



China-US Competition

Impact on Small and Middle Powers'
Strategic Choices

Edited by

Simona A. Grano · David Wei Feng Huang



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PART I

Background and Main Features
of the US-China Strategic Competition



China-US Strategic Competition: Impact on Small and Middle Powers in Europe and Asia

Simona A. Grano

This edited volume aims to tackle the China-US strategic competition—and its international repercussions—from the perspective of the various strategies adopted by specific countries in Asia and Europe, when dealing with the two hegemons. To this avail, the book includes a balanced selection of chapters regarding both European and Asian countries’ tactics to cope with the China-US strategic rivalry. The chapters do not simply look at the “unitary” foreign policy positioning of national governments but attempt to depict how a variety of actors within these countries view the strategic competition, well representing how fragmented and polarized societies within countries are, when it comes to the issue of how to deal with China and with the United States.

The present introductory chapter shall set the stage by broadly sketching the contours of the intense strategic competition between the

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two superpowers, with its potential to reshape Asia–Pacific and the world order. Briefly, this introductory chapter will also allude to the future probable fallouts of the Russian invasion of Ukraine and its potential for redrawing geopolitical coordinates and allegiances, for the countries that are in the focus of the present volume. The conflict is fundamentally changing the European security architecture and thus also impacts on the strategic future posture of European countries. The chapters’ authors have covered events up to the autumn of 2022, fully aware that the situation could change considerably by the time of this volume’s planned publication. Nevertheless, all chapters cover important strategic trends that will shape international security and domestic trajectories in the years ahead, regardless of the outcome of Russia’s war in Ukraine. Together, they address issues regarding the impact of the growing strategic competition between the United States and China on other states—middle and smaller powers, in Europe and Asia.

The present chapter will first sketch the China-US Strategic Competition in a theoretical and historical context; it shall then pinpoint the several dimensions of the China-US Strategic Competition; afterward, it will briefly discuss European and Asian countries’ strategic options; next, it shall dissect the theoretical framework and finally, outline briefly all the chapters included in the edited volume.

CHINA-US STRATEGIC COMPETITION IN THEORETICAL AND HISTORICAL CONTEXT

Over the course of just a few decades, China has progressed from being a relatively marginal member of the international community to a great regional power, on its way to becoming a global hegemon. Presently, the world is witnessing a new form of “Cold War” between the United States and China; frictions have grown increasingly prominent during Trump’s Presidency and have continued in a similar fashion under Biden: trade wars, technological competition as well as mutual distrust and accusations constitute what seems to be lowest point in the relationship between the two, since the resumption of official ties in 1979.

While mostly geared toward economic interests and a trade and tariffs war, since the 2020 COVID-19 pandemic, the clash seems to have assumed more ideological hues. Frequent direct attacks of China, its government, the Communist Party non-transparent behavior and its

violations of human rights and international protocols had been uttered by many within the Trump administration.

China had high hopes that the relationship with the United States could improve, with the election of Joe Biden in November 2020, but these hopes were dashed. While Biden has largely avoided the heated ideological disputes with the Chinese Communist Party that the Trump administration engaged with, in its final year, relations remain strained and regarding a variety policy spheres and dimensions, competition has even increased. From China's perspective the United States under Biden has become even more proactive in trying to isolate China: Sanctions and export controls over China's human rights abuses in Xinjiang; admonition to international businesses regarding the worsening political environment in Hong Kong; the rejection of visas for students and researchers suspected of having links to the People's Liberation Army; and in July 2021 the United States accused the Ministry of State Security of cyberespionage and hacking for profit (Lee Myers and Qin 2021). In a speech on May 26, 2022, Secretary of State, Antony Blinken, addressed the posture of the Biden Administration toward China and introduced a new catchphrase: "Invest, align and compete," meaning **invest** in American strength at home; **align** with the US' networks of partners and; rely on these two assets to **compete** with China. The strategy is meant to try and shape the environment around China to ultimately influence China's own strategic posture (Blinken, May 26 2022).

However, relationship changes have not been unilateral and one-sided but have been prompted first and foremost on the side of China and must be partially attributed to the changing structure of the international system, as shown in Chapter 3 of this volume, by Brian G. Carlson.

The Xi administration has been propagating (domestically and externally) the perception that the time is finally ripe for China to act in a more assertive manner and that the world is undergoing "great changes rarely seen in a century" (*bǎinián wèiyǒu zhī dàbiàn jú* 百年未有之大变局), suggesting that China will play a far greater role in this changed environment. This phrase is frequently found in recent official documents and speeches, signaling that the country has actively and openly started to pursue a new China-centric regional and international order.

In this mutated environment, the quest for an appropriate international status is an essential component of China's domestic political legitimation processes. Xi Jinping's China, after "becoming wealthy" (*fùqǐlái*, 富起来)

in the era of Deng Xiaoping, now aspires to “strengthen” (*qiángqǐlái*, 强起来) its prominence internationally, thus bringing to a definitive conclusion the “great renaissance of the Chinese Nation” (*Zhōnghuá mínzú wěidà fùxīng*, 中华民族伟大复兴) vowed by the Communist Party in its China Dream (*Zhōngguó Mèng*, 中国梦). Today, this objective seems closer than ever—in the eyes of the Chinese leadership—in an international context that is characterized by a “period of strategic opportunity” (*zhànluè jīyù qī*, 战略机遇期), which is portrayed by the CCP as foreshadowing “the rise of the East and the decline of the West” (*dōngshēng xījiàng*, 东升西降) (Buckley 2021).

In this context, China’s foreign policy action is characterized by an unprecedented ambition that seems to have definitively shelved—both in practice and in speech—the “low profile” (*tāoguāng yǎnghuì*, 韬光养晦) of the old era, associated with paramount leader *Deng Xiaoping*.

Starting in 2008, in the wake of the West’s financial crisis, Chinese leaders began to consider the possibility that the United States was declining, and China was rising. At the party’s *Central Work Conference on Foreign Affairs*, held in July 2009, an appeal was launched to depart from Deng’s famous low-profile attitude to actually “get things done” (*yǒu suǒ zuò wéi* 有所作为). As noted by Michael Yahuda (2019: 160), the *Central Work Conference* already back in 2009 called for a more assertive and active foreign policy mode. The new self-confident attitude was likewise prompted by China’s relative power growth, in both the economic and military “terms.” In fact, in 2009, the country surpassed Germany and became the world’s greatest exporter and in 2010 it surpassed Japan and became the world’s largest economy after the United States (Yahuda 2019: 162). Concerning military expenditures in 2015 China’s defense budget was already five times higher than all ten ASEAN countries together (Steinbock 2017), and it has meanwhile become even higher.

A higher degree of intransigence is detected in Beijing’s practices and discourses within the boundary of its own periphery, with particular reference to territorial disputes as well as the “unresolved Taiwan issue.” At the same time, this unprecedented ambition characterizes China’s projection of power beyond the traditional regional horizon. Thus, to the increasing pressure exerted by the United States since the Obama administration, Beijing responds by articulating its own vision of the international order and by claiming its own “discursive power” (*huàyǔquán*, 话语权) in the

global public space. In this sense, the Belt & Road Initiative (BRI) represents only the most visible manifestation of a more generalized Chinese activism aimed at shaping, adapting, or challenging norms, rules, and institutions of the liberal international order since the end of the Cold War (Grano 2021). These successes have led many Chinese officials to believe that their nation is now a first-class power and needs to be recognized as such.

It is, therefore, important to emphasize that the ongoing tensions between China and the United States pre-date the Trump Era and even Xi Jinping's ascent to power and have their roots in the more confident behavior China exhibits since the year 2008 and in its rise, bringing with it unintended consequences for the already established global hegemon, the United States. With its newly-acquired assertiveness and confidence, China expected to be able to play a larger role in global rule-making and to be recognized for its technological strides (Hass 2020) and military capabilities. Given that the United States has been the only superpower in the world since the end of the Cold War, China, with its rising power status, seeks to alter and shape the international environment in ways that are favorable to achieve its own goals, namely the creation of a China-centric global order (Doshi 2021; Grano 2021). Since Russia launched its all-out invasion of Ukraine on February 24, 2022, China has taken a rhetorically neutral stance in public, while avoiding direct criticism of Russia. The Chinese have so far restrained from openly allying themselves with Russia—against Europe and the United States. Nevertheless, Joe Biden's new Strategy for a Free and Open Indo-Pacific (FOIP), released in February 2022, clearly indicates that China remains the number one potential threat for the United States' security (Lieberherr and Maduz 2022).

DIFFERENT DIMENSIONS OF THE US-CHINA STRATEGIC COMPETITION

According to Rush Doshi in his recent publication *The Long Game*, the Chinese leadership sees several opportunities to diminish America's influence in the world and increase its own.

This strategy includes efforts to undermine the United States' financial hegemony, become the global leader in advanced manufacturing and in key emerging technologies, and create a world-class military, capable of operating on a global scale (Doshi 2021).

In *The Long Game* Doshi also contends that China and the United States have been engaged in geopolitical competition over the political values and institutions that define the regional and global orders since the end of the Cold War. According to him those institutions, from Beijing's perspective, have inhibited China's rise and hindered its freedom of maneuver (Doshi 2021). Deliberate strategies and maneuvers to thwart US influence involve both the political and economic levels, joining regional and international institutions to impede or alter their functioning or at the very least, utilize them to China's advantage.

The ongoing debate surrounding whether the strategic competition can be defined as a new Cold War, needs to consider both the fundamental differences and the similarities with the real Cold War. The US-China strategic competition, which is currently taking place and presents several risks, lacks two essential and interrelated elements of the United States' Cold War with the Soviet Union and its allies: first, China and the United States are not involved in a worldwide ideological struggle trying to win over third countries; and second, today's highly globalized and interconnected world cannot be divided into totally separated economic blocs, as was the case with the Soviet-American Cold War.

Economic linkages between China and the US—including mutual dependences on technology, trade, and data—were non-existent in the real Cold War; back then, the Berlin Wall delineated a stark boundary between spheres of influence, between the free world and the soviet authoritarian one but at the same time it also impeded communications and trade between the two blocs. In the current standoff, the situation is different and the two economies are too intermingled to completely decouple. As the link between technology and security has become more important in the past few months of the pandemic, the United States enacted a “Special Act on Semiconductors” (Calhoun 2021) at the end of 2021, in the hope of accelerating the “internalization” of the semiconductor industry. The reorganization of what has so far been a China-centered international supply chain is restructuring the world economy and trade. At the same time though, in 2020, the first year of the pandemic and rancorous threats of “decoupling,” the United States exported \$124 billion in goods to China and imported \$434 billion (Office of the United States Trade Representative). The US goods' trade deficit with China was \$310 billion in the same year (Office of the United States Trade Representative). That made China the largest supplier of

goods to the United States, and the third largest consumer of its exports, after Canada and Mexico. China is, therefore, financially and trade-wise much stronger than the Soviet Union, and much more integrated in the international system.

However, even though a comparison with the real Cold War of 40 years ago is on many levels, not a good fit, Jude Blanchette, interviewed in the *New Yorker*, stated:

We probably don't want to spend the whole time talking about Cold War analogies, but I would just say that no historical analogy is perfect, and, like Churchill said of democracy, the Cold War is the worst possible historical analogy except for all the others. It's not exactly a replay of Soviet-U.S. competition. But it is a multidimensional competition bordering on rivalry between two great powers that is likely to endure for some time, so the broad outlines of "cold war" at least help us to begin thinking about some of the things we need to do, to manage the relationship (Chotiner 2021).

Even though the competition between the two world powers presents several dimensions, which were non-existent in the Soviet-US Cold War, the present tension could well expand beyond a trade and tech war into a "full spectrum contest" encompassing ideology, military, and space characterized by the emergence of two blocs with the United States and its allies on one side and the Russia-China alliance on the other, competing on several fronts in the newly-emerging international order, after the Russian invasion of Ukraine (Carlson 2022). Therefore, the decades-long geopolitical contest could become more intense and widespread than the US-Soviet Cold War. Two main points characterize today's conflict between the United States and China: first, an increasing economic decoupling in some areas of trade, capital markets, and technology and, second, a "war" that is purposely described as one of ideological values and of system rivalry. China's authoritarian capitalist model challenges the US/Western one and it does so by utilizing ideological values to lend legitimacy to its expansionistic mires and desire for power.

What is worth noting is also the instrumentalization of the competition, which is being carried out for domestic purposes in both China as well as the United States, as seen in Chapter 3 of this volume. In fact, at a discourse level, the United States and China are both speaking to their own domestic and international audiences, outlining this as a competition between effective vs. ineffective governance (on the Chinese

side), and authoritarianism vs. democracy (on the US side). The rediscovery of the democracy-autocracy divide in world affairs, after Trump's unilateral and inward-looking era, and the spread of a negative China-image (in connection with the narratives of debt trap-diplomacy in the Belt and Road Initiative and of China being the main culprit for the global COVID-19 pandemic) have catalyzed the revival of the transatlantic network of democratic allies—establishing a new consensus among democratic parties, regardless of their political hue.

Although some economic decoupling seems to be under way, the PRC remains in many ways dependent on continued international trade. Contrary to the Cold War era, today's focus rests on the need for nations to trade with each other. The US-China rivalry is and will thus be very different from the earlier US-Soviet one, which was largely military and ideological. The new conflict began a few years back with radical financial decoupling and disengagement and has now stepped up its pace entering the digital realm. What remains to be seen is how this conflict will fracture the international community regarding issues on which there should be widespread cooperation, hampering collaboration between economies, scientists, scholars, and ordinary people.

Finally, how the US-China competition ultimately evolves will also depend on the stability of the Chinese domestic political system, where the CCP is currently facing headwinds from multiple directions: from the slowest economic growth in more than thirty years to the unreasonable and difficult-to-explain loyalty to the “Zero-Covid” policy, which is keeping a quarter of China's economic activity under one form of lockdown or another, to the 20th National Congress of the Party, in October 2022, where Xi has been elected for a third term, to the recent nation-wide protests against the regime in November 2022.

According to a Lowy Institute analysis (Rajah and Leng 2022), China faces a substantial long-term growth deceleration due to the legacy effects of its uniquely draconian past population policies, reliance on investment-driven growth, and slowing productivity growth.

Contrary to estimates that China could grow 4–5 percent a year to 2050, the analysis says 2–3 percent is more realistic and would result in a “very different” future. “Expectations regarding the rise of China should thus be substantially revised down compared to most existing economic studies and especially the expectations of those assessing the broader implications of China's rise for global politics (Rajah and Leng 2022).”

EUROPEAN AND ASIAN POWERS' STRATEGIC OPTIONS: A MUTATED GEOPOLITICAL ENVIRONMENT AFTER THE RUSSIAN INVASION OF UKRAINE

This edited volume looks at the impact of growing strategic competition between the United States and China on other states—middle powers and smaller states—in two of the most consequential and arguably affected regions of the world: Europe and Asia are facing a world splitting across strategic, economic and ideological fault lines. At the heart of this division is the contest between China and the United States. Empirically, for our analysis, we selected a group of European and Asian countries for comparative purposes, which find themselves in a similar dilemma, regarding the choice between **security** and **prosperity**. While China remains the top trading partner throughout much of Asia, many individual Asian states increasingly seek to counterbalance China's influence with stronger relations with the United States and, in some cases, with other regional powers; others yet strive for a balance, and don't want to be forced to choose one side or the other. Two of the European states analyzed are small, neutral states (although Sweden might change its status by joining NATO over the course of 2023, as explained in Chapter 5) while others start from completely different backgrounds and positions. What all have in common, is that they are facing similar dilemmas of how to navigate uncharted waters. In fact, the rapidly increasing US-China strategic competition is forcing middle and small powers to re-evaluate their tactical positioning. Should a middle or a small power choose either side, it risks reprisal or rejection from the other—the limits of the strategic capabilities for small and middle powers are becoming clearer.

There is in fact a striking commonality among these chapters that can be developed along 4 strategic elements: (1) specific structural changes have contributed to intensifying US-China rivalry. Insights from power transition theory, convey that a nation achieves hegemonic power and then is challenged by a great power. According to this approach, some late developing countries experience such rapid growth that they begin to overtake the dominant global powers of their era. This leads to a war which, in the past, has created a transition between the two powers. Power transition theory further postulates that a power could become dissatisfied with the international system and would thus attempt to reform it or replace it, whereas the current hegemonic power would be satisfied and would attempt to preserve the status quo (Serfettin and

Wang 2019). This is the body of work underpinning the Thucydides Trap (Allison 2017). Other theoretical approaches—both the Defensive Realist emphasis on the security dilemma and the Liberal consideration of domestic political factors as a driver of foreign policy—provide more reliable guidance for both understanding how China and the United States arrived at the current, highly conflictual moment and for conceiving how they might reduce the tension.

