the change of administration in U.S. in 2017.<sup>658</sup>

Balanced and pragmatic India remained committed to the concept of multipolar world, which drives the BRICS platform, as its strong proponent right from the days when New Delhi co-founded the Non-Aligned Movement (NAM) in 1961. In spite of the existing mutual India-China suspicions and periodic bilateral tensions, Xi was the first leader of a major power to pay India a state visit in 2014 after the government of PM Modi was elected to power. Chinese cooperation and investments are still being courted and welcome. Parallel to existing differences and frictions with Beijing, India is interested and supports New Development Bank, CRA (Contingency Reserve Arrangement) and AIIB whose initial aggregate capital of \$ 250 billion offers hedging and diversity to the WB which has a capital base of \$ 252.8 billion. India and China's collective pressure did bring about a change in IMF quota regime in 2016 when both managed to get higher quotas, leading to a slightly less than the 15% blocking veto right of the BRICS countries as a whole. Understanding that together they have much more clout in all international negotiations, already evident at the WTO, in 2017 Beijing and New Delhi took a joint stand against agricultural subsidies in the U.S. and EU.

October 15-16, 2016, India hosted the Goa Eighth BRICS Leaders' Summit under the theme "Building Responsive, Inclusive and Collective Solutions". Goa Action Plan of events and meetings organized and held under India's BRICS Chairpersonship before the Summit accounted for more than 100 - ( Parliamentarians' Forum; meetings of National Security Advisers and ministers of: foreign affairs; finance and central bank governors; agriculture; disaster management; education; environment; health; labor and employment; trade; technology and innovation, in addition to tens of meetings and forums of working groups/senior officials, technical and expert groups in almost all kind of political, socio-economic, financial, educational, health, business, youth and other aspects of the BRICS' cooperation ). The Action Plan included also over 20 Indian key initiatives for further enlargement of BRICS' cohesion: Rating Agency; Agriculture Research Platform; Institute for Economic Research and Analysis; Woman Parliamentarians' Forum; MOUs for cooperation among BRICS Development Banks and NDB; in Customs, Ecology and between the Diplomatic Academies of BRICS countries, etc.<sup>659</sup>

The 20 pages Goa Declaration of the Eighth BRICS Summit in India to a certain extent followed the letter and spirit of the final documents of the China hosted G-20 Summit in September 2016.<sup>660</sup>

<sup>658</sup> Dinakar Peri, 'U.S. Defense Secretary to visit India', *The Hindu*, December 05, 2016, <http://www.thehindu.com/news/national/U.S.-Defence-Secretary-to-visit-India/article16761129.ece>

<sup>659</sup> See Goa Action Plan, at <http://brics2016.gov.in/upload/files/document/580389cbe5ed3GoaActionPlan.pdf>

<sup>660</sup> See GOA Declaration of the 8<sup>th</sup> BRICS Summit pp. 1-4, at <http://brics2016.gov.in/upload/files/document/58038a52e09d4GoaDeclaration>

The Declaration reiterates BRICS' support for the UN 2030 Agenda for Sustainable Development (ASD) placing it as complementary to the African Union's (AU) vision, aspirations, goals and priorities for Africa's development enshrined in Agenda 2063. BRICS' Leaders reaffirmed their commitment to strong, quota based and adequately resourced IMF, strongly determined to support the coordinated efforts by the emerging economies to ensure that the 15<sup>th</sup> General Review of Quotas, including the new quota formula, will be finalized within the agreed timelines. By protecting the voices of the least developed countries (LDCs), poor countries and regions, they welcomed the inclusion of China's RMB into the Special Drawing Rights (SDR) currency basket on October 1, 2016. The Declaration also called for the advanced European economies to meet their commitment to cede two chairs on the Executive Board of the IMF.

BRICS supports the multilateral trading system and the centrality of WTO as the cornerstone of a rule based, open, transparent, non-discriminatory and inclusive international trading organization with development at the core of its agenda. The declaration notes the increasing number of bilateral, regional and multilateral trade agreements, and reiterates that those should be complementary to the WTO in accordance with the principles of transparency, inclusiveness, and compatibility of the organization's rules.<sup>661</sup>

Appreciating the progress in the implementation of the Strategy for BRICS Economic Partnership and emphasizing the importance of the BRICS Roadmap for Trade, Economic and Investment Cooperation until 2020, the Leaders believe that close cooperation between the sector cooperation mechanisms, BRICS Contact Group on Economic and Trade issues, the BRICS Business Council, New Development Bank and the BRICS inter-bank cooperation mechanism is crucial in strengthening the BRICS economic partnership.

Commending China for the successful hosting of the 11<sup>th</sup> G-20 Leaders' Summit in Hangzhou and its focus on innovation, structural reform and development as drivers of medium and long term economic growth, the Declaration recognizes the role of G-20 as the premier forum for international economic and financial cooperation. The Leaders pledged to enhance BRICS consultations and coordination on the G-20 agenda on issues of mutual interest to their countries.<sup>662</sup>

During its Chairmanship of the BRICS in 2016 New Delhi adopted and realized a five-pronged approach: Institution building – to further deepen, sustain and institutionalize BRICS cooperation, Implementation of the decisions from previous Summits, Integration of the existing cooperation mechanisms, Innovation – proposals for new cooperation mechanisms, and Continuity of the mutually agreed existing BRICS cooperation platforms.

BRICS' New Development Bank (NDB) jointly founded in July 2014, headquartered in Shanghai and currently presided by the Indian K.V. Kamath, became fully operational in February 2016. NDB approved its first package of loans worth 811 million U.S. dollars in April 2016, with totally approved for 2016 - 1.5 billion U.S. dollars of loans for seven projects committed to infrastructure construction projects and sustainable development in its member states. The preliminary plans of NDB were to issue loans up to 2.5 billion U.S. dollars to over 15 projects in 2017.

For Beijing, 2017's China Chairpersonship of the BRICS presented a rare opportunity for the block to profoundly deepen cooperation in a wide range of fields, and thus help and guide the international organization in an active and better position to have a say and tackle global challenges and uncertainties. Since its birth in 2006, BRICS has gone beyond an economic acronym pleasant to the ear, and has become one of the most important locomotives for the world's economic development contributing for more than half of the global growth in the light of the gloomy global economic picture. Despite the challenges, BRICS members

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<sup>661</sup> Ibid. pp. 5- 8.

<sup>662</sup> Ibid. pp. 8-9.

have abundant natural and human resources, vast markets, considerable growth potential and diversified prospects in trade and investments. Apart from carrying out structural reforms to make their growth more balanced and sustainable, the five economies also seek to coordinate their development strategies through such vehicles as the New Development Bank, the Asian Infrastructure Investment Bank and BRI.

In the international stage, BRICS countries, representing theirs, and the interests of the developing world, are called to drive the wheels of South-South cooperation, and claim to improve global governance and establish a fair, just and inclusive international system. Cooperation in economic and political fields has over the years, with ups and down, emerged as the two main “wheels” of BRICS. The rise of the five emerging economies has brought profound changes to the world political and economic landscape, and the group is bound to play a bigger role in international affairs as there is still much to be desired both in the international system and global governance.<sup>663</sup>

The 2017 9<sup>th</sup> BRICS’ China Xiamen summit attended by all five head of states was particularly significant as it was held against the backdrop of recent border discord in Doklam area in the Himalayas between India and China.

The 73-day standoff between the two countries had casted shadow over the possibility of a successful forum. The standoff came to an end significantly days before the summit as result of mutual compromises, announcing “expeditious disengagement” of border personnel in conformity with the “Five Principles of Peaceful Coexistence” and the Panchsheel agreement which the two countries had signed on April 29, 1954. Although there were differences in the manner in which disengagement was announced by the two sides, it nevertheless cleared the path for the summit and the signing of its Xiamen Declaration. The document emphasized that BRICS, as a forum, has “fostered the spirit of mutual respect and understanding, equality, solidarity, openness, inclusiveness and mutually beneficial cooperation” among the members and reiterated their shared desire for “peace, security, development and cooperation”.

China and India, being the two largest members of the BRICS, are the group’s most crucial economic members. For a long time trade and economics have been the key drivers of their bilateral relationship, while sensitive geopolitical issues have continued to overshadow more energizing aspects of their ties at times. Recurrent tensions over issues like Doklam, set aside for now, China’s BRI, India’s reservations over the China-Pakistan Economic Corridor (CPEC), as well as Beijing’s suspicions regarding potential role and inclusion of India into President Trump’s Pivot to Indo-Pacific area, replacing Obama’s Pivot to Asia-Pacific, continue to remain major irritants in the bilateral relationship.

However, during the 2017 BRICS Xiamen summit the two sides displayed distinct diplomatic maturity, creating space despite differences, for mutual cooperation on broad range of issues, contributing to what was realized as a successful and added value summit, labeled by China as the beginning of the global decade of BRICS.

### *China-SCO*

**Shanghai Cooperation Organization (SCO)** is another basic multilateral international structure that President Xi utilizes for the consolidation of the building blocks of his China Dream Grand Strategy.

IR professor Wang Jisi’s influential work on the need for China to “march Westward”, was not only suggesting that China focus on the immediate periphery and

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<sup>663</sup> See Wang Hui, ‘BRICS still playing an important role in international affairs’, *China Daily*, 11.01.2017

develop its West, but also appealed to Chinese leaders to refocus on the OBOR, and shift gear from their almost obsessive attention to China's relations with the U.S. and maritime powers.

Originally organized as the Shanghai Five (China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan) in 1996, the organization added Uzbekistan in 2001 and renamed itself the Shanghai Cooperation Organization. The six member states occupy territory that accounts for three-fifths of the Eurasian continent and have a population of 1.5 billion, almost a quarter of the world's population. Unlike the BRICS, which according to Russian foreign minister Lavrov does not plan new member states in near terms, the SCO was officially expanded in 2017 with two new member states – India and Pakistan. Thus the block's population almost doubled to over 2.8 billion, adding huge territory in South Asia. SCO has four observer nations, including Iran, and six dialogue partners. Lobbied by Moscow and with the tacit support of Beijing, Teheran is expected to become the next member state of the SCO.

As laid out in its charter, the organization functions as a forum to strengthen confidence and neighborly relations among member countries and promote cooperation in politics, trade, economy, and culture to education, energy, and transportation. The SCO has two permanent headquarters, the Secretariat in Beijing and the Regional Anti-Terrorist Structure (RATS) in Tashkent, the Uzbek capital. One of the organization's primary objectives is promoting cooperation on security-related issues, namely to combat the "three evils" of terrorism, separatism, and extremism. Decisions are adopted by consensus, and all member states must uphold the core principle of non-aggression and non-interference in internal affairs.<sup>664</sup>

Recently, the SCO has also intensified its focus on regional economic initiatives like the integration of the China-led BRI and the Russia-led Eurasian Economic Union (EEU). At the 2015 Ufa Summit in Russia, member states adopted the 2025 SCO Development Strategy, which includes bolstering finance, investment, and trade cooperation as a priority over the next ten years. Beijing has pushed the organization to focus on economic and energy cooperation, including with initiatives for a SCO Development Bank and a free-trade zone. Met with skepticism in the past, consequently Central Asian member states and even Russia, in need of infrastructure and energy investment, have been responsive to these overtures, despite Moscow sensitivities to China's expanding influence in former Soviet republics.<sup>665</sup>

Predominantly China and Russia are the twin engines of the SCO, despite their balancing acts and self-nuanced visions for the organization. As India and Pakistan joined, the prospects for a SCO Development Bank may improve significantly. New Delhi, in spite of current economic and financial turbulences, strategically keen to invest in Central Asia, would be a source of additional financing and supporting life vitality into ambitious infrastructure and energy development plans. India could also grant greater legitimacy to the SCO traditionally seen as a club of authoritarian governments, and to give SCO the opportunity to revolutionize itself into a more comprehensive institution capable of connecting and integrating a broad swath of Asian complex and contradictory international politics.

SCO represents the world's largest regional cooperation organization and all members are major countries in China's neighborhood and along the Belt and Road routes.

At the same time, India, along with Japan, USA, and Australia, participated at a working-level meeting of the so called 'Quad' of countries on the sidelines of the ASEAN summits in Manila in November 2017. The meeting was perceived as a coming-together of likeminded Indo-Pacific states to balance China, leading to Chinese foreign minister Wang's warning to India of "cliques", a less-than-subtle reference to the reconvened 'Quad'.

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<sup>664</sup> See Eleanor Albert, 'The Shanghai Cooperation Organization' October 14, 2015, Council on Foreign Relations, at <http://www.cfr.org/china/shanghai-cooperation-organization/p10883>

<sup>665</sup> Ibid.

Still, Beijing fosters the “Shanghai Spirit”, the bedrock of SCO, featuring mutual trust, mutual benefit, equality, consultation, respect for cultural diversity and pursuit of common development, and searches to explore long-term compromise solutions with India. China believes that the “Indo-Pacific” strategy initiated repeatedly by President Trump and his top aides in recent months, is no excuse for India to lead to disunity and headwinds for BRICS and SCO.

***Can China achieve a ‘New Type of Major Countries Relations’?  
Can it do it on its own?***

“The international security environment is arguably more volatile today than at any point since World War II. Some of the most fundamental pillars of the West and of the liberal international order are weakening. Adversaries of open societies are on the offensive. Liberal democracies have proven to be vulnerable to disinformation campaigns in *post-truth* international politics. Citizens of democracies believe less and less that their systems are able to deliver positive outcomes for them and increasingly favor national solutions and closed borders over globalism and openness. Illiberal regimes, on the other hand, seem to be on solid footing and act with assertiveness, while the willingness and ability of western democracies to shape international affairs and to defend rules-based liberal order are declining. The United States might move from being a provider of public goods and international security to pushing a more unilateralist, maybe even nationalistic foreign policy. We may, then, be on the brink of a *post-Western* age, one in which non-Western actors are shaping international affairs, often in parallel or even to the detriment of precisely those multilateral frameworks that have formed the bedrock of the liberal international order since 1945. Are we entering a post-order world? How this question will be answered in the years to come will depend on all of us.”<sup>666</sup>

These were the concise and general assessments in the Foreword by the Chairman of the **Munich Security Conference (MSC)**, ambassador Wolfgang Ischinger, of the February 2017 Munich Security Report (MSR), entitled “Post-Truth, Post-West, Post-Order?”

The main elaborated points, conclusions and even rhetoric questions in the report read: “The world is facing illiberal forces and moments that are gaining ground. From within, Western societies are troubled by the emergence of populist movements that oppose critical elements of the liberal-democratic status quo. From outside, Western societies are challenged by illiberal regimes trying to cast doubt of liberal democracy and weaken the international order. And Western states themselves seem both unwilling and unable to effectively tackle the biggest security issues ...

The past twelve months have been a resounding rejection of the status quo. In several elections and referenda, political outsiders succeeded, while the establishment was dealt major blows. Populist parties are now part of government in about dozen Western democracies ... The populists watch and learn from each other and increasingly cooperate across borders. Maybe unsurprisingly, in stark contrast to his predecessors, President Donald Trump’s inaugural address did not mention words such as democracy, liberty, or human rights ...”<sup>667</sup>

“First, liberal democracy has been increasingly contested... Second, the open international economic order may be unraveling ..., and it seems protectionism may return. Long a champion of free trade, the United States is now on a more protectionist path...As Trump promised: “Protection will lead to great prosperity and strength.”...Finally, the multilateral institutions at the heart of the international order are at risk as well...Perhaps most importantly some of its core institutions are increasingly questioned within the Western

<sup>666</sup> See Munich Security Report 2017, at <https://www.securityconference.de/en/discussion/munich-security-report/munich-security-report-2017/>

<sup>667</sup> Ibid. pp. 6-7

countries itself ...Donald Trump's comments about NATO being "obsolete" have caused great uncertainty among America's allies, especially in Central and Eastern Europe. The European Union is under pressure, too, as it has to deal with Brexit, a populist surge, the refugee crisis, a potential return of the euro crisis, jihadist attacks, and a revisionist Russia. Donald Trump, a few days before his inauguration, described the EU as a project intended to counter U.S. influence and suggested he did not really care about its future.

Post-West or Even Post-Order? What does this – especially a much more unilateralist, nationalist U.S. foreign policy – mean for the future international order? Will it slowly become a more fragmented order in which regional hegemons define the rules of the game in their spheres? Or will the Western democracies be able to preserve the core norms and institutions of the liberal international order? Do they even want to? Who is going to provide common public goods that benefit their own country, but also others?<sup>668</sup>

The third 2017 edition of the Munich Security Report displayed unprecedented political challenge, critique and rhetoric addressed to a newly sworn American president. In the 90 pages document there are less challenges and assessments regarding the policies of Putin and Xi Jinping. The ex – German deputy foreign minister's sponsored report worries that Trump will embark on a foreign policy based on superficial quick wins, zero-sum games, and mostly bilateral transactions – and that he may ignore the value of international order building, steady alliances, and strategic thinking. Or, maybe worse, that unpredictable Trump sees foreign and security policy as a game to be used whenever he needs distractions for domestic political purposes, and if the U.S. does retreat, vacuums will be filled by other actors.

Prior to the Munich Security Conference, on January 31, 2017, European Council President Donald Tusk has named four components of the external threat facing the European Union: China, Russia, "terror and anarchy in the Middle East and in Africa" and ... the United States, in a letter "United we stand, divided we fall" to the 27 EU heads of state and government on the future of the EU before the Malta summit.<sup>669</sup> Tusk also sent his main message and warned: "It must be made crystal clear that the disintegration of the European Union will not lead to the restoration of some mythical, full sovereignty of its member states, but to their real and factual dependence on the great superpowers: the United States, Russia and China. Only together can we be fully independent."<sup>670</sup>

Also prior to the MSC, High Representative Mogherini made a goodwill research visit to the USA (February 9-11) trying to present the EU as a valuable friend to the United States. Still she warned U.S. President Donald Trump's administration of meddling in European politics, saying the Brussels' relationship with Washington will be "transactional and pragmatic". In 2016 Trump praised UK's Brexit, PM May was the first EU leader and foreign head of government to be received in the Oval Office, and some of his transition team had contacted several EU officials before the inauguration asking which country is likely to exit the block after the UK, prompting concerns that he may seek to undermine the European project. "We do not interfere in U.S. politics ... and Europeans expect that America does not interfere in European politics", Mogherini said after wrapping up meetings with U.S. officials, including Secretary of State Rex Tillerson, stating that her main task during the visit was to ensure that the Iran nuclear deal survived Trump's administration.<sup>671</sup>

Since his electoral victory in November 2016, several EU leaders have criticized Trump for his divisive remarks, German Chancellor Angela Merkel stating, "We Europeans

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<sup>668</sup> Ibid. pp. 8-10

<sup>669</sup> See at <http://www.consilium.europa.eu/en/press/press-releases/2017/01/31-tusk-letter-future-europe/>

<sup>670</sup> Ibid.

<sup>671</sup> See 'EU's Mogherini warns US not to interfere in European politics', at <http://www.dw.com/en/eus-mogherini-warns-us-not-to-interfere-in-european-politics/a-37506194>

have our fate in our own hands''. She had also led the European push back against Trump's demands of an immediate increase in NATO defense spending or risk the U.S. scaling back its commitment to the Transatlantic protection. Berlin claimed that Germany will not speed up on any existing plans to ramp up the country's military budget by 2024, being ''conscious of its responsibility'' and already increasing its defense spending by 8% in 2017 budget. Commenting that ''a stable European Union is just as much in the American interest as a united NATO'', and pointing out that matters of development aid and crisis prevention are also important, Merkel was echoed by European Commission President Juncker's statement that: ''I don't like our American friends narrowing down this concept of security to the military''.<sup>672</sup>

Against this backdrop of Trump – EU/NATO uncertainties and raising differences, Vice President Mike Pence led a chorus of U.S. February 2017 visits and reassurance talks with EU and NATO personally at MSC and Brussels, and by Defense and State Secretaries, James Mattis (MSC and NATO headquarters defense ministers meeting), and Rex Tillerson (G-20 foreign ministers meeting in Bonn, Germany).

In Brussels, meeting Presidents Tusk, Juncker, VP/HR Mogherini and Belgian PM Michel, Pence pledged the United States' ''strong commitment'' to cooperation with the EU and emphasized the U.S. does not support a breakdown of the EU or of NATO. His comments in Brussels came after he promised the U.S. will remain an ally of Europe during his speech at the Munich Security Conference.

''In the wake of Russian efforts to redraw international borders through force, we will continue to support efforts in Poland and Baltic states through NATO'', Pence declared in an appearance with EC President Tusk adding that ''While the U.S. will continue to hold Russia accountable, at President Trump's direction, we will also search in new ways for new common ground with Russia, which President Trump believes can be found''.<sup>673</sup>

Speaking at NATO headquarters, Vice-President Pence reassured allies that America would uphold its commitments to the organization, but added that President Trump expected ''real progress'' among NATO allies in stepping up their defense spending, echoing defense secretary Mattis' previous week stand at NATO's ministerial meeting that ''all who benefit should share costs'', and that NATO is in a process of adapting and transformation to new security challenges, charting the future course of the alliance.<sup>674</sup>

In parallel with the affirmative EU/NATO U.S.' commitments and reassurances, and their lukewarm reception in Europe, In his February 24, 2017 Reuters interview, President Trump declared his opposition to nuclear weapons, but still confirmed the first priority on his agenda declaring that the U.S. should ''lead the pack of world nuclear powers''.

Confirming and repeating his new 2016 strategic vision towards a Global Realignment based on the assessment that the U.S. era of global dominance ends, and that Washington needs to take the lead in realigning the global power structure through molding a geo-strategic triumvirate – USA/China/Russia, leaving a secondary role for the other global actors,<sup>675</sup> Brzezinski actively promoted his concept during the U.S. presidential transition period and the early days of the Trump's administration. ''The U.S. must be wary of the great danger that China and Russia could form a strategic alliance, generated in part by their own internal,

<sup>672</sup> Sofia Petkar, 'Merkel and Juncker DEFY Trump's demands of immediate increase in NATO spending', *EXPRESS*, February 18, 2017, at <http://www.express.co.uk/news/world/768895/Now-Merkel-and-Juncker-DEFY-Trump-s-demands-of-immediate-increase-in-NATO-spending>

<sup>673</sup> at <http://www.euractiv.com/section/all/news/us-vice-president-pledges-support-for-eu-and-nato-in-first-brussels-visit/>

<sup>674</sup> See Maggie Penman, 'Pence Reaffirms Commitment To NATO, But Says Europe Must Commit More', February 20, 2017, at <http://www.npr.org/sections/thetwo-way/2017/02/20/516246396/vp-mike-pence-reaffirms-commitment-to-nato-but-says-europe-must-commit-more>

<sup>675</sup> See Zbigniew Brzezinski, 'Towards a Global Realignment', at <http://www.the-american-interest.com/2016/04/17/toward-a-global-realignment/>

political, and ideological momentum, and in part by the poorly thought out policies of the United States. The U.S. should not act towards China as if it were already an enemy, significantly, it should not favor India as America's principal ally in Asia. This would almost guarantee a closer connection between China and Russia. Nothing is more dangerous to the U.S. than such a close connection'', Brzezinski posits.<sup>676</sup> U.S. and China are the world's dominant powers...In today's world, China can't lead alone. Neither can the U.S. To put it sharper, in seemingly paradoxical terms, if America tries to go it alone in the world without China, it will not be able to assert itself...America's long-term interests lie fundamentally with deepening our ties to China, not uprooting them for perceived short-term gain.'<sup>677</sup>

For China, President Trump is both a chance, and still unknown and seriously unpredictable challenge for the future world order as the central question of international relations.

Beijing quickly understood that President Trump would like to make it into history and would not run an administration like any of his predecessors. Usually China is quick to react against hostile forces and traditionally when needed accuses foreign governments of hurting the feelings of the Chinese people. Trump offered provocations which in similar cases would bring down retribution on other players. Throughout his presidential campaign, and after being elected, he accused and threatened China, calling it names on trade, currency, 'revisionist adversary', even challenging Beijing's 'core national interests' positions on Taiwan. As a whole Beijing has displayed iron self-discipline, restraint, even non-observance. China's state-run news agency Xinhua commented: 'He will soon realize that leaders of the two countries must use more mature and effective ways to communicate that trading barbs via Twitter''.<sup>678</sup> Since U.S. elections, China's media has been on a tight control, instructed to use *Xinhua's* balanced wording in its Trump and USA coverage. CCP run *Global Times* even published a semi-sympathetic to Trump article describing his first month in the Oval Office only as bumpy. The article points out that he won the elections despite tremendous opposition and criticism, with a unique tenacity and knack for turning adversity into positive results, and that if he fails, the U.S. remains unchanged while if he succeeds, the world will see a new America.<sup>679</sup>

Unlike other competing world leaders, President Xi emerged as a firm and patient Sun Zi - 'turn your opponent's weaknesses into your strength' actor, and when finally made the congratulatory phone call to Trump, Beijing achieved affirmative U.S. commitment to the 'nonnegotiable' One China policy and the only letter that Trump sent to foreign leader.

On the **global stage**, President Xi has successfully marketed himself as non Donald Trump. In contrast to President Trump's rhetoric and first TPP withdrawal executive order, for Xi, at a time of global gloominess, China should stand out. His first state visit abroad in Switzerland in January 2017 and speech at the **World Economic Forum in Davos** was a clear signal to the world that despite the frustration of economic globalization elsewhere, China is firmly committed to international cooperation through multilateralism, global governance, common development, economic growth, free trade and no protectionism. In his

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<sup>676</sup> Zbigniew Brzezinski, 'How to address strategic insecurity in a turbulent age', speech in Oslo, December 2016, at <http://www.huffingtonpost.com/entry/us-china-russia-relations>

<sup>677</sup> Brzezinski: America's Global Influence Depends On Cooperation With China, *The World Post*, 23.12.2016, at [http://www.huffingtonpost.com/entry/zbigniew-brzezinski-america-influence-china\\_us\\_585d8545e4](http://www.huffingtonpost.com/entry/zbigniew-brzezinski-america-influence-china_us_585d8545e4)

<sup>678</sup> Carrie Gracie, 'Could China's Trump tactics actually be working?', *BBC NEWS*, February 24, 2017, at <http://www.bbc.com/news/world-asia-china-39061702>

<sup>679</sup> Trump's bumpy first month in Oval Office, *Global Times*, 02.20.2017, at <http://www.globaltimes.cn/content/1033992.shtml>

Davos speech Xi never used the term 'globalization' without adding first the adjective 'economic' to it, implying very categorically what kind of globalization China really supports.

