ROUTLEDGE HANDBOOKS

The Routledge Handbook of Chinese Studies

Edited by Chris Shei and Weixiao Wei

The Routledge Handbook of Chinese Studies

This *Handbook* approaches Chinese Studies from an interdisciplinary perspective while attempting to establish a fundamental set of core values and tenets for the subject, in relation to the further development of Chinese Studies as an academic discipline. It aims to consolidate the current findings in Chinese Studies, extract the essence from each affiliated discipline, formulate a concrete set of ideas to represent the 'Chineseness' of the subject, establish a clear identity for the discipline and provide clear guidelines for further research and practice.

Topics included in this *Handbook* cover a wide spectrum of traditional and newly added concerns in Chinese Studies, ranging from the Chinese political system and domestic governance to international relations, Chinese culture, literature and history, Chinese sociology (gender, middle class, nationalism, home ownership, dating) and Chinese opposition and activism. The *Handbook* also looks at widening the scope of Chinese Studies (Chinese psychology, postcolonialism and China, Chinese science and climate change), and some illustrations of innovative Chinese Studies research methods.

The Routledge Handbook of Chinese Studies is an essential reference for researchers and scholars in Chinese Studies, as well as students in the discipline.

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Foreword

In the beginning there was sinology, which signified a ‘harmless’ interest in Chinese people and their culture (according to Webster’s Dictionary, sinology is ‘the study of the Chinese and especially their language, literature, history, and culture’). Then there is ‘Chinese Studies’, which ventures further into the realm of politics and other humanities ushering in the next stage where there are billions of possibilities of studying the subject, from I-Ching to Li Bai, from Chinese feudalism to the opium wars, and from the Cultural Revolution to the June Fourth military operation. In the 1990s, China starts to shake the world with an economic juggernaut and a political agenda under the slogan of ‘peaceful rise’, with a sting in the tail for those wanting to share the economic boom but unable to remain ‘peaceful’ in China’s terms. This is when the discipline goes into the third phase, rebranded as ‘China Studies’ by some forerunners of the academic marathon who probably saw the dragon looming as large as the Earth in the sky and forecast an unpredictable future for the globe. In this context, ‘China Studies’ signifies a change of focus from people and artifacts to nation and governance. This time, the world has to quickly figure out what China really is and is capable of before they all become ‘part of China’: The second largest economy in the world is reclaiming its past glory with a vengeance, leaving no stone unturned. The investigation has to be critical, comprehensive, and persevering in order to reveal the truths amid persistent political turmoil and chaos. One example of a hastily-drawn conclusion is to say that China has dealt with the coronavirus outbreak more efficiently than a democratic country due to the ‘merit’ of the authoritarian approach. A clear counterexample to this is Taiwan, a democratic homeland to a population of 24 million made up of indigenous peoples, Han Chinese immigrants, and new residents from Indonesia, Vietnam, the Philippines, and so on. Taiwan has managed COVID-19 very well, with total cases of 22 per million population up to October 5, 2020; considerably better than China’s 59 per million. Other authoritarian states have done as badly as or even worse than some democratic countries; for example, Belarus had 8,582 cases per million population as of October 5, Kazakhstan had 5,750, and China’s close ally, Russia, had 8,479.

China’s domestic governance and foreign policies are often innovative and effective (and decidedly cunning, as described in Gerry Groot’s chapter on united front work in this volume), and some of them are only systematically analyzed for the first time in this volume, a major academic work. Who would imagine that LOVE as a sublime feeling of affection is used as a tool to replace the censored criticism and protests on social media in a national crisis to disperse antigovernment sentiments (as revealed in Patrick Gorman’s chapter on management of public opinion)? Meanwhile, all the steam that has to be let off is directed toward the foreign imperialists (especially America and Japan) and the ‘separatists’ (the Taiwan government and Hong Kong democratic fighters) to merge patriotism with ruling legitimacy. There is very little room left for critical and independent thinking when all the dissenting voices have been stifled and the attention of the rest guided toward love for the motherland, gratitude to the party for a good living, and the indisputable ‘Chinese Dream’. To carry out a proper assessment of contemporary China then, a forest view from above and outside is mandatory. In addition, a holistic approach must be taken to encourage interdisciplinary debates and transdisciplinary integration. To that end, this handbook has collected a useful number of essays on interrelated themes across miscellaneous disciplines. All basic enquiries in the three stages of Chinese Studies are represented, including the literary pursuit of sinology, the sociopolitical concerns of Chinese Studies, and the current focus of China Studies on the interplay between economy, technology, geopolitics, military aggression, and so on. The handbook adopts the more traditional title of ‘Chinese Studies’ to reflect its mission to connect the past and the present, and to plan for the future. As a sequel, the online *Routledge Research Encyclopaedia of Chinese Studies* will soon follow under my general editorship, which will probe deeper into the topics considered in this volume and more. As initiator of the project and the content editor of this handbook, I am solely responsible for the selection of authors and the review and acceptance (or rejection) of papers. I thank my coeditor for their postcontent selection editorial job and for helping to write the introduction. I also thank the Routledge assistant editors and senior publisher for their generous support in the process of preparing the book.

Chris Shei

Introduction

Weixiao Wei

To understand what the academic circles are writing about China, a bibliography of journal papers in the Web of Science (WoS) core collection was assembled in September 2020 consisting of 20,000 titles and abstracts. All of these journal papers include 'China' as a topic and were due to be published between May and December 2020. To understand the key concepts surrounding the topic of 'China' in today's academic publications, we used the scientometric analysis tool *CiteSpace*, developed by Dr. Chaomei Chen, to process the bibliographic records exported from WoS.

We further classified the first 100 keywords found by *CiteSpace* into five concept groups as shown below (each category illustrated by some of its higher frequency keywords):

- Generic terms: Impact (1489), model (1128), system (572), prevalence (524)
- Environment and health: Climate change (607), health (455), water, (402), pollution (376)
- Biology and medicine: COVID-19 (971), evolution (476), behavior (429), mortality (355)
- Business and economy: Performance (746), management (690), risk (547), policy (321)
- Other science: Heavy metal (241), simulation (237), energy (223), nitrogen (212)

We then count the frequency of all keywords allocated to each concept group among the top 100 in the list. The result is shown in Table 0.1.

It is obvious that generic terms such as *model* and *system* are predominantly used in the corpus to describe the other categories such as business and sciences. We were surprised to find no top keywords that seem to relate exclusively to traditional Chinese Studies categories such as China's history, languages and cultures, or even terms from political and social sciences. Within the 20,000 bibliographic records, *politics* as a keyword appears only 101 times, *culture* 98, and *history* 88 times. We can surmise two reasons for this. First, the study of Chinese language and literature may have gone out of fashion. Second, as the majority of authors writing about China also write these articles from China, it is understandable that scientific publications are encouraged a lot more than politics and sociology. Figure 0.1 shows the composite of the top ten countries where the authors (including coauthors) of these 20,000 papers reside in (Likewise, the information was extracted by *CiteSpace*).

As can be seen from Figure 0.1, more than two-thirds (71%) of the authors writing papers about 'China' work from an institution based in China, where politics is rarely a topic open for discussion. Most of the papers dwell on safe and meaningful topics to the context such as

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Table 0.1 Categories of concepts represented by the first 100 keywords and their frequencies

Concept	*Count*	*Percentage*
Generic terms	36	36%
Environment and health	24	24%
Biology and medicine	18	18%
Business and economy	13	13%
Other science	9	9%

science and health. To fill in the gaps, this handbook collects much needed research findings from literary studies and social sciences with a view to providing a more balanced reference framework for current and future Chinese Studies in both domestic and international settings.

This handbook is an in-depth journey within and around China, providing a window into a better understanding of the country after making six stops along the journey. Part I, *China's global interests and foreign policy*, is our first stop, which offers a mountain-peak view to guide the reader on the direction of travel. Mariano Treacy first pulls back the curtains drawn by China's *Tao Guang Yang Hui* policy in Chapter 1. This foreign policy gives China an unprecedented opportunity to start an interrelationship of game playing with

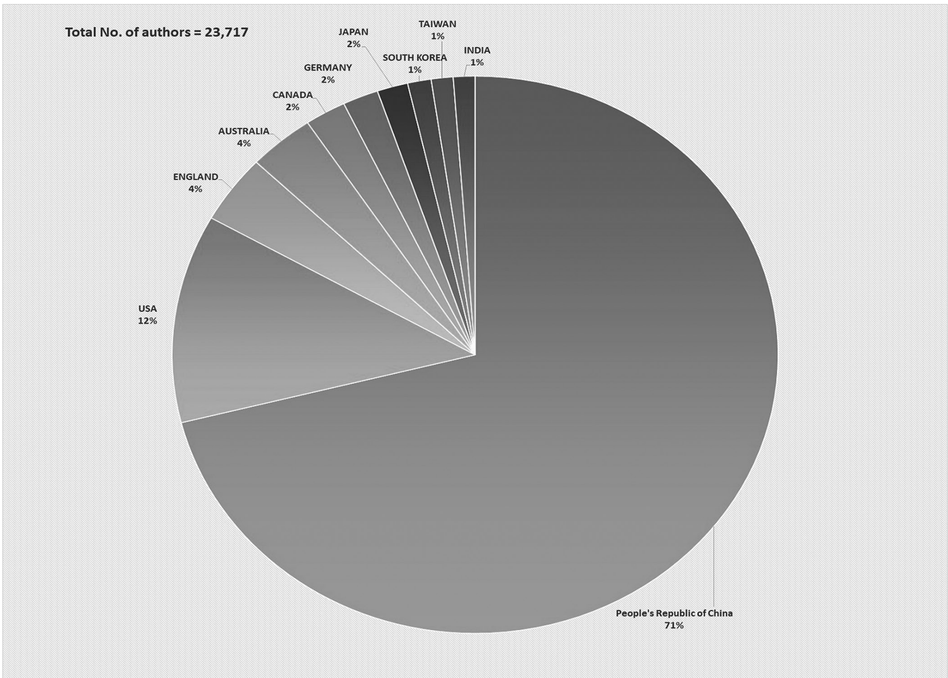

Figure 0.1 Percentages of top 10 countries of origin among authors of the 20,000 papers sampled.

America. Policies and economics are inextricably linked. Thereafter, Chapter 2 offers a well-deserved account on politics and economy, where Mikael Mattlin delves into normative economic statecraft policy to show how China uses economic and financial means to support its foreign policy. In Chapter 3, Gerry Groot explains how the 'united front work' serves the Chinese Communist Party as a crucial mobilization tool in both historical and contemporary settings. Different contexts, missions, and strategies of the united front work department are critically analyzed in different historical periods. Chapter 4 is another contribution on China's economic policy in which Eduardo Tzili-Apango goes a great way into explaining why the Belt and Road Initiative (BRI) is the sure choice for global public good provision and how it serves its purpose. Chapter 5 analyzes the 'China model' in four dimensions and explores the three waves of related debates surrounding the topic. By so doing, the two authors draw a relatively clear picture of the rise and fall of this model and predict where it is heading. In Chapter 6, Liselotte Odgaard offers a detailed account of China's active defense strategy and discusses how the BRI and peaceful coexistence concept are used to solicit cooperation in Central Asia. Chapter 7 details the role of context in human source collection and concludes that China and the United States differ in regard to context culture, which mirrors the complex nature of China–US relations.

Next, we arrive at our second stop, *China's political system and governance*. Politics is the backbone of a country. It determines nation-related economic systems, cultural orientation, and the living conditions of the people. In Chapter 8, Elina Sinkkonen describes the elite level dynamics in China, including power concentration and state control over economic assets, and explores how the trend of deepening autocratization is related to authoritarian resilience. Chapter 9 raises awareness about the unique and irreproducible meritocracy in China which facilitates China's economic success and global rise. The inspiration derived from this political model and its influence may be enormous and ever-widening. Chapter 10 highlights a case study to signal how the major social media platform Sina Weibo works within the bounds and demands of the government. The importance of network front to the management of China's domestic politics comes to the fore. Chapter 11 takes readers through the more interesting byways of the research and practice of e-government in China, which appears to be revolutionary not only in improving people's life by streamlining the administrative procedures but also in terms of government efficiency. Chapter 12 provides insights on intangible cultural heritage which add food for thought to this debate on cultural heritage politics. The reasons, processes, and effects of the revitalization of cultural heritage are illustrated by a case study. Next, Chapter 13 touches upon the all-important issue of population ageing in China. The authors take us through the review of some of the serious problems and challenges the government faces in respect of an ageing population. They also propose the concept of active ageing to meet future challenges in population ageing. Finally in this section, we offer a glimpse of China's waste policy to end this leg of the journey. The authors of Chapter 14 veer away from the traditional Ecological Modernisation (EM) and Chinese governmentality approaches to waste disposal and propose the Protean Environmental State model, which will certainly expand the horizon of environmental governance in China.