Great-power crises also promise something else: the opportunity for states that come out on top to reorder global relations in ways that provide long-term stability. The ultimate issue raised by China's rise as a global power is: Is it emerging as a revisionist power seeking to make the existing world order better serve its great power interests; or as a revolutionary power seeking to uproot the existing order and replace it with another, with its parallel diplomatic, economic, cultural and security "presences" around the world (Grano 2021). (2) Reflecting those structural changes and shifts, the United States and China have acted in ways that have sharpened their rivalry, starting from the year 2008 and increasing exponentially since the beginning of the Trade War, under Trump, all the while creating more difficulties in the policy choices and orientation of European and East Asian States. In fact, choices among bandwagoning, balancing, and everything in between become more difficult to make and to implement and more acutely important amid US-China rivalry, with further doubts and fears regarding US' reliability and China's sincerity. (3) The analyzed countries are almost all (with the exception of Singapore and Switzerland) multiparty democracies with alternation in power between competing parties; the choices regarding respective China policies thus reflect the changes in domestic politics (which party wins, leader's/candidate's preferences, etc.). Finally, (4) it is noteworthy that some (but not all) of the relevant public attitudes in these democracies (and "flawed democracies," as Singapore is sometimes referred to) are specifically about China policies and more broadly, choices among balancing/bandwagoning with the United States and/or with China and the trend in such attitudes; perceptions in pretty much all of these countries has become sharply more negative toward China in the past couple of years (Pew Research Center 2020).

Furthermore, the war in Ukraine is likely to force small and middle-sized economies to recalibrate their own positioning vis a vis these two countries, in light of two factors: first, how the China-Russia relationship

will evolve; second, countries that are located in the immediate geographical vicinity of Ukraine, e.g. the European countries featuring in our analysis and especially Sweden, will likely gravitate more firmly toward the United States. We are already witnessing signs of a firm and unified Western response to Russia's aggression, which will push most democracies closer to the United States and possibly make the China/Russia alliance stronger, materializing a fully-fledged "two-blocs competition" that could span many sectors, from the economic to the technological and security fields (Carlson 2022). The war has in fact heightened tensions between China and some of its neighbors. As the rivalry between Washington and Beijing has intensified, many East Asian nations have adopted hedging strategies to balance ties to both powers. But the conflict in Ukraine has driven some of these countries to lean more heavily toward the United States.

Comparing European and Asian states' responses to this new emerging geopolitical architecture is noteworthy, given that their perceptions regarding the US leadership and China's assertiveness are quite different. For instance, military aggression and expansion of China in the East China Sea, South China Sea, and into the Taiwan Strait are regarded as imminent threats for Asian states' survival but were considered merely as geographically distant regional confrontations by European states, especially prior to Russian invasion of Ukraine. As a result, until recently it was not deemed necessary for European states to employ strong measures to counter China's aggression. By contrast, given China's military assertiveness and expansionist mire, most Asian countries in the Indo-Pacific region welcome a strong US leadership, even under Trump's "unilateralist" era. In most European countries, Trump's inward-looking approach, with little regard for allies, withdrawing the United States from several international organizations, was generally spurned, because considered to be weakening a pillar of Europeans' approach to international politics, namely "multilateralism." Therefore, under the Trump administration, it made sense to adopt a so-called strategic autonomy posture proclaimed by the EU. How to behave toward the Biden administration, is proving to be a more difficult choice. Joe Biden was initially perceived as a weak leader in many Asian countries, worried that he would disregard Asian allies and rebalance the previous United States' approach toward China, leaving the Quad countries and other US allies in Asia, worried. After three years in power, the strategic competition between the Biden administration and Xi's China continues to intensify both in terms of

policy contents and dimensions. The strong stance taken by the United States toward China, with numerous “coordinated” actions, has reassured Asian allies that America remains a reliable partner. In the case of European powers, however, Biden’s approach to re-establish ties and alliances against China, initially created a dilemma. Since the beginning, the Biden administration has sought consensus and coordinated actions (the March 2021 sanctions) with democratic states toward China. This, in turn, has made it more difficult for European nations to dismiss US concerns about China as easily as they did, during the Trump administration. The EU’s previous “strategic autonomy” posture has become more difficult to implement for European states, even though the general context of an intense US-China strategic competition not only remains in place but is in fact gaining momentum. However, previous hesitancy among European powers, regarding a firmer positioning on the side of the United States, has been partially lifted after the Russian invasion of Ukraine, which has unified most countries of the Western world. Of the many important ripple effects of the war in Ukraine, the growing estrangement between China and Europe is perhaps the least appreciated. In earlier years, the Chinese government viewed the European Union as an area of the world where it could pursue its economic interests with fewer of the geopolitical tensions that characterize its relations with Washington. As of lately, the relationship with Europe is becoming one of China’s most problematic issues; among other things because of China’s increasingly rigid position on Taiwan, economic miscalculations, and the stalling of a long-sought economic agreement, namely the Comprehensive Agreement on Investments (CAI) between the EU and China. Approved in principle since December 30, 2020, the CAI was ultimately stalled after mutual sanctions for human rights abuses in Xinjiang, in spring 2021 (BBC 2021). Putin’s invasion of Ukraine has forced the European Union and its member nations to drastically re-evaluate the costs and benefits of trade with Russia. With Xi Jinping binding himself to Putin, and the public nature of Xi’s support in echoing Russian propaganda, this re-evaluation is now being extended to autocracies in general, and to the PRC specifically. Due to the extended disruptions of PRC supply chains, PRC economic clout is also partly diminishing in Europe. After Nancy Pelosi’s visit to Taiwan in August 2022, both the United States as well as the EU have taken further measures to curb China’s aggressive military reprisal towards Taiwan. In mid-September 2022, the US Senate Foreign Relations Committee passed the Taiwan Policy Act (to become

law the Act still needs to pass Congress), with substantial increases of monetary and military aid to Taiwan and attempts to bolster its international standing. The Act would also ensure that Taiwan would enjoy the status of a “major non-NATO Ally,” and would constitute a strategic partnership on military and technological exchange and assistance. Following the US Senate’s vote on Taiwan, the European Union Parliament also passed a resolution, on September 15, 2022, condemning China’s military aggression against Taiwan in the aftermath of Nancy Pelosi’s visit to the island in August, and stating that China’s provocative behaviour towards Taiwan should have consequences on the EU’s own relations with the PRC.

In many ways, the overarching shifts in European and Asian regionalism described in previous sections, including the shift away from an economic to a security focus, reinforced by the Russian invasion of Ukraine, create obstacles to Europe’s traditional engagement with Asia. The EU is a major trading power. Hence, it has a strong focus on economic issues and opportunities in the region. China today is the most important trading partner of the EU and its leading economy, Germany. However, with ongoing geopolitical shifts, new vulnerabilities are emerging in Europe, and a growing consciousness exists that economic prosperity depends on political developments in Asia. This awareness was reinforced during the COVID-19 pandemic in 2020 and 2021. Examples of this include the risk of disruptions in trade and supply chains or negative impacts resulting from excessive economic or technological dependence—all of which are also components and consequences of intensifying US-China strategic competition.

Regarding how to position themselves toward a more assertive China, is an issue that is treated differently among many of the United States’ middle and small power allies, which may share many ideological values with the United States while at the same time having different ideas regarding their respective national interests and priorities. The UK, for example, cites its close historical relationship with the United States as an important reason to move even closer to the US (see Chapter 8), especially in the aftermath of recent scandals involving Chinese Communist Party’s United Front influence among the country’s political echelons (Bartlett 2022). At the same time though, Germany and Italy, equally traditional democratic allies of the United States, display a much greater ambivalence toward the two great powers, which can partly be explained by the fact that they are both deeply connected to China through trade

and technology and are therefore hesitant when it comes to fully divert investments from China or participate in a US-led democratic alliance coalition against China, as shall be explained in Chapters 6 and 7 of the present volume.

China's economic and military power, and its willingness to use both in coercive ways, is the primary driver of security change in East and South-east Asia. Facing the choice between the United States and China, South Korea finds itself in an even more difficult position. Geopolitically close to China and poor in natural resources, South Korea faces a strategic dilemma of wanting to align with the United States for security purposes and with China for the economy gains, thereby risking the ire of both parties. The country, however, is a good example of how the war in Ukraine is hastening the creation of a new security order in East Asia; the new conservative administration, elected in March 2022, is strengthening its alignment with the United States and discussing how to bolster deterrence and lessen economic and energy dependencies on autocracies (Maude 2022; Chapter 10 in this volume). Japan is moving even closer to the United States, balancing against China, as clearly illustrated in Chapter 9 of the present volume while other states, are still firmly planted in the middle of the hedging zone. In Southeast Asia, Singapore presents a notable exception to a generally weak response to the Russian invasion of Ukraine; firm response which has much to do with Singapore's history and the importance, for the small city-state, of concepts related to national sovereignty and the inviolability of territoriality.

Finally, the postwar US-led liberal international order, even though often criticized by small and middle powers, is what has allowed many of these countries to pursue market economy, democracy and multilateralism, while maintaining security. The general preferences, therefore, lie in *improving* and *renovating*, rather than eliminating or replacing the status quo. Given the United States' technological capabilities, many countries are also likely to continue to be dependent on US semiconductors, software, and other advanced technologies for some time.

What the Russia-Ukraine war is likely to precipitate is the desire for small and middle countries to strengthen their military capability to keep adversaries at bay, in case of a potential conflict, as is the case with Taiwan, and to find reliable allies that can guarantee their security and defense, thus likely swaying some of the analyzed countries closer toward the United States, such as Sweden, Japan and recently, South Korea.

Balancing Zone	Two 'Sub-Zones' in the Hedging Zone or Accommodation Zone		Bandwagoning Zone
	<i>Risk Contingency Options</i>	<i>Return-Maximising Options</i>	
<ul style="list-style-type: none"> - Outright War - Containment - Hard Balancing 			<ul style="list-style-type: none"> - Allied Alignment - Dependence - Capitulation

Fig. 1.1 The balancing-bandwagoning continuum. Adapted from: Alan Bloomfield (2016: 262)

DISCUSSION OF THE THEORETICAL FRAMEWORK

The present section offers details regarding each potential analytical category and their bandwidth, ranging from “hard-soft balancing” to “limited bandwagon” and the zone in between, namely the “hedging zone.” All countries included in our edited volume can be classified into one or the other category of theoretical responding modes. This will allow us to understand the underlying reasons why a country adopts certain policy options, from a comparative perspective.

All the chapters in the volume analyze their country’s foreign policy by pinpointing whether that particular country is opting for a neutral stance or whether it “takes sides” in the competition. While “neutrality” may be strictly interpreted in legal terms, in our volume we define it, in line with its operational modes. To be specific, countries which declare that they will adopt a neutral stance in the US-China strategic competition are adopting a “hedging strategy,” at times also known as “accommodation zone” or “middle zone.”¹ The hedging strategy is in turn further divided into two sub-zones, which include some “return-maximizing” options and some “risk contingency” options (see Fig. 1.1).

Cheng-Chwee Kuik, who analyzed Southeast Asian states’ response to China’s rise, further divides the hedging zone into five “sub-zones” (see Fig. 1.2). The three options located on the right side of hedging zone, close to the bandwagoning zone, are called “return-maximising options.” Such options are “economic pragmatism,” which stands to indicate a state that trades with China and is open toward Chinese FDI but abides by strict political and military neutrality; “biding engagement” which stands

¹ This volume employs as theoretical modes of possible response by countries Alan Bloomfield’s theoretical model, employed in his study of Australia-China relationships (Bloomfield 2016).

Balancing Zone	Specific categories of Strategic Choices in the Hedging Zone or Accomodation Zone					Bandwagoning Zone
	Risk Contingency Options		Return-Maximising Options			
<ul style="list-style-type: none"> - Outright War - Containment - Hard Balancing 	Soft Balancing	Dominance Denial	Economic Pragmatism	Binding Engagement	Limited Bandwagoning	<ul style="list-style-type: none"> - Allied Alignment - Dependence - Capitulation

Fig. 1.2 The hedging zone continuum. Adapted from: Alan Bloomfield (2016: 264)

to indicate the behavior of states which engage with China and try to encourage China to participate in regional and international institutions therefore “binding it” to commonly accepted international standards; and “limited bandwagoning” when a state may align with China when their respective interests converge but will refuse to subordinate itself to it (Kuik 2008: 165).

On the other spectrum of the hedging zone, on the left side, close to the balancing zone, we find a “soft balancing” sub-zone, when a state balances in the diplomatic and political realm, by forging close relations with the other hegemon and the “dominance denial” option, close to the center of the hedging zone, which characterizes states that pursue political-diplomatic balancing in order to ensure that other great powers, and especially the United States, remain in the region while at the same time maintaining a united coalition against China, when the latter appears to be more aggressive. Depending on the strategic environment that a country faces, hedging options may not be always available to it. Some countries will eventually have to choose sides between the United States or China, either pursuing a “balancing strategy” or a “bandwagon strategy.”

Since the Russian invasion of Ukraine in February 2022, the international community has adopted a wide variety of responses to the crisis, ranging from sanctions, to open support of Moscow’s position. In the Indo-Pacific, US allies and partners have adopted a similarly diverse set of policy reactions to the war. Some, such as India, have hedged in order to maintain ties with Russia, while others, such as Singapore, Japan, and South Korea, have joined the US-led effort to condemn Russian aggression, while at the same time aware that economic decoupling from China is not a desirable option, thereby indicating a high degree of pragmatism, concerning their relations to China.

OUTLINE OF BOOK CHAPTERS

This edited volume will be divided into three parts; the first part analyzes the background and the main features of the ever-intensifying US-China strategic competition, including this introductory chapter (Chapter 1) and two more on the US-China strategic competition. The second part focuses on how European countries position themselves in the US-China strategic competition, and the third part discusses how Asian countries, because of their geographic proximity to the potential areas of conflict, respond to the US-China strategic competition.

Chapter 2, by Shelley Rigger and Jaime Rose Montagne, offers an excellent overview of the different stages in the US-China Strategic Competition all the way up to the 2020 COVID-19 pandemic, the Biden Administration and its impact on the ongoing strategic competition. The chapter is perfect in setting the stage, both in terms of historical overview as well in listing several dominant theories of IR and schools of thoughts and their changing influence in US politics, regarding how to behave toward China and why so-called supporters of the “engagement school,” despite the current situation of intensified rivalry, were not wrong in aiding China’s rise and in trying to bind it to the liberal Western-based order.

In Chapter 3, Brian G. Carlson analyzes how domestic and international factors influence decision-making processes and leadership attitude from the Chinese as well as from the American perspective, despite, as the author acknowledges, a large share of the explanation residing in the changing structure of the international system. Developments in domestic dynamics (such as the impact of Xi’s leadership on China’s foreign policy course), structural changes (such as Biden’s victory in November 2020), and external shocks (such as the impact of the COVID-19 pandemic) are in the focus of the present chapter, which has the merit of focusing on the most recent evolution and changes in the relationship between the two countries.

The second part of the volume deals with five European countries’ response to the US/China rivalry and with the strategies and positions these countries employ—and whether they opt to remain neutral or choose sides, according to the issue at stake.

In Chapter 4, regarding Switzerland and its foreign policy in the present era of growing polarization, Simona A. Grano and Ralph Weber address a puzzle that poses itself to Switzerland given its long-standing,

but evolving practice of neutrality. After providing an overview of the literature in the field of small states studies, the chapter addresses the issue of how “smallness” plays out in face of the increased influence and pressure exerted over Switzerland to position itself in the growing competition between China and the United States of America. Can Switzerland afford to remain neutral between the two superpowers? The authors evaluate the Swiss government’s more recent response to pressure coming from China, the United States and the EU, in the growing strategic competition by evaluating several foreign policy documents in which these countries/parties are addressed and differently framed.

In Chapter 5, Johan Lagerkvist makes a preliminary attempt to understand how *political naivety* has been, and still is, used as a battering ram in Swedish political debate, especially regarding foreign policy and issues of national security and international cooperation. Which actors frame the debate this way and to what purpose? Specifically, his chapter sets out to shed some light on “Swedish naivety” in relation to China, and the “awakening” to what kind of challenge China under president Xi Jinping presents to Sweden. In the end, the author provides an answer regarding how Sweden has moved from the “economic pragmatism” option in the hedging zone toward “dominance denial” with a growing sign that it is moving even further, toward “soft balancing in the future. The chapter also briefly addresses the monumental impacts, driven by the Russian invasion of Ukraine, on Sweden’s long-standing practice of non-alignment and its repercussions for Sweden’s attitude toward China.

In Chapter 6, Giovanni B. Andornino addresses Italy’s role in international politics, especially considering the Italian government’s decision to sign a Memorandum of Understanding (MoU) for cooperation within the framework of the Belt and Road initiative (BRI) with the People’s Republic of China in 2019. In so doing, the author evaluates why the normally risk-averse political establishment in Rome chose to pursue such an unprecedented deepening of its partnership with the PRC, in the face of increasing turbulence in relations between Beijing and several Western countries. The paper argues that Rome used the BRI MoU as a tool to strike a tactical entente with the PRC in an attempt to leverage Beijing’s resulting goodwill to extract the economic concessions that had long eluded Italian policy-makers. Finally, in times of changes at the level of the European Union’s positioning and sanctions toward China, in 2021, the paper also addresses the mutated environment vis à vis China under the Mario Draghi administration and integrates Bloomsfield’s theoretical

model with a new policy space that fits at best for Italy, namely “selective followership.”

In Chapter 7 on Germany, Jens Damm analyzes the most recent political changes faced by Germany, the European Union’s most important player, and the fragmented and contrasting positions in the German political as well as academic environment, when it comes to China or the United States. All the while Germany’s economic dependence on China is evaluated as one of the key factors influencing the internal debate, given that China is Germany’s most important commercial partner since 2015, making the country’s strategic options between the two hegemons, quite difficult.