During his Swiss trip Xi also visited the Geneva headquarters of the United Nations' World Health Organization and International Olympic Organization displaying China's support for the central UN and international organizations' role in global governance, peace and stability.

President Xi's speeches in Davos and UN Geneva headquarters, and consistent proposals of building a 'community of common destiny' and new model of international relations were echoed by foreign minister Wang Yi at the MSC. In his keynote speech and deliberations he emphasized the centrality of the UN, and that the main causes of world crisis and conflicts are the instances of breaching the UN Charter. For him, there was a need of strengthening cooperation between major powers, particularly between China and the U.S., as one of the most important bilateral relation in the world. Given that importance, the U.S. should do all it can to work with China as a partner on the world stage for building a new model of international relations, as common interest between China and the U.S. far exceed divergence.<sup>680</sup>

After February 9, 2017, Trump-Xi constructive phone conversation and the former's acknowledgment of U.S. One-China policy, Beijing began to propagate the "consensus reached between the two presidents" - a relationship featuring 'no conflict, no confrontation, mutual respect and win-win cooperation'. According to 28.02.2017 *Xinhua* announcement, the previous day President Trump met with visiting Chinese State Councilor Yang Jiechi at the White House, pledging to enhance bilateral high-level exchanges and cooperation in all areas. Mutual presidential greetings were conveyed, and Yang stated that following through on the spirit of the phone conversation, "China is willing to enhance exchanges with the U.S. at all levels from top down, and expand coordination and cooperation with U.S. on bilateral, regional and global issues, respect each others' core interests and major concerns."<sup>681</sup>

Since 2013, **on regional stage**, China is continuously promoting itself as a leader on multilateral trade, finance, infrastructure and common development cooperation. Recently, Beijing is actively taking advantage of the U.S. withdrawal from the TPP deal, which was intended to underpin American economic leadership in Asia Pacific.

After the result of the U.S. presidential elections, on November 19, 2016, at the Asia Pacific Economic Cooperation (APEC) CEO Summit in Peru, President Xi reiterated the numerous Chinese ideas and initiatives for promoting the shared development in Asia-Pacific region. He also underlined that any regional trade arrangement should be open, inclusive and all-win, as closed, or exclusive initiatives are not the right choice. According to him, China has kept its contribution to world economic growth at more than 25% in recent years and will implement its opening-up strategy more actively – expecting in 5 years imports of 8 trillion U.S dollars, 600 and 750 billion dollars of respectively inward and outward foreign investment, and 700 million outbound tourist trips.

21 member states APEC summit offered Xi the perfect platform to advertise the 2013 China-led OBOR initiative and to re-plug the merits of the Regional Comprehensive Economic Partnership (RCEP), an initial idea from Japan, currently championed by Beijing, born at the 2012 ASEAN summit in Cambodia. RCEP is an ambitious project aiming to become the world's biggest free trade agreement, 46% of global population, with a combined GDP of U.S. 17 trillion dollars, and 40% of world trade, including the 10 ASEAN countries plus China, Japan, South Korea, India, Australia and New Zealand. RCEP is also the fulcrum of the China initiated Free Trade Area of the Asia-Pacific (FTAAP) at the 2014 APEC

<sup>680</sup> See MFA of the PRC, 'Foreign Minister Wang Yi Attends and Delivers a Speech at 53<sup>rd</sup> MSC', at <http://www.fmprc.gov.cn/mfa>

<sup>681</sup> 'Trump meets with senior Chinese official, pledging to enhance high-level exchanges, cooperation' *Xinhua*, February 28, 2017, at <http://en.people.cn/n3/2017/0228/c90000-9183246.html>

meeting in Beijing, with the aim of motivating and luring nations whose top trade partner is China away from the then U.S.-led TPP. Both RCEP and FTAAP are not planned for setting ultra-comprehensive trade rules, but as the extension of existing agreements with ASEAN and key nations in Northeast Asia, South Asia and Oceania.<sup>682</sup>

Full transparency, China analysts and experts traditionally do not associate with Chinese foreign policy, much less to its security-related policy, where specific drivers of a given Chinese behavior are often open to interpretations. Perhaps that is why, just prior to the inauguration of President Donald Trump, the State Council of the PRC, not surprisingly, on January 11, 2017, took the opportunity to release China's first White Paper on "China's Policies on Asia-Pacific Security Cooperation". In the 39 pages document, not aggressive, but blunt, confident and quite open - 'cards on the table' Beijing tells the world and the Asia-Pacific region its stand on main aspects of global governance and vision for regional security. The Paper analyzes China's bilateral relations with the U.S., Russia, India and Japan, its active participation in multilateral organizations, and its major issues including the East and South China Sea, Afghanistan, counter-terrorism, etc. The official government publication may be assessed as an attempt by Beijing to minimize misunderstandings about its own firm intentions – and most importantly as an implicit call for like-minded and interested states to join China in its "struggle for the international system" on principles, terms and conditions laid down in the White Paper.<sup>683</sup>

The policy document builds on two previous public efforts by China to shape and guide the debate regarding Asian security. The first is President Xi's May 2014 speech at the CICA, when Xi first suggested a "New Asian security concept for new progress in security cooperation", emphasizing the need of 'Asian security for Asians'. The second document, released in October 2016 and presented at the Seventh Xiangshan Forum, elaborated on this new security concept.

2017 White Paper gave the most detailed description to date of the security architecture that China first put forward in 2014. "Common, Comprehensive, Cooperative and Sustainable Security" was cemented as the overarching concept guiding China's regional strategy as organic part of its China Dream Grand Strategy. The analysis of the document outlines the following main assessments, principles, terms and stands that underpin China's regional intentions and approaches:

Preface: Asia-Pacific has an important strategic position in the world, and with the profound adjustment of the pattern of international relations the regional situation is also undergoing profound changes.

China is committed to promote peace, stability and friendly cooperation with all countries on the basis of the Five Principles of Peaceful Coexistence.

Policies and positions on Asia-Pacific Security Cooperation: Asia-Pacific is stable on the whole, with a strong momentum for peace and development. Major policy of countries in the region is to address differences and disputes through negotiation and consultation. Regional hotspot issues and disputes are basically under control. Some countries are increasing their military deployment in the region, certain country seeks to shake off military constraints, and some countries are undergoing complex political and social transformations. Asia-Pacific should implement UN 2030 Agenda for Sustainable Development and narrow the development gap in the region. China's BRI, AIIB and Silk Road Fund are all focused on common development.

Countries can be partners, treating each other as equals, if they seek common ground while reserving differences. Major countries should treat the strategic intentions of others in

<sup>682</sup> See 'China renews call for building FTAAP as economic globalization falters, *Xinhua*, November 20, 2016

<sup>683</sup> State Council of the PRC, White Paper 'China's Policies on Asia-Pacific Security Cooperation', *Xinhua*, First Edition January 11, 2017 at [http://news.xinhuanet.com/english/china/2017-01/11/c\\_135973695.htm](http://news.xinhuanet.com/english/china/2017-01/11/c_135973695.htm)

an objective, and rational manner, reject the Cold War mentality and respect others' legitimate interests and concerns. Small and medium-sized countries need not and should not take sides among big countries.

China calls for the building of a new model of international relations centered on mutually beneficial cooperation. China is committed to: working with the United States to build a new model of major country relations from a new starting point, deepening its comprehensive strategic partnership of coordination with Russia, establishing a closer strategic and cooperative partnership with India, and pushing for the improvement of its relations with Japan.

Asia-Pacific should promote the rule-setting and improve the institutional safeguard for peace and stability in the region by following the spirit of the rule of law, the international norms based on the purposes and principles of the Charter of the United Nations, and the widely recognized rules of fairness and justice. International and regional rules should be discussed, formulated and observed by all countries concerned, rather than been dictated by any particular country. Rules of individual countries should not automatically become 'international rule', still less should individual countries be allowed to violate the lawful rights and interests of others under the pretext of "rule of law".

The future regional security framework should be based on consensus. Equal consideration should be given to both a security framework and an economic framework – the main components of the entire Asia-Pacific regional structure – to ensure their parallel development.

Conclusion: The Chinese people are working hard to realize the China Dream of the great renewal of the Chinese nation. China's development adds to the momentum for world peace. China stands ready to work with all countries to pursue mutually beneficial cooperation, to steadily advance security dialogues and cooperation in the Asia-Pacific, and the building of a new model of international relations so as to create a brighter future for the region.<sup>684</sup>

Over the past three decades, China's rising economic capabilities have begun heavily to translate into more assertive role and a greater confidence in articulating its own ambitions as well as its strategy for Asia-Pacific and the world as a whole. China is now questioning some old realities – such as recognition for U.S. alliances or adherence to certain interpretations of international laws – and in some cases constructing its own bodies, like AIIB or the OBOR initiative. "China is more and more not just a taker, but [a] shaper and even [a] maker, ... and the White Paper put more simply is an economics-first, cooperation-first, and Asia-first vision."<sup>685</sup>

Such a vision makes strategic sense for a rising power like China: it buys it time to build up its capabilities (Deng Xiaoping's KLP), stabilizes its periphery, and strengthens its hold on Asia (Xi's mix of KLP-SFA), while balancing neighboring major countries and keeping other powers like the U.S. out (Monroe Doctrine). One statement in the new White Paper warns rather tellingly, "small and medium-sized countries need not and should not take sides among big countries".

It is also interesting to compare the description of China's major country relations in the policy statement. The U.S. relationship since 2015 is rather dispassionately described as stable and "maintaining a momentum of steady progress", while Sino-Russian ties are called strategic, coordinated in the UN, healthy and consistent of "lasting friendship in legal form". The term "strategic partnership" - missing from the U.S. section – is applied to India, where "enhanced mutual political trust" and deepened overall relations are noted. Although "complex and sensitive matters" remain between China and Japan, a "momentum of

<sup>684</sup> Ibid.

<sup>685</sup> See Prashanth Parameswaran, 'China: New White Paper, Old Asia Conundrum', *The Diplomat*, February 04, 2017.

improvement'' is reported, and China's ''friendly and cooperative'' relations with the rest of Asia-Pacific are assured.

The Chinese report at the Seventh Xiangshan Forum, representing the second pillar of the January 2017 White Paper, also displayed China's vision and commitment to constructive and active interactions with number of major actors, including Europe and EU. In the document analyzed above, there is no mentioning of the factor EU and Europe as a whole, even in the general context of 'new model of international relations', 'economics-first', and the multi-vector China Dream Grand Strategy.

In 2016, China for the first time became Germany's most important trading partner (170 billion euros), overtaking the U.S. (165 billion euros), which fell back from first to third place behind France (167 billion euros). German Vice-Chancellor Sigmar Gabriel has even suggested that the EU should refocus its economic policy towards Asia, should the new Trump administration pursue its declared protectionist policy accusing Germany of exploiting a weak euro to boost exports.

At the February 2017 G-20 foreign ministers' meeting VP/HR Federica Mogherini told her Chinese counterpart Wang Yi that China is not a threat but an opportunity for the EU, in contrast to the EC President Tusk stand, who in January 2017 enlisted China, next to Russia, the U.S. and Islamic fundamentalism as the external threats to the EU. The lack of common vision and united China policy in the EU was reaffirmed by recent calls from Germany, France and Italy asking the EC to erect more barriers for foreign investors in the name of safeguarding the EU security, which Beijing assesses as targeted also at China.

President Xi is the main strategic promoter in building up new types of partnerships between China and Europe. As discussed, in March 2014, Xi, for the first time, proposed joint China-EU partnerships for peace, growth, reform and civilization in his talk with then-EC President Van Rompuy in Brussels, which he later elaborated in his speech at the College of Europe in Bruges, 'We need to build four bridges for peace, growth, reform and the progress of civilization, so that China-EU comprehensive strategic partnership will take on even greater global significance.'<sup>686</sup>

For Xi, China and EU can deepen practical cooperation within the OBOR and AIIB projects, as they will link the Asia-Pacific and European economic circles and help tap into the enormous development potential of the Asian and European 1.9 billion people markets.

Xi reaffirmed Beijing's stance that China will continue to support an integrated Europe and wants to see post-Brexit EU and Britain prosperous and stable when talking to his Italian counterpart Sergio Mattarella and French Prime Minister Bernard Cazeneuve during their visits in Beijing on February 22, 2017. For China, ''The prosperity and stability of EU and UK will boost Beijing's ties with the two sides and bring mutual benefits as well as effective multilateralism and common development economic globalization.'<sup>687</sup>

In contrast to the more openly pro-post Brexit Britain position of the new Trump U.S. administration, Beijing is playing a balancing act between his 'golden age relationship' with London and the 'new type of partnerships' with Brussels.

As for the EU, most of its major member states, including the 16+1 – China and CEEC countries, are long ago competing for the Chinese state and increasing middle class consumers' markets within their bilateral strategic partnerships with China.

Where does June 2016 EU Global Strategy (EUGS), aka 'Realpolitik with European Characteristics' and its 'principled pragmatism's five priorities (EU security proper,

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<sup>686</sup> See 'Xi's historic role in bringing China-EU closer', China Daily, February 24, 2017.

<sup>687</sup> Ibid.

neighborhood security, dealing with war and crisis, global and regional stable orders, and effective global governance) stands? <sup>688</sup>

If, “On Russia, the EUGS basically advocates strategic patience”<sup>689</sup>, what can be expected regarding the fifth priority of the strategy - “effective global governance” where China and BRICS increasingly claim central role? Will the EUGS’ ambitions “to transform rather than simply to preserve the existing system” ...to prevent “the emerging of alternative groupings to the detriment of all”<sup>690</sup> be enough and pro European productive?

In a way resembling the 2003 ESS, 2016 EUGS emphasizes the need for UN international rules and laws’ centered global governance order, still, departs and does not imply predominant centrality of the classical ‘rule makers’ - WTO, IMF, WB, admitting the option that the framework of ‘effective global governance’ may take a case to case format with the EU performing the role of project coordinator.<sup>691</sup>

Aiming at an effective global governance system, the EUGS leaves much more maneuvering space in how it is to be achieved, placing traditional emphasis in collaboration on the international stage with priority allies, partners and ‘like-minded states’ in Asia, Africa and the Americas. Displaying non-systematic, non-streamlined references to the major emerging players to which the EU prior made calls to share increased responsibilities on the global arena, the strategy falls short of analyzing and assessing the mounting ‘institutionalized cooperation of the BRICS countries led by the goal of shaping global governance – often to the detriment of the EU.’<sup>692</sup>

### ***Conclusions:***

Beijing has not yet articulated fully defined and authoritative blueprint of its vision for the holistic future of the global order – “the international system”.

Closely analyzing and strategizing on the continuing global geopolitical, economic, financial and social volatilities, risks and uncertainties, in its 2017 White Paper Beijing makes the general assessment for the existence of profound adjustments in the pattern of international relations and global/regional governance.

After taking power in 2012, President Xi, besides the initial U.S. centered NTMCR strategic foreign policy initiative, undertook series of additional comprehensive steps for strengthening China’s posture and image in the region, and the world. He shaped and finalized the overall Grand Strategy in the context of reforming the regional and global governance system as much as possible on Beijing’s more favorable terms. Targeting reforms and challenging the established global governance system, and asserting its voice on the international arena, China seeks and works to be a lead source of regional and global proposals and initiatives within that strategy in the foreseeable future. Not only is Beijing winning more favorable third path influence within the functioning institutions (UN, WTO, IMF), but it is also initiating its own led, outside the system, formal and informal multilateral organizations and regimes (BRICS, SCO, BRI, AIIB, NDB) while giving exemplary impulses and financial contributions to the stagnated Western-led ones, demonstrating to the international community China’s different ideas and concepts of multilateralism and multipolarity.

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<sup>688</sup> See Sven Biscop, ‘The EU Global Strategy: Realpolitik with European Characteristics’, Security Policy Brief, *Egmont Royal Institute for International Relations*, No. 75, June 2016

<sup>689</sup> Ibid.

<sup>690</sup> Ibid.

<sup>691</sup> See Balazs Ujvari, ‘The EU Global Strategy: from effective multilateralism to global governance that works?’, Security Policy Brief, *Egmont Royal Institute for International Relations*, No. 76, July 2016.

<sup>692</sup> Ibid.

Against the backdrop of U.S. \$ 237 trillion global debt burden and depressed economic growth trends, divided America and unpredictable President Trump, EU's socio-politic, economic and financial woes, troubled waters with Russia, U.S., UK, and future soul searching, Russia's Crimea annexation and Syrian expedition, Ukraine conundrum and economic stagnation, China's economic slow-down and South China Sea disputes - the world of the global major powers does not project too much optimism for short-term return to normality, peace and stability.

As President Trump is trying to effectively modify and reshape the philosophy and spirit of the American dream by selectively announcing a sort of 'declaration of war' on domestic and external status quo, President Xi is cautiously and masterly following Sun Zi's 'The Art of War' rules and guidance. He is adapting and implementing China Dream step by step, by filling in the recent vacuum and cracks in the unity of the Western-led liberal democratic world order. Xi's 2012 call for a new type of major power relations and 2014 announcement that China was engaged in "a struggle for the international system" are more actively on Beijing's strategic agenda. Continuing great emphasis on 'multipolarity', understood as a transition away from the United States' brief 'unipolar moment', and a long-term power shift from West to East, is challenging world's traditional geopolitical perceptions and psychology Westerners have grown up with.

Indeed, the post-WWII and post-USSR collapse system of international relations is undergoing profound adjustments, changes and regionalization. The world is steered to "balancing and wait and see" postures in the foreseeable future, expecting the practical outcomes of the Trump presidency, the new vision and identity of EU, and the development of the bi- and multilateral relationships between the world's major powers, where China seeks a maker's role and status.

**CHAPTER 6: CURRENT STATE OF PLAY AND MAIN ACTORS IN THE INTERNATIONAL SYSTEM  
REASSESSMENT OF PARALLELS (AND DIFFERENCES)  
BETWEEN THE LEADERSHIP RISE OF U.S. AND CHINA**

As the title implies, this chapter explores concisely the current state of play in the international system, its main factors, and U.S.-China relations. It also researches and analyzes the third path – ‘geo-economics first, geopolitics second’ mixed KLP-SFA nature of China Dream Grand Strategy as a role model for the 21<sup>st</sup> century, compared to the leadership rise of the USA in the mid-20<sup>th</sup> century.

Final assessments and conclusions are given to the main research questions of the work.

*General state of play in the international system*

*State of the main factors/equations in the system*

The analysis of Branko Milanovic’s Elephant curves of Global Income Growth (1988-2008) clearly proves that China and India started to move up in the global supply chain with good income growth. Global elites also did well in that period, while middle income groups in U.S. and Europe did badly in terms of growth. (Fig. A & B)

Fig. A

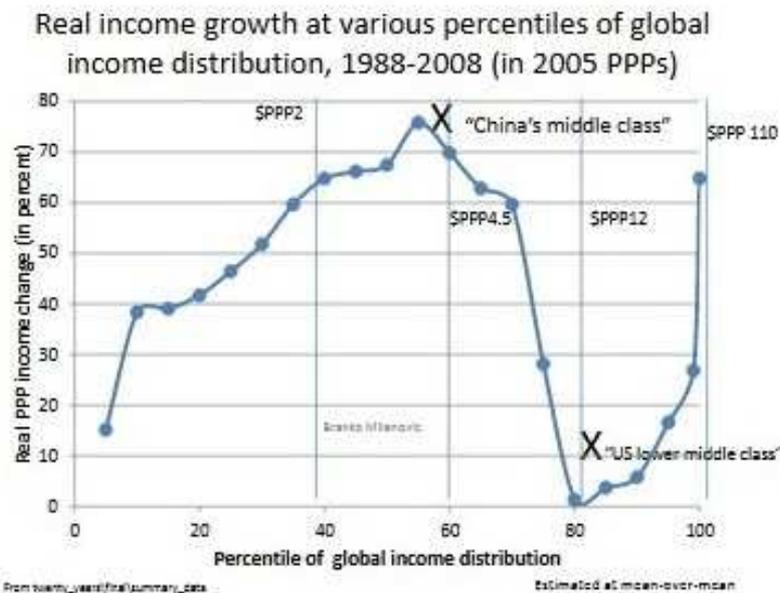
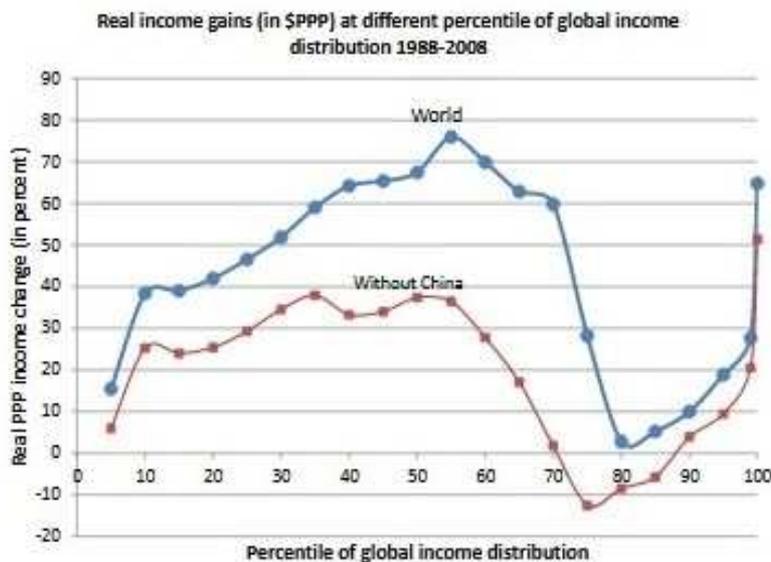


Fig. B



According to Professor Jack A. Goldstone, CFR's life member, leading American sociologist and political scientist, specializing in studies of social movements, revolutions and international politics, President Trump's election and populist movements all over the world can be considered akin to true ideologically driven revolutionary movements. For him, the latter were brought about by slowdown in social mobility, elite factionalism, decline in public goods, and by pursuing a revolutionary agenda including propagandist reshaping of reality, leading to a radical reconfiguration of international relations.

In his Watson Institute, March 6, 2017, lecture - 'A World in Revolution: The Inevitable Backlash against Global Elites', based on the newest February 2017 edition of his book, *Revolution and Rebellion in the Early Modern World*, Goldstone claims that cycles and signs of global political instability are not driven by a kind of a long term movement towards progress or by some inevitable conflict of forces, but by the inability of systemic institutions to adapt to the demands that are put upon them. For the last 20-30 years the institutions of the post-WWII global order have been failing, and the present political changes that are seen across the world are not surprising, even when referring to individual political figures, and that he would still be making the similar assessments and lectures, having Trump not been elected.

What is seen everywhere is a collapse of what had been the mainstream political center, which has to either change its traditional political narrative or it may be taken away from it – in the UK, France, Holland, even in the USA. Due to the relative decline of the U.S. and the West as a whole, nations that were the richest countries in their day suffered fiscal crises because elites preferred to protect their private wealth, even at the expense of the deterioration of state finance, public services and long term international strength. Elites have turned into competing factions ... starving the national state of resources needed for public improvements and international competitiveness. Factionalism within the elites ... paralyzed decision making. Struggles for prestige and authority took precedence over a united approach to resolving fiscal and social problems.<sup>693</sup>

The key element in this decay is not ... a decay of Western manufacturing ability or Western foreign power, or a threat of imminent economic collapse. Instead, it is a steady erosion of systemic public institutions and public services, which threatens to undermine the social and infrastructural foundations that supported American [Western] systemic leadership, and economic growth in the 20<sup>th</sup> century. If unchecked, it is certain that the long term results, which are now only apparent, but will accumulate rapidly in the coming decades, will be a relative decline in the living standards, freedom of decision, and international position of the United States as compared to other industrialized nations.<sup>694</sup>

For Goldstone, real problems lay in rising inequality, stagnant real incomes, declining social mobility and changing global labor market. He quotes recent Stanford's study showing that proportion of people who could count of having higher incomes than their parents has fallen from 80% to 45%, which psychologically represents a fall in 'faith in the future', and in access to constricting public and mobility goods, healthcare, education, housing, nutrition, recreation, safe neighborhoods, etc., leading to loss of dignity and respect. Less-educated massively voted for Donald Trump not because they know less, but because they know very well what has happened to them, and that almost 50% of U.S. population is doing worse than the rising rest of the world.

Foundation is laid for a global revolt led by dissident elites, supported by middle classes against the prevailing international liberal order aiming to recover national control of borders, economy, security, restore vigor to national culture, win self-respect, recover honor, based on a coherent ideology of – nationalism, nativism, anti-globalization, anti-corrupt

<sup>693</sup> See Jack A. Goldstone, *Revolution and Rebellion in the Early Modern World*, 1991, Berkeley: University of California Press

<sup>694</sup> *Ibid.*, Chapter 6, From Past to Present, p. 459

government, toughness and strong military, anti-regulation, anti-taxation, with mobilization by slogans, depicting elites and dysfunctional government as criminals and traitors.

Long term pressures have been building up for decades with strong opposition to the status-quo and politics as usual, not a passing event, where Trump, Le Pen, Wilders, Erdogan, are just the messengers.<sup>695</sup>

Adding to the above and the current economic slow-down, Goldstone points out the immigration and cultural threats by comparing basic data: median U.S. male age of 27 in 1970 to 36 in 2015, 5% U.S. foreign born, 16.5% all minorities in 1970 to 36% at present, less than 1% Muslims in Europe in 1970 to 5-8% today and perceptions at 20-30% in future.

The above socio-political theoretical analysis of the current global state of the play is echoed and given more practical depth and scholarly IR touch in January 2017 new book of the CFR's president Richard Haass, *A World in Disarray: American Foreign Policy and the Crisis of the Old Order*.