Our third stop, *Chinese culture and history*, is a treasure trove waiting to be discovered on this journey. Many aspects of Chinese culture and history are discussed in great detail or a new light. In Chapter 15, for example, Eric Setzekorn paints a dramatically different picture of Qing military history from the stereotypical impression of Chinese military capacity. Chapter 16 offers a broader perspective on the history of international law in China: Maria Adele Carrai points out that in previous studies, a heavy emphasis on Eurocentrism resulted in significant losses of Sinocentrism. Next, William McBride in Chapter 17 explains how Marxism's cult status came about as a result of the guidance it provided for Chinese revolution and construction. He reviews how the Chinese revolutionaries lived at the dawn of this philosophy and explores its relevance to the current situation in China. In Chapter 18, William Matthews provides insights into correlative cosmology and its relationship with the Chinese view of the world. Having worked up an appetite for this little-researched area of knowledge, Joshua Mason in Chapter 19 further explores the topic of Chinese correlative cosmology in the richness of hermeneutics in order to assess the significance of metaphor in Chinese philosophy. Next, Chapter 20 dwells on classical Chinese poetry and shows how it is deeply entrenched in Chinese cultural tradition. The author of the chapter, Chen Xia, takes the reader for a pleasant swim in classic poems and reveals the close relationship between Chinese poetry and emotion. Monumentally important sutra translation holds a vital position in the history of Chinese culture and ideology. Chapter 21 sees the translation of Chinese sutra through a new lens and demystifies the skills sutra translators used in this heroic feat. The article also reveals how Chinese culture is enriched through the avenue of translation and the zealous effort of monk translators. Chapter 22 takes over the story and introduces Shaolin as a prestigious symbol of Chinese culture in the historical turning points of Chan Buddhism. The ups and downs of Shaolin in Chinese history and the significance and influence attached to it are described in detail.

After absorbing China's political landscape and cultural phenomena, we step into the fourth stop to learn about *Chinese people and society*. Chapter 23, written by David Goodman, sets out to introduce the middle class from an all-embracing perspective and highlights the fact that this significant force has an inextricable link to Chinese society, especially in maintaining its political stability. Elise Pizzi in Chapter 24 keeps her focus on the domestic labor migration trend in China, its positive consequences, and the benefits it brings to rural areas. Chinese nationalism is a theory, movement, and belief that involves culture, history, geography, and politics. Chapter 25 reviews three major debates in comparative studies of Chinese nationalism and looks forward to further possible topics in this field in the future. Chapter 26 describes a groundswell of concerns about populism and its research considerations. Currently, Chinese populism is still an online movement targeting the elite and the capitalists, but its further development is unpredictable and its political implications are enormous. Chapter 27 offers a window into a further understanding of sociology in China by depicting the social conditions for its emergence, formation, and development. Compared to Western sociocultural tradition, Chinese sociology has its own historical background and unique features. Chapter 28 discusses the concept of 'Chineseness' within Chinese ethnic media developed in Australia. This study covers a wide range of historical materials with a time span from the 1850s to the present. Chapter 29 investigates a rarely explored area in the cultural meanings of home ownership for China-born migrants in Australia. Their findings reveal that the meaning of home ownership originating in the home country persists after migration. On a different note, but still related to the family domain, one reason for the surging interest in dating and mate selection no doubt lies in the persistence of traditional requirements and the complexity of modern life. In this regard, Chapter 30 analyzes the ever-changing dating behavior and mate selection criteria in China. Although a multitude of factors may influence their decisions, starting a family is still the ultimate goal for most young people. Finally, in this section, Chapter 31 investigates digital youth in Shanghai and concludes that online gaming is a way of shaping and reconstructing gender identity and relationships in contemporary Chinese society.

As China progresses, curiosities of its success steadily increase. The following leg of the journey is a sobering reaction to this thought. The section on *oppression and opposition* starts from Chapter 32, which puzzles out the outlook of nonviolent pro-democracy revolutions in China by reviewing several outbreaks since 1949. Next, the topic of the overseas Chinese democracy movement is considered in Chapter 33. Compared to the relatively sketchy and fragmentary previous research, this chapter lays the foundation stone of a research strand that may loom large in the future. Network technology serves a strut of governance in the current world. How does it work in China? Chapter 34 discusses how China's media management skills improve as network technology advances. In particular, a cutting-edge analysis of media administration during the COVID-19 pandemic is offered as an example. In Chapter 35, the history of Chinese literary censorship is introduced. The author shows how (self-)censorship shapes every niche of production and reception of Chinese literature and reflects core socialist values. Chapter 36 contributes a new framework of on- and off-line collective actions in contemporary China by integrating pertinent theory and research findings from home and abroad. Speaking of public protest, researchers seldom pay attention to how personality affects people's willingness to participate. Chapter 37 explores how personality traits play a pivotal role in contentious participation among Chinese people using a reproducible research method.

Chinese studies: Scope and methodology is the coda to this long-distance travel, and showcases some of the remaining concerns of the discipline and examples of research methodology. As a kickoff, Chapter 38 describes the rich and intricate history of Chinese Studies in Brazil, which is well above expectations. The author details the trajectory of its development from the word go and highlights some of the recent advances of the field in Brazil. In Chapter 39, the author laments that there is so far no consistent body of literature on postcolonial research in China and undertakes to provide an overview, focusing on three key topics: modernity, orientalism, and occidentalism. The author of Chapter 40 starts by asking why modern science did not happen in China, and then goes on to discuss the formation of science in China up to the present. Chapter 41 presents the historical origins of modern psychiatry in China via a process of transnational knowledge transfer and cultural adaptation. Chapter 42 examines the interplay between climate change and cultural heritage and how this may cause ethical issues affecting China and its citizens. The preservation of culture and the safeguarding of citizens identity become important tasks for the future. Next, Chapter 43 introduces frame analysis techniques that work on Chinese official documents to uncover the government's policy priorities. Finally, Chapter 44 constructs an analytical framework combining lexicogrammatical and contextual analyses based on Systemic Functional Linguistics (SFL) hoping to show that Chinese media language is heavily influenced by socialist ideology.

Our journey involves learning to see a multifaceted China. As editors, we sincerely hope that readers have a good opportunity to hear the full range of different voices from a multitude of scholars in multiple disciplines. With the continued upward trend of China in economy and technology, increasing numbers of people across the world will be attracted to this once-mysterious land of the East, embrace China's rapid growth, and continue to receive the dividends it pays.

Part I

China's global interests and foreign policy

1

Great chaos under heaven

Strategies and challenges for consolidating China's global hegemony in the 21st century

Mariano Treacy

Introduction

The 21st century will be marked by the struggle for global hegemony between the United States of America and the People's Republic of China. China's rise has led to a heated debate in the world of international politics about how this struggle will unfold. Will the rise of China be peaceful, or will it imply an increase in conflict, leading to a new 'Cold War' characterized by a race for technological supremacy? Will this technological race lead to separate and politically divided technological spheres of influence? Will Beijing seek to export its development model?

After the 2008 economic crisis, trends of globalization came to a halt. This led to numerous attempts to understand how China's rise was affecting globalization. Some authors argue that globalization is unstoppable and that the integration of national economies makes it harder to escalate bilateral or multilateral conflicts. Meanwhile, other authors talk about 'decoupling trends' in national economies, pointing to the decline of international trade of goods, the slowdown in international capital flows, and the reappearance of protectionist measures.

The trade war that started in March 2018 is only a superficial aspect of the deep geopolitical tensions that exist between the United States and China. The United States argued that China had a history of unfair trade practices and intellectual property theft to justify imposing tariffs on imports of Chinese products, but the underlying conflict is the dispute over global hegemony in the 21st century. China's ability to weather a long-term trade conflict with the United States is a key factor shaping this dispute.

I have previously explored how China went from a closed and centralized economy to a more open, decentralized, and diversified economy, without the Chinese Communist Party (CCP) losing political power or control of strategic state-owned enterprises (Treacy 2020). The policies of structural reform carried out since 1978 allowed the CCP to regain its legitimacy after significant catastrophes, such as the Great Leap Forward, the Hundred Flowers Campaign, and the Cultural Revolution. The modernization program and the CCP's central role in this process led to the so-called 'Chinese miracle'.

In this chapter, I explore the strategic actions that the Chinese government is taking to consolidate itself as a global leader in the 21st century. I analyze the economic, financial,

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technological, productive, and geopolitical aspects of these actions and the challenges that China will face in the pursuit of its objective. First, I describe why the United States is concerned about the rise of China. Next, I discuss the idea of the great decoupling and the Thucydides trap in the framework of hegemonic transitions and systemic cycles of accumulation. Then I explain the Chinese development model and the foreign policy strategy known as Tao Guang Yang Hui. After that, I characterize the launch of the new Silk Road as part of China's strategy of a peaceful rise and the United States' geostrategic responses in its 'America First' policy. Finally, I describe the economic and technological race between the two global superpowers and some challenges and tensions regarding the rise of China.

America's concerns over China's growth

After World War II, the United States became a superpower, consolidating its global hegemony. To this day, the United States has maintained military, economic, financial, technological, cultural, and ideological supremacy. This power is extended by US control of the North Atlantic Treaty Organization (NATO) and major multilateral organizations, including the World Bank (WB), the International Monetary Fund (IMF), and the World Trade Organization (WTO). Since Bretton Woods, but especially after the crisis of the 1970s, American supremacy has been threatened by emerging powers such as the Soviet Union, Germany and Japan. However, in recent years there have been signs that this power is waning because of the rise of China.

In this new era of power competition between states, China and Russia have been designated as the main 'strategic competitors' and the objective of US foreign policy is to ensure its hegemony by containing their economic, military, and ideological rise (Woodward 2017).

In 2017–2018, the United States issued official documents assessing the international situation and challenges to national security posed by the relocation of global hegemony to the East. In the 2018 National Defense Strategy, former US Secretary of Defense Jim Mattis stated that the United States was entering a new era where 'inter-state strategic competition, not terrorism, is the primary concern in US national security'. The document also described 'the central challenge to US prosperity and security [as] the reemergence of long-term, strategic competition by what the National Security Strategy classifies as revisionist powers'. According to the Secretary of Defense, China and Russia are willing to 'shape a world consistent with their authoritarian model – gaining veto authority over other nations' economic, diplomatic and security decisions' (NDS 2018).

According to one of the Pentagon's top military officers, Gen. Joseph Dunford, China will likely pose the greatest threat to the United States by 2025 (Mahbubani 2019). Donald Trump's vice president Mike Pence characterized China as a major competitor and imminent threat to American democracy, its geopolitical power, and global economic supremacy. With the same sentiment, US Deputy National Security Advisor Matt Pottinger stated, 'We at the administration have updated our China policy to bring the concept of competition to the forefront' (Zhao 2019).

Concern among US officials is largely driven by Chinese economic growth, the amount of US debt that China holds in its banks, and the invasion of cheap goods into the North American market. The threat to American national security is twofold. First, China and the United States are competing over natural and mineral resources, as well as to control trade flows through the management of and access to trade routes and ports. Second, they are competing over the development of crucial assets such as knowledge and innovation, and associated infrastructure such as communication networks and computing capacities.

Although the United States still maintains its supremacy, China's rise considerably reduced the gap between the two countries (Zhao 2019). China is already the world's top economy if measured according to GDP with Purchasing Power Parity (PPP). Its share of global GDP increased from 2.3% in 1980 to 18.7% in 2018. The average yearly growth of the Chinese economy between 1980 and 2018 was 12.36% and its GDP per capita increased at an average annual rate of 11% for almost 40 years (IMF Database, 2019). With this performance, China has been doubling real living standards at a rate of every 13 years. Because of this, it has raised 620 million people out of poverty and increased life expectancy from 32 to 65 years between 1949 and 1976, with life expectancy currently standing at 76 years (WB World Development Indicators, 2019). China is also the world's principle export economy (12.8% of world exports) and second largest importer (with 10.8% of world imports) (WTO World Trade Statistical Review 2019). Additionally, it is one of the main emitters and receivers of Foreign Direct Investment (FDI) and the United States' main creditor.

Fortune's 2019 Global list of top 500 companies by revenue included 119 Chinese firms. These firms are global leaders in finance, energy and materials, of which 15 of the top 24 firms are Chinese, including massive entities such as China Minmetels, Amer International Group, and China Baowu Steel Group (China Power Team). The high profitability of Chinese companies is linked to their investment in research and development and their leap forward in the most dynamic emerging sectors.

China is already a global leader in consumer-oriented digital technologies and electronic payments. It has the largest e-commerce market in the world and invests venture capital in autonomous vehicles, 3D printing, robotics, and drones. It also has the largest data market in the world, which gives it an unmatched comparative advantage in the development of artificial intelligence. Currently, more than 20% of the world's R&D investment is made in China. Between 1996 and 2017, China steadily increased its share of R&D expenditure

Table 1.1 Main Economic Indicators, United States and China 1980 and 2018

	1980[1]			*2018*		
	United States	*China*	*China % US*	*United States*	*China*	*China % US*
GDP (billion US$)	2,857	305.3	11%	20,580 (1st)	13,368 (2nd)	65%
GDP (PPP) (billion US$)	2,857	305.6	11%	20,580 (2nd)	25,279 (1st)	123%
Per Capita GDP (PPP)	12,553	310	2%	62,869 (12th)	18,116 (88th)	29%
% World Exports	11.2	1.2	11%	8.8 (2nd)	13.1 (1st)	149%
% World Imports	14.3	1.1	8%	13.5 (1st)	10.8 (2nd)	80%
Int. Reserves (mill. US$)	171,413	10,091	6%	449,907 (7th)	3,168,216 (1st)	704%
Military Exp. (mill. US$)	304,085	11,403	4%	648,798 (1st)	249,997 (2nd)	39%
R&D Exp. (2010 mill. US$)	235,642	13,414	6%	483,676 (1st)	444,755 (2nd)	92%
Patent applications (residents and nonresidents)	115,235	8,558	7%	597,141 (2nd)	1,542,002 (1st)	258%

Source: Own elaboration with data from IMF World Economic Outlook Database, WB World Development Indicators Database, National Bureau of Statistics of China (NBS), WTO World Trade Statistical Review 2019, SIPRI Database & OECD Main Science and Technology Indicators

[1] For the military expenditure set, we use the year 1989; for the R&D expenditure set, we use 1991, and for the patent application set, we use the year 1985 because they are the first available data in the respective databases,

on GDP from 0.56% to 2.13% and plans to continue doing so within the framework of its plan ‘Made in China 2025’. Additionally, China incorporates 30% of total robots produced worldwide, filed more than 1.5 million patent applications in 2018, and recently surpassed the United States in the number of nationally manufactured machines to appear on the list of the 500 fastest computers in the world (Hernández 2018).