In Chapter 8, Roderic F. Wye studies how China’s bilateral relationships with the UK are changing, under the framework of a complicated relationship which touches upon: Britain’s historical relationship with the United States; Britain’s decision to leave the European Union; Britain’s own position as a middle power, deriving from its historical legacy; and Britain’s historical relationship with China, considering Hong Kong’s colonial legacy. Throughout the paper, the author analyzes how UK policy-makers are navigating the increasingly more complicated balance of the UK and its relationship with both the United States and China. The paper provides a detailed account of developments in the UK, emphasizing the impact of China’s own behavior, UK domestic polarization, and the impact of Brexit.

The third and final section of the volume focuses on how countries in Asia position themselves in the US-China rift and whether these can remain neutral or need to choose sides.

In Chapter 9, David Chiavacci looks at Japan’s foreign, economic and security policy under the leadership of Prime Minister Shinzo Abe and his successor Yoshihide Suga. The chapter follows the changes in the foreign policy sphere vis-à-vis China and the United States during two administrations, all the while depicting Japan’s international position and domestic constraints, considering recent meetings with the new US administration, signaling an even closer alliance with America. The chapter engages with the theoretical literature regarding Japan’s conundrum between security and prosperity caught between its long-standing ally and protector, the United States and one of its most important economic partners in the region, China.

In Chapter 10, Linda Maduz likewise analyzes how South Korea is being squeezed in a great-power rivalry, namely between its security

guarantor, the United States, and its main economic partner, China, attempting to strategically balance between the two, without having to choose sides. Under the previous administration, observation seemed to indicate that South Korea tended to prioritize its economic interests over longer-term strategic interests—and thereby relations with China over its relations with the United States. After recent presidential elections held in March 2022 however, we see a complete turnaround with the current president, Yoon Suk-yeol, moving closer to the United States.

In Chapter 11, David W.F. Huang and Wen-Chin Wu start from the basic assumption that Taiwan is the most famous flashpoint for a potential conflict between the United States and China. One strategic choice facing Taiwanese citizens is whether Taiwan should ally with the United States against China, employing a balancing strategy. To investigate this issue, they analyze survey data and discuss Taiwanese people's support for an alliance with the United States against China. They find that a balancing strategy against China, which is favored by Taiwanese citizens, has less to do with traditional party affiliation or unification-independence aspirations, but is related to more relevant circumstantial factors, such as peoples' threat perception, and their inclination of "distrusting" versus "appeasing" China. How various administrations position the country, considering its special relations toward both China and the United States, is in the focus of the present chapter.

In Chapter 12, Ian Chong examines how Singapore's behavior of "not choosing sides" is predicated on two conditions: (1) absence of intractable (territorial, ideological, etc.) disputes with China and the United States; (2) significant overlap in interests between the PRC and United States. The paper continues to consider how siding with one major power can risk angering the other while staying in the middle may upset one or both major powers. Acutely aware of China's economic geopolitical importance, Singapore's government nevertheless has concerns about China's behavior and influence. In particular, the government is concerned about the People's Republic of China's (PRC's) attempt to impose a Chinese identity on multi-racial Singapore. Chong's paper dissects what possible scenarios constitute valid and feasible choices for Singapore, while minimizing losses.

CONCLUSIONS

This edited volume through the analysis of diverse national case studies in Europe and Asia, attempts to provide a coherent evaluation about the similarities and differences in these countries' responses to the US-China strategic competition. From a comparative perspective, the authors of the various chapters pinpoint the underlying reasons for remaining neutral (hedging or accommodating) or taking sides (balancing against China, with the United States) in the case of the selected Asian and European countries.

In of all the countries analyzed there is an overwhelming predominance of powers that, for obvious reasons, be it in Asia or in Europe, prefer to remain safely in the “hedging zone” rather than to openly take sides. Also known as accommodation zone, this middle zone indicates a certain degree of pragmatism (or to a certain extent of diplomatic and economic opportunism), which allows small and middle powers caught in the middle of the China-US strategic competition to selectively decide when to balance against and when to bandwagon with one or the other superpower, according to the issue at stake. This is a common and logical choice for most small and middle-sized countries, seeking to maximize strategic choices to their own advantage, trying not to antagonize either one of the two hegemon. However, recent geopolitical shifts have accelerated a trend for siding closer to the United States, as the key security guarantor both in Europe and in Asia, and away from mere economic concerns; such a trend started some years ago, among other factors, due to China's more aggressive posture on the world stage, but accelerated due to the COVID-19 pandemic, the sudden realization of supply chains' unreliability, when depending on China and lastly, the war in Ukraine. Finally, the only power analyzed, which fits fully in the “taking sides” posture is—for obvious reasons—Taiwan, which since the year 2020 has high interests (and nothing to lose) in siding with the United States in order to ensure its survival and the continuation of the status quo across the Strait.

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US-China Strategic Competition in the Context of the Global COVID-19 Pandemic

Shelley Rigger and Jamie Rose Montagne

Since the end of the Qing dynasty, US-China relations have had a strong strategic dimension. Whether the two sides were allied in the fight against Japanese militarism, divided over Communism, or drawn together in an anti-Soviet rapprochement, strategic considerations have always played a key role. At times, engagement has emerged as both sides' strategic preference, while at other times, the dominant form of interaction was competition. As this paper will show, policymakers in the US rarely embrace engagement without reservation; skepticism and caution are persistent themes in Washington's China policy. Nonetheless, the balance of engagement and competition shifted toward competition after the Global Financial Crisis, and that trend has accelerated since

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2015. As China's economic, military, and political power have grown, its relationship with the US has deteriorated. The COVID-19 pandemic has reinforced the tension between the two great powers.

There is no question that China's increasing power has contributed to the perception in the US that the nation that was once a benign player on the margins of international politics has become, in the words of the 2018 US National Defense Strategy, "a strategic competitor" (United States Department of Defense 2018: 1). Both sides' policies are shaped by interactions and "facts on the ground," but concepts and theories from the world of international relations (IR) theory have also contributed. We will argue that these theoretical perspectives have, at times, oversimplified complex drivers and motivations, reducing each side's perception of the other to caricature. The result is to make difficult challenges even more fraught. A more rational, evidence-based approach to the relationship—one that avoids unnecessary confrontation and conflict—requires abandoning a priori thinking and assumption-driven policymaking.

THE ERA OF (CAUTIOUS) ENGAGEMENT

The PRC entered the world in 1949 already at odds with the US. The US had been allied with the Republic of China (ROC) during World War II and it opposed the expansion of communism into China. Nonetheless, Washington was prepared to let the Chinese Civil War play out in the Taiwan Strait until North Korean forces crossed the 38th parallel. The onset of the Korean War convinced the US to take a hard line against communist expansion in East Asia, even to the point of entering into a military alliance with the ROC on Taiwan. For thirty years, the US recognized the ROC/Taiwan as the legal representative of the Chinese nation and regarded the PRC as an ally of the USSR. Meanwhile, the PRC turned inward, concentrating on its own socialist transformation.

President Richard Nixon's 1972 trip to China transformed the relationship. Sino-Soviet relations had deteriorated to the point of open conflict, while the US was mired in an unwinnable war in Vietnam from which it hoped China could help extricate it. Both sides recognized a strategic opportunity to use US-China rapprochement to weaken the Soviet Union and shore up their security. In 1979, they finalized this process by normalizing diplomatic relations, a step which required the US

to end its recognition of the ROC. The option of recognizing an independent Taiwan was never on the table—not least because ROC/Taiwan leader Chiang Kai-shek would not entertain it.

The normalization of US-China relations coincided with the onset of China's domestic economic reform. Under Deng Xiaoping's slogan of reform and opening, Washington and Beijing discovered shared interests in economic cooperation, anti-Sovietism, and nuclear nonproliferation. Deng's economic reforms opened a wealth of opportunities to foreign investors as well as Chinese businesses and individuals. China's engagement with the outside world ultimately propelled its own domestic economic growth and inspired hope in the American policy community that China might become what one US official called a "responsible stakeholder" in the international system (Zoellick 2005). In the 1980s, Chinese citizens achieved personal freedoms that had seemed impossible under the Maoist leadership. Around the world, including in the US, many China watchers began to hope that over time, international engagement with China might combine with the domestic forces of change unleashed by growing prosperity to spark a liberal transformation of the country's political system. However, the Tiananmen Square Massacre in 1989 interrupted those hopes, reminding everyone—inside and outside China—that the Chinese Communist Party (CCP) would not tolerate organized political dissent or opposition.

At first, it seemed the Tiananmen Crisis might break the fragile but growing links between the US and China. China turned inward again, even rolling back some economic reforms, while the US imposed punishing sanctions. During the 1992 presidential campaign, Democratic nominee Bill Clinton accused the George H.W. Bush administration of being soft on China; in accepting the nomination at the Democratic National Convention he promised not to "coddle tyrants, from Baghdad to Beijing" (Clinton, para. 102). Despite his fierce rhetoric during the campaign, however, President Clinton presided over a significant expansion in US-China economic ties once China resumed its reform trajectory. In 1992, Deng Xiaoping signaled his support for renewed economic liberalization in his "Southern Tour" of China's manufacturing and trade hubs, a move that touched off a new wave of foreign trade and investment. The US welcomed the revival of reform; according to US trade statistics, bilateral trade tripled between 1993 and 2001 (Huo 2022).

In the 1990s, US criticism was focused largely on China's internal behavior. Thus, when President Clinton began to press for Permanent

Normal Trading (PNTR) status for China, his critics were mainly human rights and labor activists. Clinton made the move because while China had been awarded most favored nation status on a temporary basis in 1994, the required Congressional renewals had become an annual ordeal in which American business battled Sino-skeptics from hardline anti-communists to human rights activists. Year after year, economics trumped other concerns, and the status was renewed, but only after a costly struggle. In part to end this annual spectacle, the Clinton administration advocated PNTR. The matter was ultimately resolved in 1999: Washington granted China PNTR in conjunction with bringing the PRC into the World Trade Organization. That process went forward despite a spike in tensions in May 1999, when the US bombed (accidentally, according to Washington) China's embassy in Belgrade, Yugoslavia during NATO operations aimed at stopping Yugoslavian attacks on ethnic Albanians.

Leaders in the US and the PRC designed their policies with their respective national interests in mind. For Beijing, that meant promoting economic growth while maintaining domestic stability and legitimacy. For the US, the goal was to reap the benefits of China's low-cost manufacturing while keeping some pressure on the PRC over issues such as human rights. Although interests were foremost, leaders also were guided by ideas about how their policies could shape relations in the future. For the PRC, Deng Xiaoping's guidance to "keep a low profile and bide your time" (*taoguang yanghui*) discouraged PRC leaders from challenging the US and encouraged them to seize the opportunity to build the nation's economic strength instead. Deng's guidance did not mean China was ready to embrace US goals. On the contrary, "[a]ccording to China's official guideline, U.S. policy toward China aimed to Westernize [*xihua*], divide [*fenhua*], and contain [*ezhi*] the People's Republic with ulterior motives" (Wachman 1994: 116).

For the US, the pragmatic considerations of the 1990s and early 2000s aligned with the Liberal school of international relations theory. Liberal approaches to international relations emphasize the potential for states to manage and even avoid conflict. Analysts from this tradition disagree with the Realist perspective that states' behavior is dictated by the distribution of power in the international system; instead, they emphasize the ways in which state behavior responds to three forces: economic and other forms of interdependence that raise the cost of conflict, domestic political trends that can either increase or decrease the incentive for leaders

to engage in conflictual behavior, and international organizations that promote cooperation and mitigate confrontation.

According to the Liberal strand of IR theory, economic interdependence increases states' incentive to cooperate and raises the cost of conflict. It also creates domestic constituencies that benefit from cordial relations. Those constituencies use their influence with policymakers to encourage friendly relations. This logic helped to inform the school of thought in US policy circles that promoted engagement with the PRC. As the theory predicts, constituencies in the US that benefited from economic ties—mainly the business community—were strong advocates for cooperation, but analysts who did not have vested interests in the economic relationship gave similar advice. They argued that engagement offered the best chance of drawing China out of the ideological, autarkic crouch it had occupied during the Mao era and into closer ties with the international community.

These perspectives are often dismissed as “dovish” or naïve, but those characterizations better describe a straw man version of engagement. It's fashionable today to dismiss advocates of engagement as idealists who believed that economic interdependence would lead China to become “just like us,” but this stereotype is unfair. Iain Johnston dismantles this notion in his 2019 article “The Failures of the ‘Failure of Engagement’ with China.” Johnston uses contemporaneous statements US policymakers made at height of the engagement era—the Clinton and Bush administrations—to show that even then, proponents of engagement were restrained in their optimism as to what the policy could accomplish. Madeleine Albright, President Bill Clinton's Secretary of State, said, in 1997, “It is our hope that the trend toward greater economic and social integration of China will have a liberalizing effect on political and human rights practices. Given the nature of China's government, that progress will be gradual, at best, and is by no means inevitable” (Quoted in Johnston 2019: 105). Johnston also points out that in many ways, the modest improvements engagement proponents hoped might happen did, in fact, transpire.

Advocates of engagement with China never expected a swift and smooth transformation of the PRC into a Liberal democracy, but they did believe the best way to shape China's behavior in a system-supporting direction was to include it in global networks and institutions. They saw the roots of Chinese foreign policy in both domestic and external factors, and their goal was to foster a desire for liberalism within China while

at the same time using incentives and sanctions to encourage Beijing to conform to global norms. In other words, they recognized that both internal and external drivers are constantly shaping state behavior, a position that is consistent with Liberal IR theory. It was with these ideas in mind that the Clinton administration pushed to resolve the problem of annual Congressional battles over China's trading status by supporting its inclusion in the World Trade Organization (WTO).

The PRC's WTO entry in 2001 launched another uptick in the growth rate of US-China trade. Despite the caricatured image of engagement that is popular in some circles today, Clinton's decision to support China's economic inclusion did not end the debate within the administration over whether China's domestic behavior—including its poor human rights record—should rule out a closer partnership with the US. Nor did the Clinton administration expect that the mere integration of China into the global economic system would convert the PRC into a replica of the US. On the contrary, Clinton's position was that societal change in China had the *potential* to gradually produce political change, although such a transformation was far from guaranteed (Johnston 2019). The administration's conviction that only concerted pressure from inside China and from the outside world could create liberalized reform in China deepened America's pursuit of cooperation.

In his 2000 State of the Union Speech, Clinton acknowledged the uncertain effects of engagement, but he justified his decision to champion China's membership into the World Trade Organization on both economic and political grounds: "First of all, our markets are already open to China; this agreement will open China's markets to us. And second, it will plainly advance the cause of peace in Asia and promote the cause of change in China. No, we don't know where it's going. All we can do is decide what we're going to do. But when all is said and done, we need to know we did everything we possibly could to maximize the chance that China will choose the right future" (Quoted in Conley 2012: 338). Other Clinton administration officials were even more direct. In 2000, National Security Advisor Samuel Berger said, "Let me be clear: bringing China into the WTO is not, by itself, a human rights policy for the United States. The reality in China today is that Chinese authorities still tolerate no organized political dissent or opposition. Because the Communist Party's ideology has been discredited in China, and because it lacks the legitimacy that can only come from democratic choice, it seeks to maintain its grip

by suppressing other voices. Change will come only through a combination of internal pressures for change and external validation of its human rights struggle” (Quoted in Johnston 2019: 105).

As a presidential candidate, George W. Bush questioned the Clinton approach. The Republican platform adopted in 2000 identified China as a “strategic competitor” and “key challenge.” The Bush administration’s early criticism of his predecessor’s engagement policy centered on growing concerns over China’s intentions. Condoleezza Rice, who would soon become Bush’s National Security Advisor, borrowed terminology from scholarly theories of international relations to express those doubts in an essay for *Foreign Affairs* published in early 2000. She wrote, “China is not a status-quo power but one that would like to alter Asia’s balance of power in its own favor. That alone makes it a strategic competitor, not the ‘strategic partner’ the Clinton Administration once called it” (Rice 2000: 194).

Despite those early misgivings, in office, Bush gradually moved toward the same pro-engagement orientation as Clinton. The shift was driven in part by economic logic, but Bush also came to doubt the confrontational approach preferred by the Republicans’ neoconservative wing. On April 1, 2001, the Bush administration faced its first foreign policy crisis, a collision between US and PRC military aircraft in the South China Sea in which a Chinese fighter pilot died. The American craft crash-landed on Chinese soil, putting its twenty-four crew members into Chinese custody. The incident heightened the tension between the two countries that had simmered since the Belgrade bombing two years earlier, but it also demonstrated the value of keeping lines of communication open and avoiding confrontation. In the midst of the crisis, Bush phoned President Jiang Zemin to reiterate the importance of the two countries maintaining constructive relations. The crisis was resolved after eleven days, when the US issued a statement of regret that allowed China to release the Americans without losing face.