In his calm, though urgent examination of a world increasingly defined by disorder, Haass runs through the history of world order from the rise of the modern state system to the end of the Cold War, accounts for the momentous shifts since then, sheds light on the current state of affairs, and projects specific steps to tackle the many U.S.' challenges ahead. 'These are no ordinary times. It will not be business as usual in a world of disarray; as a result, it cannot be foreign policy as usual'<sup>696</sup>, he argues, pointing out that the fundamental elements of world order that have served the world well since WWII have largely run their course. For him, the election of Donald Trump and the unexpected vote for Brexit signal that many in modern democracies reject globalization and international involvement as well as a willingness to maintain alliances and overseas commitments, thus being painfully evident that the 21<sup>st</sup> century will prove extremely difficult to manage.

Making the case that the world needs a new governance system – World Order 2.0., which reflects the reality of widely distributed power, Haass cautiously suggests how the U.S. should act towards China and Russia, as well as in Asia, Europe, and the Middle East. He finally claims that the United States needs to define national security more broadly, addressing what in IR are normally thought of as domestic issues – from dysfunctional politics, economy to mounting debt – as well as coming to an agreement on the nature of U.S.' relationship with the rest of the world.<sup>697</sup>

### *U.S.- leader in the international system*

In his Watson Institute lecture professor Goldstone posits that counterrevolutions in the current 'World in Revolution: The Inevitable Backlash against Global Elites', are very difficult, if not impossible to achieve. For him, it is due to lack of energetic and innovative new political leaderships, divided countries, factionalized elites, paralyzed decision making, and unprecedented socio-psychological phenomenon of 'fall in the faith and confidence in the future'.<sup>698</sup>

In the U.S. case, if it were not for the elite super delegates of the Democratic Party, most probably Bernie Sanders would have won the 2016 presidential Democratic nomination, and would have run against Donald Trump. Two candidates, who have taken away the political narrative and explanations from what had been the mainstream political

<sup>695</sup> Lecture, The Watson Institute for International and Public Affairs, at <http://watson.brown.edu/events/2017/jack-goldstone-world-revolution-inevitable-backlash-against-global-elites>

<sup>696</sup> Richard Haass, *A World in Disarray: American Foreign Policy and the Crisis of the Old Order*, see Introduction, 2017, New York: Penguin Press.

<sup>697</sup> Ibid., part III.

<sup>698</sup> See, Lecture, The Watson Institute for International and Public Affairs, at <http://watson.brown.edu/events/2017/jack-goldstone-world-revolution-inevitable-backlash-against-global-elites>  
30 Ibid.

center, now turned to simple non-creative blocking coalitions,<sup>699</sup> with evident parallels in Austria, Holland, France, UK, even in Germany.

In his vision and attempts for elaboration of a radical new U.S. Grand Strategy for the 21<sup>st</sup> century, based on ‘America first’, ‘Make America great again’ geopolitical and geo-economics pillars, President Trump also actively exploits the rich resources of social psychology theory and practices, by directly addressing the American people and urging for the ‘renewal of the American spirit’. Asking and appealing for direct popular support he promises practical everyday rewarding results and people’s renaissance in the ‘faith and confidence in the future’, eliminating and bypassing the political narrative and shaping explanations of the mainstream media.

Trump’s campaign and inaugural address ‘declarations of war’ on status-quo, establishment elites, government corruption, and on the other hand, populist demanded care for the American people, are still high on his agenda. He frequently uses exemplary gratifying parallels with past great American presidents, like Andrew Jackson, Theodor Roosevelt, and Reagan. Fighting domestic hostile political/economic/financial/media status quo, Trump actually fights also for his own political survival. His strong moves and declared ‘American first’ policies regarding North Korea, Iran nuclear deal, further Russian economic, Chinese trade, sanctions, and Syrian strikes, imply ‘past greatness parallels’, and his preparatory reach for the 2020 U.S. presidency.

2017 Goldstone and Haass’ paradigmatic and geopolitical landscape anxieties and warnings were not new, and may be considered as sociological and IR added value guidelines for the new Trump Administration. Long before Brzezinski’s 2016 chess-board geo-strategic reshuffle and new U.S. Grand Strategy proposal, calling actually for a U.S.-China-Russia global power triumvirate, in which the United States acts as the power broker, Kissinger addressed the same U.S. vital issues in his 2014 book *World Order*. For Kissinger, the contemporary global context is highly flammable, in a parlous condition verging on international anarchy, because the legitimacy of the postwar world order is being challenged. There is a profound tension between economic globalization and the political persistence of the nation state, which the 2008 financial crisis laid bare. For him, the four competing visions of world order: European-Westphalian, Islamic, Chinese, and the American – are each in varying stage of metamorphosis, with no real legitimacy, if not decay. The characteristic trends of the new world disorder can lead to ‘‘regional blocs’’ with contradictory world visions.<sup>700</sup> Kissinger warns, ‘‘A struggle between regions could be even more destructive than the struggle between nations has been.’’<sup>701</sup>

Kissinger used to shuttle and see Xi and Putin quite regularly. Based on *World Order, Diplomacy*<sup>702</sup>, Jeffrey Goldberg’s interview<sup>703</sup>, as well as on private conversations with his biographer, Niall Ferguson claims that Kissinger’s four most likely scenarios-catalysts for a large-scale conflicts, and strategy recommendations to President Trump may be summarized as follows:

‘‘A deterioration in Sino-American relations that history sets for every incumbent power and the rising power that challenges it, a breakdown of relations between Russia and the West on mutual incomprehension, a collapse of what remains of European hard power and/or the will to use it, an escalation of conflict in the Middle East if handing hegemony in the region to a still revolutionary Iran... One or a combination of these threats, in the absence of a coherent American strategy, threatens to turn mere disorder into a conflagration.’’

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<sup>700</sup> Henry Kissinger, *World Order*, 2014, New York: Penguin Press, pp. 93-94.

<sup>701</sup> Ibid., pp. 370-371.

<sup>702</sup> Henry Kissinger, *Diplomacy*, 2011, New York: Simon & Schuster.

<sup>703</sup> Jeffrey Goldberg, ‘‘World Chaos and World Order: Conversations with Henry Kissinger’’, *The Atlantic*, November 10, 2016.

- 'Do not go all-out into a confrontation with China, whether on trade or the China Seas, but rather seek 'comprehensive discussion' and aim to pursue that policy of dialogue and 'co-evolution'...

- The recognition that Putin craves is that of 'a great power, as an equal, and not as a supplicant in an American-designed system', and it is not possible to bring Russia into the international system by conversion, but by deal-making and understanding that would turn Ukraine into a 'bridge between NATO and Russia rather than an outpost of either side'.

- Treat Brexit as an opportunity to steer the continental Europeans away from bureaucratic introspection and back to strategic responsibility.

- Make a former Yugoslavia type 'cantonized peace' in Syria. Contain Iran, but keep the 'nuclear deal'. Take advantage of the new-found, albeit tacit, anti-Iranian and anti-ISIS alignment of the Arab states with Israel to achieve a new kind of Arab-sponsored Palestinian peace deal, perhaps including quasi-sovereignty ... that is, de facto autonomy without a legalistic superstructure.<sup>704</sup>

Recently, Harvard professor Joseph Nye Jr., along with the 'Thucydides Trap', employs the 'Kindleberger Trap', in describing the severe dilemma facing global international relations and economic governance regime, making the 'two traps' defining features of the crisis upsetting the present-day world order.<sup>705</sup> Famous Harvard economic historian Charles Kindleberger elaborated that period in history in great detail in the 1970s. He put forward the 'theory of hegemonic stability', which has had profound impacts on international relations and political economy ever since, claiming that the international system without a strong leader will face difficulties in governance. For him, a stable international economic system is highly dependent on the public goods provided by a country in the leadership role, including an open market, credible international currency, and its identity as creditor of last resort. Kindleberger, an intellectual architect of the 1948 initial \$ 14 billion Marshall Plan, argued that the disastrous decades of the 1930s and 1940s were caused when the U.S. replaced Britain as the largest global power but failed to take on UK's role in providing global public goods. The result was the collapse of the global system into currency and trade wars, depression, genocide and shooting world war. For Nye, today's power gap between the U.S. and China is much greater than that between Germany and Britain in 1914, and that metaphors may be useful as general precautions, but they become dangerous when they convey a sense of historical inexorableness.

Warning that that is the danger the USA confront at present with China, Nye advises the newly elected U.S. President to 'worry about a China that is simultaneously too weak and too strong', and that in achieving his objectives President Trump must avoid the 'two traps', and above all to avoid miscalculations, misperceptions, and rush judgements that plague human history.<sup>706</sup>

### ***U.S.-EU-NATO***

'The inauguration of Donald Trump heralds the arrival of a new world order. The West is weaker than ever before and rising American nationalism poses a threat both to Germany's economy and the European Union.'<sup>707</sup> During the presidential campaign and even after Trump's inauguration, titles, head lines, assessments, projections like this and many similar ones were abundant in liberal European and especially German mainstream media: 'For more than 60 years, the U.S has promoted European unity...But now, a man is

<sup>704</sup> See Niall Ferguson, 'Donald Trump's New World Order', *The American Interest*, 21.11.2016.

<sup>705</sup> Joseph S. Nye, 'The Kindleberger Trap', *Project Syndicate*, January 9, 2017.

<sup>706</sup> Ibid.

<sup>707</sup> 'Assault on Europe, Donald Trump and the New World Order', *DER SPIEGEL*, January 20, 2017.

entering the White House who is counting on the disintegration of the EU. He would rather negotiate with each country individually, believing that will be more beneficial for America.’’; ‘‘Concepts like human rights and the protection of minorities are not part of his vocabulary. His only goal is America’s profitability, particularly in global trade, which he sees as a brutal fight for survival.’’; ‘‘An epochal shift, for Trump there is no such thing as friendships and alliances. He is not focused on morals; he is not concerned with dividing the world into good and evil ... simply not interested in the world order that has developed since 1945 ... Europe’s loss, Russia’s and China’s gain.’’; ‘‘Trump will not determine the direction of U.S. foreign policy on his own, as he requires Congressional approval.’’<sup>708</sup>

Government officials in Berlin confessed of an astounding mixture of arrogance and ignorance in their conversations with counterparts in the incoming administration. Implicitly, for Merkel’s foreign policy adviser Christoph Heusgen, after his U.S. talks in late December 2016, besides the ‘foreign world’ he observed, ‘the new president’s team doesn’t have a clue about Europe.’<sup>709</sup>

Next to Trump’s no taboos issues, provocative and ambiguous style, such as: NATO – obsolete, WTO – a disaster, he was not shy of sometimes open interview rhetoric, exposing his attitude towards EU, Germany and Merkel in particular: ‘EU as basically a vehicle for Germany’, adding ‘I believe others will leave’, ‘the German chancellor had ‘‘made a catastrophic mistake’’ [regarding immigration and refugees], his January 16, 2017 *Bild* and *Times* interview where he said of Merkel and Putin: ‘I start off trusting both, but let’s see how long that lasts. It may not last long at all.’’<sup>710</sup>

In spite of the significant ups and downs in the initial Trump presidency period, domestic and external attempts to correct and guide the course of his policies, he seemed quite resolve, determined, sometimes even openly stubborn and emancipated, to firmly pursue the implementation of his Grand Strategy platform he ran upon during the 2016 presidential campaign.

The culmination of his non-diplomatic, blunt and even unpardonable attitude and approaches was demonstrated during Merkel’s March 17-18, 2017 visit to the U.S. Besides his ‘no hand shake with the chancellor photo-op’, his short and clear-cut program stands expressed during their joint press-conference speak up for themselves. Ranking and using key-words, expressions, assessments such as: desire for security, prosperity and peace, rebuilding the American industrial base – strong America is in the interests of the world as a whole, strong support for NATO where all allies have to pay their fair share for the cost of defense and owe vast sums of money from past years – ‘‘very unfair to the U.S.’’ Trump sent very blunt signals that these nations must pay what they owe [implicitly Germany], that Germany should increase its defense spending at least to 2% of GDP [as compared to the current 1.19%]. Trump expressed his appreciation of Merkel’s leadership, along with the French President, to resolve, ideally peacefully, the conflict in Ukraine, and urged both to take part in the fight against radical Islamic terrorism and defeat of ISIS. Assessing immigration security as national security, he pledged they both work together towards fair and reciprocal trade policies that benefit both peoples, to respect historic institutions, and support shared values, etc.<sup>711</sup>

Not surprisingly, there were no presidential references to the EU, Putin, Crimea, even globalization and TTIP. There was no Trump reaction when Merkel hopefully tried to resume both the latter back on the U.S.-EU agenda, except his remark that NAFTA has been a disaster for the United States. When pressed by German journalists, Trump reiterated his

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<sup>708</sup> Ibid.

<sup>709</sup> Ibid.

<sup>710</sup> at <http://www.thetimes.co.uk/article/full-transcript-of-interview-with-donald-trump-5d39sr09d>

<sup>711</sup> See, The White House, *Office of the Press Secretary*, Joint Press Conference with President Trump and German Chancellor Merkel.

position that he is not an isolationist, but a free and fair trader, and that the U.S. has been treated very unfairly by many countries over the years. Bashing once again towards ‘fake’ news media, very seldom regretting his ‘tweets’, Trump even went much far by commenting that, ‘by past Obama administration, at least he and Merkel have something in common, perhaps [alluding to both being wiretapped].’<sup>712</sup>

Two days after the press-conference, and a day after meeting Merkel, on March 18, Trump said on Twitter – that Germany ‘‘owes vast sums of money to NATO, and the United States must be paid more for the powerful, and very expensive defense it provides to Germany!’’, On March 19, 2017, German Defense Minister Ursula von der Leyen rejected Trump’s claim. In a statement she said, ‘there is no debt account at NATO’, adding that it was wrong to link the alliance’s target for members to spend 2% of their GDP on defense by 2024 solely to NATO, as defense spending also goes into UN and EU missions, and into German contributions to the fight against IS terrorism. The German defense minister further claimed that it was necessary to have a ‘modern security concept’ that included modern NATO but also a European defense union and investment in the United Nations.<sup>713</sup>

In compliance with Trump’s strategic global order and bilateral policy priorities and guidelines for his administration, Trump’s designated trade representative Robert Lightizer, has long been known in Washington circles as a passionate protectionist who misses no opportunity to insist that WTO rules are ‘not religious obligations’. At January 2017 Davos meeting, Trump adviser Anthony Scaramucci upheld the stance that the postwar world order was no longer suitable for the challenges of the 21<sup>st</sup> century, while White House economic adviser Peter Navarro accused Germany and China of taking advantage of weak currencies to build a trade surplus with the United States.

On March 18, 2017, in parallel with the mixed Merkel U.S. visit results, financial leaders (finance ministers and central bankers) from the world’s biggest economies found common ground on foreign exchanges at their Germany’s Baden-Baden G-20 meeting but failed to agree on trade, highlighting a potential U.S.-led global shift towards protectionism. One sentence from last year’s China Hangzhou G-20 communique – the shortest and one of the most important – was omitted: ‘‘We will resist all forms of protectionism.’’ Fundamental disagreement between the U.S. administration and the other 19 participants, particularly China, Japan and the Europeans, who flatly rejected any form of protectionism, began to take shape. U.S. representative, treasury secretary Steven Mnuchin commented from his point of view, that the previous communiqué was not necessarily relevant to the current global economic climate, adding that some agreements might need to be renegotiated.<sup>714</sup>

At the Hanover hi-tech fair on March 19, 2017, German Chancellor Merkel and Japan’s PM Abe spoke up for free trade. Without naming the U.S. government, both used the opportunity to distance themselves from protectionist surges coming from the Trump administration. Both, echoed by European Commission President Juncker, called for a free trade deal to be reached between EU and Japan by the end of the year.

In support of this German-Japan joint staunch position on trade and liberal globalization as a whole, the Conclusions of the March 9, 2017, European Council summit, supported by 27 member states, UK – against, served well. Article 4 of the Conclusions read: ‘‘...The EU remains strongly committed to a robust trade policy and an open and rules-based multilateral trading system, with a central role for the WTO... to tackle unfair trade practices and market distortions...resolutely advancing on all ongoing negotiations for

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<sup>712</sup> Ibid.

<sup>713</sup> Germany rejects Trump’s claim it owes NATO and U.S. ‘vast sums’ for defense, *Reuters*, March 19, 2017. <http://reuters.com/article/us-usa-trump-germany-defence>

<sup>714</sup> Jamie McGeever, ‘Markets welcome G20’s FX stance, wary on trade split’, *Reuters*, March 18, 2017.

ambitious and balanced free trade agreements, including with Mercosur and Mexico, negotiations with Japan are closest to an early conclusion. Trade relations with China should be strengthened on the basis of a shared understanding of reciprocal and mutual benefits.<sup>715</sup>

On March 16, 2017, one day ahead of the Merkel's U.S. encounter with President Trump, and the Baden-Baden G-20 financial meeting, set to be dominated by debates on protectionism, the German Chancellor and President Xi had a telephone conversation. In a statement issued in Berlin, Merkel and Xi both committed to: "together fight for free trade and open markets."<sup>716</sup>

Early and mid-2017 Trump presidency's tensions and contradictions in U.S.' relations with EU and NATO were relatively healed and ironed by consecutive visits and commitment reassurances by Vice President Pence, U.S. Secretaries of State and Defense in Europe and NATO headquarters in Brussels. The alliance solidarity principle was restored in March-April 2018, when U.S., NATO, and EU took a united stand and actions against Russia in connection with the attempted assassination Skripal case in the UK, and the alleged Assad chemical attack against civilians in Syria. Initially declared, affecting EU, introduction of 25% and 10% U.S. imports trade tariffs, respectively for steel and aluminium products, were temporarily frozen for EU member states

### ***China-Russia***

#### ***China's strategic partnerships, role of BRI and AIIB***

In 2008 Fareed Zakaria wrote, "China has been remarkably adept at using its political and economic muscle in a patient, low-key, and highly effective manner."<sup>717</sup>

The fall of the Soviet Union changed the structure of global power, and Deng's reform and opening-up grand strategy, required of China the establishment of supportive stable relations with more and diversified countries worldwide. The focus was not only on great powers, but on cultivating and improving beneficial relations with a broader range of states around the globe, under the early 1990s' initiated new foreign policy approach, termed - 'multidimensional diplomacy'.<sup>718</sup>

To understand China's strategic partnership initiatives and policies, it is necessary to analyze the changes in the world, in China's comprehensive national power, Beijing's interactions with the world, and the partnerships' priorities, character and timing.

New international relations and foreign policy paradigm required new diplomatic instruments. China had five policy options: unilateralism; balance of power; partnership diplomacy, multilateralism and bandwagoning, with some IR scholars arguing for partnership diplomacy, complemented with elements of balance of power and multilateralism.<sup>719</sup> In comparison to the realistic idealistic partnership policy all the other instruments were considered bearing elements of limitations and risk uncertainties. China was not powerful enough to effectively assert unilateralism. Then, there were no imminent threats to force China to build alliances against the U.S.' unilateral superpower, no alliance balance of power was a viable option, and multilateralism – although on the rise – was not perceived as the sole or main guiding principle for international strategy, as Beijing had not yet joined or

<sup>715</sup> See, 'Conclusions by the President of the European Council, Brussels, March 9, 2017. at <http://www.consilium.europa.eu/en/press/press-releases/2017/03/09-conclusion-pec/>

<sup>716</sup> See 'Merkel, Xi call for free trade, open markets', *news24*, March 16, 2017, at <http://www.news24.com/World/News/merkel-xi-call-for-free-trade-open-markets-20170316>

<sup>717</sup> See F.Zakaria, *The Post American World*, 2008, New York:Norton.

<sup>718</sup> B Zhang, 'Overview: The Evolution of China's Diplomacy and Foreign Relations in the Era of Reforms, 1976-2005', in Y.Hao at al. (ed.) *Challenges to Chinese Foreign Policy: Diplomacy, Globalization, and the New World Power*, 2009, Lexington: University Press of Kentucky, pp. 15-30.

<sup>719</sup> Z. Chen, 'Huoban Zhanlue: Sheji zhiliao Zhongguo de Xianshi Lixiang Zhuyi Waijiao Zhanlue [Partnership Diplomacy: China's Realistic Idealistic Diplomacy Strategy at the Turning of the Century]', *Taipingyang Xuebao [Pacific Journal]*, 1993, No. 3, pp. 12-20.

initiated major international organizations (WTO) and structures (SCO, BRICS). Bandwagoning was not even seriously considered as an option for big country such as China, having longstanding policies for independence, non-alignment and equal rights in the international system.

While it was impossible during much of the Cold War period to think about genuine international cooperation absent the term ‘alliances’, over the past two decades of still fluid ‘polycentric’ international order, strategic partnerships have occupied a central position in many states’ international relations and foreign policy toolkit.

Besides the traditional and existing formal military-security alliances, U.S.’ Bush administration, started using strategic partnerships and dialogues to secure support for the global ‘war on terror’ and the management of relations with emerging powers. Obama administration made even stronger use of the partnership approach, and by increasing its web of partners sought to advance U.S. values and interests, and promote what the U.S. believed would constitute a stable and legitimate international order, including strategic or comprehensive partnerships with: Afghanistan, Indonesia, Malaysia, New Zealand, and Vietnam; the elevation of Israel’s status to that of a ‘major strategic partner’; and strategic dialogues with Tunisia and Liberia.<sup>720</sup>

Since the end of the Cold War until July 2016 China has established specifically cultivated bilateral partnerships with 81 countries, out of which with **71 defined as strategic**, and five regional international organizations including EU, AU, and ASEAN.<sup>721</sup> Beijing, not only kept pace balancing the U.S. alliance model and partnership activism, but became the country with the most tactical and informal strategic alignments. In the 1990s China had worked on only three strategic partnerships, with: Brazil, Russia and the U.S. The first strategic partnership concluded with Brazil in 1993, laid down the framework and specific model of the gradually evolving foreign policy with ‘Chinese characteristics’. The last, being one of the few that was later downgraded, from Constructive Strategic Partnership in 1997 to Cooperative Partnership of Mutual Respect and Benefit in 2011.<sup>722</sup> The Brazilian case was launched in a rush, remained dormant for over decade, and though seen as an attempt to restore and improve China’s image after 1989 Tiananmen, it served its pioneer role for the future streamlining of Beijing’s partnerships diplomatic strategy.

In early 1990s, as the unilateral new world order was taking shape, Beijing’s real attention was focused on supporting broken and financially bankrupt Russia, as a hedge and balance maneuvering against Washington’s influence in Eltsin’s Moscow.

In 1996 **China and Russia** established a partnership of strategic cooperation. Until Putin’s arrival in the Kremlin, the bilateral cooperation and consultation mechanisms were superficial, as Russian foreign policy had been focused mainly on the West. With Putin, the institutionalized strategic partnership mechanisms became much more comprehensive and effective. Quite a few Chinese strategic partnerships publicly touch upon issues of sovereignty and security. The China-Russia Treaty of Good-Neighbourliness and Friendly Cooperation in 2001 specified that neither China nor Russia would resort to the use of force, or use nuclear weapons against each other.<sup>723</sup> By end of 2016, China and Russia have developed unparalleled mechanisms and measures to strengthen their comprehensive and coordination strategic partnership. Xi and Putin see each other numerous every year and

<sup>720</sup> See Georg Struver, ‘China’s Partnership Diplomacy: International Alignment Based on Interests or Ideology’, *The Chinese Journal of International Politics*, 2017, No 10 (1), pp. 31-65.

<sup>721</sup> Ibid. Appendix, Table A1.

<sup>722</sup> Georg Struver, ‘China’s Partnership Diplomacy: International Alignment Based on Interests or Ideology’, Appendix, Table A1.

<sup>723</sup> See, MFA of the PR of China, Treaty of Good-Neighbourliness and Friendly Cooperation between the PR of China and the Russian Federation, 21.07.2001, at [http://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/2649\\_665393/t15771.shtml](http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/t15771.shtml)  
Sovereignty and security issues are also regulated in the China-India common statement in 2005, China-Vietnam joint statement in 2008, while China and Mongolia (2011), Uzbekistan (2012), Tajikistan (2013) and Kyrgyzstan (2013) have stated in their joint statements that neither side should join any military or political alliance against each other, or allow a third party to use its territory against the other.

there is a hotline for their direct personal communication. In May 2017, Putin was one of the main speakers at the international conference in China dedicated to the development of the OBOR/BRI strategy, followed by return official Xi visit to Russia in July 2017. The premiers as well as the heads of parliament also meet annually. China-Russia Strategic Security Consultation and the China-Russia Friendship, Peace and Development Commission also play important roles in strengthening the bilateral relations.

Besides their top level consultations, cooperation and coordination in the UNSC, G-20, SCO, BRICS, AIIB, OBOR-EEU compatibility, military and security, and on sensitive conflicting issues, such as: South China Sea, U.S. THAAD system in South Korea, North Korea nuclear problem, the Middle East, Syria, Ukraine, Moscow and Beijing explore and develop strategic Arctic cooperation, based on the Arctic Territory of Dialogue vice-premier forum created by Russia in 2010. Among the agenda topics are not only Arctic local cooperation projects, but also BRI – EEU linked options and infrastructure, oil and gas initiatives that may ease the Western sanctions on Russia.

Shortly after the late May 2014 Ukraine crisis, presidents Xi and Putin signed in Shanghai during their seventh meeting in 14 months, a joint statement, pledging to expand cooperation in all fields and coordinate diplomatic efforts to cement the China-Russia all-round strategic partnership of coordination. In 2016 they met five times, and at the 2017 Munich Security Conference Chinese foreign minister Wang Yi commented that Sino-Russian relations represent cornerstone for global stability.

At the backdrop of current Russia-U.S./West tension and confrontations, in June 2018 there will be a planned Putin official visit in China, followed by his attendance of the SCO summit in Qingdao.