In terms of military competition, the United States continues to be dominant but China has become the second world power. The United States had the highest military spending in 2018 with $649 billion. This figure represents 36.4% of total global spending. The United States maintains more than 800 military bases outside its territory, has ongoing military conflicts in at least eight countries, and deploys over 240,000 military personnel in 172 countries (Arceo 2018). China followed the United States as the country with the second highest military expenditure in 2018 with $250 billion, 14% of global spending and 38.5% of US military spending (SIPRI 2019). Leaving aside conflicts in some Chinese regions such as Hong Kong, Tibet, and Xinjiang and in a disputed region like Taiwan, China has not been at war and has not made military interventions in other countries for decades.[1]

China took advantage of the protection cost the United States had to pay in order to maintain its global hegemony and invested its surplus in gross formation of fixed capital and R&D. Between 2000 and 2007, gross fixed capital formation in China averaged 39.4% and, between 2008 and 2018, more than 45% of GDP, doubling the figures of the United States, which invested around 22% (WEO).[2] Similarly, Chinese economic productivity has increased by 9.9% annually between 2008 and 2018, while US productivity grew 1.2% in the same period (Arceo 2018). China currently only has one overseas military base, in Djibouti, although it is believed to be planning others.

The World Power Index (WPI) calculates the accumulation of a state’s national capacities to exercise its power in the international system. It is the sum of the other three subindices of National Power reflecting states’ economic-military and socio-institutional power and broader cultural hegemony. These indices account for material capacities (national production, total surface area, defense, international commerce, finances, and research and development), semimaterial capacities (production per capita, population, consumption, energy, education, and health) and immaterial capacities (government expenditure, tourist appeal, expenditure on international aid, number of telephone lines, and academic influence and cosmopolitanism) (Morales Ruvalcaba 2019).

As Table 1.2 shows, the United States has led the WPI since that index began to be recorded. Geopolitical changes and hegemonic disputes can be observed through the ups and downs of the different countries in the remaining positions. In the 1970s, in the midst of the Cold War, Germany and the Soviet Union fought for second place. Following the collapse of the Soviet Union, Japan rose, while Germany and France maintained their central place. After the 2008 economic crisis, China begins to rise, entering to the WPI Top 5 in 2011 and in the Top 2 in 2015.

These indicators are useful, but they do not account for the whole meaning of global hegemony. Economic, technological, financial, and military supremacy are not the only factors that make a state power hegemonic. Other factors such as internal cohesion, the state’s ability to discipline the ruling class and workers, foreign policy strategies, and the use of soft and silent diplomacy must also be considered.

The great decoupling, the Thucydides trap, and a new world order

In International Relations, hegemony refers to the way in which a state power exercises leadership and government functions over a system of foreign sovereign states.

Table 1.2 World Power Index (WPI)

	1975	*1985*	*1995*	*2005*	*2015*
1st	United States	United States	United States	United States	United States
2nd	Germany	Japan	Japan	Japan	China
3rd	USSR	Germany	Germany	Germany	Japan
4th	France	France	France	France	Germany
5th	Japan	USSR	United Kingdom	United Kingdom	France

Source: Own elaboration from Morales Ruvalcaba (2019)

This geopolitical, economic, military, scientific-technological, cultural, moral, and intellectual leadership is exercised through mixed forms of coercion and consensus and is perceived by other nations as a way of achieving the general interest. World hegemony is a historical construction that results from disputes between major powers. In Arrighi's words, 'the modern system itself has been formed by, and has expanded on the basis of, recurrent fundamental restructuring led and governed by successive hegemonic states' (Arrighi 1994: 30).

Interstate conflicts over world hegemony have marked the transitions between Systemic Cycles of Accumulation (SCA) composed of stages of emergence, consolidation, and decline of hegemonic states in the world system (Arrighi 1994). In the first stage, productive and material expansion is combined with growing political and technological leadership that results in greater control of innovations and geopolitical changes. In the stage of decline and crisis, the Hegemon loses competitive leadership due to the financialization of its economic surplus and appearance of other competitors.

Capitalism's logic of competition leads large corporations to transcend national spaces to find resources, markets, and an abundant and cheap labor force. States support their corporations' interests by building military arsenals and negotiating with and putting pressure on other countries. Competition between capitals can lead to competition between rival states to delimit the rules of the international system and the place occupied by each country in the international division of labor. This competition sometimes leads to war and produces changes in the command of world hegemony, leading to new SCA.

The reorganization of the world that took place between 1980 and the 2008 crisis under US hegemony turned East Asia into a center of global capital accumulation with China at its center. In the 1980s and 1990s, US corporations restructured the economy to reestablish their domination over Japan and Germany, the two rival states of the time. The United States played a major role in assimilating many of the former Soviet Socialist Republics into the world order. The United States' core strategy for hegemony was based on integrating its former and potential competitors into a global order under its domain (Smith 2016). This strategy was successful until the rise of China, which represents a systemic threat to the American model of civilization and refuses to be integrated as a minor partner in the current world order.

Many analysts argue that the 2008 crisis and the stagnation and partial reversal of the globalization process is an outcome of how the accumulation crisis of the 1970s was resolved, expressing the limits of US hegemony. Many analysts even argue that in recent years the world has gone from a unipolar order with the United States in the center to a bipolar order with China sharing the status of supreme power (Xuetong 2011).

The United States has been maintaining a structural trade and current account deficit since 1974, with China making up the largest part of that deficit. In 2018, 82% of US total current account deficit came from a bilateral deficit with China, which has been reducing its holdings of US debt but is still the largest American debt holder with $1.12 trillion (BEA). Therefore, many authors speak of a strategic partnership between the two countries, which allows the former to sell their goods and the latter to artificially sustain its level of consumption through access to cheaper goods and public and private indebtedness (Arceo 2018).

The main hypothesis according to which an armed conflict would not erupt is that, unlike many other hegemonic disputes, the Chinese and American economies are highly integrated. Since the end of World War II, economic integration has served as a mechanism to reduce the likelihood of conflict between countries. When competition prevails between economic actors of two opposing powers, the objective conditions bring them to try to annihilate each other. When there are commercial and financial partnerships between actors from different countries, economic powers try to seek peaceful solutions to the conflict. The coalition of interests between corporations and states would prevent the destruction of capital that would result in the case of an armed conflict.

Productive and financial integration between the United States and China has shaped the form of capital accumulation since the 1980s. Foreign capital has been invited to enter the Chinese economy as a subordinate actor and virtually all large multinational companies have developed global value chains and become tied to Chinese interests. The fragmentation and relocation of production, the configuration of global value chains, and the consolidation of the dollar as a reserve of global value and China as the world's leading creditor configured a win-win relationship. Thanks to those relationships and certain strategic policies, China has made progress in high-tech industries and begun to catch-up with US technological prowess. This articulation allowed China to maintain some geopolitical autonomy from American interests and rise as a 'Contender State' (Fusaro 2017).

However, the limits to this strategic partnership have been showing for years and economic interdependence between China and the United States is being reversed in a movement that some analysts characterize as 'the great decoupling' (Actis & Creus 2019; Bremmer & Kupchan 2020). As a sign of this decoupling process, we see the interruption of the development of production chains and the dismantling of global value chains, a decrease in R&D cooperation and the flow of academic and technological exchanges, and a decrease in the level of bilateral investments. The United States fears losing its economic and military hegemony and China is preparing to autonomize its development process. The 'great decoupling' process could slowly reverse the integration between the two countries and increase the likelihood of conflict.[3] However, the size of the Chinese domestic market and the advantages of efficiency in supply chains limit the shift of some manufacturing activities out of the country (Orr 2018).

China's rise increased competition and tension with the United States because China is not content to participate in the world order as a minor partner. The Thucydides trap refers to the pattern of structural stress that results when a rising power challenges a ruling one. In the past 500 years, there have been 16 occasions in which a rising power threatened to displace the consolidated power and 12 of those ended with war. There were only four occasions that did not end in war: Spain against Portugal in the 15th century, the United States against the United Kingdom at the beginning of the 20th century, the USSR against the United States throughout the 20th century, and Germany and Japan against the United States in the late 20th century (Allison 2017). Of these experiences, the dispute between the United States and the USSR was probably the one that compares the most to the current hegemonic dispute. Many analysts are already calling the great decoupling a ‘new cold war’ (Roubini 2020; Smith 2018).

For Beijing, the time during which Western powers dominated the world has been nothing more than a parenthesis before history recovers its ‘Sinocentric course’ (Rousset 2018). Currently, we could be witnessing the beginning of a transition toward a new systemic cycle of accumulation focused on Asia and particularly China. The ‘Chinese cycle’, if it exists, will be the result of a historical construction and dialectical contradiction that has been taking place for several decades. China will not replace the United States but rather put it in its place as a first among equals. It is difficult to envision a warlike future between these competing powers because China does not have the military force to threaten the United States nor is that included in China’s foreign policy guidelines, based on the Tao Guang Yang Hui strategy of a peaceful rise to power. However, as Allison (2017) argues, ‘When one great power threatens to displace another, war is almost always the result – but it doesn’t have to be’.

Chinese development model and Tao Guang Yang Hui (TGYH) strategy of a peaceful rise

For some Western analysts, the takeoff of the Chinese economy is associated with the modernization and liberalization and market-oriented reforms initiated by Deng Xiaoping in 1978. This rise is often presented as a victory of the market economy over the state-oriented economy. However, many of the aspects that made China’s exceptional growth possible are linked to the specific characteristics of its model.

Trying to characterize the Chinese model as ‘capitalist’ or ‘socialist’ is not helpful for understanding it. As Roberts (2017) points out, ‘China will remain an economy that is fundamentally state-controlled and directed, with the “commanding heights” of the economy under public ownership and controlled by the party elite’. Undoubtedly, China has learned and internalized the rules of capitalist competition, but has also taken advantage of the strength of a single-party political system and a regime with a strong capacity for discipline and planning and high approval rates.

China has proven to be a rising power with a stable political system, in which the Communist Party plans the long-term strategic guidelines involving the government, the banks, and companies. The Chinese threat to the current world order lies in the systemic risk involved in the dispute between a model of market capitalism versus a model of state capitalism or socialism with Chinese characteristics. Unlike the USSR, however, the internationalization of communism or the export of its political and ideological system does not appear (at least until now) among the Chinese government’s objectives.

The Chinese national state remains a dominant agent in decision making, especially when it comes to industrial and technological upgrading. The Chinese state exercises greater control over its economy than any other country in the world. The public sector controls investment, employment, and production decisions in strategic sectors such as banking, telecommunications, petrochemicals, power generators, civil aviation, and armament factories and exerts significant influence over others such as machinery and equipment, steel, and chemicals (China Power Team; Fan, Morck, & Yeung 2011).

The state-owned Assets Supervision and Administration Commission (SASAC) controls about 120 companies, defines the prices of goods, limits exports, and appoints executives of the main firms. Additionally, the Chinese state excludes foreign companies from certain activities, subsidizes strategic sectors and controls access to inputs such as bauxite, coke, silicon, and magnesium (Dorn & Cloutier 2013). There are 102 key state-owned enterprises (SOEs), whose total assets are worth 50 trillion yuan, such as oil companies, telecommunications operators, power generators, and weapons manufacturers.[4] These companies, which have assimilated Western technologies, contributed 60% of the Chinese FDI in 2016 (Roberts 2017). The share of GDP owned and controlled by the state is approximately 50%. China has a stock of public sector assets worth 150% of the annual GDP and China's public investment to GDP ratio is around 16% (Szamosszegi & Kyle 2011).

Far from the false statist or free-market dichotomies that predominate in international political economy debates, Chinese politics since 1978 has been characterized by pragmatism. Recently, Chinese leaders have worked in a consistent development program called the 'Chinese Dream' to convey the impression that China's rise is inevitable. The government has launched the Made in China 2025 project and the Belt and Road Initiative (BRI) to develop independent technological capabilities, move up the global value chain, and consolidate its scientific-technological, geopolitical, and cultural leadership.

Chinese leadership strategy is based on the Tao Guang Yang Hui (韬光养晦) doctrine elaborated by Deng Xiaoping. Also known as the '24-Character Strategy' or 'Pacific rise', this doctrine is now Chinese official foreign policy. Briefly, TGYH means to 'observe calmly, secure the position and slowly cope with affairs, keeping a low profile and working hard for some years until slowly getting more weight in international affairs' (Chen & Wang 2011).

TGYH foreign policy is based on strategic moderation. Under the rule of Xi Jinping, China launched the 'Peaceful Rise 2.0' foreign policy strategy (Zhang 2015). The goal of this strategy is to transform China into a builder of global peace, contributor to development of global governance, and protector of international order, without sacrificing its national core interests. Unlike the TGYH strategy, however, China has abandoned its low profile and tries to move toward building a multipolar world order without challenging US hegemony. China has openly stated that it will not accept an international system that reflects the interests of the winners of World War II.