The September 11, 2001 attacks reinforced the need to avoid conflict with China. They also refocused Washington’s attention on Central Asia and the Middle East and underscored the value of Sino-US cooperation on threats related to global terrorism. Between 9–11 and the end of Bush’s first term, US and Chinese officials held eight meetings—an unprecedented density of interaction (Yu 2009: 89). Bush also aligned the US with Beijing on a central PRC concern when, in December 2003,

he publicly chastised the Taiwanese president for moving, in Bush's view, toward independence.

Over the course of George W. Bush's first term, his team evolved its own variant of the engagement approach, one that was spelled out early in his second term in a speech by Deputy Secretary of State Robert Zoellick. In an address to the National Committee on US-China relations in September 2005, Zoellick called upon China to become a responsible stakeholder in the international system (Zoellick 2005). Zoellick's speech highlighted the benefits of US-China economic ties, saying "many gain from this trade, including millions of US farmers and workers who produce the commodities and capital commodities that China consumes."

Still, Zoellick's speech focused less on how China's economic integration would help the US, and more on how much China stood to gain (and in fact had already gained) by integrating into the global order. As Johnston points out, Zoellick's speech was about what China *needed* to do, not what would inevitably happen:

in one of the fullest statements of the Bush administration's engagement policy ... Zoellick essentially repeated the Clinton administration argument that engagement and internationalization would lead to social liberalization and bottom-up demands for political change: 'Closed politics cannot be a permanent feature of Chinese society. It is simply not sustainable—as economic growth continues, better-off Chinese will want a greater say in their future, and pressure builds for political reform.' But he did not say further political reform was inevitable. Indeed, he went on to tell the Chinese regime what it needed to do to liberalize. It was not a prediction or an expectation of automatic, smooth, inexorable evolution of political liberalization. (Johnston 2019: 107)

Although China's "peaceful rise/peaceful development" concept promises to transcend past patterns of interaction in favor of new rules of global engagement, (Zheng 2005: 18–24) Zoellick's speech underscored the fact that it was China that gained the most from its inclusion in Liberal institutions. The leniency of trade laws and the ability of wealthy industrial nations to easily move production to burgeoning export economies ushered in years of unimpeded global trade which aided Asia's rise in the early 2000s. Complex production networks formed, allowing export economies to have greater participation in the global system and accelerating the growth of their domestic economies. No country benefited more from this process than China.

THE RISE OF “COOPETITION”

Barack Obama’s presidential campaign broke with a pattern that had prevailed since the Nixon administration: He did not fault his predecessor for being too soft on China. President Obama’s desire to continue the positive trends in US-China relations under Bush was evident in his decision to meet with President Hu Jintao early in his presidency as well as significant policy statements from officials such as Secretary of State Hillary Clinton, who promised to prioritize common interests such as addressing the Global Financial Crisis and climate change.

Unfortunately, the time was not right for such goodwill gestures: Washington and Beijing were out of sync. The Global Financial Crisis had altered China’s understanding of its own global position. Chinese analysts interpreted the domino-style collapse of Western economies which began in the US as a sign that the US and its allies were in terminal decline. Meanwhile, China was riding high, hosting the world in a dazzling display of wealth and strength in the 2008 Summer Olympics. Instead of seeing Obama’s hand reaching out in friendship, Beijing saw it outstretched in supplication, and instead of seizing the opportunity to improve relations with Washington, Beijing subjected Obama to a series of embarrassing setbacks. Obama responded by refocusing his administration on regional allies and by criticizing what he called China’s “free-riding” on the global economy. His new approach acquired a label in 2011 when Secretary of State Hillary Clinton wrote an article in *Foreign Policy* signaling a “pivot toward Asia” in US foreign policy (Clinton 2011).

The pivot (later rebranded as a “rebalance”) was driven by many factors, chief among them a perception—which had been growing since 2009 among China watchers and the US media—that Beijing’s foreign policy had departed from “keeping a low profile” to become more assertive. China was leaning into the South and East China Seas, challenging its neighbors in two directions. American policymakers and others in the international community viewed those moves as evidence that China was no longer interested in becoming a “responsible stakeholder”; it was placing territorial claims ahead of regional stability. According to Iain Johnston, the use of the phrase “assertive China” in English-language blogs skyrocketed from fewer than a hundred in 2008 to more than seven hundred just three years later (Johnston 2013).

US-China relations took a critical turn in 2012, when Xi Jinping replaced Hu Jintao as the PRC’s top leader. Although the “assertive

China” narrative took hold even before Xi came to power, Xi, unlike Hu, encouraged this characterization. In 2013, Xi Jinping used a speech to the Chinese Communist Party to signal a shift in China’s foreign policy strategy from Deng Xiaoping’s “low profile” approach to “striving for achievement (*fenfa youwei*)”. Trends were not wholly negative, however; despite increasing tension, there also were positive developments, including the Paris Climate Accord and Iran Nuclear Agreement. In other words, while Xi and Obama acknowledged that competitive elements were an increasingly strong component in the relationship, they held space for cooperation on some issues.

Nowhere was the balance between competition and cooperation shifting faster than in the economic realm. The complementarity between the two economies that had been so evident in the 1980s and ‘90s eroded in the first decade of the new century, a development that became impossible to ignore after China became the world’s second-largest economy in 2010. The growing economic competition between the US and China extended beyond China’s skyrocketing GDP to include its investments in cutting-edge industries such as artificial intelligence, semiconductors, and quantum computing.

Meanwhile, Xi was staking out a new “China First” approach to economic policy. Previous Chinese leaders had viewed technology as a means to catch up to the West, but in 2014, Xi began calling for China to become a “cyber superpower.” His speeches portrayed technology as a driver of national rejuvenation that would make China a global leader (Medeiros 2019). This approach culminated in a broad-ranging policy known as Made in China 2025, released in 2015. For the US, China’s quest for global leadership in technology and investment in specific high-tech industries turned commercial friction into a national security concern.

In response to Beijing’s ambitious economic and political moves the US sought to further deepen ties with its allies. The most significant economic initiative was the Trans-Pacific Partnership (TPP). The TPP had been gestating since the Bush administration. It started in 2005 as an agreement among four Pacific Rim nations; by the time Bush left office there were twelve nations involved in the negotiations. The basic logic of the TPP was that it would create a strong bloc of Pacific Rim economies devoted to open markets and free trade; if the PRC hoped to access the bloc, it would need to meet its high standards. And unlike the WTO, China would not be able to evade the TPP’s requirements. The US stood to gain whether or not Beijing joined the bloc.

FROM COOPETITION TO DECOUPLING

When President Obama left office in 2016 the prognosis for Sino-American relations was far more negative than it had been eight years earlier. During those eight years, China watchers' opinions had coalesced around the idea that tension would outweigh cooperation for the foreseeable future. It is hardly surprising, then, that the Trump administration would take an even more cautious approach toward China. Still, until the COVID-19 outbreak became an important political issue within the US, the Trump administration continued to seek opportunities for cooperation, even as it rebranded China from "strategic partner" to "strategic competitor" (Tellis 2020).

Donald Trump identified China as a strategic competitor while he was still on the campaign trail; he wasted no time to capitalize on growing concerns within the US about cybersecurity and market access. His confrontational rhetoric suggested he would take a more decisive approach to managing the relationship, especially in comparison with Obama's mixed and gradual pivot. In the end, however, implementing a clear-cut policy proved impossible for the Trump team.

Trump arrived at the White House with no political or foreign policy experience, and immediately surrounded himself with a team of advisors whose knowledge and positions varied widely. The result was a checkered policy in which Trump oscillated between nationalist hawk and dealmaker-in-chief. Trump referred to China as a "strategic partner" at the G-20 Summit in 2019, a comment that reversed his previous statements and revealed the administration's lack of preparation and strategy. Instead of following a policy process and using the foreign policy tools available to him, Trump indulged his penchant for resolving issues—especially those related to trade—through personal interactions. His efforts to forge a close relationship with Xi Jinping eroded other channels of management. For example, four cabinet-level dialogues Obama and Xi had established in 2017 to address diplomatic, economic, and cultural ties were replaced by phone calls and personal meetings between Trump and Xi.

At the center of Trump's management strategy was his willingness to abandon strategic concerns in order to focus on reducing the bilateral trade deficit. The implication that he would intervene in the arrest of Huawei executive Meng Wanzhou for violating sanctions on Iran, "if

it helped secure the largest trade deal ever made,” illuminated his willingness to abandon traditional internationalism and legal procedure to pursue economic gains for the US (*Financial Times* 2018). He abandoned traditional engagements across a range of issue areas, including withdrawing from the Trans-Pacific Partnership, the Paris Climate Agreement, and the Iran Nuclear Deal. He also questioned the value of long-standing US alliances in East Asia and elsewhere, and demanded allies bear a larger share of the costs of collective defense. Trump’s use of targeted, unilateral pressure signaled a break with Obama’s use of institutions and multilateral agreements to achieve policy goals. As Evan Medeiros wrote, at the same time, Trump was throwing the US into a foreign policy identity crisis, Xi Jinping was working to legitimize China’s role in shaping the international order. These incompatible trends exacerbated the competitive nature of the relationship and darkened Beijing and Washington’s perceptions of each other (Medeiros 2019).

David Edelstein’s work on the value of time horizons—the period needed to identify and respond to a possible threat from a major power—captures one dimension of the changing dynamics of US-China relations (Edelstein 2017). In the past, US policymakers regarded China’s rise with tentative optimism, believing that if China’s strategy changed, the US would have enough time to adjust. Beginning in the second Obama presidency, however, negative views of China’s intentions and capabilities permeated Washington as a bipartisan consensus. Likewise, Xi Jinping’s rhetoric regarding China’s own capabilities and his conviction that China must resist US efforts to contain its rise reveals that Beijing is also re-calculating the power dynamics in the relationship. According to Medeiros, these changing perceptions may be best attributed to the fact that, “neither are status quo powers interested in maintaining the current international system, and both want to reform it, but for different reasons and in different ways” (Medeiros 2019: 103). US and Chinese policymakers share the perception that there is no longer time to adjust to the threats posed by the other. Despite these changing time horizons, Medeiros argues that China’s strategy toward the How about “US remains more consistent than not”. The “*don er bu po*” (struggle but not break) approach is frequently cited and discussed among Chinese scholars as a guide for managing US-China relations.

After three years of vacillating between his roles as nationalist hawk and dealmaker-in-chief, Trump’s China policy took a permanent turn toward the nationalist hawk end of the spectrum in the spring of 2020,

when COVID-19 emerged as a threat to American lives—and to Trump’s reelection hopes. On January 14th, the National Security Council met to discuss the new virus spreading around China. Information was scarce, but it was evident that something was seriously wrong. The next day at the signing of the Phase One trade deal between Beijing and Washington neither party said a word about the virus. It wasn’t until the first case of human-to-human transmission in the US that Trump and health experts enacted a travel ban on China. Beyond banning travel to China, Trump failed to take more serious steps to deal with the severity of COVID-19. Josh Rogin asserts that this may have been the result of Xi Jinping’s “voice in Trump’s ear” (Rogin 2021, para. 35).

On February 6, Trump and Xi held a detailed phone call during which Xi reassured him that China was managing the COVID-19 outbreak effectively. Persuaded by Xi, Trump brushed off the concerns of state governors at a White House meeting on February 10th, playing down the danger from the virus then spreading in China. Despite Trump’s reassurances, the administration could not ignore the sharp rise in COVID-19 cases in the US, which gave the lie to Xi’s reassuring claims. Trump shifted abruptly from uttering soothing assertions that China had COVID-19 under control to verbal blasts about Beijing’s failure to prevent the spread of what he called “the Chinese virus.” Chinese diplomats responded to Trump’s rhetoric with threats to suspend medical supply sales to the US, threats China made good on—even though some of the factories making the banned products were American-owned (Rogin 2021). For the first time, US-China economic interdependence became a liability, particularly the US’s reliance on critical supply chains in China. Trump solidified his hawkish policy as he began to pursue policies that pushed back on China’s bad behavior.

COVID-19’s emergence as a serious problem in the US ended the Trump White House’s vacillation on China policy. Once Trump realized that the pandemic threatened his reelection he abandoned his efforts to negotiate a trade deal and launched an all-out effort to persuade Americans that their COVID-19 nightmare was Beijing’s fault. Not surprisingly, US-China relations plummeted in the final year of Trump’s administration, while the administration itself ended in chaos and violence. At the same moment Trump supporters were attacking the US Capitol to prevent Congress from certifying the results of the election, Trump officials elsewhere in Washington were stalling the transition to his successor, Joe Biden. Their behavior delayed the new administration’s efforts to staff

the government—including foreign policy offices—and launch its own approach.

US-China relations deteriorated rapidly during Trump's final months in office, but the reasons for the souring relationship went deeper than Trump or COVID-19. Even before COVID-19 erupted, American China watchers and foreign policy experts' view of China was darkening already. Perhaps the most vivid example of this trend was the extraordinary fanfare that greeted the 2017 publication of Harvard political scientist Graham Allison's tome entitled *Destined for War: Can America and China Escape Thucydides' Trap?* The book was lauded by policymakers (Henry Kissinger, Joe Biden) and scholars (Paul Kennedy, Amitai Etzioni); it was a best-seller and landed on multiple "must read" lists (Allison 2017). Allison's book used a historical metaphor to illuminate for general readers and ordinary citizens a scholarly consensus that had been growing since the Obama era. In a nutshell, in the US and in China, the Liberal logic of engagement had given way to a Realist logic of competition. Allison's book oversimplified both ancient history and contemporary politics, but it struck a chord because it offered a clear and inevitable-feeling explanation as to why US-China relations had soured so quickly.

In recent years, it has become common to hear the evolution of US-China policy described as the victory of Realist (or, all too often, "realistic") logic over a naïve and self-defeating desire for engagement with China. On the surface, this analysis makes a certain kind of sense. As we have shown, the US did engage China in the 1990s and 2000s, and the result was that China gained the material power that allowed it to challenge the US in the 2010s. But as Iain Johnston observes, there is no reason to assume that a different approach early on would have produced a better outcome for the US; on the contrary, refusing to engage China might have produced an even more conflictual scenario (Johnston 2019). Moreover, the way many of today's Realists describe engagement is an ahistorical caricature of the 1990s, and their Thucydides Trap logic—China's rise will draw the US and China into conflict—vastly oversimplifies the drivers on both sides and ignores important factors that militate against confrontation. Other theoretical approaches—both the Defensive Realist emphasis on the Security Dilemma and the Liberal consideration of domestic political factors as a driver of foreign policy—provide more reliable guidance for both understanding how the two sides arrived at the current, highly conflictual moment and imagining how they might reduce the tension before it's too late.

The debate over how to interpret and respond to China's rise includes policymakers, pundits, scholars, and more than a few consultants who seem to make their living promoting one or another view of China. Concepts, frameworks, and logical constructs from international relations theory permeate this discourse. These theoretical lenses are so pervasive, in fact, that it is sometimes hard to discern whether a particular point of view is an interpretation of empirical data informed by theory or a theoretical position festooned with confirmatory data points. Just as the Domino Theory drove US policy during the Cold War, IR theories (especially those of the Offensive Realist school) have become a strong influence on US policy toward China. Meanwhile, ideas consistent with Offensive Realism are also popular with IR scholars in China.

The main cleavage dividing the community of experts and policymakers in the US who focus on China is between Realist and Liberal perspectives, but within these schools of thought there is substantial variation and disagreement. A particularly hardline Realist view comes from John Mearsheimer, who has been insisting for many years that China's rise will lead it inevitably into conflict with the US (Mearsheimer 2006). In his view, the structure of the international system dictates that an existing hegemon will resist the rise of a peer competitor, and the peer competitor will not back down. The result, sooner or later, is conflict.

Mearsheimer's ideas overlap with Allison's deployment of the "Thucydides Trap" to explain US-China tension. According to Allison, conflict between the US and China is very likely because of a dynamic in international relations that has been recurring since ancient times: the rise of a new power (for Thucydides, that was Athens) into the strategic space occupied by a hegemonic power (i.e., Sparta) often leads to war. One important difference between these two views—which is often overlooked—is that while Mearsheimer asserts that conflict is inevitable, Allison intended his book to be a warning that could help the US and China avoid an armed clash. The Thucydides Trap is real, in his view, but it can be avoided through wise statecraft.

The theories Mearsheimer and Allison advance are related to a school of thought created by A.F.K. Organski known as Power Transition Theory (Organski 1959). According to this approach, some late developing countries experience such rapid growth that they begin to overtake the dominant global powers of their age. Some of these rising powers are satisfied with the existing international norms and institutions into which their growth propels them, and they settle into the existing status

quo. Others, however, are dissatisfied, and they seek to change the international order to make it more congenial to their own interests. Such powers, which IR theory labels “revisionist,” may even go to war with the dominant international power to impose their preferences on the system.

As Barbara Lippert and Volker Perthes have written, the idea that some countries are “status quo” countries and others are “revisionists” is influential in both the US and China (Lippert and Perthes 2020a, 2020b). Both sides accept the characterizations of the US as a hegemonic power (and the quintessential status quo country) and China as a rising power on track to overtake the US, although many Chinese scholars dispute the characterization of China as a revisionist power. For China, the policy prescription arising from this logic is to continue rising. It’s advisable to seek opportunities to reduce conflict, but only if those opportunities do not impinge on China’s ability to rise. For the US, the prescription is to contain China—to prevent it from rising—in order to protect the international system. All of China’s attributes of China that US analysts dislike—its authoritarianism, its statist economy, and its rapid military modernization—are understood to be evidence of its revisionist intent and examples of how its success would change the world for the worse. As Alastair Iain Johnston points out, US-China policymakers from both Republican (Michael Pillsbury, Aaron Friedberg) and Democratic (Michele Flournoy) administrations have embraced the idea of China as a revisionist state (Johnston 2019).