In 1997, then **U.S. and China** presidents Clinton and Jiang issued a joint statement in which both leaders expressed determination to raise cooperation and build a constructive strategic partnership.<sup>724</sup> With President George W. Bush in office, in 2001, at their meeting in Shanghai, he and Jiang only expressed the intention of building a ‘constructive relationship of cooperation’, a step back, and ever since the notion of ‘strategic partnership’ has never been included in bilateral official documents or statements/declarations. Even Obama’s upgraded 2009 U.S.-China Strategic and Economic Dialogue, failed to deliver due to increasing strategic distrust, not to mention the failed President Xi’s 2012 attempt for the establishment of a ‘New Type of Major Country Relationship’ with Washington. Judging President Trump’s globalization, free trade, climate change stands and anti-Chinese accusations, signs of trade war, so far, high expectations for any radical positive change in the bilateral relationship might prove to be obviously too optimistic.

The mechanisms, characteristics and timing of the China-EU and China-Asia-ASEAN partnerships are also indicative. Beijing had established annual summits with both the EU and ASEAN in the late 1990s before the respective strategic partnerships were launched.

Due to Afghanistan and Iraq wars, the U.S. unilateralism and EU’s ‘effective multilateralism’ divergence, in 2003, **China and the EU** upgraded their relationship and gradually established a cooperation mechanisms that now cover over 50 areas and include High-Level Economic and Trade Dialogue (2008), High-Level Strategic Dialogue (2010), High-level People-to-People Dialogue (2011), etc. The 2000s also marked the bulk of Beijing’s new strategic bilateral partnerships with European countries, currently representing around 25% of the overall such, established and cultivated by China: France (2004); Germany (2004); Italy (2004); UK (2004, and Golden Age relationship since 2015); Spain (2005); Portugal (2005); Greece (2006), etc.<sup>725</sup>

<sup>724</sup> See China-US Joint Statement, October 29, 1997, at <http://www.china-embassy.org/eng/zmgx/zywj/t36259.htm>

<sup>725</sup> See Feng Zhongping and Huang Jing, working paper 8, ‘China’s strategic partnership diplomacy: engaging with a changing world’, June 2014, *European Strategic Partnership Observatory (ESPO)*.

**Asia and ASEAN** represent the major current focus of China's strategic partnerships agreements, with 24 bilateral and one with ASEAN, almost 30% of those China has concluded so far. Roughly 60% were initiated and agreed after Obama/H.Clinton 2011 U.S. 'Pivot/Rebalance' to Asia.

In 1997, China and ASEAN concluded the Partnership facing the 21<sup>st</sup> century based on good neighbourliness and mutual trust, and in 2003 – The Strategic Partnership for Peace and Prosperity. China and ASEAN hold 12 ministerial meetings annually and over 40 inter-governmental committees' sessions. China and ASEAN are top reciprocal trade partners and investors, and all ASEAN member states have joined the China-led AIIB and expressed practical interest in the OBOR/BRI strategy projects.

China has been successful in achieving masterly combinations and compatibility of its strategic partnerships' goals with diverse forms of multilateralism, continental, regional and national identity. Beijing has established strategic partnerships with major EU and NATO member states and has attracted their participation in its defining economic-infrastructure and financial projects – OBOR and AIIB. All of the leading Latin American countries, all of BRICS, SCO, the majority of G-20 states, ASEAN and African Union are members of China's 'strategic partnership' global network. 2006 China-African joint declaration was followed by the establishment of China-AU strategic partnership.

Another telling case was the establishment of an Innovative Comprehensive Partnership between China and Israel during PM Netanyahu's largest Israeli-business delegation to ever visit Beijing on March 21-22, 2017. The joint statement announced that the two countries agree to closer exchange among young technological personnel, and cooperation in joint labs, a global technology transfer centre, innovation parks and an innovation cooperation centre, and promote bilateral trade. Netanyahu also voiced Israel's adherence to the one-China policy, and admiration for China's history, achievements and role in the current international community.<sup>726</sup>

In April 2018 China and Austria agreed on the promotion of bilateral 'friendly strategic partnership', concluded during the high level visit in Beijing of the Austrian president.

Due to 'China rise', 'China threat theory', and the narrative of the relative decline of the U.S., all of which reactivated with the arrival of the Trump's unpredictable 'twitter diplomacy', and allegedly nationalistic and isolationist 2017 presidency, China's role and future posture in the world are currently again central topics of major scholarly theoretical and practical strategists' research and debates.

### **Theorizing on China's strategic partnerships**

In the past, in general, 'the status quo, KLP option' held that China is adapting to the existing liberal world order, while the 'revisionist SFA school' believed that China wants to challenge the status quo. At the beginning of this decade, a third school emerged, arguing that although China has been socialized by the international community, at the same time it is trying to change (in Beijing parlance – to democratize, make more fair and just) the international system from within.

For Zhu Liqun, China's international engagement as a seamless set of practices, have engendered new Chinese identities and at the same time Beijing has influenced the evolution of the international order. In 2014, for Feng, vice-president of the China Institute of Contemporary International Relations (CICIR), China's strategic partnership policy was an embodiment of the third school, and although [Grand Strategy] goals and calculations behind each strategic partnership vary and can change over time, in general there were two main logics underlining these calculations: one defensive and one assertive.<sup>727</sup>

<sup>726</sup> 'China, Israel announce Innovative Comprehensive Partnership', at <http://singapore.shafaqna.com/EN/SG/161568>

<sup>727</sup> *Ibid.*, p. 12.

In line with the defensive logic, China will continue to merge into the world peacefully as long as its 2011 officially defined core interests are protected – state sovereignty, national security, territorial integrity and reunification, China’s political system established by the constitution, overall social stability, and the basic safeguards for ensuring sustainable economic and social development. According to Feng, countries that are considered to be crucial for the protection of these core interests are likely to be or become China’s strategic partners.

Next to safeguarding core Chinese interests, China’s strategic partnership policies seek to deter external purposeful threats and impediments, to create a better international environment for China’s continuous rise, world integration, and economic development. They also represent China’s assertive logic and a must for Beijing in shaping a more benign world order in line with its long-term interests. In recent years, the assertive logic has grown stronger as China’s rise and comprehensive national power has gathered pace. In practice all strategic partnerships contain and display mixed elements of both the defensive and assertive logics, and that their diversified enlargement demonstrates Beijing’s growing ability and leverage to both protect its core national interests and correspondingly shape the international system.<sup>728</sup> As a recent example, supporting Feng’s claim, on October 1, 2016, China’s yuan (RMB) has been officially accepted in the list of the IMF’s reserve currency basket with a share of 10.93%, taking third place after U.S. dollar (41.73%) and the Euro (30.93%). All world central banks are now required to keep a portion of their reserves in RMB, thus strengthening China’s position and influence.

Building on, in addition to Qin Yaqing’s constructivist-realist Zhongyong, ‘continuity through change’ explanation of the current China Dream Grand Strategy, and Feng’s analogous mixed KLP/SFA (defensive/assertive) China’s strategic partnerships policy analysis, the dissertation implicitly and explicitly assesses that besides the numerous parallels in the rise of the USA and China, including the U.S.’ alliance centered and China’s strategic partnership based patterns, China’s overall operational behaviour objectively is unique, neither only ‘status quo’, or ‘revisionist’, and represents a third strategic path in search of the establishment of a new type of international system that suits Beijing’s long-term interests.

Feng’s assessment and affiliation with the ‘third school’ explanation of China’s strategic partnerships policies and international engagements that finally aim the reshaping of the world order only from ‘within’, does not objectively disclose the full complexity of the current international situation. That is why as Zakaria puts it ‘China is highly effective’, and why is China’s rise also unique compared to the U.S. final rise after 1945.

First, U.S. rise to Western leadership after World War, and globally after the collapse of the USSR in 1991, took place into an entirely tense and resource consuming, Moscow v/s Washington, China detached, Cold War structural and ideological international system period. The latter period was in contrast to the relatively non-confrontational and China conciliatory one, until 2008-2010, that allowed for Beijing’s increasing international posture and pre-eminence assertiveness, regionally and initially world-wide.

Cold War’s hostile systemic and structural West-East divide in military, political, economic, ideological, cultural, even sports’ competition, containment and Moscow-Washington proxy wars was a blessing for Deng Xiaoping’s Sun Zi type strategy of ‘winning the war without fighting’, and led to China’s KLP reform and opening up in 1978.

Washington’s Western dominated liberal economic and financial 1944 Bretton Woods system was a closed door for the East until the collapse of the Soviet Union. Russia became member of the IMF on June 1, 1992, of the WB on June 16, 1992, and it took 18 years of hard negotiations for its WTO membership in August 2012.

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<sup>728</sup> Ibid., pp. 13-14.

After President Nixon's 1972 normalization and 'quasi anti-USSR alliance' visit to Beijing, the establishment of official bilateral U.S.-PR of China diplomatic relations on January 1, 1979, in April 1980, China was accepted to the IMF, WB, and Western markets were relatively open to Chinese goods even before its December 11, 2001 ascendance to the WTO. Given the cooperation with the West, even though not altruistic, with economic, financial strings attached, and hopes for domestic liberalization and systemic changes, Beijing's comprehensive national power was the greatest beneficiary from the Western liberal model and economic globalization. It worked and still works for China, thus no surprise that President Trump is changing liberal Grand Strategy gears regarding globalization, free trade, and climate change, understanding the threat and risks of losing the economic competition with China. On the other hand, it was also no surprise when President Xi, at the 2016 China G-20 summit, called for 'a new historic starting point' in global economic governance, 'Hangzhou consensus', aka globalization with Chinese characteristics, and implied the option of future Chinese leadership in economic globalization, free trade, and climate change in his January 2017 Davos speech.<sup>729</sup>

Second, as unprecedented great power rise case, China, in contrast to the 'geopolitics first, geo-economics second' final U.S. rise, does not prioritize, yet, the issues of military supremacy and global security alliance networks. Instead, China in spite of its trillions of U.S. dollars currency reserves option for military spending, stands firmly on its non-alliance Grand Strategy principle and 'geo-economics first, geopolitics second' current policies. Beijing also prioritizes efforts and emphasis on peaceful regional and global environment, which it so existentially needs for its domestic China Dream socio-economic stability and Party legitimacy, as well as for its future final rise to world pre-eminence. For Chinese leadership: USSR type collapse, economic 'black swam', U.S. posture, current relative decline and potential Grand Strategy shifts, are all top priority strategic research and analysis issues, taking lessons and measures for fending off any possible damaging future scenarios for China.

President Xi's 2014 open bluntness that China is 'fighting for the international system', his G-20, and Davos reiterated initiatives and stands on new type of global governance, economic globalization, free trade and climate change, and his February 2017 'two security guidelines', indicate for China's anxiety and uneasiness regarding the current political and economic global state of play.

Xi's announcements, vision and considerations were echoed by Premier Li Keqiang in his opening remarks at the annual March 2017 session of China's NPC, warning of 'profound changes' in world order<sup>730</sup>, adding that China should prepare for "more complicated and graver situations" as a result of developments 'both in and outside China'.

Following U.S. 2011 'Pivot/Rebalancing' to Asia, the non-China TPP project, and declared plans to dislocate over 60% of U.S. modern Navy and Air Force in the Asia-Pacific, Beijing cautiously changed strategic gears. China's strategic partnerships policies and international engagements that finally were aiming at the reshaping of the liberal world order from 'within', took a radical additional pace and as dynamic asymmetrical strategic response, Beijing began on working from 'outside' the established system and its institutions.

### ***Role of AIIB***

As APEC top leaders met at Bali resort in October 2013, President Xi shared his vision for a new multinational, multibillion-dollar bank to finance roads, rails and power

<sup>729</sup> Besma Momani, 'Xi Jinping's Davos speech showed the world has turned upside down', *Newsweek*, 18.01.2017, at <http://www.newsweek.com/davos-2017-xi-jinping-economy-globalization-protectionism-donald-trump-543993>

<sup>730</sup> Tom Phillips, 'Chinese premier warns world entering period of political and economic upheaval', *The Guardian*, March 5, 2017, at <https://www.theguardian.com/world/2017/mar/05/chinese-pm-warns-world-entering-period-of-political-and-economic-upheaval>

grids across Asia, under Chinese stewardship. After the initial John Kerry reaction, “That’s great idea”, the enthusiasm didn’t last long, as the Obama administration invested serious efforts to minimize the future bank’s potential influence, considering that China will use the bank to set new strategic partnerships, and global economic agenda on its own terms.<sup>731</sup> Non-the-less, most of Washington’s closest allies, in a defining moment led by Britain, Australia, South Korea joined the AIIB in 2014, and from 57 member states by then, their number increased to 70 in March 2017, as 13 new nations applied for membership, including 3 NATO member states.<sup>732</sup> Another 15 countries are waiting in line, thus potentially making AIIB larger than EBRD and ADB.

On October 24, 2014, representatives from 21 Asian nations signed the AIIB establishment agreement, with Australia, Indonesia and South Korea’s absent at the inauguration ceremony, with ADB and WB cautious welcome and hope for collaboration. The total capital commitment, \$ 100 billion, was double the amount originally envisioned.

All continents’ countries presence and calculations for joining the bank are simple. China with its wealth, resources, and government guarantees, now rivals the United States at the global economic and financial table. Many countries are considering they must increasingly participate in China’s initiatives and projects, and backing the new bank would bring them financial/economic advantages, as well as selected favours from Beijing.

The new bank “is an instrument for China to lend legitimacy to its international forays and to extend its spheres of economic and political influence while changing the rules of the game ... and it gives the existing institutions a kick in the pants”.<sup>733</sup>

China’s official stand was that Asia has a massive infrastructure funding gap, with ADB pegged hole at some \$ 8 trillion between 2010 and 2020, and that existing institutions cannot hope to fill it: ADB capital base (money both paid-in and pledged by member nations) of just over \$ 160 billion and the WB - \$ 233 billion. Besides, the China Development Bank and the Export-Import bank of China already claimed financing major projects in Asia and Africa, with their combined overseas assets to the tune of \$ 500 billion, more than the combined capital of the WB and the ADB.

China’s decision to fund a new multilateral Asia oriented bank rather than give more to existing ones reflected its exasperation with the slow pace of Asian and global economic governance reform, and U.S.-Japan Asian financial dominance. Although China is the biggest Asian economy, the ADB is dominated by both Japan and the U.S., where Japan’s voting share is almost twice China’s, and the bank’s president has always been Japanese. “The U.S. risks forfeiting its relevance while stuck in its domestic political quagmire”, AIIB president Jin Liqun, wrote in a chapter for a recently released book, *Bretton Woods: The Next 70 Years*, adding, in reference to the United States, “History has never set any precedent that an empire is capable of governing the world forever”.<sup>734</sup>

The China-led AIIB, is now in the process of implementing its first projects, and the future financial choices will provide insight into how China plans to wield its 21<sup>st</sup> century Grand Strategy. Either China is serious about taking a leadership role in the global economy and governance, and in prioritizing projects that broadly benefit Asia, or it plans to use the bank as a vehicle to further its own strategic ambitions. So far China appears to be navigating the two extremes, as Beijing made a number of compromises: unlike the ADB, not accommodated and not day-to-day management and working in Beijing 12-member board of AIIB, accepting the Australian idea that procurement should not be limited only to member

<sup>731</sup> Jane Perlez, ‘China Creates a World Bank of Its Own, and the U.S. Balks’, *The New York Times*, December 4, 2015, at <https://www.nytimes.com/2015/12/05/business/international/china-creates-an-asian-bank-as-the-us-stands-alooof.html>

<sup>732</sup> ‘China-led AIIB approves 13 new members, Canada joins’, *REUTERS*, March 23, 2017, at <http://www.cnbc.com/2017/03/23/reuters-america-china-led-aiib-approves-13-new-members-canada-joins.html>

<sup>733</sup> See Jane Perlez, ‘China Creates a World Bank of Its Own, and the U.S. Balks’, *The New York Times*.

<sup>734</sup> Ibid.

countries – distinguishing the bank from existing similar international bodies, meaning that companies from the U.S. and Japan can compete for contracts, staff appointments from non-AIIB member countries, Chinese slightly more than 26% of the total votes, not exercising veto power on day-to-day operations, and retaining only enough votes to block decisions it really cares about, like membership and the president of AIIB.<sup>735</sup>

The same geo-economics motivations were behind the project of the mostly China funded July 2015 New Development Bank established by the BRICS, and as the name ‘New ...’ demonstrates, Beijing’s new, outside the liberal economic world order, gradual approach for change, and as the *Economist* put it, ‘to take matters into its own hands.’<sup>736</sup>

### ***Role of OBOR/BRI***

Besides the two non-systemic banks, the AIIB and BRICS’ NDB, in 2013-2014, Beijing also initiated its predominantly Asia-Africa-Europe centric OBOR strategic project for inclusive economic development, trade and infrastructural networks of roads, rails, energy hubs and pipelines along the old Silk Road. BRI passes through Central Asia to Europe, with a maritime equivalent call ports from Southeast and South Asia to East Africa to the Mediterranean and potentially the Black sea.

In the beginning, connecting some 60 countries, the OBOR initiative has been aligned with many foreign national and regional development strategies, bringing forth more and more cooperative projects. For Beijing, the project represented the optimal avoiding direct confrontation and defusing U.S.’ Pivot to Asia-Pacific’ pressure, Chinese strategic counter measure.

In this context, OBOR’s Beijing Forum for International Cooperation in May 2017, was a high-profile international meeting on the Belt and Road Initiative, and demonstrated China’s firm intentions of proceeding with the implementation of this balancing strategy. According to Beijing, at a time when certain Western powers are retreating into protectionism, isolation, and anti-globalization, China is ready to continue and promote economic globalization in a spirit of openness and inclusiveness.<sup>737</sup> Beijing used the Forum to build more open and efficient international cooperation platforms and closer, stronger partnership network.

Beijing believes that the BRI project will succeed based on the following arguments: International recognition – more than 100 countries and international organizations have already joined, of which more than 40 have signed cooperation agreements with China. UNGA, UNSC and APEC have incorporated or reflected OBOR/BRI cooperation in their resolutions and documents. Facilitates connectivity – a series of major transport, energy and communication projects, including the multi-purpose rail-road Padma Bridge in Bangladesh, the China-Pakistan Economic Corridor, and China Railway Express trains to Europe, all have witnessed breakthroughs over the past three years. Unimpeded trade – trade between China and countries along the OBOR totalled 6.3 trillion RMB (U.S. \$ 913 billion) in 2016, more than 25% of China’s total trade value (up 26.2% in the first three months of 2017 compared with the same period of 2016). Financial integration – 2015 AIIB and the U.S. \$ 40 billion Silk Road Fund are providing financing for infrastructure development in Asia, while AIIB membership swiftly increased to 70 countries, with its multilateral development lending amounting to over \$ 2 billion in a short period of time, and \$ 2.95 billion non-financial outbound Chinese direct investment in 43 economies along OBOR, accounting for 14.4% of

<sup>735</sup> Ibid.

<sup>736</sup> ‘Why China is creating a new ‘World Bank’ for Asia’, *The Economist*, November 11, 2014, at <http://www.economist.com/blogs/economist-explains/2014/11/economist-explains-6>

<sup>737</sup> ‘China Focus: What to expect from Belt and Road Forum’, *Xinhua*, May 1, 2017.

the country's total. Economic corridors – implementation of OBOR's six economic corridors: the New Eurasian Continental Bridge, the China-Mongolia-Russia corridor, the China-Central Asia-West Asia corridor, the China-Indochina Peninsula corridor, the China-Pakistan corridor, and the Bangladesh-China-India-Myanmar corridor, together form an economic, trade and transport network across Eurasia, laying a solid foundation for regional and trans-regional economic development plans, and strengthen people-to-people bonds.<sup>738</sup>

More than 1200 representatives attended the May OBOR/BRI Forum, including government, business, financial institutions, media from 110 nations, as well as from more than 60 international organizations. They included heads of state and government from 28 countries, UN secretary-general, WB president, and the managing director of the IMF.

Results of the Forum ranged from consensus building to specific measures of projects' implementation. Beijing signed cooperative documents with nearly 20 countries, with more than 20 international organisations, and intends to also work with countries along the OBOR routes on nearly 20 action plans concerning infrastructure, energy and resources, production capacity, trade and investment.

According the March 2017 Boao Forum for Asia (BFA) in Hainan Province, China, economic globalization, not isolationism, will ensure a better future for Asia and the world. The theme of the conference - "Globalization and Free Trade: The Asian Perspectives" - reflects the attention to economic globalization paid by the international community, especially Asian countries, emphasized President Xi's congratulatory address to the conference.<sup>739</sup> In his letter, Xi lauded the forum in building an 'Asian Consensus', promoting Asian cooperation and upgrading Asian influence since its establishment 16 years ago. Key speaker, executive vice-premier Zhang Gaoli asked Asian countries to promote economic globalization and free trade, and forge a community of common destiny for Asia and mankind. For Zhang, the 2013 inclusive OBOR initiative, having currently attracted more than 100 countries and international organizations, was part of the Chinese answer to globalization, and he reaffirmed China's commitment to further opening up its market – expecting \$ 8 trillion of imports, \$ 600 billions of foreign investment and \$ 750 billion of Chinese outbound investment in the next five years.<sup>740</sup>

Belt and Road Initiative is an enormous and many decades long endeavour. China is expected to pour almost \$ 1 trillion in largely public financing into a variety of projects spanning 65 countries. Once complete, it will include a massive network of highways and railways linking China to Central Asia, Europe, and the Middle East/Africa. Series of maritime routes will connect Southeast Asia and Europe. Sixty-eight nations and international organizations have already signed cooperation agreements with China, and 18 countries, including the UK, have agreed on principles for financing BRI projects.

At his press conference on the sidelines of the March 2017 NPC annual session, Chinese foreign minister Wang Yi summed up China's current international relations and foreign policy with three key words: vision; initiative and consistency. For Wang, China has accomplished a great deal and opened a new chapter in major country diplomacy with Chinese characteristics. "China's vision is evident by a series of new ideas and thoughts put forward by President Xi, including foreign partnerships that replace confrontation with dialogue, and alliance with partnership ... to jointly building a community of shared future for all mankind. These new ideas and thoughts reject the old concepts of alliance and confrontation ... and have distinct Chinese characteristics and major implications for the world."<sup>741</sup>

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<sup>738</sup> Ibid.

<sup>739</sup> 'China champions economic globalization, braves challenges', *Xinhua*, March 26, 2017, at <http://en.people.cn/n3/2017/0326/c90000.html>

<sup>740</sup> Ibid.

<sup>741</sup> 'China to continue contributing to global stability, growth, peace, governance: FM', *Xinhua*, March 8, 2017

### *China-ASEAN-Asia-Pacific*

China's continuous activism leads to a series of vital questions about the implications for Asia, and Asia-Pacific. What China wants in Asia and especially in East Asia, would it seek to become the dominant power by reducing the role of the U.S., would China seek a Sino-centric regional order in which many of its neighbours, including Japan, must acquiesce to Beijing's strategic prerogatives?

China's practical strategic moves and accomplishments within the framework of its China Dream Grand Strategy in the last 4-5 years, show that in spite of Beijing's public discourse, and claims for active engagement and leadership position to jointly 'build a more just and reasonably new world order', and 'guide the international community to jointly maintain international security', still, its overall current strategic priorities are concentrated on strengthening Beijing's positions and influence in Asia and the Asia-Pacific, seeking a new version of – Sino-centric regional order 2.0.

Besides the OBOR, AIIB, India's inclusion in the China dominated BRICS, the launch of the latter's NDB, SCO, and Xi's CICA call for new Asian security concept that relies on the Asians, Beijing continues its efforts in developing the priority 'geo-economics' pillar of its Grand Strategy.

In principle, and until recently, China was very reluctant and cautious in embracing and participating in Asian regional liberal economic initiatives and project, especially in such put forward by the West. Even after the United States, which initiated the TPP, withdrew from it, China's stance on the trans-Pacific economic arrangement has not changed despite Australia and some other TPP signatory countries' wish to see China fill the vacuum created by the U.S.' withdrawal. In Beijing, the TPP, besides being major part of U.S.' 'Pivot/Rebalancing' to the Asia-Pacific, was seen as a typical example of the many international trade arrangements and rules that Western countries dominate, with norms and rules that reflect Western values at the cost of economic fairness and even the spirit of WTO.<sup>742</sup>

In his first foreign leader October 2013 speech to the Indonesian parliament, entitled 'Jointly Building a Closer China-ASEAN Community of Common Destiny', President Xi publicly and convincingly emphasized: 'This year makes the tenth anniversary of the China-ASEAN strategic partnership. Our relationship now stands at a new historical starting point,'<sup>743</sup> implying not only the material but also Asia's spiritual, cultural and communal bonds and traditions.

President Xi Jinping's presence at the 24<sup>th</sup> APEC November 2016 Peru Summit marked a watershed, a historic milestone not just in terms of China's rise as a great power, but, of equal importance, as a palpable manifestation of its new status as Asia-Pacific's pre-eminent leader in promoting economic globalization, trade liberalization, and its model for regional economic integration.

In advance of the APEC Summit, China spearheaded a holistic Free Trade Area of the Asia Pacific (FTAAP) feasibility study, the Collective Strategic Study on Issues Related to the Realization of the FTAAP. The study was first authorized during the APEC Beijing Summit in 2014 at China's insistence – also known as the Beijing Roadmap. The study formed the basis for APEC's consensus endorsement of FTAAP implementation at the Peru Summit, in particular the 2016 Leaders' Declaration, and even more definitely, the Lima declaration on FTAAP.<sup>744</sup>

<sup>742</sup> Mei Xinyu, 'China and TPP are not made for each other', *China Daily*, 16.03. 2017.

<sup>743</sup> 'President Xi gives speech to Indonesia's parliament', *China Daily*, October 2, 2013, at [http://www.chinadaily.com.cn/china/2013xiapec/2013-10/02/content\\_17007915.htm](http://www.chinadaily.com.cn/china/2013xiapec/2013-10/02/content_17007915.htm)

<sup>744</sup> See Annex A, Lima Declaration on FTAAP, at <http://www.mofa.go.jp/files/000205151.pdf>

In the Declaration, the APEC leadership formally recognized FTAAP as a major instrument to realize APEC's goals of Asia-Pacific regional economic integration, encompassing all 21 APEC economies, including China, U.S., and Russia. APEC leadership further announced that all their economies should immediately begin a stock-take on how regional trade and investment issues, including regional trade agreements and free trade agreements as well as different levels of economic development amongst APEC members, should be fairly resolved within the FTAAP framework. Most likely APEC is also to embark on concrete programs to update FTAAP, such as: improved market access and reciprocal tariff reductions; elimination of non-tariff measures; liberalization of trade in services; investment convergence and liberalization, and harmonized preferential rules of origin, the majority of which fall under Beijing's call for a 'new historic starting point' in economic globalization raised by Xi at the 2016 G-20 Summit.