The international order ruled by the United States and crystallized in the Bretton Woods accords after the end of World War II is clearly coming to an end. It is possible that there will be a transition in which the Chinese government will integrate the main institutions as it has been doing so far. But sooner or later, China will try to reform the global governance system to adapt it to the situation of multipolar hegemony of today's world. The outcome of this process will depend, among other elements, on the result of the most ambitious economic integration strategy in history, the BRI.

The BRI as the Chinese strategy for regional leadership and the US geostrategic response

The main leaders of the CCP have long argued that China's stability and prosperity depends on the stability and prosperity of its neighbors. With this idea, Beijing has planned on building its regional leadership using soft power by increasing its positions in international organizations and through economic, financial and political integration agreements. The main goal is to diversify commercial partners and commodity suppliers and to gradually consolidate an area of influence of its currency, the yuan.

In 2013 China launched the BRI, also known as the new Silk Road. The BRI is one of the most ambitious regional integration projects since the Marshall Plan as it includes almost 70 countries, 75% of the world's known energy reserves, 65% of the world's population, and 40% of the world's GDP. This project is intended to develop six land and sea corridors to expand Asia's economic and political integration with the Middle East, Europe, Africa, and Latin America. In the preliminary draft, the BRI includes investment in all sectors (from tourism to mining, electronics, and solar energy), the creation of industrial parks and port areas, large public works (railroads, bridges, tunnels, dams), and energy equipment (oil and gas pipelines, power plants, wind fields) (Rousset 2018). Through the construction of infrastructure, the opening of markets, and the realization of investments, the BRI is expected to project Chinese industrial interests and strengthen Chinese political and cultural influence all over the world. This initiative would also allow the Chinese government to safeguard its border areas and begin a pacific expansion to the west, ensuring a geostrategic access to mineral deposits, oil, land, markets, and influences.

In addition to promoting the new Silk Road, the Chinese government has also promoted large integration and investment projects such as the Regional Comprehensive Economic Partnership (RCEP) and Asia-Pacific Free Trade Area (FTAAP). Chinese geostrategic projects are leading to new tensions with the United States, Russia, and India as they cross their main areas of influence in the Eurasian land mass and the South China Sea.[5] The Shanghai Cooperation Organization (SCO) (seen by the United States as a parallel NATO) raises another point of tension with the United States. Very intelligently, China has already begun to negotiate partnerships with countries such as Germany, the United Kingdom, France, and South Korea (among others) that are already part of the Asian Infrastructure Investment Bank. Beijing is also trying to include India and the United States in the BRI, something that is unlikely to happen (Rousset 2018).

United States foreign policy strategy during the Trump administration (2017–2020) has been realigned with national security objectives and the 'America First' policy to restore its political, economic, and military leadership (Smith 2018). In this period, the United States implemented protectionist measures,[6] withdrew from the Trans Pacific Partnership (TPP), froze the Transatlantic Trade and Investment Treaty (TTIP), renegotiated existing free trade agreements, and launched the 'Free and Open Indo-Pacific Strategy', which aims to counterbalance the Chinese BRI. Along those lines, the US government increased the defense budget, launched the Quadrilateral Dialogue (QUAD) with Australia, Japan, and India,[7] increased its naval patrols in the South China Sea, restricted Chinese FDI in sensitive sectors, and pressured its allies not to participate in the BRI and not allow China to enter in key sectors such as artificial intelligence and 5G networks.

The trade war has been part of the United States' 'America First' geostrategic response to the rise of China (Smith 2018). In 2018, Trump accused Beijing of carrying out unfair trade attacks that caused unemployment and the closure of American factories. For the United States, the Asian power based its economic rise on unfair practices such as violations of intellectual property rights, nontariff trade barriers, subsidies to domestic firms, and forced demands for technology transfers to foreign direct investments (The White House 2017). In response, the US government has begun to impose tariff barriers and fines, restricted investments, and filed lawsuits against China in the WTO. In reaction to the United States' protectionist measures, the Chinese government raised tariffs on Made in USA products and threatened to stop buying sorghum and soybeans, to change the supplier of Boeing airplanes and General Motors automobiles, and to boycott the consumption of American products and Chinese tourism to the United States. Beijing also threatened to stop buying American public debt and to get rid of the bonds it already has.

In January 2020, top representatives of the US and Chinese governments signed the first phase of an agreement to mitigate the effects of the trade war and tensions between the two countries. China has pledged to buy more agricultural products, such as soybeans and pork, in exchange for a reduction in import tariffs. In addition, China suspended tariffs on US products such as corn, cars and auto parts, and suspended taxes on imports of electronic goods and toys. The agreement includes some points related to technology transfers, intellectual property rights, and the foreign exchange market. China would stop demanding technology transfers to foreign companies and the United States would stop accusing Beijing of currency manipulation (Kirbi 2020).

Despite having advanced in a partial agreement to end the trade war, the global situation stemming from the spread of the COVID-19 virus rekindled geopolitical tensions between the United States and China. The United States underestimated the risks of the outbreak and inequities in its health system have been revealed to the world. China demonstrated an ability to contain the disease through mass surveillance of its citizens and used the critical situation to expand its soft power by assisting the countries most affected by the pandemic. Many analysts argue that the current crisis demonstrates the absence of multilateral coordination, the limits of the Western model, and the emergence of a more authoritarian, but more effective, Eastern model for crisis management and social control. COVID-19 could be accelerating the trends of the reversal of globalization, the great decoupling, and the generation of a new world economic and political architecture.

In this dynamic scene, however, it is difficult to predict how things will turn out. There is still a long-term risk that trade, currency, technological and geopolitical disputes intensify and that a new cold war breaks out between Washington and Beijing. However, unlike the 20th-century Cold War, in the current context, no country would be willing to choose only one side and it is highly unlikely that there would be a clear winner.

Economic and technological aspects of China's rise and its main challenges

Over the course of a few decades, China went from being the industrial Mecca of foreign investments in low value-added manufactured goods with low wage costs to being a global center of research and technological development, exporting complex products and services, and one of the main issuers of foreign investment.

After the Third Plenary Session of the 18th National Congress of the Communist Party of China in 2013, new strategic objectives were launched for the centenary of the Republic in 2049. The main objective, according to Xi Jinping, is to 'rejuvenate the Chinese nation' by deepening economic reforms and resolving tensions between unbalanced development and the living conditions of Chinese citizens. While economic growth benefited the vast majority of the Chinese population, it widened the gaps between the countryside and the city and also within large cities, where large inequalities have developed between the middle classes with increasing purchasing power and migrant workers.[8]

The 'Chinese Dream' anticipates an economic advance in terms of GDP and per capita income growth[9] associated with a reduction of internal inequality and external vulnerability. China's current main challenge lies in transitioning from the export-oriented growth model to a model based on strengthening the domestic market. To achieve this, the government developed an economic plan to shift an economy based on heavy industry into one based on high-tech service (Woetzel 2015). Both the new Silk Road and the Made in China 2025 (MIC2025) plan are the main projects that would enable the country to promote higher value-added exports and open new markets.

MIC2025 was launched in 2015 to develop more innovative industry and increase autonomy in strategic sectors through more local production of essential parts and materials. To do so, it calls for an increase in R&D investment from 0.95% to 2% of GDP and establishes priority development areas in integrated circuits, communication equipment, information technology and 5G networks, cybersecurity, operating systems, big data,[10] the Internet of Things (IoT), machine tool control, robots, aerospace and aeronautical equipment, oceanographic equipment, rail equipment, low consumption vehicles, medical devices, and aerospace technology. The goal is to turn China into a center of global innovation in artificial intelligence (AI) by 2030 (Girado 2017).

Since 2015, the US government has been suspicious of China's technological rise. It banned Intel from selling chips to China to prevent the Tianhe 2 supercomputer from displacing an American one on the list of the 500 fastest supercomputers. In recent years, American industry has become increasingly dependent on Chinese chips, increasing its vulnerability to hacking. Following Trump's victory in 2016, major changes took place in US foreign policy. The Trump administration's military, industrial, and national defense policy is oriented toward reversing the influence of Beijing and restoring national security.

In September 2018, the US Defense Department published a study on 'Assessing and Strengthening the Manufacturing and Defense Industrial Base and Supply Chain Resiliency of the United States' that identifies supply chains' dependence on China as a national security threat (ITF 2018). Following that report, the White House included Huawei Technologies Co. Ltd. on the US Commerce Department blacklist and banned US companies such as Qualcomm, Intel, and Google from selling them certain key components or doing business with the Chinese firm. The White House also banned American high-tech companies from supplying the Chinese telecommunications corporation ZTE. Additionally, it restricted its own purchases of goods and services from Chinese companies and persuaded European Union partners to do the same.

These 'decoupling' measures were taken to preserve the US core interest in maintaining supremacy over AI, quantum computing, 5G, supercomputing and semiconductors technologies (Bremmer & Kupchan 2020). The key to this conflict is the dispute over the 5G network, which is 40 times faster than 4G. Huawei has already invested in infrastructure and developed technological processes for the 5G network. Google is lagging behind in this race since its core business is in data processing (Zuazo 2019). The Trump administration pressured Australia, New Zealand, Canada, and the United Kingdom to ban Huawei from building 5G communication infrastructure in their countries, claiming that China would use it to carry out illegal espionage (Smith 2018). Despite US warnings, the United Kingdom authorized the Chinese company to develop 5G networks but imposed some restrictions such as a 35% market share and exclusion from strategic sectors such as nuclear and military installations (Drezner 2020).

China is rapidly becoming an economic and technological superpower. In this economic cold war, most countries will probably have to choose between US and Chinese contractors. The Thucydides trap is about to arrive and the conflict between China and the United States over commercial and technological leadership could lead to a decoupling of the global economy and a new cold war with Chinese characteristics.

Conclusion

This chapter identified the main factors that make the People's Republic of China a strategic competitor of the United States for world hegemony. In the past 40 years, China has narrowed the gap in production, per capita income, foreign trade, international reserves, military spending, R&D spending, and patent applications. Fixed capital formation and increased productivity allowed China to double living standards every 13 years and its companies have established themselves as leaders in the most dynamic technology sectors.

For many years, China and the United States acted as strategic partners because economic integration produced reciprocal benefits. However, recently China's leadership in key technology areas has been characterized as a threat to American national security. This led to a slow process of decoupling. The main challenge of the Xi Jinping administration is to build a multipolar world order, for which it has sustained the foreign policy strategy of peaceful rise and strategic moderation (Zhao 2015). Beijing has promoted the BRI and the MIC2025 program. Together, they form a coherent strategy of economic development that aims to transition from the export-oriented model to a model based on strengthening the domestic market and the production and export of high value-added services, with diversified business partners and expanding the yuan's area of influence. The United States has modified its foreign policy and launched the America First program. Under this framework, it has implemented protectionist measures to regain its political, economic, and military leadership and also made geostrategic agreements with Australia, Japan, and India to contain China's advance.

The 21st century will definitely be marked by struggle between the United States and China in the construction of a new world order. The success or failure of the Chinese strategy of a peaceful rise will depend, among other factors, on the outcome of the New Silk Road project and the MIC2025 plan. China's rise represents a challenge to the United States' national security but, above all, a systemic risk to its world hegemony as it seeks to forge an order that reflects its supremacy. For Beijing's interests, the convulsion that the world is currently going through is an unprecedented opportunity to assert itself on the international political stage and lead the building of a new order. As the Mao Zedong quote goes, 'There is great chaos under heaven, the situation is excellent'.

Notes

1 Numerous illegal detentions of members of minorities belonging to Muslim ethnic groups such as the Uyghurs, Kazakhs, and other Turkik minorities have been reported in Xinjiang Province (Human Rights Watch).

2 In the United States, the investment rate falls and labor productivity grows well below than in China. Industry participation in the GDP decreased from 21% in 1974 to 11.7% in 2016. The share of finance, insurance, and real estate increased from 13.6% to 19.7% of GDP (Arceo 2018).

3 The conservative wing of the Republican Party (led by Steve Bannon and Robert Lighthizer) characterized the coming world as one in which the win-win relationship would no longer be possible. The conservative wing of the Chinese Communist Party also welcomes economic self-sufficiency in a context of greater geopolitical tensions. President Xi Jinping has called for a new 'Long March' to break China's technological dependence on the United States (Bremmer & Kupchan 2020).

4 The link between the leaders of the largest SOEs (like Sinopec or ICBC) and the CCP is clear: the CCP places top executives in important party roles, with SOEs leaders accounting for 18 of the 172 alternate members of the Central Committee (Macro Polo).

5 One of the most sensitive points of the geopolitical dispute between China and the United States is the South China Sea, an area of great oil projection and the densest sea route in the world. Currently there are disputes with Vietnam and Taiwan for the Paracel Islands and with those two countries and the Philippines, Brunei, Indonesia, and Malaysia for the Spratly Islands (Rousset 2018).

6 In addition to implementing protectionist measures, the United States refused to replace two of the judges of the WTO Appellate Body, leaving the organization unable to operate (Duesterberg 2019).

7 In the framework of the Indo-Pacific Strategy to contain China's expansion in the Asia Pacific, the United States, and India signed in a $3 billion military agreement in February 2020 to modernize the Indian armed forces with US equipment (India Today).