If China is a revisionist power bent on changing the world in ways that are good for China and bad for everyone else (Americans tend to assume their own preferences are universal), the policy implication is clear: China must be stopped. This is fundamentally an Offensive Realist position, rooted in the idea that states seek to maximize their power, and no state will ever stop accumulating power voluntarily. But other Realists warn against preemptive action. As Jonathan Kirshner puts it, “The theory of offensive realism offers dangerous and self-defeating policy advice to both China and the U.S.; in a world where politics matters and state choices shape systemic pressures, offensive realism is less a predictive theory revealing deterministic forces tragically beyond the influence of any state than it is an impetuous prescription that promises a dystopic, self-fulfilling prophecy” (Kirshner 2019: 59).

There is a Realist alternative to this dystopian prophecy: Defensive Realism, a school of thought that views states’ quest for security—not power—as the driving force in international relations. A central concept

for defensive realists is the Security Dilemma. The Security Dilemma refers to the vicious cycle that occurs when competing states view one another's defensive preparations as evidence of hostile and offensive intent. Each feels threatened by the other, leading them to invest more and more in defense, which only intensifies the other's feeling of threat, and *its* defensive investment. Unlike the dynamic in power transition theory, in which a revisionist state can never be appeased, the Security Dilemma can be managed. Conflict can be averted if states avoid miscommunication and take steps to mitigate the competitive spiral.

Wu Xinbo describes China's intentions in precisely these terms (Wu 2020). He urges the US not to view China's rise as an existential threat, writing, "China's sustained efforts to augment its economic and military prowess will surely narrow the power gap with the United States, but Beijing's aim is more about reducing its vulnerability than gaining superiority. In other words, China does not seek to catch up and overtake the United States in an all-around way, but rather seeks to improve its relative position. This is, in essence, a defensive, not offensive, posture" (Wu 2020: 101). Wu is hardly the only scholar to characterize the competition in Defensive Realist terms. Evan Medeiros, who is both a scholar and a policy maker, acknowledges the very real sources of conflict and competition between the US and China, but nonetheless concludes that the rapid deterioration in the relationship in recent years reveals a Security Dilemma dynamic (Medeiros 2019). Alan Misenheimer also rejects the idea that war is inevitable. Instead, he says, the two sides are destined, not for war, but for "difficult diplomacy" (Misenheimer 2019).

Before COVID-19, China's response to US-China strategic competition remained more cautious than confrontational. However, the pandemic and Trump's pugnacious rhetoric surrounding China steered both countries into what Ryan Hass describes as a tit-for-tat pattern (Hass 2021). Beijing began mirroring America's economic regulations; for example, it "developed laws and regulations for export controls, national security investment screening, policy-related visa sanctions, and extraterritorial provisions in laws and administrative regulations" (Hass 2021, para. 6). At the same time, they grew bolder at home, including in Xinjiang and Hong Kong. Hass attributes these changes to Chinese leaders realizing that reducing dependence on the US was a precondition for achieving Beijing's foreign and economic policy goals. While Beijing may have initially viewed Biden's Presidency as an opportunity

to pursue its policy goals against the backdrop of renewed stability in US-China relations, Biden's adherence to his predecessor's economic policies and deepening regional alliances in the Indo-Pacific dashed these hopes. Haas concludes that Beijing is, "preparing for a long-term struggle with a declining but still dangerous United States" (Hass 2021, para. 15). Beijing, too, anticipates difficult diplomacy ahead.

DIFFICULT DIPLOMACY? OR WORSE?

President Joe Biden's first few months in office were spent responding to a raging pandemic and an economic recession; the tense relationship with the world's second leading power that he inherited has received less attention than those pressing domestic concerns. In the run-up to his election and inauguration, many observers speculated that Biden's foreign policy—including his dealings with China—would be "Obama 2.0": a repeat of the Obama administration's blend of engagement and competition. Once he took office, however, Biden defied such characterizations. He's shown that the idea of him as a "naive engagement advocate" who believes that cooperation will mollify the structural problems within the US-China relationship is spurious on two fronts: It misrepresents the nuances of engagement and it ignores Biden's tough approach to China.

Early statements from the Biden administration acknowledged that the US and Chinese economies have shifted from complementary to competitive, but Biden promised to move beyond the Trump administration's approach to deliver a more strategic China policy. That policy was designed with three key imperatives: improving the US's competitiveness (as National Security Advisor Jake Sullivan put it during the campaign, the US should "put less focus on trying to slow China down and more emphasis on trying to run faster ourselves"), strengthening cooperation with allies and partners, and reinvigorating diplomatic interactions with China (Quoted in Sanger and Crowley 2021).

The Biden administration has pursued these imperatives through the first two years of its existence, but that hasn't meant abandoning or reversing initiatives left over from the Trump administration. The Biden White House has so far maintained Trump-era tariffs on Chinese goods as well as Trump's "phase 1" trade deal. Biden's approach reflects the bipartisan belief in the US that efforts to engage China not only failed to change the PRC for the better, but also allowed Beijing to construct a slew of trade barriers that have left American companies unable to

compete. In October 2021, US Trade Representative Katherine Tai said that neither multilateral nor unilateral dialogues had made headway against China's mercantilist practices. So while the Biden administration has placed strong emphasis on its "Build Back Better" plans for reviving US competitiveness, it has continued the Trump administration's critiques of Chinese trade practices.

Biden's alliance-driven approach has produced positive developments, including promoting global attention to Taiwan's predicament and strengthening regional partnerships. A July 2021 Japanese defense white paper characterized the Taiwan issue as a Japanese national security concern—the first such statement in 50 years. A few months later lawmakers from the European parliament proposed a resolution to deepen ties with Taiwan. The European Commission's Executive Vice-President Margrethe Vestager emphasized the need for the EU to "address China's assertiveness and attempts to intimidate Taiwan's like-minded partners" (Quoted in Bermingham 2021). Biden's focus on fortifying alliances bore fruit in a strong QUAD (a security agreement among the US, Japan, India, and Australia) and a new security alliance, AUKUS, in the Indo-Pacific among the US, UK, and Australia.

Biden's third priority—reviving diplomacy with Beijing—can be seen in a series of official meetings in his first year in office, including a phone meeting between Biden and Xi in September and another on the schedule. These diplomatic interactions have not been easy. The first high-profile meeting, at which four senior officials met in Anchorage, Alaska, was especially contentious. The US representatives startled their Chinese counterparts when they launched the meeting with hard-hitting complaints about PRC policy. The Chinese side responded with a statement one journalist described as an "unapologetic diatribe" (Quinn 2021). That inauspicious beginning did not derail the relationship, however. As US National Security Advisor Jake Sullivan, one of the participants in the Anchorage meeting, put it after meeting Chinese officials in October, "intense competition requires intense diplomacy" because the two sides need to "create a circumstance in which this competition ... can be managed responsibly, and does not veer into conflict or confrontation" (Emmott 2021).

Those who expected Biden to be Obama 2.0 assumed that President Obama had advocated Clinton/Bush-style Liberal engagement. As we have seen, that's problematic for Obama, and it is even less relevant to the

Biden administration, which came into office in a moment when Offensive Realists were ascendant in the punditariat and even IR Liberals were far more skeptical of China than they had been just a few years earlier. While it is impossible to predict the trajectory of Biden's foreign policy, events to date suggest it will be guided by a pessimistic form of Liberal thinking.

This sober Liberal voice is present in contemporary analysis of US-China relations, although it can be hard to hear it through the din of the Offensive Realists clobbering their straw man version of engagement. Robert Sutter, for example, in contrasting those who are "forecasting Chinese foreign policy contingent on circumstances and those seeing a well-crafted Chinese strategy seeking regional dominance and world leadership" associates himself with the first group (Sutter 2020: 3). In his view, while Beijing would have us believe that its foreign policy runs according to a master plan, in fact, it meanders about in response to events just like any other country's foreign policy.

Sutter rejects the idea that China is consistently one thing—including revisionist. As Johnston has shown, China is highly supportive of some aspects of the international status quo and highly critical of others. In fact, Johnston writes, "... there is no single, consistent liberal world order, but there are multiple orders, some of which China strongly supports, some of which it strongly opposes, and some of which it supports inconsistently. It does not make conceptual or empirical or even policy sense to take the variation in China's approaches to a complex array of various contradictory orders and aggregate these using an out-of-date binary—status quo versus revisionist—to conclude that China rejects a singular U.S.-dominated liberal "rules-based order"" (Johnston 2019: 102). Those who are convinced that China is an implacable antagonist of the global order dismiss Beijing's "new type of great power relations" concept as window dressing. But Lam Peng Er reminds us that China has cooperated with the US on issues like nuclear proliferation and climate change—in fact, it is the US that turned its back on those arrangements (at least during the Trump years), not Beijing (Er 2016). Nor are those cooperative options necessarily dead forever: On November 10, 2021, the representatives of the US and China at the COP 26 global climate summit announced an agreement to work together on climate issues.

Wu Xinbo, a Chinese specialist on US-China relations, agrees that while China is not fully satisfied with the status quo, it is not looking to overturn it, either: "Although it is a major beneficiary of the current

international order, China does harbor reservations and dissatisfaction. Beijing complains that the prevailing system is ineffective at providing public goods in economics and security, runs short of inclusiveness in norms and institutions, and constrains the expansion of Chinese power and interests. As Beijing becomes more capable and confident, it works to reform the status quo” (Wu 2020: 107). Evan Medeiros extends this point to include both China and the US in the category of “selective revisionists:” “The core global governance challenge for US-China relations is that both countries are selective revisionists. Neither are status quo powers interested in maintaining the current international system, and both want to reform it, but for different reasons and in different ways” (Medeiros 2019: 103). Joseph Nye goes a step further, arguing that China is not opposed to the international order, *per se*, but branding it as American-led and liberal makes it difficult for Beijing to embrace it fully. He recommends describing it as an “open and rules-based international order” for managing interdependence (Nye 2020: 18).

China’s reluctance to detach from the international order (a reluctance that during the Trump era exceeded that of the US, which seemed to be detaching as fast as it could) reflects the degree to which interdependence, does, in fact, influence China’s foreign policy behavior. Nye stresses that interdependence, once established, is hard to unravel—and probably cannot be unraveled without significant damage to both sides. Even selective, limited economic decoupling aimed at punishing another state’s unwelcome behavior often produces unintended consequences: The target state finds a new way to accomplish the same economic goal, leaving the sanctioning state with less leverage than ever, and minus a trade relationship. Nye further points out that the US and China are interdependent across multiple dimensions—trade, investment, technology, capital and currency markets, human capital, and research—and which side has the upper hand varies across those dimensions. Thus, decoupling (the neologism for undoing interdependence) hurts both sides. Nye concludes, “The United States has high cards for managing the traditional competitive parts of our cooperative rivalry with China and does not need to seek to sever the relationship entirely by completely decoupling in a fit of panic” (Nye 2020: 19).

Analysts who reject the Thucydides Trap view of US-China relations risk being labeled “panda huggers” who ignore the threat China poses. But this criticism is unfair. The analysts in the Defensive Realist and Liberal camps all acknowledge the problems in the relationship, and the

degree to which many of them originate in China, but they reject the idea that the only way to respond to those problems is to drag the relationship deeper into conflict. A good example of an analyst who acknowledges the many ways in which China's foreign policy challenges—and even threatens—the US, but who nonetheless sees room for a less confrontational relationship is Ryan Hass. Hass is no “China threat” denialist. On the contrary, he rejects the easy optimism of those who blame Xi Jinping and Donald Trump for the downturn in relations. Instead, Hass attributes the tension to aspects of China's rise, which precedes both leaders: mutual dissatisfaction with the regional security situation; “China's emergence as a global rule-maker;” China's growing technological prowess, which has shifted the economic relationship from complementarity to competition; and “unresolved questions about the nature of ideological or systems competition” (Hass 2020: 1). (Regarding those unresolved questions, Wu Xinbo has this advice: “Beijing does try to win outside sympathy and even applause for its development model, but it has no intention of imposing it on others. As a result, Sino-US competition for international political influence should not be cast as an existential struggle for core values or a basic way of life” (Wu 2020: 102).

The sources of conflict Hass enumerates are daunting, but he does not conclude that conflict is inevitable. Instead, he advocates rebalancing the relationship, an undertaking that he says “will require reciprocal actions from both countries” (Hass 2020: 8). Regarding China, he recommends “moderat[ing] the way it is approaching issues that are aggravating key American constituencies” (Hass 2020). Taking this advice will not be easy for Xi and his government. The PRC leadership faces daunting domestic tasks, including navigating economic challenges, grappling with negative environmental and demographic trends, and engineering a smooth political process in 2022, when most analysts expect Xi will seek a third term in office. Some of the swagger in Beijing's foreign relations is likely aimed at a domestic audience of nationalistic citizens and ambitious politicians who push Xi to stand up to foreign critics.

For the US, whose leaders his essay seeks to advise, Hass has several pieces of advice. Echoing Nye's reminder that the US has “high cards to play” in some areas, Hass recommends “right-sizing” Washington's estimation of the China threat—taking into account its weaknesses as well as its strengths, and remembering that the US, too, has strengths as well as weaknesses. He writes, “A key challenge for the United States is regaining confidence that if it lives up to its own potential, it can protect

its vital interests in its competition with China. The United States does not need to defeat China, but it does need to maintain the capability to deter China, constrain the export of the more malign aspects of its system, and strengthen its own global competitiveness and attractiveness” (Hass, 2020: 12).

The Thucydides Trap narrative does two things, both very dangerous. First, it suggests that managing the conflicts of interest between the US and China is impossible, and the only options are surrender (which neither side is willing to accept) or war. If war is the only acceptable option, both sides will prepare for it, and chances are, they will get it. The second dangerous thing the Thucydides Trap narrative does is it implies that what governments do doesn’t matter, since the end of the story was written 2400 years ago, in *The Peloponnesian War*. But in fact, while there are real structural sources of conflict between the US and China, as Hass and others rightly point out, what governments do actually matters a great deal.

Whether the Biden administration will make policy based on the pessimistic predictions of the Thucydidean Realists or the slightly less pessimistic projections emanating from the sober Liberal camp remains to be seen. What is not in doubt is that the complementarity that once inspired a Liberal-inflected engagement—a strategic partnership—is no more. Today, and probably well into the future, competition is the dominant feature in the relationship between the US and the PRC.

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US-China Strategic Competition in Each Domestic Context

Brian G. Carlson

Great-power competition between the United States and China has intensified in recent years, a trend that accelerated following the outbreak of the coronavirus pandemic in early 2020. The contours of a potential superpower rivalry are taking shape, leading some analysts to predict a new cold war, albeit one that differs in important respects from the U.S.-Soviet confrontation. Toward the end of its first year in office, former U.S. President Donald J. Trump's administration published national security and defense strategies that called attention to the challenge facing the United States from long-term strategic competition with China. Two years later, the pandemic deepened mistrust between the two countries and caused a sharp deterioration in bilateral relations. After taking office in 2021, U.S. President Joe Biden said that he expected "extreme competition" with China. Under these circumstances, tension between the United States and China has grown on a wide range of issues, including trade, technology, human rights, regional conflicts, and international order.

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This chapter attempts to analyze the role of domestic politics in both countries in this emerging strategic competition. The first section discusses theoretical approaches for assessing the relative weight of international systemic factors and domestic politics in international relations. The second section analyzes the role of domestic politics in U.S. policy toward China, focusing on the policy views of the two candidates in the 2020 U.S. presidential election, Trump and Biden. The third section examines Chinese President Xi Jinping's foreign policy in the context of China's domestic politics.

INTERNATIONAL SYSTEM AND DOMESTIC POLITICS IN THE U.S.-CHINA STRATEGIC COMPETITION

The role of domestic politics in the making of foreign policy is the subject of competing interpretations in international relations theory.¹ Some liberal theories, known as *Innenpolitik* theories, argue that domestic factors are the crucial independent variables that determine foreign policy outcomes (Rose 1998: 148). In this view, state preferences are shaped through a domestic process featuring bargaining among the state and societal actors. If the preferences of a group of states form in such a way that the member states have no cause for conflict among themselves, then they should be able to maintain peaceful relations regardless of the structure of the international system (Moravcsik 1997: 541–544). Democratic peace theory is one example of this approach. If the assumptions of such liberal theories are correct, then U.S.-China relations would be likely to remain peaceful if China were to become a democracy, clearly an unlikely prospect anytime in the foreseeable future (Mandelbaum 2019).

Realist theories offer contrasting accounts. One school of thought, known as offensive realism, views the structure of the international system as the crucial independent variable and domestic factors as relatively unimportant (Rose 1998: 154). John Mearsheimer, a prominent offensive realist, argues that states seek security by attempting to maximize their power. Because global hegemony is an unattainable goal, states aim to achieve regional hegemony (Mearsheimer 2001). If China maintains high-speed economic growth, then it will seek to achieve hegemony in

¹ The first four paragraphs of this section draw upon Brian G. Carlson, "Seeking Leverage: China-Russia Relations in World Politics, 1991–2016," Ph.D. dissertation, Johns Hopkins School of Advanced International Studies (SAIS), Washington, D.C., 2018.