With the U.S. withdrawal from the TPP, at present, the most viable pathway to achieve FTAAP is through the strongly China backed RCEP (ASEAN + 6), as 7 of the 12 countries of the envisioned TPP are also RCEP participants, and 12 of the 16 RCEP countries are APEC members. The uncertainties around the future of TPP may force some of its signatories to focus more vigorously on RCEP, which in turn, would make it more attractive as the APEC- preferred vehicle to achieve a comprehensive FTAAP, even for a larger membership in the future, including APEC countries from Latin America. This may also be encouraged by the fact that unlike TPP rules, the RCEP does not include provisions on environmental, labour, and food safety standards, has less coverage of cyber/internet issues, and does not address the treatment of state-owned enterprises. Alternately, some more advanced TPP provisions could percolate into the APEC-driven FTAAP's expected, and eventual final negotiations.<sup>745</sup>

China supporting, U.S. opposing – Regional Comprehensive Economic Partnership (RCEP) and Free Trade Area of the Asia-Pacific (FTAAP) are gradually taking traction, and Beijing is seemingly patient and following the step by step gradual cautious approach – it still has to deal with unpredictable President Trump, and its second strategic China Dream goal lies in the far ahead 2049.

China's obvious Lima success in pushing forward with the long-sought FTAAP, and gaining adherents to its RCEP as the primary model and pathway to achieve FTAAP, represents significant Asia and Asia-Pacific strategy step forward and achievement. Coupled with the apparent vacuum in the original TPP project, China's initiatives and exemplary 'win-win' activism constitute a damaging setback to U.S. regional standing and credibility, with still unclear but likely far-reaching strategic consequences and economic model transformations.

***The Chinese path to world pre-eminence - a sui generis economic development model?***

Conventional wisdom goes that Chinese usually do not invent anything new economically, but rather take foreign best know-how and good practices, which they most profitably then realize in their own interest. According to President Xi: 'China learns, but never copies, from others', and 'it is important for us to use both the invisible hand and the visible hand to form synergy between market forces and government function and strive to achieve both efficiency and fairness.'<sup>746</sup>

<sup>745</sup> Donald J. Lewis, 'China ushers in new FTAAP era', at [http://chainadaily.com.cn/opinion/2016-11/22/content\\_27456948.htm](http://chainadaily.com.cn/opinion/2016-11/22/content_27456948.htm)

<sup>746</sup> See President Xi Jinping statement at the General Debate of the 70<sup>th</sup> Session of the UN GA, 'Working Together to Forge a New Partnership Win-Win Cooperation and Create a Community of Shared Future for Mankind', 28.09.2015, at <http://ie.china-embassy.org/eng/ztl/2d2/t1321126.htm>

For decades after China opened itself in the late 1970s, Beijing more or less accepted the Nixon-Deng's 'quasi alliance' and the U.S.-led liberal international order's 'engagement' strategy towards China. Being a sort of member of the order was essential for paramount leader Deng Xiaoping's peace and development concept based on the notion that China needs a peaceful external environment to develop and rise economically. The bargain with the U.S. tacitly accepted American primacy in East Asia in exchange for selective access to the U.S.-led world order's markets, investment and technology.

As China has become much stronger, the 'grand bargain' and its engagement/deterrence major component came under serious stress, especially over the last decade and since the global financial crisis' negative impact on China's economic growth and development. The tensions were reflected in the ongoing debate and strategic analysis within China: how far and for how long should a great power like China continue to be dependent on the goodwill of another great power, the United States, for its socio-economic well-being and national security. After 2012, the course, that a self-respecting great power should not depend on outside forces and should rely on its comprehensive national power and foreign strategic partnerships to determine its economic development, future destiny, was set in stone.

President Xi reached out for a mobilizing and unifying philosophy of national idea/l Grand Strategy, which he labelled, 'China Dream for the rejuvenation of the Chinese nation', a 'new historic starting point'. Unlike empire-type and other major countries<sup>747</sup>, in China - a unitary sovereign state with no need for a national identification, and firm civilization code of 91.5% Han/Chinese out of almost 1.4 billion people, the China Dream received massive popular approval and support.

Some of the liberal - 'democratic peace', 'economic interdependence', 'China collapse', schools, have plausible points, based on real existing socio-economic problems that currently China faces within its 'new normal' growth pattern and huge debt burden. Yet, as a whole they can be relegated to the realm of wishful thinking, especially taking into account President Xi's proactive domestic and external policies. The latter totally dismisses the Japan-South Korea-Taiwan - authoritarian turned - multiparty democracy scenario, and seeks that in 2049 China celebrates its 100<sup>th</sup> anniversary as a People's Republic under the leadership of the CCP. Gerald Segal's '*the Middle Kingdom is merely a middle power*', David Shambaugh's '*China as a partial power*', even Liselotte Odgaard's assessment that 'China's Great Power-hood is psychological and symbolical rather than based on reality'<sup>748</sup>, do not correspond with the purposeful and gradually implemented China Dream Grand Strategy. China's current engine role for world growth amid sluggish global economic recovery<sup>749</sup>, Xi's G-20, 2017 Davos visions, and February 2017 'two guidance's stands and leadership initiatives are much telling and underpin the China Dream strategic course in the 21<sup>st</sup> century.

China, fully aware of the crucial domestic socio-economic and external geopolitical risks and threats that lie ahead in its development trajectory, continuously researches, studies and analyses the causes and consequences of key 20<sup>th</sup> century geo-strategic events, such as the final rise and superpower status of the U.S., and the demise of the USSR. Based on its domestic theoretical and practical achievements since reform and opening up, on Zhongyong dialectical socio-economic and political experience, Beijing also turns to and learns from

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<sup>747</sup> In the Russian Empire, until 20<sup>th</sup> century, the unifying factor was Orthodox Christianity, based on the Monarchy/court cast system, where according to the Tzarist legislation, any foreigner could occupy top government post as long as he converts to orthodox Christianity. In today's Russian Federation, building unity on the base of national idea/l is almost impossible, as the Russians are allegedly 60% of the population, and the current RF constitution officially announces that there is no national/state ideology.

<sup>748</sup> All quoted in, Stefaan Van Kerchove, 'The Rise of China in Historical Perspective' *Gent University*, Ph.D. dissertation, October 2009, pp. 256-257, fn. 616, 620.

<sup>749</sup> According to IMF estimate, China contributed 39% to world economic growth in 2016, a rise of 14.2% compared to 2015.

foreign thought and know-how in matters important for its 21<sup>st</sup> century domestic development, international relations and foreign policy.

In 2017 Davos speech President Xi declared: 'This is the best of times and worst of the times', and called for a 'global community of common destiny', a concept that, 'transcends all sort of differences in human society and targets greatest possible benefits for all'.<sup>750</sup>

At a time when U.S. and European leaders are searching for confidence in the future, when Chancellor Merkel comments that 'Europe can no longer rely entirely on the U.S. and UK', China's Xi has boldly embraced it, emphasizing that 'the future belongs to the brave'. This paradox, however, is the natural outgrowth of decades of successful Chinese economic policies in contrast to continuing narrative of relative Western decline and transfer of economic power to the East.

President Xi's repeated calls and search for 'global community of common destiny' and 'Asian, China-ASEAN community of common destiny' represent the external derivatives goals of China Dream. For Beijing these goals can be achieved as foreign minister Wang has operationally put it in March 2017, through: 'vision, initiative, and consistency'.

Beijing well understands, that for its visions of 'global and Asian communities of common destiny, with Chinese characteristics' to go forward and to be realized in long term, China first needs to succeed and deliver its own '*sui generis*' functional model of economic development for the 21<sup>st</sup> century, which should be attractive, and eventually accepted initially regionally and gradually, step by step, globally.

Faithful to its 'geo-economics first' strategy, China has generally shaped the initial external legs of its 21<sup>st</sup> century economic development model (OBOR, AIIB, NDB, Silk Road Fund, OBOR-EEU cohesion, etc), or as Fukuyama has exclaimed in 2016, 'in striking departure in Chinese policy, it is for the first time that China seeks to export its development model'.<sup>751</sup>

So far, China's 'external support economic model works fairly successful judging by the increasing number of strategic partnerships, AIIB members and applicants, as well as the willing participants in the OBOR, RCEP and FTAAP projects, added to EEU Russia-led cooperation and coordination with Beijing, even on major projects and matters concerning Arctic economic and infrastructure development.

Long before Premier Li Keqiang's March 2017 NPC statement that 'China should prepare for more complicated and graver situations, as result of the global 2008 financial crisis, and due to developments both in and outside China', the previous Hu-Wen leadership began preparing China's economy for its historic 'new normal' transition. They had a clear and realistic understanding about the opportunities and challenges facing China's objective problems: slower growth, social imbalances, industrial overcapacity, excessive debt, massive pollution – the list goes on.

For President Xi, China's guiding, integrated development model strategy, going forward, will be driven by 'innovation, coordination, green, openness and sharing', or as it's called, the 'Five Major Development Concepts'.<sup>752</sup> Although each of the five concepts was already well known and separately commonly prescribed, their China's practical, adequate integration, and complex interaction is given as autonomous original theory and practice with 'Chinese characteristics'.

<sup>750</sup> 'Xi's world vision: a community of common destiny, a shared home for humanity', *Xinhua*, January 15, 2017.

<sup>751</sup> See Francis Fukuyama, 'Exporting the Chinese Model', *Project Syndicate*, January 12, 2016, at <https://www.project-syndicate.org/commentary/china-one-belt-one-road-strategy-by-francis-fukuyama-2016-01#cYsLzruVgUwkPjiV.99>

<sup>752</sup> Robert Lawrence Kuhn, 'The five major development concepts', *China Daily*, 23.09.2016.

“Innovative Development” is in the top spot, as the first of the five concepts. It wants to demonstrate that China’s leadership seriously considers the primary role of reform in the country’s economic and social transformation, as reform requires continuous change through innovation, primarily in technology, science, as well as in management and processes.

The balanced, optimized, and efficient allocation of future economic development resources is provided through the second “Coordinated Development” concept. In spite of Xi’s recognition that the market ‘invisible hand’ must play a “decisive” role, the state’s “visible hand” is attributed priority coordination role on issues of industrial and trade competition between different provinces and cities, including on how to integrate diverse regions and rebalance urban and rural areas.

As the Chinese people are critically displeased to see their air, water and soil so polluted, the government’s social stability and security concern has responded by elevating “Green Development”, the third development concept, to highest national priority.

“Open Development”, the fourth, external leg concept, is exemplified by China’s numerous free trade zones, the OBOR + AIIB strategy. Beijing actively lobbies for the RCEP and for the FTAAP, which would allow Chinese companies and corporations to go settle and operate abroad in new markets - building infrastructure and industrial base, selling high-speed rail and self-developed technologies, even buying foreign companies and production assets.

China cannot reach the 2021 first China Dream strategic goal of ‘moderately prosperous society’ until its economic and social imbalances – particularly between rural and urban areas – are reduced and poverty is considerably minimized, which leads to the fifth development concept of “Shared Development”. It comes last, not because it is least important, but because it requires the success of the first four development concepts.

President Xi’s philosophy and policies call for market and government working pragmatically together, to optimize and balance efficiency and social fairness, which now inform the thinking, and guides the practice of all levels of government and party officials.<sup>753</sup> At the April 2017 34<sup>th</sup> meeting of the Central Leading Group for Deepening Overall Reform Xi urged all departments and localities to attach greater importance to implementing reform measures, and called for enhanced supervision to effectively detect and solve existing and forthcoming economic and social problems.<sup>754</sup> As China’s economy settles into its ‘new normal’, with slower growth and multiple external and internal structural challenges, by 2021 it must transition and the Chinese society must rebalance within the framework of the Grand Strategy.

It is not only Fukuyama and Western experts that anxiously research and analyze China’s evolving economic development model. In a lecture entitled ‘Synergy of Corporate and State Strategies for China’s Development’, Russian economic analyst professor Vladimir Rummyantzev claims that Chinese economic strategists, backed by and in coordination with Chinese elite, have chosen their development path. Grand Strategy plan is in a process of formulation and realization, perhaps not ideal, but still working in China’s longterm interests.

For him, the world today is divided into two: a world of consumption and a world of production, where the U.S. depends on the former, China on both, while Russia is in the middle, still undecided, and her only positive operational strategy as a transit between Asia and Europe will not be enough to save her recession prone economy.

According to Rummyantzev, Beijing’s economic development strategies are all based on Chinese culture and Confucian ethics, on higher cooperation, social responsibility; better coordination and synchronization, expedient contractual agreements, like “back to 5000

<sup>753</sup> Ibid.,

<sup>754</sup> ‘Xi demands enhanced supervision over reform efforts’, *Xinhua*, 18.04.2017, at [http://www.chinadaily.com.cn/china/2017-04/18/content\\_28981669](http://www.chinadaily.com.cn/china/2017-04/18/content_28981669).

years ago, when the rice plantations to be effective and productive needed the agreement and support of the whole village.<sup>755</sup>

At the March 2017 NPC session Premier Li Keqiang has declared that China has all the chances to create a fully beneficial digital technology production ecosystem, and take a leading position in a new economy and international trade. He also forcefully urged top state managers to learn modern technologies. For him, synchronization of efforts in adopting modern technologies allows with minimum financial and organizational resources to create huge monsters who can engulf quite swiftly domestic and overseas businesses. Relying on the latter, foreign business on its own initiative and strategy will try to enter in cooperation processes in search of access to Chinese markets.

Development of e-commerce is one of the main tasks of the Chinese 13<sup>th</sup> FYP (2016-2020), and the State approved 'Internet +' program seeks the creation of a new technology development 'trans-border e-commerce' zones, as well as a strategy conditions for massive appearances of sector Ubers.

For Rummyantzev, the case of the private Alibab Group is a telling example of how China sees key elements of its 21<sup>st</sup> century economic model. In the mid 1990s there were many Chinese entrepreneurs like Alibaba's owner Jack Ma, but he succeeded primarily due to synchronization with the state's economic and technological policies. In 2014 only, his 'Taobao Villages Project' led to the creation in 191 villages of more than 220000 new jobs by opening of over 55000 Internet Taobao shops and sales in every village worth of more than \$ 1.6 million each. Taobao.com and tmall.com, both under the Alibaba Group's electronic payment system Alipay, with almost 400 million users, registered nationwide 50.7 billion RMB (U.S. \$ 8.2 billion) in sales on November 11, 2014. A few weeks later, the total Internet sales plus the in-store sales in the U.S. market during the three-day Thanksgiving weekend was only 40.7 billion RMB (U.S. \$ 6.6 billion). The 50.7 billion RMB were only the sales of Alibaba, not including 163.com, qq.com, jd.com, and other online stores in China, or any physical store sales, making China the world's largest digital payment market, facilitated by the 80% mobile, out of its almost 700 million Internet users.

In the last 10-15 years China has made incredible progress in technology development. While in the early 2000s there were no highly rated Chinese computers, now Lenovo is competing with Apple for # 1 lap top position. A new world super computer is under construction with the ambition to be 3x faster than the existing one, also of Chinese origin. 50% of world's financial technology investment in 2016 was done in China, and Beijing is throwing a wall around the fintech market with the goal of creating its own indigenous champion technologies (from adapting to innovating) that will go global, under the 'Made in China' policy (2020-2025).

China pushes to be the world's leader in robotics, with U.S.\$ 25 billion allocated for 2017, with plans to be doubled in the next 3-4 years. Quantum computers, satellites, 3D printing, and nanotechnologies are also on the high priority agenda of the 'geo-economics first' component of the 21<sup>st</sup> century strategic enterprise.

Chinese government's digital space 'Production 4.0' and the U.S. \$ 175 billion 'Industry Robotization -2025' programs plan to lead to integration of state and corporate information systems, as the 3<sup>rd</sup> phase of China's e-government where state information systems collect and process data not only in the regulator's but also in the interest of businesses and seeks the creation of 'global champions' in relatively short 2-3 years time span. If the strategy does not meet serious problems in 2025-2030, by 2035 China expects digitalization and update in real time database of: current loading of the majority of the country's productive capacity, actual leftovers and prices of 99% of all components, natural

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<sup>755</sup> Владимир Румянцев, 'Синергия корпоративных и государственных стратегий развития Китая', 11.11.2016, at [https://www.youtube.com/watch/?v=f1ujfoRMMa0](https://www.youtube.com/watch?v=f1ujfoRMMa0)

resources and equipment in all storages, current volume of production of 99% of all goods; current consumption of 99 % of all goods and their consumers, social digital portfolios of employment of the majority of the workforce, and financial portfolios of most consumers (assets + income – expenses).

The expected consequences of the latter strategy are: optimization of most sales, production processes, logistic chains, and financial balance of basic goods' purchases and deals; balance and equilibrium of pricing, including on regional consumption; timely economic production based on demand; robotization of most functions; appearance of exact projections of basic consumer's needs, and innovation based profits, all that assessed as the prerequisites for a winning economic future based on – "new management systems; Uberization, and innovation technologies for the real economy",<sup>756</sup> that will make China the first global largest digital economy.

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<sup>756</sup> Ibid.

## General Assessments and Conclusions:

No rising new great power in history has become part of the established hierarchical world order without major military conflict, defeat and/or continued occupation. The USSR has lost the Cold War systemic and hostile competition relatively peacefully and major war absent. Still, this has not paved the way of Russia into the U.S. led liberal international order, especially after Putin's 2007 Munich Security Conference's radical anti-USA and the West speech.<sup>757</sup>

The research questions and challenges that faced the current dissertation were aimed at addressing the most pressing, long-term geo-economics and geopolitical questions confronting the world today: What is the next international system going to look like, how long and in what direction this unknown potential construct is going to take mankind, would it be peaceful or would it vindicate the realist discourse of warlike hegemonic transition? Is Beijing a *sui generis* geo--strategist, and how will China and the USA behave strategically in the rest of the 21<sup>st</sup> century?

Though still on the IR agenda, extreme 'China Threat', 'China Collapse', 'China's symbolic and psychological Great Power-hood', 'China turned Liberal' schools continue to loose traction, being quite far from the deep and complex processes, model and current Beijing's leadership worldview for the first half of the 21<sup>st</sup> century that drives China Dream Grand Strategy.

### *On Economic Globalization with 'Chinese Characteristics'*

A brief compressed analysis of the five Chinese leadership generations since the creation of the People's Republic in 1949 can be generalized as follows: Mao's period was characterized with ideology and internationalism rather than with economy and development. Deng's revolutionary reforms and opening up of China laid the foundations of the current Grand Strategy. Jiang's presidency brought China more broadly and selectively into the liberal system of international relations and political economy. President Hu, who was more absorbed with domestic social and ideological stability, relatively assertive, took a pause and KLP posture towards major international activities. Current President Xi is trying to combine basic domestic ideological stability from the early Mao period with economically, technologically, and social psychologically motivated, and driven global competition with the U.S. under the slogan of the 'rejuvenation of the Chinese nation' within the framework of the China Dream. Since 2012, Xi is leading major reform of the Chinese system of international relations and political economy, and it has evolved with efforts of bearing initial features in the context of Kindleberger theory's definition for a stable international system as - 'highly dependent on the public goods provided by a country in the leadership role'. From the latter theory point of view China has almost passed the test for leadership role: nearly \$ 1 trillion planned OBOR/BRI investments, 39% contribution to world economic growth in 2016, (a rise of 14.2 percentage points from 2015, according to IMF estimates), including an open market (support for economic globalization), credible international currency (inclusion of the RMB into the IMF's SDR basket in 2016), and identity as creditor of last resort (AIIB, NDB and the Silk Road Fund).

As a response to the 'Kindleberger Trap' dilemma Beijing claims that China is approaching the central stage of global governance, as demonstrated at 2016 G-20 and 2017 Davos Forums. With the questionable and still uncertain Trump-era U.S. pulling back from

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<sup>757</sup> See 'Putin Says U.S. Is Undermining Global Stability', *The New York Times*, February 11, 2007, at <http://www.nytimes.com/2007/02/11/world/europe/11munich.html>

the global governance regimes, China, as the second largest world economy and important player in global governance, faces and analyzes difficult strategic choices: to follow on the U.S.' fluid example and Trump's protectionist and nationalist declarations, or to contribute more public goods to global governance in areas where the U.S. may potentially withdraw. In a tactical, opposing the TPP model, manoeuvre, and as a reconciling attempt to counter the former choice, Beijing has encouraged Washington to participate in the OBOR Initiative thus 'opening the gate of opportunities' for U.S. enterprises.<sup>758</sup>

In the past 20-25 years, with different altitude and motivations, China has tried to demonstrate its participation in the existing global governance regimes, accomplishing the initial and basic twin strategic goals of peaceful economic development and safeguarding its political system and domestic security and stability. Acknowledging the various inequalities and imperfections of the existing regimes, China has always insisted reform of the system should be pursued and accomplished in a well thought step-by-step manner, rather than destroying and replacing it with something entirely new.

Especially since 2008, China has strategically participated in the established global governance system in a more active manner, both from within and from outside, seeking to reform it by playing a distinct leadership role and putting forward initiatives spanning on three stages – from capital supply to mechanism building to concept innovation. Starting in 2008, China has been contributing more funds for global governance, from financing multilateralization of the Chiang Mai Initiative to injecting funds into the IMF and World Bank to proposing the OBOR Initiative. For Beijing, the hallmark of Chinese contributions to global governance in mechanism building was the founding of the AIIB, BRICS' NDB, BRI, and the Silk Road Fund. In addition, since 2016 G-20 and 2017 Davos Forums, China claims it has been generating ideas and rational initiatives for successful, inclusive globalization 2.0., as a mature and responsible great power.

China considers that its emphasis on open, inclusive, shared and green development in global governance in a way inherits and complements the global governance regime the U.S. has advocated on the basis of freedom, democracy, human rights and rule of law. For Beijing, its Chinese characteristics' contribution embodies plenty of innovative ideas and positive initiatives for more democratic, fair and just global governance. Beijing admits on the one hand that opening up is not a Chinese idea, but British diplomacy and force promoted 19<sup>th</sup> century Manchester School's idea of open economy worldwide, inherited and imposed again by the U.S. in the 20<sup>th</sup> century. On the other hand China assesses that in contradiction to that Western concept, at present the U.S. and Europe may drift back to protectionism and self-isolation in attempts to reverse economic globalization.

For China, inclusive global governance regime needs to incorporate as many countries as possible, and avoid exclusive, small-clique governance models. In the wake of the 2008 global crisis, objectively the core platform of global governance has shifted from G-7 to G-20. TPP and TTIP models as well as U.S.-led alliance system were viewed in Beijing as old Cold War patterns of deep-rooted exclusiveness and antagonism in economic and security global issues, in contrast to the partnership networks that China advocates, representing inclusive international political, economic and security relations.

In Beijing's terms and promotion, sharing means to let all stratum, countries, and regions benefit in the process of economic globalization, where the stronger and richer help the weak conform the ideological traditions of Chinese collectivism and societal development. U.S.' 1990s promotion of liberal development based on the 'Washington Consensus' has brought simultaneously unprecedented high growth worldwide as well as acerbated development gaps and inequality on national, regional and global level, a negative

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<sup>758</sup> An Baijie, 'China invites US to join Belt and Road, *ChinaDailyAsia*, April 26, 2017,

consequence, seen in Beijing to a certain extent, as the root cause of the “Trump phenomenon”.

China’s development faces the most severe environmental domestic and worldwide pressures, and development at the price of environmental degradation is seen by Beijing as unsustainable and prone to domestic political instability. The option of potential U.S. withdrawal of support for clean energy and the Paris Agreement on Climate Change and return to fossil fuel, is strategically assessed. For Beijing, blazing a trail of green development will be the greatest contribution China can make to the world. On May 9, 2017, being one of the first foreign leaders to have a phone conversation with newly elected French President Macron, President Xi emphasized China’s support for the European integration process, and that China and France should further promote the reform of the global governance and champion its fruits, such as the UN Paris Climate Change agreement. Macron echoed, by saying that his new administration will deepen cooperation with China on foreign policy, the economy, trade and industry, and in collaboration within the framework of building the OBOR.<sup>759</sup>

As opposed and conflicting with its vision for economic globalization, Beijing argues that many historic changes have taken place in globalization and global governance in the last 1-2 years. Geo-political contradictions between major countries worsening, competition for dominance in the processes of globalization that is fiercer, and the world economy continuing to slide, the world is witnessing a new period of uncertainty and turbulence, a sign of new phase, overly simplistic to be defined just as “anti-globalization”.

“Winners” and “losers” in the globalization processes, liberalism’s inherent, and increasingly intensified fundamental contradictions, wealth gaps widening, contradictions between elites and the rest proving insurmountable, is what Beijing sees as a whole in the outcome of the interaction of intensification of domestic contradictions in the United States and the trend of changes in globalization and global governance.<sup>760</sup> China researches potential risks as a major variable in global changes to inevitably influence the direction of globalization and the prospects and evolution of Xi’s ‘major-country relations’, ‘global community of common destiny’ and ‘Asian, China-ASEAN community of common destiny’ concepts.

China realizes that the U.S. will remain a dominant force, and considers that Washington will attempt to change the pattern of globalization, make new international rules, and control again the distribution of the benefits of globalization. Currently both U.S. government and American public believe globalization has deviated from the track of ‘Americanization’, with the U.S. getting fewer benefits, and emerging countries like China getting more.<sup>761</sup>

For Beijing, globalization itself won’t disappear, and the discourse, therefore, should focus and be directed towards ‘re-globalization’, ‘optimizing economic globalization’, or ‘redefining’ globalization, and how to better plan international cooperation in a new evolving paradigm of global governance. China claims that openness can be beneficial to all only if economic globalization is tolerant of differences, allowing countries to pursue their own development paths without undue external influence and coaching. For Xi, China stands on its own conditions and experience, as well as on inherited wisdom from the Chinese civilization, learning widely from the strengths of both East and West. “We defend our way but are not rigid. We learn but do not copy from others. We formulate our own development

<sup>759</sup> Zhang Yunbi, ‘Xi, Macron have friendly phone call’, *China Daily*, 10.05.2017.