8 Expelled from their lands due to government intervention in the grain market that limited increases in agricultural prices and stripped them of public services as a result of the dismantling of rural communes, migrant workers (Mingong) moved away from the countryside to large factories on the east coast of the country, accepting low wages and poor working conditions.
9 The Chinese five-year plan has goals of increasing per capita income from the current $18,000 to $20,000 in 2022 and $40,000 in 2049 (Woetzel 2015).
10 Reporters Without Borders has characterized President Xi Jinping as the 'world's leading censor'. The Chinese Government controls the world's largest mass of internet users (802 million) through its social networks such as Tencent, Weibo, WeChat, and commercial platforms such as Alibaba and has installed a large firewall to control what information circulates. The metadata of this population is a highly desired asset for the world's leading companies, such as Google, Amazon, Facebook, Apple, and Microsoft (GAFAM) (Lee & Woetzel 2017).

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2

Normative economic statecraft

China's quest to shape the world in its image

Mikael Mattlin

Introduction

As China's economy has grown, scholars and pundits have pondered whether China will be satisfied with the *status quo* world order or wishes to transform it (Johnston 2003). Until the 2012 arrival of Xi Jinping as China's leader, the general view on China's relationship with the existing global order was one of peaceful coexistence and integration into a Western-led world order. China was seen as having integrated reasonably well into this order and become adept at defending its own national interests within its confines, but not interested in overturning it. Some influential scholars mused that China might even come to strengthen the 'liberal international order' (Chan 2006; Ikenberry 2012; Foot & Walter 2012; McNally 2012).

Beijing was seen as being reluctant to proactively promote international norms, believing it to be a dangerous game to engage in. Despite its systemic importance, China was a relatively passive participant in the system, a 'rule-taker' that tended to be active mainly when its own domestic development priorities were jeopardized by global governance actions (Foot & Walter 2012: 15; Bo 2010: 20–23). China thus shunned the role of 'norm entrepreneur' (Finnemore & Sikkink 1998). The most prominent norm-making efforts originated, not from the Chinese government, but from Chinese International Relations (IR) scholars like Yan Xuetong, who advocates that China ought to promote international norms based on traditional Chinese moral norms, e.g., 'humane authority' (Yan 2011).

The Xi Jinping era has shown a different China. Representatives of the Chinese state now act more self-assuredly and assertively on the world stage, at times even aggressively, e.g., in the context of some Chinese diplomats' public verbal attacks in 2019–2020 (the 'wolf-warrior' phenomenon). China's current approach to global governance is nuanced and multifaceted, with varying levels of support and contestation, depending on the governance area (Johnston 2019). Increasingly, China is attempting to become also a *norm-maker*. One leading scholar has used the expression 'revisionist stakeholder' (Zhao 2018).

This chapter provides an overview of state-of-the-art research revolving around China's use of economic/financial statecraft, i.e., using various economic or financial means to serve foreign policy objectives, particularly objectives with normative implications. The chapter

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discusses how Beijing uses economic statecraft in effecting preferred changes to existing international norms in different contexts. The discussed cases have been chosen to cover the diversity of China's economic statecraft. The article also highlights how China impacts global economic governance through its alternative *modus operandi*.

International norms and economic statecraft

Norms have been an important topic in IR since the 1980s. The late 1990s and early 2000s saw influential scholarship on norms within constructivist IR theory. Constructivists usually define norms as (expectations about) appropriate behavior held by a collectivity, or for a given identity (Finnemore & Sikkink 1998: 891; Checkel 1998: 83). Much of that scholarship was globalist and 'progressive' in its orientation, with case studies on active normative change to 'make the world a better place', e.g., by abolishing the death sentence, or raising awareness of environmental hazards or the climate crisis, to prompt politicians into action (see, e.g., Manners 2002; Björkdahl 2002).

In world politics, norms tend to be contested and less-than-universally accepted, or not strongly internalized (Goertz 2003; cf. Wendt 2010). Governments do not share a universally accepted normative view on global governance. World politics also lacks a world government, a shared legal system and enforcement mechanisms. International norms do not get established in a vacuum, they tend to reflect the outcomes of power-constellations and long-term struggles to establish certain norms, e.g., on protection of civilians during war, or the concept of freedom of the seas. While norm entrepreneurs (Finnemore & Sikkink 1998) or epistemic communities (Haas 1992) may be a transnational group of individuals, e.g., scientists and activists, the influence of powerful states (Great Powers) on the normative order is important (Bull 1977 [2002]). Powerful states have throughout history sought to use their dominant position to 'lay down the rules of the land'. Think e.g., of the Roman empire's Pax Romana or the Qin-dynasty unification of China and setting of common standards across the newly erected empire. Based on a conceptual analysis of the EU, Forsberg argues that normative power can be exercised by persuasion, invoking norms, shaping the discourse or leading through example (Forsberg 2009).

The contemporary global economic system, born on the ruins of World War II, was largely an American design. Although many other nations participated in the famous Bretton Woods discussions in 1944, the most important talks were held between American and British negotiators, i.e., the emerging and receding leading powers (Kindleberger 1986). Ultimately, the American view often prevailed, reflecting the already vast power-differential between the two countries at the time (Subramanian 2011: 16–19). Later, this normative order was cemented in Western Europe and Japan, e.g., through the Marshall Plan and institutions such as the Organisation for Economic Co-operation and Development (OECD) and NATO, although the Western bloc was seldom as unified on economic governance as is later remembered (Ibid). Nevertheless, differences were held in check by the larger strategic backdrop and security dependence on the United States. China is perceived as challenging established governance norms because it represents values different from those of the (mainly Western) countries that for decades dominated the normative game (Yan 2018), and it is not part of Western security arrangements.

Ironically, right at the time when the United States and the US dollar seem in danger of losing their preponderant position in the global economic system – as the United Kingdom and Pound sterling did after the First World War (Kindleberger 1986) – the raw nature of this underlying reality comes to the fore. Susan Strange, the grandmother of British

International Political Economy (IPE), drew early attention to finance as a channel of power through which the United States is able to wield important, albeit largely hidden, power, through the dominance of the US dollar and Wall Street in financial markets (Strange 1997: 179–186). This latent financial power gradually became more visible in the war on terror (Zarate 2013) and later related to Russian annexation of Crimea and Iran's nuclear program, as well as Washington's allegations of China using American technology to strengthen its military or surveillance capabilities. Washington imposes economic sanctions on states whose actions it disagrees with. During the Trump administration, the blunt nature of US financial power to shape the global order became evident. Today, Washington shows little inhibition in turning the architecture and channels of global interdependence into the service of its foreign policy – a phenomenon that Farrell and Newman (2019) aptly call 'weaponized interdependence'.

Other major powers, such as Russia and China, even the EU, now also seem to be experimenting with how to turn their economic strengths into foreign policy tools. For Russia, this naturally revolves around energy, in particular oil and gas (see, e.g., Wigell & Vihma 2016). For the EU, the natural strength is the vast single market. China, in particular, seems to have borrowed a leaf or two from the US playbook. China has a broad array of economic and financial tools at its disposal, as well as the global ambition to match the United States.

The discussion on states' use of economic tools of foreign policy (to effect policy changes in other states) has traditionally been conducted within the IPE subbranch of IR under the broad concept of *economic statecraft*. This encompasses different scholarly approaches, albeit predominantly Realist-tinged, beginning with Friedrich List's and Albert Hirschman's early writings on economic nationalism (see, e.g., Baldwin 2020; Gilpin 2001; Hirschman 1980; Drezner 1999; Breslin 2011). There is no widely accepted clear definition of economic statecraft, although Baldwin (2020: 28–39) has recently engaged in conceptual clarification. While the term covers also economic inducements, it has tended to be associated more with sanctions and coercion (Drezner 1999). Some scholars have also tried to delineate a more specific subset of *financial statecraft* that refers to 'those aspects of economic statecraft that are directed at influencing international capital flows' (Steil & Litan 2008; cf. Wu & De Wei 2014: 783), but this discussion has been mainly centered around a few scholars (e.g., Armijo & Katada 2014, 2015). Another term, *geoeconomics* – that harks back to Edward Luttwak's writings on geoeconomic power (Luttwak 1990, 1993; Mattlin & Wigell 2016) – has also seen a resurrection. The geoeconomics concept has caught on and gained ground at the expense of economic statecraft. However, it suffers from even less definitional clarity (cf. Wigell 2016: 137; Youngs 2011: 14; Blackwill & Harris 2016), and has conceptually drifted away from Luttwak's original understanding.

With regard to economic statecraft, there is a common thread that revolves around a nation-state using various forms of economic/financial means to achieve foreign policy ends. In this chapter we focus especially on *normative economic statecraft*, by which I refer to economic or financial means used by a state in pursuit of foreign policy goals with normative implications.

Dollar diplomacy and the One-China principle

One of the earliest examples of China attempting to mold other states' behavior to its liking is the so-called dollar diplomacy contest between the People's Republic of China (PRC) and Republic of China (ROC, Taiwan) over diplomatic recognition. Until the economic boom gave China rich financial resources, the ROC government was apt at using various economic incentives to induce small and poor developing countries to support it, notwithstanding the goodwill that the PRC had garnered particularly in Africa through early aid programs, such as the Tanzara railway line – still one of the largest development projects completed by China outside its borders. Especially the contest for recognition of Central American states and micro-states in the Pacific Ocean has been intense, with countries often switching allegiance based on the highest bid, in one case up to six times (Wu & De Wei 2014: 795–801; Shattuck 2020). This phenomenon has been described as 'recognition auctions' (Fossen 2007). With micro-states, relatively small sums of money can induce diplomatic switches, or even flip-flopping, as in the cases of Nauru (ROC-Nauru diplomatic relations ended in 2002 but were reestablished in 2005) and Vanuatu, which maintained diplomatic relations with the ROC for a week in 2004.

What form does China's dollar diplomacy then take? Much of it is promises of loans, assistance and contracts for development projects and infrastructure construction that are large relative to the size of the economies, and transactional in nature (Wu & De Wei 2014: 795–801; Shattuck 2020: 345–346). However, there are also harder-to-prove allegations of elite corruption and influence-buying among local political leaders, often made by the opposition in the target country, or the other side of the diplomatic conflict. China's infamous lack of transparency regarding its bilateral loans does not lessen such suspicions. Similar claims have earlier also been made about Taiwan's dollar diplomacy (Fossen 2007: 135–139, Shattuck 2020: 347; Wu & De Wei 2014: 798). After Tsai Ing-wen was elected ROC president in 2016, the ROC government signaled that it would no longer use monetary incentives to retain its allies (Shattuck 2020). Beijing, in turn, ended the diplomatic truce with Taipei, which had been in effect during Tsai's predecessor Ma Ying-jeou's term in office (2008–2016). Consequently, the ROC has lost six diplomatic allies since 2016.

The history of Cross-Taiwan Strait relations is full of cumbersome diplomatic semantics and subtle connotations that often are lost on an international audience. One key difference concern having a One-China *policy* versus adhering to the One-China *principle*. Since switching diplomatic recognition in 1979, the United States has consistently maintained its One-China policy interpretation, that there is only one sovereign state under the name 'China'. To balance the diplomatic switch, the US Congress passed the Taiwan Relations Act (TRA), which enables the United States to continue cooperation with Taiwan on a subdiplomatic level (Vogel 2011: 323, 479–480). The EU similarly follows a One-China policy.

Beijing, however, consistently talks of the One-China *principle*, which means that Taiwan and the mainland are inalienable parts of a single China (which the world in practice understands as the PRC). The small but crucially important semantic difference is that a consistent One-China *policy* does not recognize Taiwan as belonging to the PRC, either as a matter of principle or practice. Since 2016, Beijing has doubled down on its insistence on the One-China principle. Earlier, many smaller countries did not mind signing up to joint statements that lent support to the One-China principle, and Beijing opportunistically sought to include such statements wherever it could. Recent years, however, have witnessed a more concerted effort to conflate this distinction, and require that not just other governments, but also international organizations and corporations toe Beijing's line. This has been visible in an active campaign to compel changes to the indicated status of Taiwan, e.g., in various online listings and booking systems – from a separate listing for Taiwan to an entry under the PRC, often with the addition of 'Province of China'. In 2018, Beijing, e.g., demanded that international airlines and other companies change how they refer to Taiwan by a specific deadline (BBC 25.6.2018).

It is often difficult to gauge what exact economic measures Beijing has used (or threatened to use) against individual companies [fines, website blockings and regulator's reprimands have been reported (Sui 2018)]. Nonetheless, for corporations with extensive business in China, the potential economic repercussions of official displeasure, in terms of lost contracts or market access, are clear enough in an economic system, where the state is dominant. International companies therefore often quickly accommodate Beijing's sensitivities, or publicly apologize for alleged transgressions against such sensitivities.[1] Some major international companies with extensive business in China have even proactively come out in favor of Chinese political initiatives, such as the Hong Kong national security law enacted in 2020 (Groffman 2020).

The Taiwan issue came to the fore also with COVID-19. Due to Beijing's strong resistance, Taiwan is not a World Health Organisation (WHO) member, and even lost the World Health Assembly (WHA) observer status it had in 2009–2016. Taiwan successfully handled the first wave of COVID-19 with few cases and very low fatalities, despite its proximity to Wuhan. Against this backdrop, Taiwan lobbied hard to attend the 2020 WHA, with flank support from the USA, but was voted down, as Beijing commanded stronger support among WHO members. The Trump administration claimed that the organization was colluding with China. Subsequently, the United States formally announced its withdrawal from the organization (Garrett 2020).