Asia, just as the United States has achieved hegemony in the Western Hemisphere. The United States, however, is likely to pursue its traditional goal of preventing another great power from gaining hegemony in either Europe or Asia. These trends, he argues, will inevitably produce a clash between the United States and China (Mearsheimer 2014, 2021).

Defensive realists, by contrast, assert that either systemic incentives or domestic factors can be the independent variable driving foreign policy decisions, depending on the situation (Rose 1998: 154). In this view, the structure of the international system usually provides clear incentives for states to pursue restrained foreign policies and to refrain from aggression or overexpansion. If a state seeks to maximize power, then it is likely to provoke reactions by other states, including arms buildups and the formation of alliances, that could make this state less secure than if it had adopted a more restrained approach. When states fail to heed these incentives, domestic factors are often to blame (Snyder 1991: 6 and *passim*). The main concern of defensive realists is the outbreak of avoidable international conflict through the operation of the security dilemma, the spiral model of conflict, or other crisis dynamics that occur in the absence of a real incompatibility of interests (Jervis 1976: 53–113; 1999: 42–63). In this view, armed conflict between the United States and China may not be inevitable, but maintaining peaceful relations will require careful attention both to international systemic factors and to domestic politics in each country.

This chapter views both the structure of the international system and domestic politics in each country as crucial elements in the emerging U.S.-China strategic competition. This approach is consistent with that of neoclassical realism, which views the structure of the international system as the independent variable, domestic factors as intervening variables, and foreign policy decisions as the dependent variable (Rose 1998). This chapter interprets the changing structure of the international system as the main driving force in U.S.-China strategic competition, with domestic politics serving as an intervening variable. In both countries, domestic political factors mostly reinforce the pressures for intensified strategic competition that international structural factors exert. Indeed, international structural factors are a major cause of shifts in the domestic politics of U.S.-China relations in both countries. Causation could potentially run in both directions, however, creating space for domestic political factors to

Theories of foreign policy		
Primacy of domestic politics: Liberal theories. U.S.-China relations peaceful if China democratizes	System and domestic politics both matter: Defensive realism (either system or domestic politics is primary) Neoclassical realism (international system as independent variable, domestic factors as intervening variables)	Primacy of international system: Offensive realism. Structure of international system drives U.S.-China clash

Graph 3.1 Theories of foreign policy

influence the course of strategic competition. This intertwining of international and domestic factors helps to explain the difficulties that could lie ahead in the U.S.-China relationship (Graph 3.1).

A significant part of the explanation for the recent tension in U.S.-China relations clearly lies in the changing structure of the international system. The United States has been the world's sole superpower since the end of the Cold War, but China's growing power poses a challenge to the U.S. position. Like most rising powers throughout history, China pursues its interests and seeks to shape the international environment in ways that are conducive to the fulfillment of its aims. China's rise challenges the U.S. position in the Asia-Pacific region and its leadership of the international system. The potential for a clash between a dominant power and a rising challenger has been the subject of extensive study in international relations.² According to an alternative interpretation, however, the slowdown of China's rise could also trigger international conflict. In this view, China's leaders are likely to experience rising anxiety as a result of declining GDP growth rates and efforts by other states to balance China's growing power and ambitions. This could lead them to take short-term risks in pursuit of their aims (Doran 2012: 73–87; Beckley and Brands 2021; Brands and Beckley 2021).

² For the application of this argument to the U.S.-China rivalry, see Graham Allison, *Destined for War: Can America and China Escape Thucydides's Trap?* (New York, NY: Houghton Mifflin, 2017). For classic theoretical formulations, see Robert Gilpin, *War and Change in World Politics* (New York: Cambridge University Press, 1981) and Robert Gilpin, "The Theory of Hegemonic War," in *The Origin and Prevention of Major Wars*, ed. Robert I. Rotberg and Theodore K. Rabb (Cambridge: Cambridge University Press, 1989), 15–37.

The changing structure of the international system creates the conditions for U.S.-China rivalry, but domestic political factors in both countries also affect the emerging strategic competition. In a broad sense, the contrasting nature of the two countries' governments intensifies the rivalry. For the United States, the rise of China is especially worrying because of the Chinese Communist Party's authoritarianism and hostility to liberal democratic values (Friedberg 2011). For their part, the rulers of China's party-state have long resented U.S. criticism of their domestic governance, fearing that the long-term U.S. goal was to encourage the end of the party's monopoly on power through "peaceful evolution" toward Western-style democracy (Pillsbury 2000). These domestic differences also shape the two countries' respective views of international order, another point of contention in the rivalry. The United States, along with its Western allies, has been largely supportive of the concept of a liberal international order. As discussed below, Trump criticized many aspects of the liberal international order, whereas Biden called for upholding it. China supports Westphalian aspects of the international order, including national sovereignty and non-interference in other states' domestic politics, but its support for liberal aspects of the international order has been mixed, generally featuring support for an open international economy combined with opposition to liberal political principles (Wu 2020: 107–108).

Domestic politics plays an important role in a more immediate sense. In both countries, recent domestic political developments have influenced the course of U.S.-China relations, with most of the arrows pointing in the direction of intensified strategic competition. The role of these domestic political factors in the making of foreign policy is easier to analyze in the U.S. context than on the Chinese side. In the United States, open political debate allows candidates to air their differences, clarifying points of disagreement and exposing the strengths and weaknesses of competing viewpoints. The opacity of China's political system, by contrast, conceals possible disagreements among the elite and increases the difficulty that outsiders face in assessing the role of domestic politics in the making of China's foreign policy. Some general assessments, necessarily somewhat speculative, are nevertheless possible.

In the United States, both elite opinion and public opinion have shifted toward the view that a more confrontational approach toward China than the engagement strategy of the past few decades is now necessary. In both the Republican and Democratic parties, leading politicians

and foreign policy advisers have concluded that engagement failed to produce the desired changes in China's behavior and that the United States must adopt tougher policies to counter its emerging rival. Trump contributed to this shift in U.S. strategic thinking, campaigning against recent U.S. policy toward China during his 2016 presidential campaign and confronting China on a wide range of issues throughout his presidency. As he mounted his 2020 presidential campaign, Biden took an increasingly critical stance toward China as well, perhaps partly in an effort to blunt Trump's accusation that he was soft on China. The shift toward a more confrontational approach toward China that occurred under Trump largely continued during the first year of Biden's presidency, albeit with changes in tactics and points of emphasis.

In China, Xi Jinping's tenure has been characterized by increasingly authoritarian rule at home and increasingly assertive behavior abroad. Domestically, Xi has forsaken Deng Xiaoping's principles of collective leadership, concentrating power in his own hands and eliminating presidential term limits, which potentially extends his rule indefinitely. The Chinese government's initial mishandling of the coronavirus outbreak in late 2019 and early 2020 sparked public anger, and the arrests of prominent dissidents were likely indicators of continued public discontent. China's domestic problems could create pressure for Xi to appeal to nationalism in order to strengthen his domestic legitimacy, a maneuver that could increase international tensions on a range of issues. Xi could then use heightened international tensions as an argument for the necessity of retaining an experienced hand such as himself in the position of supreme leader. With collective decision-making cast aside in favor of largely centralized, one-man rule, Xi could have difficulty reversing risky foreign policy decisions, even after their costs become clear, because doing so would be tantamount to accepting personal blame. These factors could add to the pressure for intensified strategic competition with the United States.

U.S. STRATEGIC COMPETITION WITH CHINA: FOREIGN POLICY AND DOMESTIC POLITICS

The concept of strategic competition came to prominence in U.S. foreign policy at the end of Trump's first year in office, when his administration released new national security and defense strategies. The *National Security Strategy of the United States*, issued in December 2017, named China,

along with Russia, as “revisionist powers” that “challenge American power, influence, and interests, attempting to erode American security and prosperity” (The White House 2017: 2, 25). The summary of the 2018 National Defense Strategy, unveiled in January 2018, identified the “central challenge to U.S. prosperity and security as the *reemergence of long-term, strategic competition*” by these revisionist powers (US Department of Defense 2018). These documents formally signaled U.S. recognition of China as a strategic competitor, a break with decades of U.S. policy (Tellis 2019: 3, 39). In prompting this major policy change, Trump may have served, in the words of Henry Kissinger, as “one of those figures in history who appears from time to time to mark the end of an era and to force it to give up its old pretenses” (as quoted in Luce 2018).

Donald Trump and China

Trump’s criticism of recent U.S. foreign policy toward China was a major focus of his successful campaign for the presidency in 2016. He placed special emphasis on economic issues, insisting that “we can’t continue to allow China to rape our country” in trade (Gass 2016). In his speech to the Republican National Convention, Trump criticized his Democratic opponent, Hillary Clinton, for supporting China’s entry into the World Trade Organization. He called for rewriting trade agreements with China and other countries and for putting an end to China’s theft of intellectual property, illegal product dumping, and currency manipulation (Politico 2016a, b). During the first presidential debate that fall, he accused China of “using our country as a piggy bank to rebuild China.” Trump gave credit to China for being “the best, the best ever at it” and made clear that his criticism was directed at past U.S. presidents from both parties who allowed this to happen (Politico, 2016b). Trump’s criticism of the existing U.S. economic relationship with China resonated in regions where manufacturing industries had declined, including swing states in the Upper Midwest that proved crucial to his victory.

Following Trump’s surprise victory and inauguration as president, his foreign policy reflected his deep skepticism about the U.S. role in upholding the international order, as well as his disdain for what he considered to be the negative effects of globalization and the disproportionate benefits that China received from existing international arrangements. Following China’s accession to the WTO in 2001, the bilateral

U.S. trade deficit with China grew steadily larger, while the outsourcing of manufacturing to China eroded the U.S. manufacturing base. China became the world's second-largest economy and largest exporter, but the WTO continued to classify it as a developing country, allowing China to delay the opening of its domestic market. China provided heavy state subsidies to domestic industries in a bid to gain dominance in the leading economic sectors of the future, particularly in the high-technology sphere. Meanwhile, China used its growing wealth to modernize its military and challenge U.S. military primacy. China was not the only target of Trump's wrath, as he accused many other countries, including U.S. allies, of similarly taking advantage of the United States in international trade. However, China served as the starkest example of a country that benefited from globalization and the existing international order, to the detriment of the United States, even as the United States underwrote the costs of upholding the system (Tellis 2019: 22–26).

The Trump administration's toughened approach to China took shape gradually. In March 2017, Trump hosted Xi for a cordial summit at the Mar-a-Lago resort in Florida. During Trump's first year in office, his policy toward China focused on securing Chinese agreement to apply pressure on North Korea to denuclearize. As U.S.-North Korea tensions rose that year, featuring North Korean nuclear and missile tests and escalating rhetoric from both sides, the United States succeeded in gaining China's support in the UN Security Council for tightened sanctions on the regime in Pyongyang, though the administration later accused China of helping North Korea to evade some provisions of the sanctions. Throughout 2017 and during the first few months of 2018, the United States and China failed to resolve their differences on trade through negotiations (Sutter 2018). Meanwhile, Trump's withdrawal of the United States from the Trans-Pacific Partnership (TPP), a regional free trade agreement excluding China that was negotiated under the Obama administration, represented a withdrawal of U.S. economic leadership from the Asia-Pacific region (Carlson 2017).

Trump's approach toward China hardened considerably in 2018. The release of the administration's new national security and defense strategies signaled the new approach. In 2018, Trump began imposing tariffs on Chinese goods, prompting Chinese retaliation, further U.S. tariffs, and a spiral leading to a full-blown trade war. The focus soon grew to encompass issues beyond trade, as the United States by late summer

2018 adopted a “whole of government” strategy to respond to challenges from China, especially Chinese espionage and influence operations in the United States and efforts by China to gain dominance in high-technology industries crucial to U.S. economic leadership and national security (Sutter 2018). In October, Vice President Mike Pence delivered a speech laying out the administration’s complaints against China and describing its policy response (The White House 2018). The U.S.-China rivalry intensified throughout 2019, especially after Xi’s last-minute demand for changes scuttled a bilateral deal to resolve the trade dispute, which had appeared imminent in May of that year. In a sign that firm policies toward China were a rare point of bipartisan agreement at a time of rising polarization in U.S. domestic politics, Senate Major Leader Chuck Schumer, a Democrat from New York, urged Trump to “hang tough on China” (McGregor 2019). The United States also imposed restrictions designed to stifle Huawei, the Chinese telecommunications giant, by cutting off its ability to acquire components using U.S.-designed manufacturing technology and software.

By the beginning of 2020, the Trump administration’s firm approach to China was well established, featuring resistance in several areas. The administration embraced the concept of a “free and open Indo-Pacific,” first proposed by Shinzo Abe, who was then prime minister of Japan, in an effort to resist China’s bid to establish itself at the head of a regional hierarchy. Toward this end, the United States criticized China’s authoritarian domestic policies, employed freedom of navigation operations to resist excessive Chinese claims to control over the South China Sea, and strengthened coordination with regional allies and partners, including within the framework of the Quadrilateral Strategic Dialogue, or the Quad, which consisted of the United States, Japan, India, and Australia. The administration resisted China’s economic behavior, not only through the trade war, but also through its opposition to China’s Belt and Road Initiative (BRI), warning participating countries of the danger that China would use “debt-trap diplomacy” to gain control of logistics networks throughout the world for eventual military use. The administration also opposed China’s efforts to establish new technical standards in 5G and other crucial high-tech sectors and to gain dominance in these sectors. Finally, U.S. defense planning sought to neutralize China’s recent advances in military capabilities (Tellis 2019: 26–31).

In early 2020, the United States and China reached a temporary truce in the trade war by signing a Phase 1 trade agreement. However, the

outbreak of the pandemic in early 2020, caused by a novel coronavirus that emerged in Wuhan, China, in late 2019, led to the further deterioration of U.S.-China relations. In late January, Trump banned most travel from China to the United States. Trump initially praised China's handling of the outbreak, but as infection and death tolls mounted in the United States, he increasingly blamed China for its failure to contain the virus. He withdrew the United States from the World Health Organization, which he accused of covering up China's mishandling of the outbreak. The effects of the pandemic, including both the death toll and the economic damage caused by lockdowns, loomed as a threat to Trump's re-election prospects, further enraging the president.

Throughout 2020, the Trump administration took an extraordinary series of actions against China, mostly involving issues not directly related to the pandemic. U.S. officials criticized China's imposition of a new national security law on Hong Kong, arguing that the measure effectively ended the city's semiautonomous status and the "one country, two systems" arrangement. The United States imposed sanctions on officials who implemented the new law, as well as on officials involved in the detention of 1 million or more Uyghurs and other ethnic Muslims in Xinjiang. The administration gradually tightened restrictions on Huawei, pressured allies to exclude Huawei from their 5G networks, and threatened to ban the Chinese smartphone applications TikTok and WeChat. The United States closed the Chinese consulate in Houston, accusing consular officials and employees of espionage, and arrested several other Chinese citizens on espionage charges, including some who were alleged to have ties to the People's Liberation Army (PLA). The administration expelled dozens of Chinese journalists. It also explored options for decoupling the U.S. and Chinese economies, especially in sectors such as pharmaceuticals, medical supplies, and the military supply chain. During the summer of 2020, four Trump administration officials delivered a series of speeches criticizing Chinese policies. National Security Adviser Robert O'Brien criticized Chinese Communist Party ideology, FBI Director Christopher Wray warned about Chinese espionage, Attorney General William Barr assailed China's predatory economic behavior, and Secretary of State Mike Pompeo declared the previous decades of engagement with China to be a failure and insisted that U.S. policy must induce China to change.

As the 2020 U.S. presidential election approached, Trump consistently trailed Biden in the polls. Trump was particularly vulnerable to charges

that he mishandled his response to the pandemic, especially as the death toll mounted. The president sought to blunt this attack by claiming that his decision to ban travel from China had slowed the spread of the virus and saved lives. Trump also mounted a broader attack on Biden's record on China, accusing him of joining a misguided consensus in favor of engagement with China during his long career in the Senate and as vice president. During the fall campaign, Trump repeatedly said that if Biden were to win, then "China would own our country." For his part, Biden adopted an increasingly tough posture toward China as the campaign proceeded.

Joe Biden and China

For much of his career in the Senate, and later as vice president, Biden embodied the bipartisan consensus in favor of engagement with China. This remained true despite his frequent criticism of China's human rights record, especially in the wake of the 1989 Tiananmen Square massacre. As a senator from Delaware, he argued in favor of integrating China into the global economy, believing that this would encourage economic and political reform in that country. He consistently voted for annual renewals of most-favored nation trading status, culminating in his vote for China's permanent normal trading status in 2000. This measure, which Congress passed with overwhelming bipartisan support, enabled China's entry into the WTO the following year.