<sup>760</sup> See He Yafei, (fmr, vice-foreign minister), ‘Promote Globalization, Lead Globalization’, *China-US Focus*, March 20, 2017. at <http://www.chinausfocus.com/author/138/He+Yafei.html>

<sup>761</sup> Ibid.

path through continuous experimentations ... No country should view its own development path as the only viable one, still less should it impose it ... on others.<sup>762</sup>

### *On the current state of U.S.- China relationship*

As the father of the modern U.S.-China relationship, that opened after his secret Pakistani enabled 1971 China trip, culminating the almost three decades long previous 162 Sino-American ambassadorial level closed-door meetings, no American strategist has had more experience with China, and to certain extent with USSR/Russia, than Dr. Henry Kissinger. For almost five decades he has helped guide U.S. leaders and educated Americans about the dynamics and crucial importance of the Washington-Beijing relationship, on Russia and other major global issues.

For Kissinger, U.S. relations with China will shape international order in the long term and both countries will be the world's most consequential, as economically already they actually are. Both nations will have to undergo unprecedented domestic transformations, and as a first step they ought to try to develop an understanding of how joint Sino-American action could stabilize the world. At minimum, both should agree to limit their disagreements; more sophisticatedly – to identify projects they can undertake together, as a balanced, peaceful world order depends on a stable U.S.-China relationship. A military conflict between the two countries, given the technologies they possess, would be calamitous and forcefully dividing the region and the world.

Echoing Qin Yaqing's ontological level concept of relationality processes based global governance, rather than only in purely rule terms, and the Zhongyong dialectics, Kissinger makes the basic assessments for the need of U.S.-China transparency towards each other about their motives. Both must strive to come to an understanding about the nature of their co-evolution towards an evolutionary global stability, coordinating their strategic reach not in dominating the world, but in constraining their adversarial impacts on each other and agreeing to cooperate.

Due to President Xi's China Dream Grand Strategy and its two 'hundreds' strategic goals, and by the time the second is reached in 2049, the Chinese will be, by their projections, the equal of any other country in the contemporary world. They will, by their reckoning, be able to insist on absolute material and strategic equality, including with America, and the latter is seen as serious latent source of tension.

In American perceptions, President Xi, for his part, has put currently two additional objectives for China: 'Asia for Asians', and to 'turn adversaries into partners'. Some American experts claim the latter being the one that Washington should make the dominant theme of U.S.-China interactions.

Chinese internal discussions lead to two clashing options: the hard-liners would posit, 'The Americans are visibly declining. We will win. We can afford to be tough and look at the world with sort of Cold War-ish attitudes.' The other, still dominant position – apparently that of President Xi – is that confrontation is too dangerous: Cold War with the U.S. would keep China from reaching its strategic economic goals. Hence, in the contemporary period, adversarial countries must become partners and cooperate on a win-win basis, and however one interprets the arc of history, a conflict between countries possessing modern technologies, and their dangerous uncertain application, the U.S. and China have a duty to try to cooperate, avoiding the 'Thucydides Trap'.

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<sup>762</sup> Xi Jinping, 'Jointly Shoulder Responsibility of Our Times, Promote Global Growth', full text of keynote speech at World Economic Forum, Davos, January 17, 2017, at <https://america.cgtn.com/2017/01/17/full-text-of-xi-jinping-keynote-at-the-world-economic-forum>

A viable interpretation of the latter 'moderate' approach is that the Chinese think that the world is moving in their direction, that they will eventually inherit it in some fashion, and that their strategic task is to keep the U.S. quiet in the period in between.<sup>763</sup>

Chinese view the world very differently, and until the 1911 revolution foreign relations with other countries were managed by the Ministry of Rites, classifying each one as a relative tributary to Beijing, with no Westphalian type diplomatic relations and sense that overseas countries are equal entities.

In the context of cultural gaps and obstacles, the basic American attitude is that normal condition of the world is peaceful, so if there are problems caused by country or a person, they should be defeated, and everything will become harmonious again. By contrast, conceptually, the Chinese do not believe in permanent solutions, and think in terms of trends and processes - that one solution leads to the emergence of another problem. They ask, 'Where are you going to? What do you think the world will look like in 15 years?'<sup>764</sup>

For Kissinger, another obstacle and difference is that though both countries consider themselves exceptional, they follow separate indigenous philosophies. Every post WWII U.S. president has bought the ideas of American exceptionalism and American indispensability, including President Trump, on his own specific business-like, unpredictable and add-hoc terms. The U.S. believes that its exceptionalism entitles it to educate others because if they adopt the American principles, the world will be more peaceful, while the Chinese do not strive for conversion. They think America has no moral right to intervene in their domestic affairs, and their analogy to conversion is that the majesty of their performances and developmental success will so awe other societies that they will follow enough of the Chinese pattern to become cultural and political tributaries, believing historically that any rational party would accept it. 'They would use military force less to occupy than to impress, and in Deng Xiaoping's words and theory - 'to teach respect', and that 'Chinese pre-eminence, not governance', would follow.'<sup>765</sup>

Since the new millennium, and especially after 2008, the U.S. is in a sort of imbalance in the making and adaptation of its Grand Strategy. With some basic policy discontinuity from administration to administration, there is a kind of pendulum dilemma that goes from excessive engagement to regret to conditional tactical withdrawal. The world is now living into a crisis period where the nature and force of exceptionalism are being re-examined and readjusted, seen also in U.S.' desire to retreat from the worldview, from the kind of bipartisan engagement that characterized Washington's Grand Strategy for the past half-century.

In the face of President Trump's domestic political/de-legitimization, U.S.' economic and fiscal conundrums, in contrast to his anti-Chinese presidential campaign rhetoric, in 2017 he was initially forced to try to buy sometime to stabilize internally his presidency, including on the complicated and complex major powers relations' foreign policy front.

President Xi was the first non-U.S. ally foreign leader to be invited for USA visit in early April 2017. Both presidents had discussions on urgent global issues with priority on North Korea's nuclear ambitions, Trump's 2017 China visit and the restructuring of the U.S.-China senior-level dialogues. Real and concrete result was the agreed '100 days' negotiation plan' on economic, financial, and trade bilateral relations. The first swift tangible outcome that followed was the May 12, 2017, U.S.-China 10-point trade deal that opened Chinese markets to U.S. credit rating agencies, credit card companies, lifted the ban on U.S. beef imports, and accepted U.S. shipments of liquefied natural gas (LNG). In return, Chinese

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<sup>763</sup> Ibid.

<sup>764</sup> See Qin Yaqing, 'Rule, Rules, and Relations: Towards a Synthetic Approach to Governance', 2011, *The Chinese Journal of International Politics*, Volume 4, Issue 2, pp. 117-145.

<sup>765</sup> See Jeffrey Goldberg, 'World Chaos and World Order: Conversations With Henry Kissinger'.

poultry products and Chinese banks will be able to access U.S. markets. The political win-win aspect of the agreement was announced by U.S. Commerce Secretary Wilbur Ross – reduction of China's trade surplus by the end of 2017 and playing by the rules, major Trump's campaign promise. For Beijing – important global image reshaping from the U.S. and the latter's statement recognizing the importance of China's OBOR, including plans of sending a representative delegation to attend the OBOR/BRI Forum (May 14-15, 2017) in Beijing.<sup>766</sup> Unlike France, Germany and Britain, represented at the Forum by economic/financial officials, U.S. was represented by Matt Pottinger, special assistant to President Trump and Senior Director for East Asia on the National Security Council<sup>767</sup>, implying the geopolitical impact that Washington attaches to the Chinese impressive project.

China strongly refuted April 2018 U.S. report on the Belt and Road Initiative. After analyzing 15 Chinese-funded port projects, a research institute called C4ADS concluded that the projects were not driven by win-win economic development, but intended to expand China's "political influence and military presence."

As world's 'frenzy study' of what President Trump will do next continues, and after Xi's Florida visit and talks with Trump in early April, U.S. Vice-President Pence paid a 10-day visit to Asia that included South Korea, Japan, Indonesia and Australia. Analyzing the visit through the lens of the successive Asia-Pacific/Indo-Pacific policies and moves made by the Trump administration, Beijing is still hesitant but most obviously apt to assess that there is more continuity than change in the new U.S. administration's Asia-Pacific strategy.<sup>768</sup>

In line with Obama's bipartisan endorsed Pivot/Rebalance strategy, Trump has made it a top priority to strengthen the U.S. presence and alliance system in the region. Since January 20, 2017, Defence Secretary Mattis, Secretary of State Tillerson and Vice-President Pence have visited both Japan and South Korea. PM Abe was twice received by President Trump and reassured of U.S.' security obligations.

In a March 2017 statement, distancing the current administration from the Obama's 'Pivot/Rebalancing' formulation, and even doubting if ever there will be a new clear-cut Trump's one, the Acting Assistant Secretary of State for East Asian and Pacific affairs Susan Thornton outlined the following U.S. Asia strategic policy framework: 'We are going to remain active and engaged in Asia. Asian economy is very important for U.S. prosperity and growth, we'll be there working on fair and free trade issues, working on regional security challenges, such as North Korea, and continue to press for a rules-based, constructive, peaceful, stable order in Asia.'<sup>769</sup>

For Chinese strategists: No matter who occupies the White House, guaranteeing U.S. security and huge economic interests will be top priority in Washington's policy to the region. Trump's strategy has inherited the emphasis on the alliance system, especially with Japan, South Korea, Australia, even with India, in order to further deepen U.S.' presence and influence in Asia. The assessment is seen in the context of the recently Pentagon endorsed plan, known as the Asia-Pacific Stability Initiative (APSI), to invest nearly \$ 8 billion to bulk up the U.S. presence in Asia-Pacific region over the next five years by upgrading military infrastructure, conducting additional exercises, and deploying more forces and ships. On the economic front: U.S.' interests will be placed higher than others' in the name of 'America First' and 'fair and balanced trade'. Japan will be persuaded to open FTA negotiations, Seoul to renegotiate KORUS (U.S.-ROK FTA), and U.S. will engage substantially with Indonesia and Australia in economic affairs with the bid to further open those markets and reduce tariffs. Beijing is analyzing U.S. potential return to the TPP after removing bilateral obstacles

<sup>766</sup> 'US and China sign trade agreement', *BBC News*, May 12, 2017, at <http://www.bbc.com/news/business-39894119>

<sup>767</sup> Zhang Ye, 'US to send delegates to Belt and Road Forum in Beijing', *Global Times*, 12.05.2017.

<sup>768</sup> Op-Ed: As U.S. seeks dominance, China gathers friends and seeks integration, *People's Daily Online*, May 11, 2017.

<sup>769</sup> Ankit Panda, 'Straight from the US State Department: The 'Pivot' to Asia is Over', *The Diplomat*, March 14, 2017.

and earning of needed preferential terms, on requests from allies such as Japan and Australia, and continuous U.S. emphasis on 'regional norms' - freedom of navigation and denuclearization, as instruments for containing China and playing a regional leadership role.<sup>770</sup>

Discarding Obama's 'strategic patience' North Korean approach is seen in Beijing as Trump's three-fold intentional strategic shift to: emphasize U.S.' regional indispensability leadership for security and stability, bring Pyongyang back to the negotiation table, and to pressure Beijing for cooperation on the North Korean nuclear problem. For Beijing, all three goals correlate and complement the U.S. alliance based Asian strategy for Trump's "result oriented constructive relationship" with China.<sup>771</sup>

In spite of President Xi's liberal-constructivist parlance that 'the Pacific Ocean is vast enough to accommodate both China and the U.S.', 'the common interests shared by China and the United States are far greater than their differences', and the May 2017 trade deal's initial sign of maturity and accommodation, the bilateral relations are still showing a serious degree of adversarial fragility, and realism's risks of strategic misjudgement and contradictions, that were existing in a latent form, especially since the 2008 crisis.

The nuanced improvement effects of bilateral cooperation in areas of economics, finance, trade, culture, people-to-people, global governance, and climate change, are seemingly down-graded by the intensification of the two countries' strategic competition on Asia-Pacific leadership and security. For Beijing, U.S. actions, such as: recent strategic adjustments of the Asia-Pacific Pivot/Rebalancing and reconsolidation of U.S.' regional alliance system, THAAD deployment in ROK, and increased U.S. military presence, drills, and surveillance in China's periphery, are more than telling. U.S.' taking sides, favouring countries that have territorial disputes or historical grudges with China, and continued development of military relations with Taiwan, have exacerbated, and confirmed China's suspicions whether the U.S. seeks to implement a comprehensive 'containment' strategy towards China.

Recent U.S.' North Korean threats and demonstration of naval nuclear force, March 2018 'Taiwan Travel Act', and especially early April 2018 initial steps of trade war with China, were all assessed as clear signs of the Washington containment strategy.

For Beijing, in case of 'strategic emergency crisis', the two countries' militaries or law enforcement forces may collide with one another into an uncontrolled strategic conflict, directly impacting the options of both countries' domestic and economic worldview, seriously shaking the international system and order.

From a long-term strategic perspective, 'initiatives', partially and conditionally accommodating and preventing the United States from wrong assessments and miscalculated actions towards Beijing, as being Washington's crucial strategic threat, are becoming China's most important policy objectives, and containment tools in regards to the U.S. In line with this strategic thinking, Beijing seeks to divert and diffuse the 'China threat' in U.S.' global strategy priority status, and to place China's assertiveness as one of several other big challenges for the United States in the world. China presents itself as being an opportunity as well as a challenge, far less threatening than Middle East crisis, Syria, Iran and North Korea, violent terrorism and extremism, even than recent Russia's challenges. Not surprisingly, early April 14<sup>th</sup> 2018, U.S., UK, and France's joint missile attacks on Syria, the option of which was strongly opposed by Russia in advance, were not officially met by China 'with indignation', but with 'opposition', and Beijing's calls for politico-diplomatic negotiations and peaceful solution of the Syrian issue.

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<sup>770</sup> Yang Wenjing, 'Pence's Visit Heralds Shape of Trump's Asia Strategy', *ChinaUs Focus*, May 4, 2017.

<sup>771</sup> Ibid.

The continuing trend of China-U.S. strategic competition is receiving far greater media coverage and nationalist popular attention than encouraging and positive news about the Beijing-Washington relationship. Given the obvious differences in social systems and ideologies between the two countries, promotions of 'good news and assessments' about the other country or their bilateral contacts and exchanges are feared to incur accusations of lack of 'political correctness' or bear real political/professional risks. Although the Chinese and American governments have been maintaining frequent and pragmatic working communications at high levels, displaying adequate atmosphere in those interactions, both countries' exceptionalist public opinion often 'does not buy into it', continuously demanding that their respective government be 'tougher' towards the other party, as seen endorsed by all candidates during the 2016 U.S.' presidential election campaign and in Chinese social media. This domestic political context and nationalist opinion environment has, to a considerable extent, offsets the actual state and benefits of U.S.-China interactions and cooperation efforts, thus reducing the options of reaching mutually and internationally beneficial strategic agreements and balancing acts.

For Washington, the most pivotal question in the geopolitical equation is whether and how the U.S. will exercise its military power to impose serious costs on China for seeking to assert military dominance in East and Southeast Asia. This central question is one among many regarding how the United States and China will navigate each other's changing roles in international relations, particularly as Chinese President Xi gave greater expression to China's ambitions to be a premier global power by 2050 at the October 2017 19<sup>th</sup> CCP Congress.

On November 1<sup>st</sup>, 2017, Brookings Vice President and Director of Foreign Policy Bruce Jones convened a brain-storm session/interview with seven Brookings' China strategists – to discuss the future of U.S.- China relations, the latter's current and future posture, and the American debate about how to respond, under the title - "Avoiding war: Containment, Competition, and Cooperation in US-China relations"<sup>772</sup>

The basic assessments and conclusions of the panel prioritized on the following:

There is a broad consensus that the strategy the U.S. has pursued for the past 30 or so years has not met expectations. China has risen without reforming itself in the way the U.S. strategy intended them to. There is no current consensus on how the U.S.' China strategy should adapt among the Washington's three leading schools of thought. The first group – economic nationalists, see China through an economic prism, claim that China is acting unfairly and taking advantage of the international trading system for its advantage and U.S.' disadvantage. The second group - national security hawks, fear China is amassing both economic and hard power with the intent to eventually push the U.S. out of Asia and develop something approximating a sphere of influence that would disadvantage the United States strategically. The third school – mainstream foreign policy and business community, recognizes that China's rise places significant stress upon U.S. strategic and economic interests, but still believes that with steady, wise, thoughtful leadership, it remains possible to manage China's posture in a way that allows both the United States and China to coexist.<sup>773</sup>

For most of the panel participants, there is often a false dichotomy between competition versus cooperation in U.S.-China relations, while there are – and should be – elements of both competition and cooperation in both the economic and security spheres. For them, China has reached a point of economic and political confidence where it no longer needs and looks to the West for advice, and is gaining confidence in charting its own path in both domestic and international affairs, increasingly assertive in its relationships with its

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<sup>772</sup> See at <https://www.brookings.edu/research/avoiding-war-containment-competition-and-cooperation-in-u-s-china-relations/>.

<sup>773</sup> Ibid.

regional neighbours. All strategists in the Brookings' debate sought to avoid direct conflict between the U.S. and China, but disagreed as to how to achieve this goal, and what the threshold for military confrontation should be. Across the various schools of thought there is growing support for a more assertive U.S. response to Chinese actions that disadvantage the United States economically or challenge the credibility of U.S. security commitments to allies and partners. For them, as a conclusion, Washington also needs to invest more efforts in building broad public support for a coherent China strategy. Absent such an U.S. domestic consensus, Beijing will question the credibility and sustainability of American policy toward China and its broader commitments across Asia.<sup>774</sup>

***On the global geo-strategic outlook in the context of the U.S.-China relationship***

When addressing these issues and judging the trends in U.S.-China relations, strategists and scholars observe the overall current world situation, foreign and domestic developments in each major country.

Since 2008, world economic development has slowed down, with China and the U.S. remaining the two largest economic factors, balancing and supporting the still anaemic growth of the world economy. Globalization's momentum has suffered a setback, and China is attempting to take over the leadership role, but not in the context of holistic, but rather specific economic globalization, presuming that the arc of history is on its side. Trends of nationalism, protectionism, and populism are generally on the rise, with patterns of united blocking political coalitions denying their grasp of national power. The gap between rich and poor growing, austerity on display, ethnic and sectarian conflicts, immigration and refugee unresolved problems, and violent terrorist atrocities, indeed, all the above gives a rather out of control chaos/disorder picture, which dangerously impacts global economic development, peace, security and stability.

Geo-strategic rivalry and contradictions add to this current gloomy global outlook. The world is in a situation in which American, Chinese, and Russian leaders are trying to find a way out for a new model of their strategic balancing interactions, with the latter two working very hard for the replacement of the previous old unilateral U.S. model that worked since the end of the Cold War. To this geo-strategic Rubicon, and to the question whether the world can forge a new type of international relations, that reflect the trend of West to East material power transition, there are no definite answers and viable solutions in sight, as yet.

Can theoretical U.S-China-Russia geo-strategic balancing power 'co-evolution' paradigm serve as a global option in the context of the December 2017 NSS of the new American administration?

During his presidential campaign Trump famously declared that 'he does not want to lead the world', obviously an entirely new personal ideological philosophy, with no chances of real implementation in the foreseeable future. The current U.S. domestic distribution of power, the old system model, the Establishment and media will not let him take any serious consequential steps and policies in that direction. For major policies' initiatives and changes American presidents need at least 70-80% credit rating approval, which at present President Trump does not have in the face of divided nation, hostile and resistant Democratic and even divided Republican parties. The prevailing status-quo can be summed in the political analyst-guru Fareed Zakaria's CNN April 6, 2017, commentary, following the U.S.' cruise missiles attack on Syria - 'Trump just became president'.<sup>775</sup>

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<sup>774</sup> Ibid.

<sup>775</sup> Fareed Zakaria, 'Trump just became president', *CNN News*, April 6, 2017, at [www.cnn.com/.../fareed-zakaria-trump-became-president-syria-new...](http://www.cnn.com/.../fareed-zakaria-trump-became-president-syria-new...)

Domestic failures and setbacks – the Wall, immigration bill, controversial health bill, short-lived key Administration appointments, debt ceiling, 2018 fiscal uncertainties, anaemic economy, and Russia-connection accusations, make President Trump vulnerable and force him to draw-back and radically deviate from some of his presidential campaign's major foreign policy promises. Besides consolidating and taking control over the Republican party at the 2018 mid-term elections, Trump needs foreign policy victories on major geo-strategic issues, initially on North Korea, Syria, Iran and Middle East as a whole, in the Ukraine and the way forward of globalization. On this front, in spite of some positive signs regarding North Korea, things do not seem very promising for President Trump, too, and there is nothing much that he can do in terms of hard and soft power.

Besides China's and Russia's red-line opposition to any potential war escalation on the North Korean provocative and threatening nuclear program developments, South Korea, Japan, and Asia in general, do not see military solution of the critical problem as the best option. There are unknown and unpredictable very high human, social and economic costs, Pyongyang retaliation reaction might incur to Tokyo and Seoul, including possible regional economic depression, with risks of bringing down world economy. ROK's May 2017 newly elected president Moon Jae-in signaled conciliatory approach to North Korea and China, advocating open dialogue and negotiations with Pyongyang. He may as well initiate review of the recently operational and China/Russia opposed U.S. THAAD missile defence system deployed in South Korea,<sup>776</sup> dispatching former ROK PM Lee Hae-chan as special envoy to China on both hot-spots issues.<sup>777</sup>

While the end of the Syrian conflict is in no near sight, President Trump is trying to figure out a winning common ground way out of the Moscow-led Astana peace process and the concept of 'safe/stabilization zones' in Syria. In the meantime U.S. is creating tensions with Turkey by delivering weapons to the Syrian Kurds. April 2017 cruise missiles attack in Syria was more so for the domestic audience consumption. The strikes were approved even by Trump's bitterest opponents. Externally it was a demonstration of determination and hard power to Putin, and a not so polite statesmanship diplomatic gesture to Xi, with whom Trump was having a dinner 'chocolate cake' at the time of the strikes – or as put by U.S. Secretary of Commerce Wilbur Ross, "an after-dinner entertainment",<sup>778</sup> most probably not to be forgotten by the Chinese president.

New, April 14, 2018, joint U.S., UK, and French missile strikes made Syrian crisis even more complicated, risking escalation and direct confrontation between the nuclear powers.

The February 2015 UNSC approved Minsk agreement on the Ukraine does not explicitly include the U.S. as an active participating party in the process. During his May 2017 visit to Washington, discussions with Vice-President Pence, and meeting with President Trump, the Ukraine foreign minister Pavlo Klimkin raised the possibility of involving the U.S. in the 'Normandy format' of negotiations on settling the geopolitical conflict.<sup>779</sup> For Washington, similar formal direct and open involvement would have meant, a new multilateral agreement's responsibility in contrast to Trump's preferences for bilateral approaches, reformulation of the legal UNSC resolution on the Minsk agreement, an additional geo-strategic confrontation with Moscow, enabling the latter to most probably use its veto power in the UNSC. The brief White House statement on these meetings read: "...The Vice President emphasized unwavering U.S. support for Ukraine's sovereignty

<sup>776</sup> Will Edwards, 'What a New President Means for U.S.-ROK Relations', at [http://www.realcleardefense.com/2017/05/what\\_a\\_new\\_president\\_means\\_for\\_us\\_rok\\_relations\\_292919.html](http://www.realcleardefense.com/2017/05/what_a_new_president_means_for_us_rok_relations_292919.html)

<sup>777</sup> See 'S.Korea says to dispatch ex-PM to China as special envoy', *Xinhua*, May 15, 2017.

<sup>778</sup> Lauren Gambino, 'Trump's attack on Syria was 'after-dinner entertainment' says US commerce secretary', *The Guardian*, May 2, 2017.

<sup>779</sup> See 'Klimkin discusses with Trump possibility for U.S. to join Normandy format', *Unian.info*, May 11, 2017, at <https://unian.info/politics/1916783-klimkin-discusses-with-trump-possibility-for-us-to-join-normandy-format.html>

and territorial integrity. He underscored that the Minsk agreements remain the most viable path towards peace. Following that meeting, the President spoke with the Foreign Minister and reaffirmed U.S. support for Ukraine and his desire to work with our Ukraine partners to peacefully resolve the conflict.<sup>780</sup>

While Vice President Pence was discussing with Klimkin, President Trump hosted Russian Foreign Minister Lavrov and Russian U.S. ambassador Kislyak in the Oval Office. The White House statement on that meeting read: "... President Trump emphasized the need to work together to end the conflict in Syria, underscoring the need for Russia to rein in the Assad regime, Iran, and Iranian proxies. The President raised Ukraine, and expressed his Administration's commitment to remain engaged in resolving the conflict and stressed Russia's responsibility to fully implement the Minsk agreements. He also raised the possibility of broader cooperation on resolving conflicts in the Middle East and elsewhere. The President further emphasized his desire to build a better relationship between the United States and Russia."<sup>781</sup>

Following the meeting, Lavrov commented, that ideologically free, constructive, and result oriented, both countries are looking to 'remove all the barriers' to having a better relationship.

Since the elevation of President Xi at the 2012 CCP Congress, Beijing insistently claims that peace and development is the mainstream of times, and cautiously, pragmatically persisted in reform and opening up within the framework of its evolving Grand Strategy. Admitting its beneficiary status in the current system, it also claims to be defender, contributor and builder of reformed international order. China constantly emphasize that it is still world economy # 2, and does not want to 'set up its own international system', attaching great importance to the stability and development of the cooperative relationship with the United States.