Bilateral lending, conditionality, and debt traps

One intriguing form of potential influence that China wields is through its vast bilateral lending commitments that encompass most of the Global South, but also advanced economies (PRC State Council 2021). This is a potent tool in advancing China's foreign policy goals, as it is a central element of China's bilateral relations that other governments come into direct contact with.

China's lending patterns take different forms from development lending by Western governments. Since China is not a member of the OECD Development Assistance Committee (DAC), it does not need to report its lending terms (Brautigam 2011). Typically, China's bilateral lending takes places through Chinese policy banks (China Exim Bank and China Development Bank), with China Exim Bank responsible for disbursing concessional loans that are tied to procurement from China (Corkin 2013: 63–68). Exim Bank is also actively involved in a broad range of export-financing activities, which makes it difficult to distinguish concessional loans from other forms of lending (European Parliament 2011). A bilateral framework agreement is usually drawn up between governments, followed by more specific project loan and contractual agreements (Mattlin & Nojonen 2015; Corkin 2013: 68). Framework agreements offer the Chinese government an opportunity to get recipient country commitments to broad political objectives, e.g., adherence to the One-China principle, while the contractual agreements introduce more specific project-related requirements. Chinese lending terms are often secretive to the extent that even incoming governments in recipient countries often struggle to gauge what debt commitments have been incurred, as happened in the Maldives and some African countries.

Much has been written about the supposed no-strings-attached nature of China's bilateral loans. China's traditional insistence on noninterference and sovereignty (Brautigam 2007) has ushered in an impression that, unlike Western governments or Western-controlled institutions, Chinese financing institutions grant loans and other forms of financing without attaching conditionality, i.e., without requiring that the recipient government adheres to certain political standards or adjusts its economic policies (e.g., Diao & Fan 2008; Zhou 2008; Foster et al. 2008; Chin & Helleiner 2008; Woods 2008). Later, scholars have realized that the no-strings-attached picture is too simplistic, even naïve. Mattlin and Nojonen (2015), e.g., argued that one can identify four different types of conditionality associated with Chinese bilateral lending: political conditions, embedded conditions, cross-conditionality and emergent conditionality. Of these, *emergent conditionality* is the most intriguing, as it refers to the potential for recipient countries' policy choices to gradually become restricted or redirected through path-dependent processes, even as the Chinese government officially shuns such policy conditionality (Ibid, 715–716). Countries that become overly reliant on Chinese lending for their development give leverage to Beijing and may even become beholden to it. The possibility is clearest in smaller countries, e.g., Cambodia, where China has a large economic and political footprint.

A somewhat similar argument has later been made by other scholars regarding so-called *debt-trap diplomacy* (Chellaney 2017; Parker & Chefitz 2018) associated with Chinese lending terms. The issue came to the fore when the Sri Lankan government was forced to hand over control of the Hambantota harbor to Chinese lenders. The harbor had been pledged as collateral for loans that Sri Lanka was unable to repay. Similar collateral fears have surfaced, e.g., in Kenya. The discussion has become highly politicized, as the Trump administration adopted the 'debt-trap' term to condemn China and warn other governments, leading some scholars to call the term a 'meme' (Brautigam 2020). An important difference between emergent conditionality and debt-trap diplomacy, is that the former regards such adverse outcomes as an emergent path-dependent consequence of the complex ways that projects with Chinese lending are set up and implemented by a multitude of Chinese organizations pursuing different goals, rather than an outcome intended by (devious) design. Interestingly, China's 2021 development policy White paper explicitly discusses planning assistance to other governments, and better coordination of Chinese development policy and BRI projects. Recurrence of the phrase 正确义利观 could be interpreted as an indirect admission that there were tensions between Chinese interests and local development needs with adverse consequences in the previous, less coordinated, approach (PRC State Council 2021).

The BRI as a geostrategic tool to push favored political objectives

China's most ambitious international initiative is the Belt and Road Initiative (BRI) that was launched by China's leader Xi Jinping in two international speeches given in 2013, and coupled with several large funding schemes, such as the Silk Road Fund and the Asian Infrastructure Investment Bank (AIIB), as well as several other regional funds (Zhao 2019). Comparisons have been made between the BRI and the American Marshall Plan for the postwar reconstruction of Western Europe and Japan–in the process turning them into American spheres of influence, as well as expanding and opening up their markets for US products (Mattlin and Gaens 2018). The BRI Initiative aims to connect the Eurasian continent's infrastructure and trade networks and shape the entire megaregion in the vision of China's leaders. The BRI covers more than 60 countries, with special emphasis on developing countries in Central and Southern Asia (Fu 2017).

As the BRI has a prominent geographical element to it, and echoes century-old works on geopolitics (MacKinder 1904; Mattlin and Wigell 2016), scholars have, unsurprisingly, approached it through the lenses of geoeconomics and geostrategy (Zhao 2019). Chan (2020), e.g., argues that the BRI 'can be understood via the lens of regional ordering, whereby China attempts to redefine the shared goals and values for the region of Eurasia and to socialize regional states into the new values in order to have their consent to its leadership'. Another prominent strand of BRI research revolves around (critical) political economy that dissects the underlying power structures in state-business relationships. One of its observations is that underlying BRI is a concern with cutting industrial overcapacity in China that has been a by-product of China's growth model (Shen 2018: 2688).

The BRI offers China a convenient channel for pushing other political objectives, such as internationalization of the Chinese currency, the renminbi – an explicitly stated goal of BRI that has seen some success (Zhao 2019; Cai & Li 2017; Shen 2018). Chinese leaders have not favored free convertibility of the renminbi and full opening of their capital account. Instead, they have opted for maintaining political control of the currency and managed opening, setting up channels ('pipelines') for its wider use, e.g., through bilateral swap agreements with other central banks, and increased use of the currency by Chinese state-owned enterprises (SOEs) and in cross-border trade (McNally 2012; Song & Xia 2019).

Another project that China has promoted through the BRI Initiative is the Digital Silk Road. The charitable view is that the project promotes digital connectivity and enables the Chinese state to capitalize on vibrant Chinese digital economy companies (Shen 2018). However, there are suspicions that allowing Chinese companies to build overseas digital infrastructure also enables them to export Chinese surveillance technology and related practices to BRI countries, especially in Central Asia, where authoritarian governments dominate. The BRI has been controversial from its inception, as it has been designed to win diplomatic allies, markets, and natural resources for China, albeit amid win-win cooperation rhetoric. Framed by Chinese leaders as Chinese benevolence to other countries and magnanimous provision of public goods, realist critics tend to portray it as a power-grab (Zhao 2019). The governments of some BRI countries have also later woken up to overpricing in BRI projects, and demanded renegotiation of terms, e.g., in a massive Malaysian railway project (Lim et al. 2021). Overpricing projects provides opportunities for different contracting parties to 'take cuts' and can thus be used to buy loyalty among local elites.

An important distinction in the academic debate on China runs between *intentions* and *outcomes*. As with debt trap diplomacy, discussions on BRI have tended to focus on China's ambitions to use economic tools for geostrategic gain. Yet closer case analysis has often highlighted a more complex reality. Much current analysis, e.g., assumes that China has an almost limitless capacity to complete BRI projects, or to turn economic dependence into political influence. China's troubled efforts to complete the China–Myanmar Economic Corridor, because of major security challenges and instability, is a case-in-point. In the Belgrade–Budapest railway case, China miscalculated Hungary's ability to get project approval from the EU, and a local backlash against mounting debt. In Venezuela, China is in danger of not having its loans repaid and is in the crosshairs of US sanctions against Venezuela, while failing to secure a stable oil supply. The list goes on.

Coercive economic diplomacy and undeclared sanctioning actions

Coercive diplomacy is an integral part of economic statecraft, especially for major powers. However, unlike the United States (see, e.g., Zarate 2013), and to a lesser extent the EU, formal economic sanctions have not played a prominent role in PRC foreign policy. Earlier, China has itself been on the receiving end of economic sanctions, e.g., an embargo during the Korean war and sanctions after the Tiananmen crackdown in 1989. However, China is no stranger to sanctioning. One of the prominent themes of China's foreign policy in recent years has been the ever-more-frequent and broader range of *sanctioning actions* used by the

Chinese state to indicate displeasure with the foreign policy of other countries. China's traditional dollar diplomacy, based on public or private economic incentives (carrots), has also in recent years been complemented with other harder economic and political means (sticks).

China has used various forms of coercive economic diplomacy on a number of countries and foreign companies. Intriguingly, however, China typically does not declare formal sanctions. Instead, it is often mum about having imposed such sanctions, or even denies it, which may be linked to China's self-avowed policies of peaceful rise and never seeking concessions from other countries (Lai 2018) that harks all the way back to the 1964 visit of then-Premier Zhou Enlai to Africa. This pattern of behavior was observable already in the late 1990s and early 2000s when the PRC government showed displeasure with various European governments, e.g., for receiving the Dalai Lama, by temporarily freezing or cancelling economic exchanges and imposing temporary trade restrictions (Mattlin 2012; Lai 2018). The pattern was taken further with Norway, where some parts of economic cooperation remained frozen for six years after the Nobel Peace Prize was awarded to Liu Xiaobo in 2010.

Other governments that have encountered economic repercussions include South and North Korea, the Philippines, Japan, and recently Australia. In 2020, Sino-Australian relations significantly deteriorated, with Beijing accusing Australia of undermining bilateral relations through a range of policy measures, including blocking Huawei from its telecommunications networks, new legislation on foreign influence, and calling for an international inquiry into the origins of the COVID-19 virus. To show its displeasure, China took various actions to block or restrict a broad range of imports from Australia, from wine to coal. Sweden has also been the object of sustained public criticism by Chinese diplomats. In some cases, even individual companies have been caught up in foreign policy tussles and become a target of Chinese economic measures, as happened with South Korean Lotte Group. The United States intended to place an anti-missile system on land sold to it by Lotte (Shattuck 2020: 347–348). Recently, China has also used formal sanctions in a tit-for-tat with the United States. In the summer of 2020, Beijing announced sanctions on American politicians, NGOs, and military manufacturers, for allegedly interfering with Chinese 'internal matters' (Xinjiang or Taiwan).

It is notable that China's use of coercive economic diplomacy has tended to focus mostly on developed countries in Asia, Europe, and North America. The one exception is the Philippines, which in 2012 found its bananas held up in ports due to its dispute with China in the South China Sea (Lai 2018). This sets China apart from the United States and the EU, whose sanctions tend to target non-Western developing countries. China, it seems, has been keen to maintain good public relations with developing countries – in keeping with its South–South cooperation rhetoric – although it is harder to gauge what might be going on behind closed doors.

China's coercive economic diplomacy tends towards retaliatory actions against developed countries and is partly pushed by China's reactivity to similar American actions towards itself. A case in point is the order issued by the Ministry of Commerce in early 2021 that may prohibit the application of foreign laws against Chinese entities, where these are deemed 'unjustified', and allows for compensation claims and countermeasures by the Chinese government (PRC Ministry of Commerce 2021).

More frequent use of coercive measures is a double-edged sword for China. Smaller countries often bend to China eventually. For example, Norway's government was forced to give in to China in order to normalize bilateral relations in late 2016. The Norwegian government signed a joint statement, where it pledged its commitment to the One-China policy, China's sovereignty, territorial integrity, core interests and major concerns, and further promised not to support actions that undermine them or damage bilateral relations (Statement 2016). However, in countries that have been recent targets of China's coercive diplomacy, views on China have tended to take a negative turn. While cause and effect are hard to attribute, the negative media coverage associated with sanctions seems to play a part. Japan, South Korea, the Philippines, Australia, and Sweden are all among countries that have the most unfavorable views of China, according to Pew opinion surveys (Silver et al. 2019).

China's alternative set of economic governance norms gaining ground

Until recently, China's government disavowed exporting any model or ideology – conscious of the apprehension that China's past export of revolutionary communism to South-East Asia and Africa still evokes (Jones & Johnson 2013). The alternative norms and values that China espoused were more in the eye of external beholders. For example, the discussion around the so-called Beijing Consensus as an alternative to the discredited Washington Consensus (Williamson 2004; Patomäki & Teivainen 2004; Woods 2008), was born and waged among scholars and external observers, many of them Western (Ramo 2004; Li, Brodsgaard, & Jakobsen 2010; Breslin 2011). The example that China sets by being a successful economy and major geoeconomic player, pursuing a development path that does not neatly dovetail with received Western policy prescriptions, has only grown in importance. China increasingly is setting new standards for many global governance practices, and has forced, or speeded up, reconsideration of many aspects of global economic governance. China has thus used the 'power of example' (Manners 2002; Forsberg 2009). As such, China's importance lies also in what it is *not*, and what it does *not* stand for (Breslin 2011). Table 2.1 lists some norms that China indirectly or passively challenges by its different *modus operandi*.