During Barack Obama's first term as president, U.S. foreign policy sought to offer both reassurance and resistance to China. The administration attempted to work with China on a series of issues while offering reassurance that the United States would not seek to stifle China's development. As vice president, Biden shared this way of thinking, declaring during the visit of a Chinese delegation in 2011 that "a rising China is a positive, positive development, not only for China but for America and the world writ large." However, the Obama administration also enacted a so-called pivot or "rebalancing" to the Asia-Pacific as a hedge against China's rise, deploying Marines to Australia, among other steps. As the Obama era progressed, administration officials became increasingly concerned about China's assertiveness in foreign policy, a view that Biden shared. For example, Biden supported U.S. bomber flights and the navigation of warships through the East and South China seas in support of existing rules for airspace and freedom of navigation (Wong et al. 2020).

During Obama's second term, the U.S. Department of Defense implemented the "third offset strategy" in response to military advances by China that threatened to restrict U.S. ability to project military power in the Asia-Pacific (Tellis 2019: 18). The administration also promoted the TPP as a means of exercising economic leadership in Asia.

As discussed above, Trump's attacks on the Obama administration's record on China, as well as on those of its predecessors, played a prominent role in his victorious presidential campaign in 2016. Such views were not confined to Trump or the Republican Party, however. Across the political spectrum, support was growing for the view that U.S. policy in recent years had failed either to produce desired changes in China's behavior or to mount adequate resistance to China's growing assertiveness. In the view of many observers, the Obama administration's pivot and third offset strategy were too little, too late. China proceeded with the militarization of artificial islands in the South China Sea after Xi promised during a Rose Garden ceremony in September 2015 to refrain from this step. In the economic sphere, critics charged that the Obama administration failed to resist China's abuses of the WTO process or to push with sufficient vigor for increased access to the Chinese market for U.S. companies (Ward 2020). In the view of many analysts, the rebalancing strategy was an inadequate response to China's growing power (Tellis 2019: 18).

During Biden's campaign for the 2020 Democratic presidential nomination, some of his early statements on China appeared to reflect the earlier bipartisan consensus in favor of engagement, as well as possible complacency about China's rise (Tellis 2019: 21 fn64). In May 2019, while campaigning in Iowa, Biden said, "China's going to eat our lunch? Come on, man. I mean, you know, they're not bad folks, folks. But guess what? They're not competition for us" (*The Economist* 2020). These comments provided fodder for attacks by Trump, both on the stump and in video ads. Whether in response to such attacks or not, Biden's tone on China soon toughened. In a foreign policy speech in New York in July 2019, Biden declared: "We do need to get tough with China. If China has its way, it will keep robbing the U.S. of our technology and intellectual property, or forcing American companies to give it away in order to do business in China" (Biden 2019).

Biden's change in tone reflected a corresponding shift within the Democratic Party. In the years leading up to the 2020 election, many Democratic foreign policy strategists, including some who later advised

Biden, argued that the United States needed to adopt a toughened approach to China. One such strategist was Kurt Campbell, the architect of the rebalancing strategy under the Obama administration. In a 2018 *Foreign Affairs* article that Campbell co-authored with Ely Ratner, the authors argued that foreign policy thinkers across the political spectrum had maintained hopeful expectations about China's future behavior even as evidence to the contrary mounted. It was now necessary to acknowledge how many of these expectations had been mistaken and to abandon "hopeful thinking," they argued (Campbell and Ratner 2018). The following year, Campbell and Jake Sullivan, who later became national security adviser in the Biden administration, argued in *Foreign Affairs* that the United States could compete with China without falling into a dangerous rivalry that would result in catastrophe (Campbell and Sullivan, 2019; Campbell and Rapp-Hooper 2020).

Biden and his advisers argued that his plan for competing with China would be more effective than Trump's approach, which they considered to be erratic and devoid of sound strategy. Biden's approach, in their explanation, would rely on close cooperation with allies and the restoration of U.S. domestic strength. The most effective way to meet the China challenge, Biden wrote in *Foreign Affairs*, "is to build a united front of U.S. allies and partners to confront China's abusive behaviors and human rights violations... On its own, the United States represents about a quarter of global GDP. When we join together with fellow democracies, our strength more than doubles. China can't afford to ignore more than half the global economy" (Biden 2020: 71). Through the restoration of U.S. domestic strength, which would rely on investments in scientific research and emerging industries, the United States would improve its ability to compete with China. In Sullivan's words, the United States "should put less focus on trying to slow China down and more emphasis on trying to run faster ourselves" (Wong et al. 2020).

On China's human rights record and undemocratic practices, Biden was consistently critical. Biden sharply criticized Xi for China's internment of Muslims in Xinjiang. "This is a guy who is a thug, who in fact has a million Uyghurs in 'reconstruction camps,' meaning concentration camps," Biden said during a Democratic primary debate in February 2020 (Ward 2020). Biden criticized Trump for the president's alleged comment to Xi, recounted in the memoirs of Trump's former National Security Adviser John Bolton, that China should continue to build the internment

camps in Xinjiang (Wong et al. 2020). In the fall campaign's second presidential debate, Biden once again called Xi a "thug" (Debate transcript 2020). Despite all of these criticisms, Biden also vowed to work with China on issues of common concern, including climate change, nuclear nonproliferation, and global health security (Biden 2020: 71).

Following his inauguration, Biden spoke frequently of the growing competition with China, often framing it as part of a struggle between democracies and autocracies, with China and Russia serving as the main representatives of the latter group (Brands 2021). During a speech at the State Department, Biden called China "our most serious competitor" and declared that "American leadership must meet this new moment of advancing authoritarianism, including the growing ambitions of China to rival the United States." Biden later said that he anticipated "extreme competition" with China. The Biden administration's Interim National Security Strategic Guidance, which was released in March, said that the United States faced "strategic challenges from an increasingly assertive China and destabilizing Russia" (Biden 2021: 14). During his trip to Europe in June, Biden made similar arguments to European allies (Erlanger and Shear 2021).

Biden's policies reflected his arguments during the campaign about the importance of allies. The president participated in a virtual summit of Quad leaders in March 2021, hosted an in-person summit in Washington in September 2021, and attended a summit in Tokyo in May 2022, making clear his desire to continue the use of this format. During his trip to Europe in June 2021, Biden participated in G7, NATO, and U.S.-EU summits, each of which produced a joint declaration criticizing aspects of China's behavior. The NATO communiqué was the first in the alliance's history to mention China. The Biden administration faced a stiff challenge in building European support for its policies toward China, however, owing to diverging views on either side of the Atlantic and the strong interests that Germany and other European countries had in maintaining strong economic ties to China (Carlson 2021). In September, the United States, Britain, and Australia announced a new security agreement that would allow Australia to acquire nuclear submarines using U.S. and UK technology. This pact, known as AUKUS, was clearly intended as part of the effort to counter China's growing military capabilities.

Tensions with China continued to mount during Biden's first year in office. In March 2021, the U.S. and Chinese delegations engaged in a public feud during a joint press appearance following their meeting in

Alaska. Following criticism of China's behavior by U.S. Secretary of State Antony Blinken and Sullivan, the Chinese side responded furiously, as Yang Jiechi, the country's top diplomat, said that the United States had no right to lecture China. In October, as China sent an unprecedented number of warplanes into Taiwan's air defense identification zone (ADIZ) over the course of several consecutive days, Sullivan and Yang met in Zurich in an attempt to contain the growing tensions. In November, Biden and Xi held a virtual summit, which the Biden administration also viewed as an attempt to place guardrails around the relationship. In March 2022, Biden and Xi held another virtual summit, during which Biden warned Xi against supporting Russia's war in Ukraine, which had begun the previous month.

In some ways, the Biden administration's policies toward China represented continuity with its predecessor's. Biden's statements about competition with China were broadly consistent with the Trump administration's hardening of U.S. policy toward China. During its first several months in office, the Biden administration retained the tariffs that the Trump administration imposed on China and refrained from rejoining the TPP. The administration also blacklisted dozens of Chinese companies for their alleged involvement in human rights abuses. However, Biden drew criticism from Republicans who accused him of being soft on China. They charged him with failing to press China on the origins of the coronavirus, as evidence emerged that it may have originated in a lab at the Wuhan Institute of Virology. Republicans also criticized the decision by U.S. prosecutors to allow Huawei Chief Financial Officer Meng Wanzhou to return to China after spending more than two years under house arrest in Vancouver while facing U.S. charges of violating sanctions against Iran. At the time of writing, the administration was still preparing its national security and defense strategies.

U.S. Domestic Politics and Strategic Competition with China

On the issue of U.S. policy toward China, the center of gravity in American politics has clearly shifted in favor of intensified strategic competition. Trump's campaign and presidency played an important role in this shift by placing advocates of the more accommodating approach taken by previous administrations on the defensive. The shift in elite opinion, however, began before Trump's entry into the 2016 presidential race and was apparent among thinkers across the political spectrum. Michael

Pillsbury, who later served as an adviser to Trump, published a book the year before Trump's election arguing that China was on a mission to overtake the United States as the world's leading power by 2049, the centenary of the CCP's victory in the Chinese civil war (Pillsbury 2015). Aaron Friedberg, who served as an adviser to Vice President Dick Cheney but endorsed Biden in 2020, has argued for years that the United States must adopt tougher policies toward China (Friedberg 2011, 2018, 2020). As discussed in the previous section, leading Democratic foreign policy advisers have made similar arguments in recent years. Rush Doshi, the Biden administration's director for China on the National Security Council, published a book in 2021 arguing that Xi's foreign policy assertiveness was merely the continuation of a longstanding Chinese strategy to overturn the international order that the United States built (Doshi 2021). Other leading foreign policy thinkers argued against a full-scale confrontation with China, but they found themselves increasingly marginalized (Fravel et al. 2019; Zakaria 2019; Swaine et al. 2020).

The prior bipartisan consensus in favor of engagement was based on the hope that this policy would not only stimulate political and economic reform in China, but also encourage China to renounce any revisionist aims and become, in Robert Zoellick's phrase, a "responsible stakeholder" (Zoellick 2005). Several factors help to explain the delay in movement away from this policy, even as evidence mounted that it was failing to induce the desired behavior by China. U.S. policymakers may have misperceived China's potential power and ambitions, partly because China initially lagged so far behind the United States in economic and military power at the end of the Cold War, and partly because Deng Xiaoping's advice that China practice restraint in foreign policy seemed reassuring. The Bush and Obama administrations were distracted by the global war on terrorism and the global financial crisis.

Two other factors, both directly related to the high level of U.S.-China economic interdependence, also played crucial roles. One was the painful tradeoff between absolute and relative economic gains. The U.S.-China economic relationship yielded huge absolute gains for both sides, but relative gains favored China, which enjoyed rapid rates of economic growth and an increased capacity to fund military modernization. Full-scale decoupling of the two economies would have forced the United States to sacrifice large absolute gains, which would have constrained the growth of its absolute power as well. The U.S. business community, which

enjoyed highly profitable opportunities in China's large and growing market, was also a strong advocate of continued U.S. engagement with China (Tellis 2019: 11–22).

As the Trump presidency and the 2020 election made clear, elite views have shifted. Changes are also visible in the business community. U.S. businesses continue to covet the Chinese market, but frustrations have accumulated on issues such as intellectual property theft, forced technology transfer, limits on market access, and requirements to form joint ventures with Chinese partners. These frustrations have caused the U.S. business community to strengthen its calls for structural reform in the Chinese economy (Martina 2019). At the same time, many in the business community also welcomed the shift from Trump's economic brinkmanship toward a more measured approach (Swanson 2020). U.S. public opinion has also turned against China. A Pew Research Center survey taken in 2020 found that 73 percent of Americans held an unfavorable view of China, the highest level in at least 15 years (Silver et al. 2020; Wong et al. 2020). All of these domestic political factors applied pressure on the Biden administration for intensified strategic competition with China.

CHINA'S STRATEGIC COMPETITION WITH THE UNITED STATES: FOREIGN POLICY AND DOMESTIC POLITICS

The use of the term “strategic competition” to describe the emerging U.S.-China rivalry emerged from U.S. policy documents, as described above, but this concept has much in common with longstanding patterns of Chinese strategic thought (Pillsbury 2000). A Chinese defense white paper published in 2015, prior to the most recent U.S. national security and defense strategies, declared: “International competition for the redistribution of power, rights, and interests is tending to intensify” (Section I: National Security Situation 2015). A more recent defense white paper, published in 2019, responded directly to the U.S. policy documents, asserting that “international strategic competition is on the rise.” Moreover, this document stated: “The US has adjusted its national security and defense strategies and adopted unilateral policies. It has provoked and intensified competition among major countries....” (Section I: International Security Situation 2019). Xi has pursued an assertive foreign policy throughout his tenure, bringing China into increasingly direct strategic

competition with the United States. At the same time, he has strengthened his authoritarian rule domestically, potentially in ways that could further intensify this strategic competition.

Xi Jinping's Leadership Before the Coronavirus Outbreak

Xi Jinping became General Secretary of the Chinese Communist Party in November 2012 and President of the People's Republic of China in March 2013. A period of increased assertiveness in China's foreign policy preceded his tenure, particularly in the wake of the global financial crisis that began in 2008. China appeared to retreat from this approach at least temporarily in late 2010, when Dai Bingguo, who was at that time China's most influential foreign policy official, published an article reasserting China's commitment to its foreign policy of peace and development (Dai 2010). China's assertiveness soon returned, however, especially following Xi's accession to power.

Xi made several moves in an effort to lay the groundwork for China to play an increasingly prominent role in the world. Under Xi's leadership, China continued its recent pattern of foreign policy assertiveness in maritime disputes, most notably by claiming an air defense identification zone in the East China Sea, towing an oil rig into disputed waters off the coast of Vietnam, and constructing artificial islands in the South China Sea, in some cases installing military infrastructure and equipment on them. As mentioned previously, the latter step broke a promise that Xi made to Obama (Panda 2016). Under Xi's leadership, China also began to develop initiatives and to create institutions that could underpin China's claim to world leadership in the future. These included the BRI plan to build infrastructure across the Eurasian continent and in maritime domains, the Silk Road Fund to finance many of these projects, the creation of the Asian Infrastructure Investment Bank (AIIB), and participation in the BRICS Development Bank. China also placed heavy economic pressure on South Korea following the latter's decision in 2016 to host the U.S. Terminal High Altitude Area Defense (THAAD) system.

Xi also spent the first several years of his tenure consolidating power domestically. He pursued a wide-ranging anti-corruption campaign that ensnared many of his political rivals (McGregor 2019: 24). Xi's efforts came into sharp focus at the 19th Party Congress in October 2017 (Carlson 2017). During this congress, the party approved a new Central

Committee, Politburo, and Standing Committee of the Politburo, with the latter body stacked heavily in favor of Xi's allies (Pei 2017). The committee also inserted Xi Jinping Thought into the party constitution, thereby enshrining Xi's political philosophy as CCP doctrine. The failure to anoint an obvious successor during this meeting suggested Xi's intention to remain the country's paramount leader beyond 2023, when recent custom would suggest that he step aside after 10 years in power. This suspicion was confirmed in early 2018, when Xi secured the removal of presidential term limits, potentially allowing him to serve as president for life. These changes suggested Xi's abandonment of Deng Xiaoping's principle of collective leadership. Deng believed that excessive concentration of power in one man, as had occurred during the Mao era, was dangerous. The expansive foreign policy vision that Xi articulated during this meeting, which was consistent with his commitment to the "Chinese dream" of "national rejuvenation," suggested that he was also casting aside Deng's famous advice that China maintain restraint in foreign policy, expressed in the maxim often translated as "bide your time and hide your capabilities" (Cheng 2017).

Xi Jinping's Leadership Since the Coronavirus Outbreak

The outbreak of the novel coronavirus in late 2019 posed a challenge to Xi's leadership.³ The publicly available evidence suggests that Chinese officials at both the local and national levels made crucial mistakes in their response to the viral outbreak, due in no small measure to the lack of transparency in China's political system. This led to considerable public dissatisfaction, much of which surfaced on the Chinese Internet before authorities shut it down, as well as public criticism by high-profile dissidents, who were subsequently arrested. However, China's apparent success in containing the outbreak domestically contrasted with the situation in many other countries around the world that struggled with high case numbers and death tolls. After a collapse in economic output during the first quarter of 2020, the Chinese economy mounted a strong

³ This section draws upon Brian G. Carlson, "Coronavirus: A Double-edged Sword for China," *CSS Analyses* No. 267, Zurich: Center for Security Studies, ETH Zürich, July 2020 and Brian G. Carlson, "COVID-19: An Opportunity for China, a Setback for Russia," in *Sicherheitspolitische Trends 2021 – 2029: Die Post-COVID-19 Welt* (Zurich: Center for Security Studies, ETH Zürich, 2020): 13–15.

recovery. That year, when advanced economies around the world suffered contractions, China achieved GDP growth of 2.3 percent. These factors helped to curb public dissatisfaction and allowed China's leaders to claim the superiority of their authoritarian political system over those of Western democracies.