Established principles and rules serve as the foundation of bi- and multilateral international cooperation. In many international areas, U.S. and China adhere to the same or similar rules and principals, yet the struggle over some of them has increasingly become the focus of their geo-strategic contention. Beijing would rather oppose and disagree with the March 2017 statements of the U.S. permanent representative to the U.N. Nikki Haley in her speech at the Council on Foreign Relations in New York that 'Human rights are at the heart of the mission of the United Nations' and that 'The United States is the moral conscience of the world.'<sup>782</sup>

In the political domain, China advocates and pushes for the 'democratization of international relations', and for a 'New Type of Major Countries' Relations' which means: democratization internally on a country level in the international system where developing states represent the majority, and mutual respect, no confrontation, no conflict and win-win major power relations of equality and parity. For Beijing, inspite of Trump, American elite continues to work for the reinforcement of the 'liberal international order' and promotes the social engineering 'democratization of the world' based on individual freedom and rights of the people, which characterizes the insurmountable obstacles between U.S.-China, 's different basic approaches and worldviews.

In economics, the U.S. is assessed as attempting to formulate or strengthen a series of international rules that limit the development of state-owned enterprises (SOE), to raise labour standards, allow the flow of information, protect the ecological environment, and

<sup>780</sup> 'Readout of Vice President Mike Pence's Meeting with Foreign Minister Pavlo Klimkin of Ukraine', The White House, Office of the Vice President, May 10, 2017, at <https://www.whitehouse.gov/the-press-office/2017/05/10/readout-vice-president-mike-pences-meeting-foreign-minister-pavlo>

<sup>781</sup> 'Readout of President Donald J. Trump's Meeting with Foreign Minister Sergey Lavrov of Russia, The White House, Office of the Press Secretary, May 10, 2017, at <https://www.whitehouse.gov/the-press-office/2017/05/10/readout-president-donald-j-trumps-meeting-foreign-minister-sergey-lavrov>

<sup>782</sup> See 'A Conversation With Nikki Haley', *CFR*, March 29, 2017, at <https://www.cfr.org/event/conversation-nikki-haley>

protect intellectual property right as initially envisioned in TPP, TTIP, and TISA, some of which China refuses to accept. The United States has not recognized China's market economy status. It has imposed additional barriers to high-tech product exports to China, the main reason for Beijing, why the EU has taken the same stand, in spite of the fact that, if not obstructed China-U.S. trade is on its way to surpass China's trade with the EU. Not joining, and discouraging others to join China-led AIIB, the wait-and-see U.S. position on OBOR/BRI, and the proposed harsh conditions in negotiating the Bilateral Investment Treaty (BIT) are also on China's geo-strategic radar. For Beijing, to maintain the dominance of U.S. dollar, Americans have displayed a negative attitude towards expanding China's voting rights in international financial organizations, and work against the internationalization of the Chinese RMB. By applying national security review – U.S. tries to limit the growth of Chinese business activities, including of private owned enterprises, in the United States. All these American positions and obstacles are considered as U.S.' attempts to 'regulate and guide' China's domestic and foreign economic policies, and containment strategy to establish and impose rules that are solely beneficial to the U.S., making the incompatibility of their 'economic models' even bigger than in the past.<sup>783</sup>

Geopolitical contention is also surfacing in the area of international security. Both countries have, nevertheless, avoided direct conflict and serious crisis. Besides Xi's CICA vision as 'Asian security for Asians', the divergences on the South China Sea's 'freedom of navigation', THAAD's deployment in South Korea, recently the North Korean nuclear program developments and provocative actions, stirred controversial approaches by both sides. In contrast to Washington's 'hard power' response by threatening with military actions, Beijing, besides increasing its embargo sanctions over North Korea, prefers the 'non-isolationist, dialogue, and negotiations' approach, as demonstrated by inviting North Korea delegation at the May 14-15, 2017 OBOR/BRI International Forum, arranging a bilateral brief meeting between the North Korean delegation's leaders and South Korean officials attending the Forum.

Xi-Kim March 2018 summit in Beijing was a demonstration that China holds the key to the peaceful solution of North Korean nuclear ambitions and assertiveness.

Both China and the U.S. attach very high degree of importance to cyber-security challenges, regard each other as one of the main driver of these threats they face, displaying different focal points. If not for the recent Russia accusations for interfering and influencing U.S.' political process and 2016 election outcome, the United States was more concerned about 'online hackers' stealing American commercial/technological secrets or attacking military and security agencies' installations. China, on its part is prioritizing political infiltrations in its domestic networks that may compromise the political system and domestic stability by undermining personal leaders' and CCP authority.

In contrast to the new American administration's initially announced propensity for a piecemeal approach to global issues and challenges, including in Asia, treating bilateral relations as its primary unit of analysis, Beijing is on a global inclusive march with its Grand Strategy's 'Geo-economics/Soft Power-first' comprehensive, pragmatic policy priorities and 'step-by-step' practices.

The May 14-15, 2017 two-day OBOR/BRI Forum for International Cooperation represented another, institutionalizing China's Grand Strategy priority building blocks. Launching his OBOR Initiative in Kazakhstan and Indonesia in 2013, and during his promotional overseas visits in the past 3-4 years, President Xi insistently proposed, lured and called on countries – including in Asia, Europe, Africa and Latin America – to cooperate and join with China on the initiative.

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<sup>783</sup> See Wang Jisi, 'China-U.S. Relations Have Entered A New Normal'.

In his keynote speech at the opening of the Forum, calling the Initiative - the project of the 21<sup>st</sup> century, Xi reiterated China's foundational global geopolitical perspective: peaceful, open, inclusive, balanced, and beneficial to all economic development.

While accounting for the economic, infrastructure and investment results and achievements of the OBOR/BRI projects until the Forum in U.S. dollars, for future Chinese plans to scale up financial support and contributions, President Xi outlined the figures in Chinese currency – the RMB: 100 billion for the Silk Road Fund, 300 billion for foreign financial institutions; 250 billion for China Development Bank's lending schemes and 130 billion for EXIM Bank of China for support of cooperation on infrastructure, industrial capacity and financing.<sup>784</sup>

Following Xi, as the next speaker at the Forum's opening ceremony, Russian President Putin called BRI – a civilization project, and that given his country's geopolitical status, Russia is willing to cooperate with China in all possible and potentially mutually beneficial sectors, supporting its institutionalization after Xi's announcement that the second Forum will take place in 2019.

Militarily and politically assertive Russia, economically, globally, and regionally institutionalized Chinese influential posture, may be defined, and characterized as the two major coordinated principle forces challenging U.S. in global geo-strategy. Elevating two partnership agreements in 1994 and 1996, and a Treaty of Friendship and Cooperation in 2001, the 2012 comprehensive strategic partnership of cooperation, underlined the principles of mutual benefit, mutual trust, and equality, in addition to setting specific economic targets in the Sino-Russian bilateral relations. Though with a ten-year term, after Putin labelled their interactions as a 'special relationship' in 2013, the 2012 strategic partnership of cooperation turned in 2014 into a strategic partnership of coordination with President Xi as a co-signatory.

Since the 2014 Strategic Coordination Partnership (SCP), amid strengthening of personal ties in Putin-Xi relationship, there has been an extensive broadening of interactions beyond merely focusing on domestic economic and energy interests. SCP is centred on mutual support of 'core interests' and close coordination in foreign policy strategy, including on joint advocacy and demands for reform of the international financial and economic architecture in accord with the rapidly-changing global real economy.

Both being the engine of BRICS, and coordinating on G-20 global governance agenda, at the level of the Shanghai Cooperation Organization, Putin and Xi's proposals for integrating China's OBOR with Russian-led EEU played a key role and significantly elevated the status of SCO. After India and Pakistan's memberships in June 2017, Iran and other countries are actively lobbying to join, too. At the November 2016 summit in Kyrgyzstan, China's PM Li Keqiang proposed a free trade area among SCO members, endorsed by Russia. Following the membership of India and Pakistan, the SCO now accounts for 43% of world's population and 24% of global GDP, with Chinese floating idea for the creation of SCO's own Development bank.

At the Asia-Pacific Economic Cooperation (APEC) forum held in November 2016, in Peru, Xi and Putin further pushed forward their close cooperation and ongoing coordination on international policy matters. They agreed to promote the APEC bloc by fostering regional and economic growth strategies, including their support for an Asia-Pacific Free Trade Area for all 21 member states.<sup>785</sup>

On global geo-strategy, in June 2016, during Putin's visit to China, both leaders signed joint 'Statement on strengthening global strategic stability'<sup>786</sup>, voicing concern over

<sup>784</sup> See 'Chinese President Xi Jinping gives speech at B&R Forum', *People's Daily*, May 14, 2017.

<sup>785</sup> See Bob Savic, 'Behind China and Russia's Special Relationship', *The Diplomat*, December 7, 2016.

<sup>786</sup> 'China, Russia sign joint statement on strengthening global strategic stability', *Xinhua*, June 25, 2016.

increasing 'negative factors' affecting the global strategic stability, followed by a joint 'Declaration on promotion of international law'<sup>787</sup> signed by foreign ministers Wang Yi and Lavrov.

Without naming names, both documents, claiming to be based on the principles of the UN Charter and international law, have an explicit and implicit anti-USA and NATO approach and content in the context of the latter's negative effects on global and regional strategic balance, stability and security, such as: seeking decisive advantage in military and relevant technology to serve their own interests, use or threat to use force in international affairs, unilateral deployment of anti-missile systems all over the world, development of long distance precision attack weapons – the global system for instant attack, interference in third countries' domestic political affairs and others.

At his opening speech at December 2016 Symposium on International Developments and China's Diplomacy in 2016, foreign minister Wang Yi underscored that in 2016, "China-Russia comprehensive strategic partnership of coordination was elevated to a higher level ... and has become a cornerstone for global peace and stability."<sup>788</sup>

The question - 'Can China be a peer competitor to the U.S. without any allies?' for long has been research topic for many foreign and Chinese IR scholars. As China's activism continues to shape its role and influence in regional and global geopolitics, Chinese IR strategists and researchers are engaging in a tense debate about the country's Grand Strategy, particularly whether or not China should abandon the non-alliance principle it has adopted since the 1982 CCP congress. Realists and some orthodox Marxists contend that a non-alliance strategy cannot safeguard China's national 'core interests' in the face of the U.S.' geo-strategic security alliance network throughout East Asia. They argue that without allies China's posture will be contained by the United States, and cautiously endorse a formal alliance with Russia. Orthodox liberal and constructivist scholars in favour and supporting the continuation of the officially President Xi endorsed position of non-alliance, claim that a formal alliance would be risky, counterproductive, and will deviate from the fundamental principles of independence and Zhongyong dialectics' indigenous self-reliance that have historically guided China's international relations and foreign policy. A number of currently more appropriate alternative strategies have been proposed to replace or complement the non-alliance strategy, such as: quasi-alliances, ad-hoc strategic coalitions and partnerships. Thus, whether or not China forms alliances with other powers and neighbouring state will depend on its flexible self-defined role within the changing international system, as well as its strategic perceptions of external security threats. Considering and analyzing both the external and internal constraints it faces, for the time being, the trends show that China is highly likely to maintain the non-alliance strategic stance, and in the meantime work hard in pursuing alternative approaches to attract partners and like-minded friends and supporters,<sup>789</sup> all based upon, and implementing President Xi's FAWC 2014 guidelines for a foreign policy with a salient Chinese feature and a Chinese vision.

Besides Xi's idealist-constructivist, backed by classical Chinese legacy metaphors, foreign visits' parlance, at home, the Chinese President's strategic visions and assessments evolve rather into a *neo-Realpolitik* world of contemporary geopolitical dimensions and challenges. For Xi, "China is in a period of important strategic opportunity for development, and the overall direction of multi-polarization of the world, globalization of the economy and democratization of international relations has not changed. No matter how the international

<sup>787</sup> 'The Declaration of the People's Republic of China and the Russian Federation on the Promotion of International Law', MFA of the P. Republic of China, at [http://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/2649\\_665393/t1386141.shtml](http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/t1386141.shtml)

<sup>788</sup> See 'Speech by Foreign Minister Wang Yi at the Opening of the Symposium on International Developments and China's Diplomacy in 2016', MFA of the P Republic of China, December 3, 2016, at [http://www.fmprc.gov.cn/mfa\\_eng/wjb\\_663304/wjbz\\_663308/2461\\_663310/t1421722.shtml](http://www.fmprc.gov.cn/mfa_eng/wjb_663304/wjbz_663308/2461_663310/t1421722.shtml)

<sup>789</sup> See, Liu Ruonan, Liu Feng, 'Contending Ideas on China's Non-Alliance Strategy', *The Chinese Journal of International Politics*, May 2017.

situation changes, China must maintain its strategic steadiness, strategic confidence and strategic patience. With global vision in China's national security work, coordinating development and security, combining principles with tactics, China has to take strategic initiative in its own hands. Beijing should proactively shape China's external security environment, by strengthening cooperation and guide the international community to jointly safeguard international security.<sup>790</sup>

### ***Conclusions:***

For the time being, the obvious current loser in the international system, in the context of the U.S.-China geo-strategic competition, is – Russia, and especially the Russian President. Putin and his mostly liberal, and pro-Western economic block of the government, headed by Medvedev, have quite different and contradictory positions in regards to the strategic coordination partnership between Moscow and Beijing. Putin seeks, builds, and develops multisector comprehensive, and containing U.S., interactions with China in the form of informal 'quasi alliance' with Xi. His opponents in the government, majority of them eminent figures from the Eltsin era, whom Putin simply cannot dispose of, practically seek and work for more balanced and Western leaning Russian foreign policy, cautioning of future risks and security threats that may come from the Eastern neighbour.

The West is well aware of this existing major contradiction and domestic opposition to Putin. Russia, on its own, is not a real existential or global hegemonic threat, even from point of view of its military superiority in Europe. Georgia, Ukraine, and mostly Crimea, were Putin's domestic nationalistic showcases, modest 'strategic compensations' for the loss of USSR, and Syria is the limit. Economically, socially, and demographically, the country is in a mess, and stagnating. The ruling oligarchy has no appetite for external expansion, but to keep its capital and assets safe and sound in the West. Still, hypothetical formal strategic alliance between Beijing and Moscow, combining China's geo-economic, financial might and modernizing army, with Russia's huge nuclear-military capabilities and vast natural resources, potentially might become a formidable and non-stopable global dominant force, one has to reckon with. This is what Kissinger and Brzezinski had always warned of.

Not surprisingly, the main facade political and moral target and culprit in the recent Skripal UK case and for the joint April 14, 2018, U.S., UK, and French missile attacks on Syria, was Putin. The West openly and explicitly accused him of personal involvement in the Skripal assassination attempt, and for not preventing Assad from using chemical weapons against Syrian civilians.

The real implicit longterm target behind Putin, is China, the only real and potential geo-strategic peer competitor, who can claim and compete for 21<sup>st</sup> century pre-eminence, not Russia. On the chess-board of this U.S.-China geo-strategic game, Putin, being the weaker component in his 'quasi alliance' with Xi, has to be 'sanctioned, punished and humiliated', so as to reconsider the potential future negative consequences for Moscow and for him personally. He is indirectly pushed and forced to change gears, and strategically distance Russia from China.

China, though backing Putin, is rather selectively 'keeping a low profile' than 'assertive', in defending and supporting him. U.S. and the West are mainly concentrated and preoccupied with Putin's Russia, thus distracted and not strategically focused on China. The current geo-strategic state of play is also quite favorable for Beijing in terms of achieving more advantages, and Russian concessions in the Xi-Putin 'quasi-alliance'.

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<sup>790</sup> 'Xi calls for overall national security outlook', *Xinhua*, February 18, 2017.

Beginning of May 2018, Putin will be officially inaugurated as the new/old Russian 6 years term president. By constitution, Medvedev has to hand in his government's resignation. The analysis of the next government's construct and personal composition, the choice of the new PM, will be quite indicative regarding Putin's future strategic agenda towards China and the West, and for the potential geo-strategic global outlook in the next decade, and possibly beyond.

Finally, we can now turn to the results in the dissertation and formulate basic answers to the four-folded research questions put forward in the Introduction, by reprise and summary of the arguments defined and developed throughout this work:

***1. Similarities and differences in the leadership postures of the U.S (mid-20<sup>th</sup>c.) and China (21<sup>st</sup>c.). Is China selectively and pragmatically emulating some of the successful approaches and Grand Strategy of post-WWII U.S., and does Beijing have a Grand Strategy for a power transition in the 21<sup>st</sup> century?***

Civilizationally, and historically, with the exception of the predominantly Western brought 'century of humiliation' in 1840, China has always enjoyed and strived for 'wealth and power'. The American Dream and U.S.' power rise to global dominance was both, feared, as well as covertly, jealously admired and targeted as an example to follow. Some American successful experience was thoroughly examined, selectively modified, and to a point pragmatically emulated with specific 'Chinese characteristics', underpinning China's national interests and agreed upon Grand Strategy, initiated by Deng Xiaoping in 1978, and finally shaped by President Xi Jinping in 2012-2013.

Goldstone and Haass' 'not so ordinary and as usual, passing events' present times, in which we observe and analyze China's 21<sup>st</sup> century transition posture, are not so different from the times of the U.S.' ascendance period in the 20<sup>th</sup> century. Some IR scholars even claim that they parallel the pre-1914 period. Back then there were – WWI, the Great Depression, post-WWII ruined global economy, world stage front-runner emerging united bipartisan United States helping the rise of the West, and divided China survival from civil war and foreign occupation. At present, the world struggles with the consequences of the Great Recession, unsustainable global debt problems and austerity, global economic growth slowdown and potential trade wars crisis. The international system is witnessing liberal globalization v/s nationalistic de-globalization processes, risks and threats for major military conflicts around North Korea, Iran, Syria and Ukraine, as well as, united and ascendant China Dream in contrast to elite/societal divided and in relative decline U.S.

After WWII, U.S., holding 50-55% of world's GDP, initiated and shaped a new Western, turned in 1991 into global liberal international system, based on the U.S. dollar, and the governance principles and rules of the IMF, WB, and GATT/WTO. Its post-WWII leading role of generator of public goods, and promoter of global free trade, aka – globalization, is currently emulated and taken over by China. 1947 Marshall Plan is paralleled with China's 2013 BRI, and U.S.' post-1945 role of global creditor is discretionary echoed by China initiated, established and supported new non-Bretton Woods financial institutions, such as AIIB, BRICS' NDB, and planned SCO Development Bank.

Chinese bank assets reached \$ 33 trillion at the end of 2016, versus \$ 31 trillion for the Eurozone, \$ 16 trillion for the U.S. and \$ 7 trillion for Japan. Four of the five largest global banks are now Chinese, and the value of China's banking system is currently more than 310% the size of its GDP, compared to 280% for the Eurozone and its banks, forcing Beijing to strengthen financial security measures to keep its banks viable and solvent at all

costs.<sup>791</sup> Until recently, the U.S. had five standing liquidity swap agreements worth \$ 333 billion, China had 28 worth \$ 499 billion.

After 1945, U.S. adopted 'geopolitics first' Grand Strategy of the Cold War. NATO, and a global politico-military alliance system – SEATO, CENTO, ANZUS, as well as architecture of bilateral security treaties with Japan, South Korea and Australia, including the China firmly opposed unilateral Taiwan Act since 1979, were created. Still, in close parity and in parallel to geopolitics, U.S. actively worked on the issues of geo-economics for the reconstruction and development of real productive economies and for the re-industrialization of Western Europe and Japan. Nixon's 1971 'temporary' elimination of the dollar's gold standard, Reagan/Thatcher's geopolitically based neo-liberal revolutions and financialization of the economies since the 1980s led to the 1987 stock-exchange crash, 2000 dot.com bubble and the 2007-2009 Great Recession.

In 2001, the United States abandoned its successful double-focused strategy. For the first time in modern history, all major foreign policy positions were held by defense specialists: General Colin Powell as secretary of state, Richard Armitage as his deputy, Donald Rumsfeld at defense and Condoleezza Rice as national security advisor, all led by a former defense secretary, Vice President Cheney. With its overwhelming military priority, the United States now has the most powerful military in world history. But this great military has lost every war it has fought since the change of strategy, and continues to lose.

Besides lingering global financial/economic/debt travails, Washington's current attempts for reversal of some of the major rules and principles of globalization, such as, free trade, anti-protectionism, climate change, caused negative reactions and tension in the bilateral U.S.-China trade and overall relationship, even with some allies and partners.

Beginning with Deng Xiaoping's 1978 Grand Strategy of reform and opening up, for Chinese policy makers, scholars of international relations and foreign policy, the subjects of the rise and fall of Japan, Germany, British Empire, and especially that of 'super-power USSR', have been thoroughly researched, and analyzed. All have been assessed as 'unsuccessful geopolitics trumping geo-economics', with exuberance of lessons drawn of how China's rise to world pre-eminence should not proceed. Dismissing these militaristic and ideological failed attempts, Deng's China strategically embarked on emulating the 'rapprochement-appeasement, special relationship' model of British Empire-USA's power transition model, whose final phase took almost half a century, beginning with November 1914 Great War imposed outflow of capital and gold from the City of London to the U.S., and ended with 1967 British government's decision to cease warfare and turn to well-fare state.

1941 Roosevelt-Churchill's Atlantic Charter marked the beginning of the final Western power transition from the British Empire to the U.S. President Xi's 2012 implied equality and parity in the bilateral U.S.-China interactions under the proposal of New Type of Major Countries Relationship rings a bell, and the analogy can be also magnified with the 2011 officially declared Chinese 'core national interests' that parallel the long existing U.S.'s stratagem of 'national security', and 'vital national' interests' red lines.

China's Grand Strategy has always been promoted as based on 'geo-economics first', not dismissing but placing geopolitics in secondary supplementary role. Deng Xiaoping cut the military budget from 16% of GDP to 3% in order to focus on economic development, and China became great power in only 30 years. Instead of financialization of its economy, China's 'new normal' economic developmental model is based on supply-side, innovation, technologically, green and inclusive economic globalization driven approach, as a long term exemplary strategy.

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<sup>791</sup> See, 'China's banking system overtakes the Eurozone as world's largest', *Financial Times*, at <https://www.ft.com/content/14f929de-ffc5-11e6-96f8-3700c5664d30>

1982 officially adopted Party and State's principle of 'non-alliance' facilitated China's operational approach towards conclusion of strategic partnerships instead of formal alliances in its international relations and foreign policy interactions, allowing for more flexible and result oriented approaches.

In spite of the tense domestic debate on the issue of China having formal security allies and forging institutionalized security alliances, there is no empirical evidence that in the foreseeable future China will try to emulate the U.S. and open, disproportionate to its comprehensive national power, military bases and installations around the globe, deeming this strategy as remnant of Cold War's old geopolitical thinking, ineffective, over-stretched, too expensive, and with hegemonic connotations.

Nixon-Deng's 'quasi-alliance' is now echoed by Xi-Putin's evolving 'quasi-alliance' within the frame-work of the Sino-Russian strategic partnership of coordination, reinforced by their joint effort and plans for Eurasian integration and the future developments in the SCO and the BRICS.

In March 2018 Beijing launched its first futures oil contract in RMB – the petro-yuan, emulating and competing with the established system of the \$ 14 trillion petro-dollar market, making the U.S. nervous, as in many ways the hegemony of the U.S. dollar came from oil trading in dollars. That set the stage for what seemed impossible five years ago: the Chinese renminbi has surpassed the euro as the second most important settlement currency. As the renminbi becomes more prominent, the United States is opting out of leadership in the next evolution of the global monetary system. Hong Kong, Singapore, Seoul, Sydney, London, Frankfurt and Paris have all rushed to become RMB settlement centers. With the United States uninterested, the North American settlement center is now Toronto.

Best way to correctly assess China's longterm intentions is to analyze what Chinese top leaders are saying and practically implementing at present. Since 2012 President Xi has articulated a Grand Strategy for China until 2049 under the idealistic-constructivist term 'China Dream' or the 'new identity of great rejuvenation of the Chinese nation'. The two centenarian strategic and holistic development targets for China Dream are capturing concrete goals, milestones, with initial 2021 and 2049 timelines.

October 2017 CCP 19<sup>th</sup> Congress adopted 3 milestones Party Constitution's amendment resolutions incorporating: Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, CCP's "absolute" leadership over the armed forces, and pursuing the implementation of the Belt and Road Initiative (BRI), thus elevating President Xi to the CCP pantheon in the rarified company of Mao Zedong Thought and Deng Xiaoping Theory. Besides firmly confirming the two strategic centenarian goals of achieving a moderately prosperous society by 2021, and rich and powerful socialist nation by 2049, the 19<sup>th</sup> CCP Congress adopted an intermediate strategic target of reaching a basically modernized nation and reformed armed forces by 2035. The Congress did not elect/select a heir-apparent to Xi for the next 20<sup>th</sup> Party Forum in 2022, and the March 2018 annual session of the NPC revoked the two five years terms limit in office of the Chinese president clause in the Constitution.

The option that 'core leader' Xi will be still in charge, if no 'black swan' events, at least into the late 2020s, leading directly or from behind, guaranteeing the right next 6<sup>th</sup> leadership succession, and full implementation of his Grand Strategy, is very high and viable. Xi's reasoning and arguments are clear - the period is crucial for the 21<sup>st</sup> century strategic transition development of China and needs strong Chinese leadership response to potential domestic and foreign risks and threats, including to Trump's December 2017 NSS competitive/adversarial U.S.' strategic goals and guidelines.

***2. Can China be fully brought in line with the Western liberal international order, or shall we have confrontation; defeat and possible integration?***

For China, since 2008, deep debt growth economic model crisis has surfaced across the 'liberal democratic world', appearing in the U.S. and in many developed countries. The crisis is still wreaking havoc within the political eco-system in the Western world, weakening the centrist and progressive forces that used to underpin the U.S.-led postwar liberal order.

When in 1978 the Chinese leadership under Deng Xiaoping decided to join the existing international order, or, in Chinese conceptual terms, to gear itself (jiegui) to the system, assessments were made, that only by joining can China learn from the other powers within the order how to deal with it and fend off in safeguarding its national interests.

History, strategic thinking, and more than 3000 years civilization's lessons, has taught the Chinese to view any system-order as non-permanent. Based on the co-evolutionary process paradigm of Zhongyong dialectics China believes that the existing international order is open to change, and in a process of changes, as a system devised to serve the interests of a single superpower cannot be stable for long. China has made great pragmatic efforts to join the existing system and play the 'responsible stakeholder' role by joining the IMF and its SDR currency basket, the WB, WTO, partially and selectively - the debt growth economic model. Beijing even helped save both the Asian, in 1997, and the global financial system in 2009. Recent Chinese Xi leadership has intensified its strategy goals for the establishment of a new reformed international order, a process in which China can play a leading transformational and guiding role.