One such area concerns development aid, where 'emerging donors' (foremost China), by offering an attractive alternative, pose a challenge for traditional donors (OECD-DAC), who increasingly feel compelled to rethink their own aid practices (Woods 2008). While the no-strings-attached view is too simplistic, compared to many traditional donors China requires

Table 2.1 Global economic governance norms that China's alternative indirectly challenges

Norm	*China's Alternative*
Development aid conditional on sound economic policies and good governance	Few upfront aid conditionalities; aid as integral part of broader investment and trade relations
Free capital account (convertibility) as a precondition for inclusion in IMF's SDR	Partial capital account convertibility sufficient; certain capital controls appropriate
Open-trade regime	Protectionism of strategic industries and key domestic markets
Upholding market competition (antitrust regime)	Active industrial policies favoring national state-owned champions
Relatively clear distinction between state and private sector (WTO context)	State-led capitalism with unclear state/private distinctions, and a role for the state also in private enterprises

less *upfront* aid conditionalities. The attractiveness is further increased as Chinese aid tends to be complementary to regular investment and trade (Davies et al. 2008). Developing countries have long wished to relinquish aid dependence for normal economic relations based on investment and trade on fair terms. China offers a large market for their goods and long-term investment – two functions that Kindleberger identified as important for a leading economy (Kindlberger 1986; Mattlin 2017).

After the global financial crisis (2007–2009), the Chinese government, along with other emerging powers, talked of 'democratizing world politics.' China and Brazil also vociferously called for fundamental reform of the international monetary system, with the current system considered profoundly unfair and unrepresentative by many Chinese policy commentators (Zhou 2009; Madhur 2012). They were lent flank support by some Western scholars and policymakers (Barnett & Finnemore 2004; Tooze 2018: 266–8). In an increasingly polyphonic domestic policy debate (Ferchen 2012), there was an emerging acceptance that China must play a larger role in shaping the 'rules of the game' of post-financial crisis global economic and financial governance (Ching 2012). An early sign of China's views gaining ground globally, was in the symbolic victory achieved when the IMF's Executive Board in November 2015 concluded that the renminbi was 'freely usable' and could be included in the IMF's Special Drawing Rights (SDR) basket of currencies (IMF 2015) – sometimes called the world's most exclusive club, as it only has five members. This was a remarkable achievement, given that China formally still maintains relatively strict controls on its capital account (Prasad & Ye 2012), and free convertibility has been an IMF requirement. Furthermore, in 2015–2016 China actually tightened capital controls. Chinese leaders had argued that China's currency, while not freely convertible, is 'free enough' and should be included in the basket. Earlier the IMF had maintained that China's capital account was not sufficiently open and China's currency therefore not yet freely convertible. Underlying the decision was a reevaluation within the IMF on capital controls. Having earlier been a strong advocate of free capital flows, the IMF now considers some capital controls as reasonable, albeit temporary, measures (IMF 2011; Chin 2010: 702, 711; Keukeleire et al. 2011: 17–18; Tooze 2018: 475). The IMF has thus come around to China's position, as China's central bank has also advocated maintaining capital controls in critical areas (*Sina* 2012).

Following the United States' embrace of protectionism and trade wars during the Trump administration, China initially attempted to portray itself as a champion of free trade and an open international economy, most notably in the speech given by China's leader in Davos in early 2017 (Kellogg 2017). To many observers, this claim rang hollow. While China has been the biggest beneficiary of global trade in recent decades, and broadly has been a constructive participant in the WTO, China itself has not opened up its domestic markets to the extent expected in Europe and the United States (European Commission 2019; Campbell & Ratner 2018; Lau 2020), leading scholars to talk of a mercantilistic approach to trade (Holslag 2006). In practice, China maintains a long list of support measures (e.g., favorable finance terms, local government support) for state-owned enterprises operating in strategic industries and has been slow to liberalize some of these markets for foreign enterprises, e.g., by maintaining investment lists (later negative lists) and bureaucratic red tape. Neither can China's BRI be regarded as a vehicle for an open-trade regime, as it is 'embedded in a China-dominated tied aid architecture' (Chan 2020).

Relatedly, while China adopted competition (i.e., antitrust) laws already in 2008, there were from the start doubts as to whether these would be applied also to strategic SOEs or used more to block foreign competitors from gaining significant market share. The most notable antitrust action has been against the publicly listed, but private-origin, Alibaba Group and its affiliated company Ant Group. Alibaba Group's prominent co-founder and former executive chair had been publicly critical against authorities and regulators shortly before the antitrust case was launched in late 2020. However, China has been actively pursuing a strategy of building state-controlled national champions in strategic industries, *inter alia* by way of state-directed mergers of SOEs to create global industrial behemoths (Mattlin 2007). The Fortune Global 500 lists 24 Chinese companies among the top one-hundred (Fortune 2020), almost all of which are ultimately state-controlled – mostly strategic SOEs under the State-Owned Assets Supervision and Administration Commission (SASAC) or state-controlled financial institutions. In contrast, one of the strongest features of the EU has been its single market and strict upholding of market competition by a succession of active EU competition commissioners, including by blocking intra-EU mergers, if necessary. Until recently, championing activist industrial policy and national/EU industrial champions was not considered the EU way. But the norm of upholding market competition under all circumstances has rapidly become more nuanced due to China, with even the competition commissioner now urging EU member states to take stakes in European industrial companies to prevent Chinese takeovers (European Commission 2020, *Financial Times* 12.4.2020). China is thus indirectly prompting reconsideration of this sacrosanct EU norm.

Finally, the Chinese mode of state-led capitalism is also challenging conceptions of the distinction between the public and private sector. Corporate structures in China are famously opaque and complicated.[2] While the Chinese 'private sector' has been growing rapidly, there are perennial doubts as to how independent enterprises in China really can be of the state, given that, e.g., bank loans are highly reliant on good political connections (Cheng & Wu 2019); the party maintains party committees in the vast majority of private companies, as well as some foreign-invested companies (Russo 2019); and state-controlled banks have a legally-designated role in implementing public policy. The trend within China over the past decade has been described as one of *guo jin, min tui* (国进民退), indicating that the state-owned sector advances, while the private sector recedes.

Concretely, the blurred distinctions between the party-state and private sector have led to legal discussions within the WTO framework on how to determine what is a 'public body', i.e., which Chinese enterprises, banks and entities are to be considered extensions of the Chinese state. The debate is not purely academic, as several recent WTO disputes related to China have revolved around this issue. The WTO prohibits certain forms of subsidies, if they are provided by governments and their associated entities, including public bodies – a legal concept created by the WTO drafters. Cross-subsidies provided by private firms are, however, not prohibited. Prior to China's WTO accession, there was no major issue as to what constituted a public body. One blank spot for drafters was when an entity provides, rather than receives, a subsidy. Such situations may occur, e.g., if a state-controlled bank, legally tasked with quasi-governmental economic policy duties, provides a preferential loan to a company, or an SOE sells its products at discounted prices to another SOE (Wu 2016: 301–305; Chiang 2018; see also Benitah 2019). Given the opaqueness of ownership structures in China, ownership alone may not be a sufficient criterion to determine demarcations between public and private, which challenges conventional understandings.

Economic statecraft: Stated and concealed normative objectives

Research on China's economic statecraft, as it relates to international norms, has become a hot topic within Chinese studies and IPE. Researchers have dissected and methodically analyzed China's evolving use of economic statecraft in different areas of global economic governance, typically by scrutinizing policy documents and through case studies. Until recently, China's tentative exercise of normative power revolved mainly around the 'power of example'. However, since the work report by Xi Jinping during the 18th Party Congress in October 2017, China has taken a more active approach to promoting its preferred norms and standards in various areas of global governance, trying to seize 'discourse power' (话语权) and offering 'China solutions' (Zhao 2018). China has been moving towards actively challenging selective aspects of the 'liberal international order', yet without always openly proclaiming so. I therefore postulate a key analytical distinction: between *stated* and *concealed* normative objectives. Stated normative objectives are present when state leaders signal what normative change they desire in other actors. When there is an unrevealed intention to subtly undermine a prevalent international norm and support an alternative norm, the normative objective is concealed. Much of China's challenge to global economic governance norms is indirect and concealed.

China now increasingly also uses economic statecraft to actively push for normative change, but it does so in ways that differ from, e.g., the United States or Russia. While there is traditionally a tendency within economic statecraft studies to focus on economic coercion (e.g. economic sanctions), China has brought a new twist to these studies, as its use of economic statecraft has tended to focus more on economic inducements (e.g., dollar diplomacy and BRI), as well as offering alternative economic institutions and interpretations of economic norms. Ironically, China's economic statecraft has, however, itself shifted from being predominantly 'carrots' (aid, loans, investments, and private economic inducements) towards experimentation with 'sticks' (coercive diplomacy, sanctioning acts, recently also formal sanctions). Notably, China's more coercive economic statecraft is creating an international backlash that undermines its efficacy.

The importance of China for academic discussions on economic statecraft and geoeconomics should not be underestimated. China has revitalized old debates that had become rather stale, as they tended to revolve mainly around the United States. This is one of the subfields of China studies that has a clear scholarly impact beyond the narrow confines of the area studies specialization.

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Notes

1 For a website listing international companies that have publicly apologized to China since 2017, see https://signal.supchina.com/all-the-international-brands-that-have-apologized-to-china/.

2 For a nice illustration of this, consider the following depiction contained in a stock market notification on a large shareholding: *'BOC Aviation is a company controlled by Sky Splendor Limited, which in turn is controlled by Bank of China Group Investment Limited, which in turn is controlled by Bank of China Limited, which in turn is controlled by Central Huijin Investment Ltd, which in turn is controlled by China Investment Corporation which is owned by the government of The People's Republic of China'* (Oslo Børs 2020).

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3

The CCP's united front work department

Roles and influence at home and abroad

Gerry Groot

Introduction

The Chinese Communist Party's (CCP) extensive history and practice of united front work is an area few outside the Party itself were interested in after the Cold War (1946–1991). The last comprehensive overview in English, van Slyke's *Enemies and Friends*, was in 1967. Yet invoking of ties of 'friendship' and demarking of enemies remains a basic element of every day CCP practice, let alone united front work. Likewise, the contribution of this work to China's growing importance has remained obscure. Until around 2017 it still rarely attracted attention. That united front work is again attracting outside scrutiny has much to do with the elevation of Xi Jinping to CCP General Secretary in 2012 and Xi's subsequent active endorsement of it. Domestically, this work is again a powerful tool of assimilation while abroad it is one of mobilization of support and neutralization of critics. The most recent turning point has been the emergence of the COVID-19 pandemic, which emanated from Wuhan in late 2019.

Even this pandemic, a major historical event, is entangled in various arms of the CCP's United Front Work Department (UFWD), under direct control of the Party Central Committee and the Small Leading Group on United Front Work appointed by Xi himself. These manifestations have included a scandal involving a 'democratic party' member at a Wuhan virology lab and the use of such parties to rally expertise to fight the virus.

The most salient manifestations outside of China were the mobilization of united front groups throughout Europe, Australia, and North America, to buy up and send 'home' bulk supplies of personal protection equipment (PPE) and medical equipment in the first few months of 2020. This activity occurred only weeks before countries belatedly recognized the dangers of the virus to their own populations but then at its peak within China. Together with the accelerating spread of the pandemic, these factors helped precipitate crises over inadequate medical supplies. These in turn generated waves of anti-China sentiment, which sometimes included racist attacks on individuals assumed to be Chinese. Then, as China's domestic conditions eased, the Party-state again began exporting PPE, sometimes with united front-linked groups distributing it to generate positive publicity for China.

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The virus also had other unanticipated consequences for united front work. In Hong Kong, protestors who in 2019 had been out in vast numbers demonstrating against increasing direct interference from the People's Republic of China (PRC) in the former colony, disappeared off the streets. Despite decades of united front work and consequent strong ties with the city's elites (Loh 2010), the CCP had been unprepared for the resistance it was increasingly facing. Then, in April 2020 the CCP's representative office declared it was not bound by key parts of the agreement signed between the Party and Britain to facilitate the city's return to Chinese sovereignty in 1997. For good measure, the protestors were labelled a 'political virus' requiring elimination. This turn was compounded with Beijing promulgating a *National Security Law* for Hong Kong on July 1. This law immediately criminalized most actions of its critics as 'terrorism' or secession and allowed for trials in China proper. Hong Kong's legal independence was neutered. These acts also effectively killed off the CCP's key united front promise of 'One-Country–Two-Systems' (OCTS).

This effective end of OCTS also meant that the central promise being held out to solve the CCP's largest bit of unfinished business, gaining effective sovereignty over the remnant Republic of China on Taiwan, also evaporated. As part of united front work aimed at national unification, Taiwan, like Hong Kong, has been promised it would be able to maintain its own civil service, police, judiciary, etc. – the Two Systems – *if* it accepts PRC sovereignty – the One Country. Meanwhile, Taiwan, democratic since the 1990s, had already emerged from the pandemic both unscathed and with its international status enhanced: the exact opposite of united front work's intended purpose.

The year 2020 may well have seen the end of the rise of China's soft power in the world. This is not only because the pandemic forced foreign reappraisals of CCP's promises and intentions; it also resulted in a greater willingness to examine other elements of the Party's actions which conflict with Western values and interests. Moreover, many of these actions have united front work connections to the UFWD or its partner body, the CCP's International Liaison Department (ILD), in ways that earlier generations of scholars often found hard to see or easy to ignore. These actions include a renewed emphasis on the 'Sinification' of religious beliefs like Christianity, forced assimilation of ethnic minorities (notably Muslim Uyghurs) in the name of eliminating the 'virus of religion,' and the elimination of civil society–like spaces for emerging professional classes.