China's experience before and after the 19<sup>th</sup> and 20<sup>th</sup> centuries have forced it to focus on three major strands, which already, though challenged, form part of existing world structures, including a balanced and restrained multi-power system, a rule-based global interdependent market economy, and a world of modern, rational, and secular civilizations.

For China, the current processes challenging the liberal order as well as liberal democracy, come much more from within, rather than from outside the system. Natural and legitimate questions arise, whether after the loss of credibility of economic neo-liberalism since 2008, Brexit, 'Trump Phenomenon' can the order's unity and solidarity, as is known, continue and survive, taken the controversy on national interests based bilateral relationship's unit of analysis, and contradictions on free trade, protectionism/isolationism, climate?

Bush Junior promoted TPP over China favored Free Trade Area of the Asia-Pacific because TPP excluded China. President Obama presented TPP as an antidote to Chinese influence in every speech promoting it.

The effort to exclude China jeopardized one of the greatest achievements of U.S. postwar strategy. China and the United States have become the greatest economic partners in world history. Their trade in goods and services now exceeds \$650 billion, and over \$750 billion including Hong Kong. Its integration into the Western investment, production and distribution system, its openness to vast amounts of foreign investment, its embrace of U.S. products to a degree that exceeds America's main Asian allies, its grudging adjustments to join the WTO, accepting an agreement far tougher than those imposed on any other country, and its acceptance of WTO adjudication mechanisms, constituted one of history's great reversals of alliance.

Western producers are about to benefit from a wave of over 3 billion new emerging market consumers, centered in China, that will be the fastest growing export market in world history. The risk of the United States partially isolating itself from Asian market liberalization, centered on China, is the greatest risk to U.S. foreign policy preeminence since the isolationist movement preceding WWII. Not surprisingly, making a radical U turn, on April 11, 2018, President Trump authorized his Trade Representative, to seek 'on US terms'

the option of rejoining the TPP agreement, signed in March 2018 by the other 11 member states.

For a positive economic strategy one must look across the Pacific to China. The Chinese BRI strategy comprises one silk road on land and one on the sea, stimulating integrated economic development of 60 plus countries. The land silk belt will connect Southeast Asia, Eurasia and Western Europe with infrastructure built to common standards, gradually negotiating common standards of many other kinds. Already rail traffic from China to Germany is three times faster than by ship and it will soon become far faster. Chongqing is becoming a gigantic Chicago, a hub for Eurasia. The sea Silk Road intends to integrate Africa and South Asia into this network of development. New international financial institutions will fund this. China will continue to open its markets to neighbors faster than formal agreements require. In his keynote speech at the opening ceremony of the Annual Boao Forum for Asia Conference, April 10, 2018, President Xi promised to further open up China to the world, by widening market access, expanding imports, improving the investment environment for foreign investors, and strengthening protection of intellectual property rights. The move was obvious attempt for calming down and neutralizing the option of looming trade war with the U.S., as well as giving additional incentives for more active global trade and investments in China.

Admitting China's huge benefits from Globalization, Beijing today appears to be one of the strongest supporters of the economic world order established by the victors of WWII, pushing for its transformation and transfiguration, but not for its demise. Simply put, U.S. and EU consumer markets and investment absent, export oriented Chinese economy and Grand Strategy will fail, with unknown extreme political and socio-economic consequences the country may face.

China claims it's not a shaker, and taker, but a maker of new just, fair and inclusive rules based international system centered on the purpose and role of the UN. President Xi pledges that China does not seek confrontation, and is willing to share its development opportunities and experience with the world, without imposing its own path, models, and theories on others.

China views Globalization 2.0 and the new inclusive international cooperation to be deeply rooted in the success of China's 'new normal' economic growth and its domestic governance, rest by copying liberal governance models. Beijing claims that developing and emerging markets, as well as advanced industrial nations may be assured that China is able to offer its own alternative third path developmental model that will lead to 'shared and common destiny, peace and prosperity for all mankind'.

### ***3. Will for the first time in history of Modernity the West loose the Grand contest and let live peacefully a Chinese model in the international system?***

Analyzing historical evidence, no contender rising power has ever become part of the established international order in times of geopolitical peace and in normal, sustainable, productive global/regional economic environment, indeed. Even the processes of the relatively peaceful, internal collapse of the USSR were marred by the prospects of pending ethno-religious separatist wars in the Northern Caucasus republics, and the total bankruptcy of the 'super-power', had it not been for loans and credits from the West.

Analogy and claims of some realist scholars and strategists, especially in Russia and China, that the current international situation resembles quite a lot the 20<sup>th</sup> century pre-Great War period with elements of Cold War 2.0, and Offensive Realism's posture, that 'China cannot rise peacefully', are overstated and lack a real basis for such a comparison and assessments. Back in 1914, none of the belligerent parties expected, (though almost each one

of them, domestically supported, and hoped for a short term decisive conflict), that unprecedented bloody and long-term atrocious World War would be unleashed.

Today, no world power really wants war and would victoriously claim success in a hypothetical major prolonged conflict, without suffering retaliatory devastating blow-back, with real risks for the extinction of human race. 21<sup>st</sup> century major warfare, in contrast to the 20<sup>th</sup> century Great Wars, with the advent of highly sophisticated and deadly nuclear and other related military technologies, plus the brutal inhumane lessons of the past century, is assessed as rather zero-sum non-victor game. Any current hypothetical major conflict will be falling short of reaching victorious consequential strategic geopolitical advantages, and economic gains from a ruined global economy, finances, lack of public goods, and social development perspectives.

Global political, economic, and social awareness and demand is on the rise. If peace is to be cherished and safeguarded, 21<sup>st</sup> century is to be fundamentally shaped and guided by healthy multilateral and bilateral mixed balancing and hedging cooperation/competition in search of new functioning ideas and win-win models of digital economic and social development, trade, finance, etc. Tightly, mutually constrained as they are at present, global political, economic and military powers will be pressed and objectively forced to initiate a new holistic and inclusive Bretton Woods moment. New adequate, viable and functioning global political, economic, financial and trade systems are much needed, to change and fix the current failing ones. For Beijing, the latter, are the real cause of world's almost a decade period of economic slowdown, anemic growth, austerity, volatility, uncertainty, assertiveness and cases of aggression, currency and trade wars, and that if driven to the extremes may turn into major shooting wars.

21<sup>st</sup> century global development logic seems to be favoring 'geo-economics first', rather than the nefarious 20<sup>th</sup> century's 'geopolitics first'.

President Trump's declared policies for re-industrialization and economic renaissance of the U.S. mark a sign in this direction. His controversial stands on free trade, protectionism, climate change, and 'America first' priority as a whole, still, display elements of a status-quo isolationist energized approach. Still, according to China, Trump is driven by bilateral based relationships' guarantees for American national interests, rather than a cooperative multilateral win-win long term strategy, as demonstrated during his May 2017 visits to Saudi Arabia and Europe (EU, NATO, G-7), and his 2017 NSS.

On May 27, leaders of G-7, issued their Sicily 2017 meeting final communique, with U.S. President Trump refusing to join his counterparts in pledging commitments to the 195-nation 2015 Paris accord on climate change, leaving the option for his final decision in due time. Some of the supporters of the agreement have suggested that a withdrawal by the U.S. would help position China as a leader of global environmental policy, and new green technologies. For German Chancellor Merkel, climate change discussions have been 'very unsatisfactory' into 'a situation of six against one'.

The declaration also includes position on trade, which appeared to be a compromise, stating that G-7 members reiterate commitments to keep their markets open and to fight protectionism, while standing firm against all unfair trade practices. On Russia, Trump went along with the geopolitical club, maintaining a hard line on the conflict in Ukraine, and in Syria. For him, as he tweeted after the summit, first on the list as a major topic was terrorism, based on the two-and-a-half pages joint statement G-7 leaders approved and published at the beginning of their formal meeting.

President Trump's 'America first' overseas trip, scolding Europeans over NATO military spending, slamming 'bad' behavior in trade by Germany, still ambiguous stands on trade and climate change, shadowed the most difficult G-7 in years, threatened to undermine a show of unity, and the international order in place since WWII.

Potentially hard, quarrelsome Brexit, and London's 'Global Britain' vision, too, are similar signs for British isolation and detachment from Europe, in a search for a 'UK first' scenario, and workable Commonwealth 2.0. grand strategy.

In case the current status-quo and isolationism driven, modifying the international system paradigm, continues to prevail, the trends of regional and quasi-blocks divide may persist and lead to tense geopolitical rivalry, continuous contradictions and overt/covert proxy hostilities, especially in the Middle East after Trump's recent recognition of Jerusalem as the capital of Israel, and the Russian military expedition in Syria.

In the case of China, the processes of economic globalization have immensely lifted the country to becoming the world's factory, and from hub of low-cost outsourcing to emerging as global leader in trade, investment and long-term projects, a very attractive strategic partner for many other nations. U.S. absent, at 2017 Davos and BRI Forums, China did not shun from the option of taking the leadership baton of economic globalization, declaring its transition from junior partner of the West to great power status. Almost all reliable projections show that until 2030 China may become the largest global economy and Asian leading country, something U.S. policymakers have always hoped will not happen in the 21<sup>st</sup> century's most important region of the planet.

While Beijing, strongly denouncing G-7 communique, declaring it interfered in the East and South China Seas issues in the guise of international law, and urging the West to stop making irresponsible statements, Chinese foreign minister Wang Yi was in Moscow for talks with Lavrov. He was received also by Putin, for political preparations of the July 2017 forthcoming visit to Russia of President Xi Jinping. Pledging mutual trust and support, no matter how the international situation changes, Wang emphasized China's strong determination to strengthen their strategic coordination on the international arena, to firmly safeguard their strategic interests in global and regional hot spot issues. According to Putin, the bilateral comprehensive strategic partnership of coordination was 'worthy of its name'.

The strategic political/economic/military division of labor and coordination between China and Russia comes into play to ensure, predominantly on their terms, the evolvement of new model of international relations, economic globalization and Eurasian inclusive interconnectivity as a whole in Asia, in the Middle East and in Europe. Warning signals and troublesome recollections of the USSR-China period's confrontation and Nixon-Deng 'quasi-alliance' exist, as well as different tactical and geopolitical considerations on issues such as India, Far East, Central Asia, Europe, and the Pacific. Still, displaying non-ideological, but long-term strategic common ground, both countries declare there are no forces that can deviate or delimit their complex and diversified areas of coordinated cooperation in the UN, G-20, SCO, BRICS, OBOR-EEU, APEC. Beijing and Moscow continuously claim and actively propagate their role and efforts for departure from the labeled current belligerent, exclusive, unsustainable and chaotic unipolar world order, in search of support by engaging as many as possible third countries in bilateral and multilateral relationships, in return for economic and security guarantees and assistance.

December 2017 U.S.' NSS grouping together and labeling both China and Russia - 'revisionist' ignored to its own detriment one of the most basic principle of international relations - the balance of power/threat theory, thus pushing Beijing and Moscow closer together and increasing the options for risks of backfire and unintended crisis and conflicts.

March and April, 2018, consecutive Skripal assassination attempt in the UK, and alleged Assad chemical attack upon civilians in Syria, increased the tension and confrontation between UK, U.S., NATO, EU and Russia, almost to the threat level of the 1962 Caribbean crisis, when the world was on the brink of a nuclear war. Besides mutual diplomatic expulsions, increased economic sanctions on Russia, Trump's promised missile strikes in Syria took place, in spite of Moscow's in advance declared warning that it will

neutralize the missiles and destroy their launcher's sites. Backing Russia, Beijing called for consultations and dialogue, though UNSC was paralyzed by reciprocal vetos on each of the opponents' resolution proposals.

At the peak of the war-like confrontation, Chinese foreign minister Wang Yi, as special envoy of President Xi, was on official visit in Moscow in early April, 2018. At the same time, on first official visit overseas, newly appointed Chinese defense minister General Wei Fenghe took part in Moscow organized International Security Conference. During his separate talks with Russian defense minister Shoigu, General Wei firmly reiterated the viability of their bilateral strategic partnership of coordination and extended China's support for Russia at this critical juncture.

Safeguarding its strategic 'core national interests' in realist terms, and sending direct signals in the wake of the critical U.S.-Russia confrontation, early April, 2018, President Xi has attended unprecedented massive naval display in the disputed South China Sea, in which more than 10000 naval officers and marines, 76 fighter jets and a flotilla of 48 ships and submarines took part. Speaking from an undisclosed location, Xi commented that the need for a strong Chinese Navy had 'never been more pressing'. The naval drill came ahead of planned live-fire military drill by China in the narrow strait separating the mainland from Taiwan on April 18, 2018, as a kind of warning and reaction to the March 2018 U.S. Congress approved Taiwan Travel Act, opening the option for increased exchange of contacts and visits of different character and levels between Washington and Taipei.

The U.S.-China balance of power is changing. Strategic political, economic, and security competition is on the rise, national social media is increasingly agitated and 'exceptionalist', all of which will lead to the intensification of the existing bilateral strategic suspicions and distrust. With the Trump era and factoring his first December 2017 NSS, U.S.-China relations may gradually and cautiously enter into a period of 'flexible normal' in which competition/rivalry and conditional cooperation will grow simultaneously, and where the global distribution of power and domestic political and economic factor variables will exert greater impact on the relationship.

For Beijing leadership, China should prepare for "more complicated and graver situations" as a result of developments "both in and outside China".

In the end, it will all come to the fundamental issues of peace, confidence, credibility and kind of delivery of domestic and global public goods that will determine slowly and gradually the shape, direction, and basic content of the co-existing opposing worldviews that legitimately may claim parenthood if not globally, at least regionally, for the international system in the rest of the 21<sup>st</sup> century.

#### ***4. Is China a status-quo, revisionist or third pathway strategist, targeting a new multipolar and no one's international system?***

In line with the Zhongyong's middle co-evolutionary course of due measures and degree, lacking the either-or dichotomous approach, classical dialectics of 'continuity through change', of selectivity and flexibility, all of which fully underpin the construction and functioning of the basic pillars and operational behavior of the China Dream Grand Strategy, Beijing obviously represents a novice and distinct third pathway strategist in achieving his reemergence and claim for pre-eminent great power status in the 21<sup>st</sup> century.

Analyzing the three main pillars and 'core' national interests underlining the Grand Strategy: safety and stability of the political system under the CCP, sovereignty and security, and sustainable economic and social development, their priority rating deserves a special attention and assessment.

Never in the history of world great power's ascendance and transitions, has the crucial issue of safeguarding their political system been top priority, ranking # 1. British Empire, even when fading, never feared any risks regarding the Royal institution. Japan and Germany were led by military ambitions for regional and global dominance, not by any threats to their political systems, as after being defeated Germany easily entered the liberal world, and the Japanese Emperor is still here to stay. American IR scholars and historians assess that the U.S.' MaCarthyism period was highly overblown, with no real risks and threats to the political system, as bipartisan Washington had already taken the baton of world preeminence. Cold War Soviet leadership would have not even for a moment thought of the possible scenario of regime change in the superpower, as it was all about ideology and global dominance.

The second centenarian strategic 2049 goal envisions that by that time China would have reached the current per capita living standards of the developed industrial countries, still as a People's Republic, and that is where the Grand Strategy top priority concludes.

For China, the second and the third national 'core' interests and pillars of its Grand Strategy, are functionally dependent and derivatives of the main # 1 'core' top priority. Learning from British Empire, U.S.' current travails, and especially from the USSR collapse, China realizes that it is strategically inadmissible, totally detrimental, to even try to construct a China-centered world order. The latter is deemed impossible to construct, afford and sustain, with potential fatal ending for China proper, as Beijing openly and firmly declares that it will never allow for China to be humiliated again.

Leading from the U.S.' final rise experience and practice, China has geared itself to the existing liberal world order, using mixed status-quo, revisionist and purely Chinese classical tactics and strategies. Beijing is trying to play balancing guiding role from within and from outside the international system, in peaceful environment, declaring that it is not a disruptor who wants to shatter, but to fix the failing current international order, with idealistic-constructivist calls for global identity changes towards harmonious common destiny and peaceful common prosperity of the world.

Believing that the arc of history is on its side, China works for and promotes the development of a balanced, multipolar, no one's world order, such, that poses no existential threat to the current Chinese political system and the leadership role of the CCP. The latter two will serve as the main leading and defining criteria, based upon which China will determine the character and direction of its international relations and foreign policy with the rest of the world.

U.S.' foreign and domestic politics' debates and rhetoric reflect division and dysfunction. Economic issues lead the debates, next to culture wars, but real wars and conflicts – and where America stands – are part of the controversies too. While debates preoccupy USA, the world is changing on the double, entering a new stage of geopolitics and international relations, sometimes beyond America's guidance and control. As Senator Daniel Moynihan has put it, "America is entitled to decide what role we want to play in the world, but we are not entitled to pretend the world is not changing around us."

Some have described the current West to East power transition phase as a new Cold War between major powers, or a "G-Zero", i.e. a world of every country for themselves, and a wider emergence of a new geopolitics, a new "great game" of competition between great powers that is rife with risks of confrontation and deadly miscalculations.

There is no clear structural IR scholarly empirical evidence at hand that can lead to the assessment that the U.S.-China relationship has gone into a 'turning point from quantitative to qualitative change and improvement', nor for the alternative one, that it will ultimately continue 'on a downhill critical conflict/war spiral'. Whether U.S.-China 'co-evolution relationship' paradigm, in which 'both countries pursue their own domestic

imperatives, cooperate when and where possible, and adjust their actions to minimize potential conflict is accepted and implemented by the Trump administration, is quite obscure and controversial when analyzing the content of December 2017 National Security Strategy of the United States . The program document seems more tactical and like a competition script entailing "all measures short of war". Will the 'Trump phenomenon' and his NSS be only a blip in U.S.' political and security history or long lasting American IR paradigm, also remains to be seen.

China-Russia strategic coordination partnership, and Xi-Putin 'quasi-alliance''s future shape and dynamics will have significant impact regionally, globally, and on the overall U.S.-China complex, and still undefined relationship in mid-, and long-term perspective.

Beijing, most probably accepting the concept of 'co-evolution' in its relations with U.S., will add to it its own interpretation and the concept of 'peaceful competition', - 'finding out which of the two countries is able to handle its domestic affairs and development better and bring stability and prosperity to its people and the world', in this most unprecedented competition between China and the United States in the 21<sup>st</sup>, hopefully peaceful, century.

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## A C R O N Y M S

<b>APFTA</b>	<b>Asian-Pacific Free Trade Agreement</b>
<b>APEC</b>	<b>Asia-Pacific Economic Cooperation</b>
<b>ADB</b>	<b>Asian Development Bank</b>
<b>AIIB</b>	<b>Asian Infrastructure Investment Bank</b>
<b>ANZUS</b>	<b>Australia, New Zealand, United States Security Treaty</b>
<b>ASEAN</b>	<b>Association of Southeast Asian Nations</b>
<b>AU</b>	<b>African Union</b>
<b>BFA</b>	<b>Boao Forum for Asia</b>
<b>BIT</b>	<b>Bilateral Investment Treaty</b>
<b>BREXIT</b>	<b>British exit from the EU</b>
<b>BRI</b>	<b>Belt and Road Initiative</b>
<b>BRICS</b>	<b>Brazil, Russia, India, China, South Africa platform</b>
<b>CASS</b>	<b>Chinese Academy of Social Science</b>
<b>CETA</b>	<b>EU-Canada Comprehensive Economic and Trade Agreement</b>
<b>CICIR</b>	<b>China Institute of Contemporary International Relations</b>
<b>CEU</b>	<b>Council of the European Union</b>
<b>CFR</b>	<b>Council on Foreign Relations</b>
<b>CCP</b>	<b>Chinese Communist Party</b>
<b>CC</b>	<b>Central Committee</b>
<b>CMC</b>	<b>Central Military Commission</b>
<b>CENTO</b>	<b>Central Treaty Organization/ Baghdad</b>
<b>CICA</b>	<b>Conference on Interaction and Confidence Building Measures in Asia</b>
<b>CNS</b>	<b>Comprehensive National Strength</b>
<b>COC</b>	<b>Code of Conduct in the South China Sea</b>
<b>CPEC</b>	<b>China Pakistan Economic Corridor</b>
<b>CPR</b>	<b>‘Cold’ Peaceful Rise</b>
<b>CSDP</b>	<b>Common Security and Defense Policy of the EU</b>
<b>EEU</b>	<b>Eurasian Economic Union</b>
<b>EU</b>	<b>European Union</b>
<b>EC</b>	<b>European Commission</b>
<b>EP</b>	<b>European Parliament</b>
<b>EUGS</b>	<b>European Union Global Strategy</b>
<b>EC Sea</b>	<b>East China Sea</b>
<b>FAWC</b>	<b>Foreign Affairs Work Conference</b>
<b>FDI</b>	<b>Foreign direct investments</b>
<b>FPPC</b>	<b>Five Principles of Peaceful Coexistence</b>
<b>FSB</b>	<b>Financial Stability Board</b>
<b>FTAAP</b>	<b>Free Trade Area of Asia-Pacific</b>
<b>FYP</b>	<b>Five Year Plan</b>
<b>G-2</b>	<b>Group of USA and China</b>

<b>G-7</b>	<b>Group of Seven</b>
<b>G-20</b>	<b>Group of Twenty</b>
<b>G-77</b>	<b>Group of Seventy-seven</b>
<b>GATT</b>	<b>General Agreement on Tariffs and Trade</b>
<b>GCC</b>	<b>Gulf Cooperation Council</b>
<b>GDP</b>	<b>Gross Domestic Product</b>
<b>GB</b>	<b>Great Britain</b>
<b>GOP</b>	<b>Republican Party of the USA</b>
<b>HPR</b>	<b>'Hot' Peaceful Rise</b>
<b>HR/VP</b>	<b>High Representative/Vice-President</b>
<b>ILO</b>	<b>International Labor Organization</b>
<b>IMF</b>	<b>International Monetary Fund</b>
<b>IR</b>	<b>International Relations</b>
<b>ISIS</b>	<b>Islamic State of Iraq and Syria</b>
<b>KLP</b>	<b>'Keep a low profile' - Deng Xiaoping policy legacy</b>
<b>LDC</b>	<b>Low-income Developing Countries</b>
<b>LG</b>	<b>Leading Groups</b>
<b>MFA</b>	<b>Ministry of Foreign Affairs</b>
<b>ME</b>	<b>Middle East</b>
<b>MIT</b>	<b>Massachusetts Institute of Technology</b>
<b>MOU</b>	<b>Memorandum of Understanding</b>
<b>MSC</b>	<b>Munich Security Conference</b>
<b>MSM</b>	<b>Mainstream Media</b>
<b>NAFTA</b>	<b>North America Free Trade Agreement</b>
<b>NAM</b>	<b>Non-aligned Movement</b>
<b>NATO</b>	<b>North Atlantic Treaty Organization</b>
<b>NDB</b>	<b>BRICS' New Development Bank</b>
<b>NSC</b>	<b>National Security Council (USA)</b>
<b>NSS</b>	<b>National Security Strategy (USA)</b>
<b>NTMCR</b>	<b>New Type of Major Country Relationship</b>
<b>NPC</b>	<b>National People's Congress</b>
<b>NPT</b>	<b>Non-Proliferation Treaty</b>
<b>OECD</b>	<b>Organization for Economic Cooperation and Development</b>
<b>OBOR</b>	<b>One Belt One Road Project</b>
<b>PBSC</b>	<b>Standing Committee of Political Bureau</b>
<b>PLA</b>	<b>People's Liberation Army</b>
<b>PM/UNSC</b>	<b>Permanent Members of the United Nations Security Council</b>
<b>PRC</b>	<b>People's Republic of China</b>
<b>PR/D</b>	<b>Peaceful Rise/Development</b>
<b>QE</b>	<b>Quantitative Easing</b>
<b>RCEP</b>	<b>Regional Comprehensive Economic Partnership</b>
<b>ROK</b>	<b>Republic of Korea</b>
<b>RMB</b>	<b>Renminbi (Chinese currency – yuan)</b>
<b>SCO</b>	<b>Shanghai Cooperation Organization</b>
<b>SC Sea</b>	<b>South China Sea</b>
<b>SFA</b>	<b>'Strive for Achievements' - Deng Xiaoping policy legacy</b>
<b>SEATO</b>	<b>South East Asian Treaty Organization</b>
<b>SIPRI</b>	<b>Stockholm International Peace Research Institute</b>
<b>SOFA</b>	<b>Status of Forces Agreement</b>
<b>SOEs</b>	<b>State-owned Enterprises</b>

<b>SD</b>	<b>State Department (USA)</b>
<b>SIT</b>	<b>Social Identity Theory</b>
<b>SP</b>	<b>Social Psychology</b>
<b>SDR</b>	<b>Special Drawing Rights</b>
<b>TRA</b>	<b>Taiwan Relations Act</b>
<b>THAAD</b>	<b>Terminal High Altitude Area Defense (U.S. Army anti-ballistic missile defense system)</b>
<b>TISA</b>	<b>Trade in Services Agreement</b>
<b>WB</b>	<b>World Bank</b>
<b>WH</b>	<b>The White House (USA)</b>
<b>WPR</b>	<b>‘Warm’ Peaceful Rise</b>
<b>WTO</b>	<b>World Trade Organization</b>
<b>UN</b>	<b>United Nations</b>
<b>UNGA</b>	<b>United Nations General Assembly</b>
<b>UNESCO</b>	<b>United Nations Educational, Scientific and Cultural Organization</b>
<b>UNCLOS</b>	<b>United Nations Convention on the Law of the Sea</b>
<b>UNCTAD</b>	<b>United Nations Conference on Trade and Development</b>
<b>UK</b>	<b>United Kingdom</b>
<b>U.S.</b>	<b>United States</b>
<b>USA</b>	<b>United States of America</b>
<b>Zhongyong</b>	<b>Chinese classical co-evolutionary ‘middle course’ dialectics</b>