Meanwhile, the actions of united front groups abroad are now also of growing concern to increasing numbers of foreign governments as potentially compromising their political systems, universities and Diaspora populations. At the same time, the importance of the CCP's domestic cooptation of groups to maintain power and respond to social and economic change, key elements of its 'consultative democracy', is under appreciated. To understand these issues though, some history is crucial.

A brief history of united front work

Seizing power

In 1939 Mao Zedong famously declared that the CCP's survival to-date, against all odds, was based its three 'magic' (or 'secret') weapons; united front work, armed struggle and Party-building (Mao 1939). In October 1949 when the Party finalized its rise to power by force by militarily defeating the Nationalists, the truth of Mao's claim was established. The CCP had taken cooperation with parties, groups, and individuals who might otherwise oppose them and used them to help win power. Significantly, the Party had eventually taken united front policies forced on it and adapted these to become intrinsic to its work and structures. These policies recognized inherent weaknesses vis-à-vis enemies and justified strategic and tactical cross-class and interest group collaboration to secure Party goals. When the Party was strong enough, it could abandon, 'reeducate', or eliminate former 'friends' as it saw fit.

The CCP's first experience of united front work was that determined by the Comintern in 1924 and implemented by its agents including Henk Sneevliet (1883–1942) and Mikhail Borodin (1884–1951). In 1924, using his East Indies experience, Sneevliet organized a bloc-within-united-front between CCP and the Chinese Nationalist Party or Kuomintang (KMT) led by a sympathetic Sun Yatsen (1866–1925). Importantly, the theoretical basis for such alliances is Lenin's 1920 pamphlet, '"Left-Wing" Communism: An Infantile Disorder', in which Lenin justified communists compromising with other groups and classes to promote eventual revolutionary success (Armstrong 1977: 13–20).

In 1924, the KMT (1912–) was China's only advanced and successful anti-imperialist revolutionary party. The CCP, only formed in 1921, was tiny, fragmented, and inexperienced. The bloc-within was a strategy to learn from the KMT, radicalize it, and eventually take it over. Sun's successor Chiang Kaishek (1887–1975), however, turned on the CCP and leftists in April 1927, killing thousands.

While the CCP lost many members and survivors had to flee to remote rural areas or go underground, it was nevertheless much larger, tempered and far more experienced than in 1924. It also learnt the necessity of maintaining independence and leadership in any united front form. But for much of the next decade, isolated in faraway revolutionary soviets, the CCP asserted revolutionary purity. Its 'red terror' violence, murder of landlords, and radical land redistribution, failed to bring lasting economic benefits and turned otherwise neutral or supportive wealthier groups into fearful active enemies. To secure the revolution, it became clear that the Party needed wider support. When the failures of its ultra-left policies and increasing attacks by the KMT forced the Party on the Long March (late 1934–1935), the value of support from ethnic minorities in borderlands also became clear.

The increasing influence of Japanese expansion in China from the 1930s and its eventual full-scale invasion in 1937 allowed the CCP to call on China's urban patriots to pressure the KMT to cease attacking it and face the common enemy. Yet it was another intervention by the Communist International under Stalin, which resulted in the second period of cooperation with the Chiang and the Nationalists from 1937 onward.

This cooperation, in turn, formed but one part of much wider CCP united front efforts in which the Party played down its ultimate revolutionary goals and made material concessions to groups such as landlords, gentry, capitalists, and urban intellectuals – as long as these resisted Japan and pressured the KMT to stop attacking communists and their progressive allies. Publicly, the CCP promoted a platform that seemingly moved it close to Sun Yatsen's 'Three Principles of the People' (Nationalism, Democracy, and People's Livelihood) program. It now also incorporated local notables in assemblies based on a 'three-thirds' principle: one-third CCP, one-third 'progressives,' and one-third others who were not explicitly hostile and vetted by the Party. It is a principle reflected today in every level of the Chinese People's Political Consultative Conference (CPPCC), the political representative system and apex of the united front system and which grew out of this experience.

Just as importantly, the second bout of nominal CCP–KMT cooperation also resulted in the legalization of the CCP in KMT-controlled urban areas where it again was able to work with as many political groups, factions, and influential individuals it could find. China's so-called minor 'democratic' parties and groups (MPGs) were wooed, assisted, infiltrated, and later sometimes even established by underground communists. They were used to access and to influence urban intellectuals and even international, especially American audiences, as well as access the KMT and glean intelligence.

The immediate goal was to pressure the KMT to only fight the Japanese and hence become weaker while the CCP built up its strength in the hinterlands. At the end of the war with Japan, the goodwill generated and influence exercised through united front work, meant that if the KMT ever allowed its long-promised national elections, the CCP would have numerous urban allies and proxies. In the meantime, compromised allies like the China Democratic League helped convince some key foreign observers that China had ‘liberal’ elements between the KMT and CCP extremes, which might balance the two big armed parties and even be a force for democratization.

From 1936 onwards, the survival of the Party itself was its central concern. Hence much united front work was devoted to this end and included mobilizing urban and other groups to pressure the KMT to desist from anti-CCP actions, to weaken KMT legitimacy and isolate it politically as much as possible, and to access the many disparate groups that made up the Nationalist forces. These elements of anti-KMT united front work overlapped with and often fused with intelligence work. Using altruistic appeals such as ‘Resist Japan!’ patriotism, ‘peace’, and ‘democracy’, combined with personal appeals, compromises, inducements, and other promises, led to major successes, such as surrenders of leaders and soldiers to CCP forces. Before the outbreak of open civil war between the two, the kidnapping of Chiang Kai-shek by the warlords Zhang Xueliang (1901–2001) and Yang Hucheng (1893–1949) in 1936 was but one important factor in bringing about the Second Period of CCP-KMT Cooperation. This had been preceded by talks with Zhou Enlai and the use of MPG supporters in their offices. Among the MPGs aided by the CCP to draw support from the KMT’s more left-wing elements was the Third Party originally established by Deng Yanda (1895–1931). This lives on as today’s China Peasants and Workers Democratic Party.

With the subsequent outbreak of full-scale civil war between the CCP and KMT (1946–1949), the MPGs still provided the CCP invaluable access to urban populations and resources while using their access to the KMT, business, bureaucracies, schools, and universities to recruit, propagandize, and organize. To convince urban and educated Chinese that the CCP had the broadest support, it also became imperative to prevent the possibility of the MPGs trying to establish some middle way or third road between it and the KMT. Only the CCP should be seen as ‘democratic,’ inclusive, and able to bring about peace (Groot 2004).

When on May 1, 1948, the CCP made a call for allies, most MPGs rallied to it and allowed the CCP to symbolically demonstrate its claim to represent the majority of China’s people and classes as it already claimed peasants, workers, and soldiers as its natural constituencies. United front successes allowed the Party to claim popular legitimacy at the KMT’s expense. The military victory needed to allow unfettered revolutionary change without compromise was now inevitable. In the interim, united front work to disintegrate and drain support from the Nationalists and their armies continued unabated.

In this revolutionary stage of seizing power, united front work was part of the CCP’s general strategy and tactics of seeking to undermine and delegitimize the KMT as its principal enemy. Friends or potential friends were any whose interests were inimical to the Nationalists. Friends (groups or influential individuals) could be won over by any combination of personal persuasion, material concessions, altruistic appeals (patriotism, peace, democracy, etc.), or coercion.

In this zero-sum context, even convincing symbolically and/or instrumentally important groups and key individuals to move from active support of the enemy to neutrality constituted a win for the CCP as its effective strength and legitimacy increased at the KMT's expense. In many cases, apparent neutrality of allies was also better than active endorsement of the CCP. As Sun Yatsen's widow and from a key family, Song Qingling (1893–1981) remained influential among urban elites and Overseas Chinese and it was more useful to have her as nominally independent. Others, towering intellectuals like Huang Yanpei (1878–1965), had extensive social networks and academic connections while serving as models for those who aspired to be like them. Still others, like He Xiangning (18781972), widow of left-wing KMT leader Liao Zhongkai (1877–1925) who was assassinated by the KMT in 1925, could be relied on to attack CCP critics as a leader of the National Salvation Leagues encouraged by the CCP, or later as a leader of an MPG. Much of this took place in the comparatively open civil society–type spaces allowed by the Nationalists, especially in big cities like Shanghai where the CCP could take advantages of the relative freedom to launch protests and demonstrate against the KMT's failings in controlling inflation, providing jobs, and allying with the United States. This activity became the CCP's second front against the KMT.

Public attacks on CCP enemies or wavering 'friends' by the likes of He to support CCP goals remains a key use of united front bodies and figures and represents the principle of 'unity with struggle'. It is the effective equivalent of the CCP's Party-building ideological indoctrination. In groups such as MPGs, underground CCP members or trusted leftists engaged in sometimes fierce political browbeating and emotional blackmail based on the bonds of friendship, so that allies would learn their 'correct' political positions. The invoking of the affective ties of friendship, particularly important in Chinese culture, and the demarking of enemies remains a basic element of every day united front work at its most basic.

Another persistent united front work characteristic is the use of individuals with family links to it, not just Xi Jinping. He and Liao's son Liao Chengzhi, for example, became important for his involvement with Overseas Chinese work and Japan (Radtke 1990) while his son, Liao Hui, became a director of the Hong Kong and Macau Affairs Office of the State Council and a vice chairman of the CPPCC, also involved in Hong Kong and Macau issues. In many Chinese circles, such individuals carry the authority and credibility of their family connections.

During this revolutionary period, the key goals of united front work were supporting the survival and eventual success of the CCP by undermining the legitimacy and capacities of KMT. This was a period of expansion of the net of friends and allies, when the CCP's enemies could be 'friends' if critical of the KMT. It was a period of looseness-*fang* (放) and inclusion rather than tightening or control-*shou* (收), an approach determined by the CCP's relative weakness. Once it was in power, the balance of power shifted dramatically and the nature of united front work changed accordingly.

Consolidating power, constructing socialism, destroying enemies, and assimilating allies

Having secured final victory by force in October 1949, and thus eliminating the need for any constraining concessions, the CCP rapidly adapted united front work to help manage its transformation into the state power and prepare for the eventual transition to socialism. In doing so the Party expanded understandings and practice of such work well beyond that envisaged by Lenin. This transformation was presented as delivering Mao Zedong's 1940 promise of 'New Democracy' with its 'long-term' coexistence of different classes and forms of ownership. Yet these economic and social revolutions went together with intense ideological indoctrination. The UFWD rationalized and reorganized the MPGs along clear corporatist lines and established the All-China Federation of Industry and Commerce (ACFIC, 1953-) to help organize ideological and ownership transformations.

So-called red capitalists like Rong Yiren (1916–2005) became famous for publicly signing over their wealth and 'transforming their thinking' thereby encouraging others to emulate them. Many of the more important capitalists became members of the China National Democratic Construction Association MPG established in 1945 for just this purpose. Together with the ACFIC they played important roles in organizing the socialization of industry and commerce as well as the surveilling, coopting, and ideological indoctrination of the capitalists and bourgeoisie using unity-and-struggle, cooption, and coercion (Cheng 2019).

The social change necessary to accompany the economic transformation towards socialism also included united front work. All protestant churches were merged into one new entity using sympathetic left-wing clergy and creating a single Three-Selfs Patriotic Movement: self-governance, self-supporting, and self-propagation (i.e., independent of any foreign connections). Catholics were called on to submit to a reorganized 'Patriotic' Catholic Church fully independent of the Pope in Rome. All churches and any links abroad came under the authority of the State Administration of Religious Affairs (1951–2018) and the UFWD. Buddhism, Daoism, and Islam were also placed under state control via united front work.

Ethnicity also became an issue of deep concern and China's myriad ethnic, language, and cultural groups were investigated and categorized to develop the CCP's 'fifty-five minorities + the Han majority' and the 92% Han + 8% minorities formulations. Some, like the Uyghurs in Xinjiang and Mongolians, were subsequently awarded nominal homelands that they could administer, the so-called autonomous regions. After the CCP forcibly annexed Tibet in 1950–1951, united front work became a key means of asserting Party-state control over the area and its peoples, although it had to be adapted to suit very different conditions (Weiner 2020). The state body that oversaw this work was the National Ethnic Affairs Commission established in 1949 but, again, the UFWD was heavily influential even if often in the background, at least to foreigners. Li Weihan (1896–1984) was a key figure in united front work with ethnic minorities and theorizing on 'nationalities issues' and his influence outlasted him (Li, 1980).

Another key constituency was that of Overseas Chinese and returnees whose importance was recognized with the 1949 establishment of what became the Overseas Chinese Affairs Office of the State Council. Invaluable sources of funds, expertise, and political influence at home and abroad, post-1949 the CCP continued to compete with the KMT for their support. Key representatives were accorded seats in CPPCCs while the Zhigong Dang or Public Interest Party became the MPG to liaise with groups abroad such as Hongmen (洪门) societies and triads (Jourda 2019).

Although defeated and now isolated on Taiwan, Chiang and the Nationalist rump remained a focus of CCP efforts to assert sovereignty over them, a goal that would include military threats, diplomatic efforts, economic integration and united front work, though the latter only began returning to prominence after the CCP's post-1978 opening up and reform period. Finally gaining control of Taiwan remained the Party's great unfinished business. As a result, after 1949, the CCP constantly sought ways to appeal to KMT figures abroad, family members left behind or those who returned from Taiwan. The former were officially represented by the Revolutionary Committee of the KMT while those communists who fled Taiwan to escape the KMT were recruited into the Taiwan Democratic Self Government League. As implied, this MPG nominally stands for a degree of autonomy