In the international arena, Chinese leaders saw opportunities as well as daunting challenges resulting from the pandemic. The most pressing challenge was to respond to international criticism of China's handling of the outbreak. China's "wolf warrior" diplomacy, which featured combative defenses of China's response and attempts to shift blame, generated considerable backlash around the world. China also acted with increasing assertiveness along its periphery. China increased patrols in the East China Sea to assert its claim to islands controlled by Japan, dispatched air and naval forces close to Taiwan's shores with increased regularity, backed its claims to dominance over the South China Sea with growing confidence, imposed a national security law in Hong Kong in order to weaken that city's democratic forces, and engaged in skirmishes with Indian forces along the two countries' Himalayan frontier that turned deadly in June 2020. In July 2021, during a speech marking the CCP's 100th anniversary, Xi declared that the country's leadership would never tolerate any effort to "bully, oppress, or subjugate China," adding that any outside powers attempting to do so "will have their heads bashed bloody" (BBC News 2021). China increased pressure on Taiwan in 2021, sending a record number of flights through Taiwan's air defense identification zone in October.

In 2020 and 2021, a series of events roiled Chinese domestic politics. A common theme in several cases was the priority that Xi places on strengthening his own domestic authority and solidifying the CCP's hold on power, even when the pursuit of these priorities potentially comes at the expense of economic growth (Rudd 2022: 85–94). In many cases, these events reflected the contradiction between the party's desire to assert firm control over the economy and its reliance on private companies to fuel economic growth. The Chinese government launched a crackdown on tech companies, scuttling a planned initial public offering for billionaire and Alibaba founder Jack Ma's Ant Group and removing the ride-sharing giant Didi's apps from app stores just days after its own IPO. These efforts appeared to reflect Xi's desire to prevent private entrepreneurs from gaining what he considered to be excessive power.

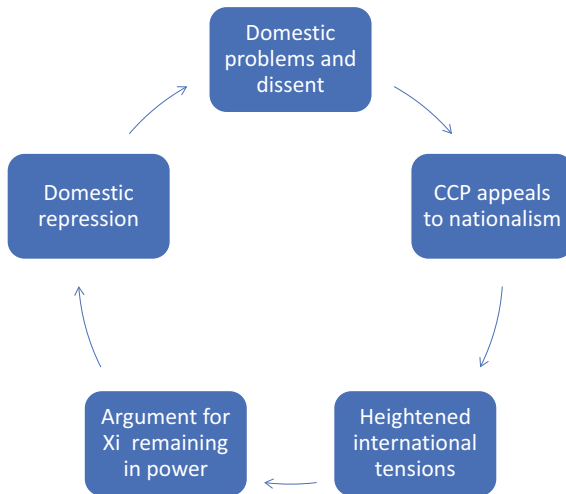
Xi also sought to reform the “three huge mountains” of housing, education, and health care in order to restrain the costs that urban residents pay for these services and thereby strengthen his popular support (Galbraith 2021). The debt crisis at Evergrande, a real estate company, reinforced longstanding concerns about a housing bubble and the potential fragility of the Chinese economy (Schuman 2021). Xi’s approach to these and other domestic problems apparently reflected not only his determination to maintain his own personal domestic authority, as well as the party’s, but also ideological considerations. Reportedly, Xi aims to return China to Mao Zedong’s socialist vision by greatly enhancing state control over the economy (Wei 2021). Xi’s policies had the potential to slow China’s rate of economic growth, thereby restricting the expansion of China’s national power and harming its ability to carry out strategic competition with the United States. The contradictions inherent in Xi’s policies created complications for his leadership in the period leading up to the 20th Party Congress, scheduled for fall 2022, at which Xi hoped to secure the party’s support for his third term as general secretary.

China’s Domestic Politics and Strategic Competition with the United States

As Avery Goldstein argues, China’s grand strategy under Xi’s leadership aims to achieve national rejuvenation. During the post-Cold War era, the progression toward the current strategy occurred in phases. From 1992 to 1996, China followed Deng’s axiom of “bide your time and hide your capabilities.” From 1996 to 2008, China pursued a path of “peaceful rise” or “peaceful development,” an approach that it partially abandoned between 2008 and 2012. Xi has pursued national rejuvenation consistently since his accession to power starting in late 2012. Xi’s strategy, in turn, has consisted of reassurance, reform, and resistance, with resistance as the most visible component (Goldstein 2020). Throughout the CCP’s entire existence, two main domestic factors have influenced China’s foreign policy, namely the goal of rebuilding a powerful and prosperous China and the imperative of preserving the CCP’s leading role. As Goldstein argues, these domestic factors have usually reinforced the predominant international influences on China’s foreign policy, such as changes in China’s relative power and other states’ reactions to China (Goldstein 2020).

This relationship between domestic politics and foreign policy in China potentially creates a vicious circle that could exacerbate problems in U.S.-China relations. A simple model illustrates this situation. China faces a multitude of domestic problems, including corruption, environmental damage, and the imperative to maintain economic growth as a necessary means of ensuring social stability. The CCP's legitimacy is based on two pillars, namely sustained economic growth and nationalism. At a time of economic slowdown and rising domestic dissent, Xi could be tempted to appeal to Chinese nationalism in a bid to bolster his domestic rule. This could lead to heightened tensions with the United States and its allies and partners. Heightened international tensions, in turn, could become an argument for Xi, as the country's experienced "helmsman," to remain in power indefinitely. This could create the imperative for further domestic repression in order to neutralize Xi's domestic political rivals and stifle domestic dissent. Such measures could add to domestic discontent, which would bubble beneath the surface and threaten to boil over at any time. Rising dissent would add to the domestic problems that the party faces, starting the circle anew (Graph 3.2).

Some signs of this pattern are already apparent. The domestic problems discussed in this chapter suggest the possible fragility of China's political



Graph 3.2 Chinese domestic politics and foreign policy: A vicious circle?

system (Pei 2020). In the face of these domestic problems, the imperative to appear strong on the international stage in order to satisfy Chinese nationalism will be as compelling as ever, possibly pushing China's foreign policy in ever more assertive directions. China's "wolf warrior" diplomacy is a likely example of this phenomenon (Bishop 2020).

In recent speeches, Xi has issued repeated warnings about risks to China's rise, rhetoric that may be designed at least partly to consolidate elite support for Xi's continued rule.⁴ Chinese leaders are aware of growing international anxiety about China, especially since the beginning of the pandemic. In April 2020, a think tank close to China's Ministry of State Security presented Chinese leaders with a report arguing that the level of international hostility toward China had reached a level unseen since the Tiananmen Square massacre in 1989 (Reuters 2020). Along with slowing growth rates, rising international opposition to China could also slow China's rise. This could cause Chinese leaders to fear that they have only a limited window of opportunity to achieve their ambitions, possibly leading them to act rashly in the short term. In this connection, Xi's move from collective leadership to one-man rule carries many risks. One danger is that if Xi embarks upon an overly assertive path in foreign policy, he could have difficulty reversing course because he, rather than a group of decision-makers, would be accepting personal blame (Pei 2020: 84). This could raise the risk of escalation in a potential crisis with the United States.

Such dynamics may already be apparent in China's response to Russia's invasion of Ukraine in 2022. During Russian President Vladimir Putin's visit to Beijing in early February 2022, less than three weeks before the invasion, Xi and Putin issued a joint declaration asserting that the friendship between the two countries had "no limits." Xi may not have been aware of the full extent of Russia's plans for a large-scale invasion, however (Yun 2022). After the war began, China sought to maintain a balanced approach, neither endorsing nor condemning the Russian invasion. When the UN Security Council and General Assembly held votes to condemn the Russian invasion, China abstained. China refrained from providing Russia with weapons or helping it to evade sanctions, which could have

⁴ As Joseph Fewsmith, professor at Boston University who studies Chinese politics, told the New York Times: "The case for remaining on can be built around a sense of impending crisis when the experienced hand has to stay" as quoted in Buckley and Lee Myers (2020).

subjected Chinese companies to secondary sanctions. However, China offered rhetorical support, endorsing Russia's argument that the West provoked the crisis by failing to respect Russia's "legitimate security concerns," particularly by expanding NATO.

The Russian invasion placed China in a difficult position, potentially subjecting China to reputational damage, heightened international opposition, and economic costs. As the U.S.-China strategic competition became increasingly intense, Xi and other Chinese leaders perceived little interest in helping their chief rival, the United States, rein in their close partner, Russia. In addition to these foreign policy considerations, however, Xi also had domestic political reasons to maintain China's partnership with Russia. If Xi were to reverse course in policy toward Russia, then he would effectively be admitting a mistake. This would be a risky step in Chinese domestic politics, especially during the run-up to the 20th Party Congress. In a potential future crisis between the United States and China, such difficulties in reversing course under a system of one-man rule in China could lead to a heightened risk of escalation.

CONCLUSION

The U.S.-China strategic competition could last for decades, creating the potential for recurrent crises and even major war. Systemic factors at the international level are major driving factors behind the rivalry, but this chapter has argued that domestic political factors in both countries also play important roles. In both the United States and China, recent political developments have created pressure for increasingly confrontational policies. The shift in U.S. policy toward a more competitive posture was an overdue response to China's growing power and ambitions. The coming period could be turbulent, however. In a crisis, misperception by leaders on either or both sides, including misperception of the domestic political constraints faced by the other side's leadership, could cause the situation to spiral out of control. The management of U.S.-China strategic competition will require policymakers to make careful assessments of both its international and domestic dimensions.

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PART II

European Countries' Response
to the US-China Strategic Competition



Strategic Choices for Switzerland in the US-China Competition

Simona A. Grano and Ralph Weber

INTRODUCTION

An increased strategic competition and rivalry between the United States (US) and the People's Republic of China (PRC) has been in the making for long, but has only more recently reached a point, where many small and middle sized countries in the international system have felt forced to rethink, recalibrate and sometimes even publicly communicate their own position vis à vis these two great powers. This is no less true for big powers like the Russian Federation (RF), the United Kingdom (UK) or the European Union (EU). While these processes are still ongoing, and the war in Ukraine is likely to change coordinates, the former two, i.e., the RF and the UK, seem to have more clearly aligned in the last few years with one of the competing great powers, while the EU has attempted to

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opt for “strategic autonomy.” But also smaller powers have found themselves in an increasingly difficult situation and are no less confronted with questions of alignment and autonomy than big powers, even if they might appear to have had less of a choice. The rivalry between the US and the PRC is likely to define the international system for years to come. Intuitively, smallness might suggest that autonomy is less of an option, while declaring and emphasizing neutrality seems to promise an attractive way out.

The positioning amid the US-PRC rivalry is not just a matter of bilateral relations, but also plays out prominently in multilateral institutions, traditionally conceived as venues that also small countries can use for their benefit. The recent creation of new global frameworks and multilateral institutions, such as in the context of the Belt and Road Initiative (BRI), the Asian Infrastructure Investment Bank (AIIB) or the Regional Comprehensive Economic Partnership (RCEP), and the PRC’s growing presence and influence in already established key international institutions have also impacted multilateralism and internationalism more generally (Hart and Blaine 2019; Grano 2021). It might be tempting to see the US as defending the liberal global order against the PRC’s attempt at installing an illiberal global order, but while not rejecting the relevance of this view modern historians portray a more complicated picture. In their assessment, internationalism has always been informed by mutually dependent and cooperating liberal and illiberal variants (Hetherington and Sluga 2020: 1–2). How the illiberal internationalism that Xi Jinping envisions (Weber 2022) depends and even accommodates with liberal internationalism (e.g., in terms of global capitalism) therefore constitutes an important angle to analyze the shifts in the international system and has important consequences for small and medium states and the choices they make.

Switzerland embodies such a state. While the US remains its second biggest business partner in terms of importance for its combined foreign trade (imports and exports),¹ the PRC’s importance for Switzerland has grown steadily in the past fifty and particularly in the past twenty

¹ See: <https://www.ezv.admin.ch/ezv/en/home/topics/swiss-foreign-trade-statistics/daten/handelspartner.html>.

years, most notably in the economic sphere.² In 2007, Switzerland officially granted the PRC market economy status. In 2014, Switzerland was the first country in continental Europe to have a free trade agreement (FTA) in place with China. In early 2016, Switzerland joined the Asian Infrastructure Investment Bank (AIIB) and in that same year in April 2016, President Johann N. Schneider-Ammann concluded an innovative strategic partnership with China.³ Notably, Switzerland has an almost even trade balance with the PRC.

The PRC is currently Switzerland's third most important trading partner, after the EU and the US, and this situation is likely to pertain for years to come.⁴ In 2020, Switzerland exported goods worth 16.4 billion Swiss francs to the PRC while importing goods worth 16.6 billion Swiss francs (Aussenhandel der Schweiz 2020). Also in 2020, Switzerland exported goods worth 68.8 billion francs to the United States and imported goods worth 19.8 billion francs (*ibidem*).

The implications for Switzerland of the mounting strategic competition between the US and the PRC are the subject of some intense controversy domestically. Among the questions that are currently debated are: Can Switzerland afford to remain “neutral” between the US and the PRC? Can it do so, especially considering its newly issued governmental China Strategy (2021), highlighting economic cooperation and the continuation of a bilateral dialogue with the PRC while at the same time emphasizing the importance of the multilateral order and the Swiss commitment to human rights and democracy? Will Switzerland be able to resist pressure from both the US and the EU to choose sides, for instance, in view of continued Xinjiang-related sanctions on the PRC? The initial attempt by the Swiss Government to emphasize neutrality and good services and abstain from adopting EU sanctions against the RF for its war on Ukraine and the quick reversal of this position at the

² While in the 1980s China's Gross Domestic Product (GDP) was less than half of the Swiss one, today it amounts to 40 times the one of Switzerland (Eurostat 2020).

³ See: <https://www.eda.admin.ch/eda/en/dfa/representations-and-travel-advice/china/switzerland-china.html>.

⁴ If the EU is disaggregated then the PRC becomes Switzerland's 5th partner in terms of importance, with Italy, France and Germany ranking before China. See: <https://www.eda.admin.ch/eda/en/home/representations-and-travel-advice/china/switzerland-china.html>.

end of February 2022 has caught much attention and might offer interesting insights as regards the future of Swiss political neutrality. What are the choices offered to a small power squeezed in this competition, trying to balance out the choice between security, economic prosperity and commitment to liberal-democratic values?

This chapter first presents different theories that would explain the options available to Switzerland as a state, a small state and a small neutral state, respectively. Against that background, we then examine a series of key documents recently released by the Swiss Government. In the end, we offer a brief conclusion relating the discussion of key foreign policy documents to the theoretical IR part. Our findings indicate that Switzerland's foreign policy strategy and positioning between the PRC and the US lies in the hedging zone, often shifting between the two subzones of "economic pragmatism" and "binding engagement"; these shifts illustrate the internal struggle Switzerland faces, between wanting to be perceived as a "connector" and a "bridge builder" among third countries while at the same time dealing with increasing demands among parts of the public and parts of the Parliament for a more unequivocal positioning firmly on the side of like-minded states.

THEORETICAL FRAMEWORK

Basic international relations theory gives a rough framework for how to analyze a country's foreign policy. Liberalism, for instance, tends to focus on interdependence between nations. When it comes to analyze the rise of the PRC and its growing influence in recent decades, liberal theories emphasize the importance of multilateral institutions (Philipps 2011) or how the PRC shall be pacified by trade (Reilly 2012). Realism, on the other hand, emphasizes the strength and fundamental interests of a country (Mearsheimer 2001; Waltz 1979). Leaders pay the greatest attention toward how they can maintain security and prosperity and gain political power on the international stage. The formulation of political, diplomatic and military posture occupies a higher place in realism than economic and cultural considerations (Rose 1998). Many studies on the rise of the PRC employ a realist perspective arguing, for example, that the shift in Sino-American relative power will lead to hegemonic conflict (power transition theory) or that the rise of the PRC is the most immediate threat to the US (Mearsheimer 2001, 2010).

It is unclear to what degree the abstract level at which international relations theory operates can capture the specific situation in which small states find themselves. Many scholars of International Relations have based their view on small states on the assumption that small states behave according to the same logic as great powers (among these, most prominently: Waltz 1979, 1987; Jervis 1978; Schweller 1992). Hugh White (2010), a realist scholar, deviates from this assumption and focuses specifically on third parties “caught in the middle” of the increasing competition. He argues that such countries (in White’s specific case, Australia) have three choices awaiting them. They can either capitulate and bandwagon with the PRC; they can balance aggressively against it; or they can attempt to convince the US, China, Japan, and India, to form a Concert of Asia (White 2010). According to White, the “Concert of Asia” option would have three immediate benefits: keeping both China’s and India’s rise in check as well as allowing Japan to exit the dead-end path it ventured on, since the end of World War II by creating a framework capable of enforcing limits on tolerated international behaviors (White 2011: 86). At the same time, such a framework would allow the US to continue to remain engaged in Asian affairs and would create a collective decision-making leadership process, so that control would not necessarily be claimed by the most powerful state (White 2011: 87).

While ideas such as a Concert of Asia might have an idealistic ring to them today, ten years after the publication of White’s article, we agree with him that small and medium sized powers require a theoretical framework that explicitly also takes their “smallness” into account. In what follows, we discuss three theoretical perspectives that focus, respectively, on Switzerland as just a state like all others, as specifically a small state, and as a small but neutral state.

SWITZERLAND AS A STATE: HEDGING VIA ECONOMIC PRAGMATISM AND BINDING ENGAGEMENT

Few responses of contemporary states to the rise of the PRC qualify as pure examples of balancing or bandwagoning (Kang 2007; He 2012; Bloomfield 2016). This is even true for the US, which has adopted different strategies under different administrations and in different realms. Not surprisingly, there is therefore no consensus regarding the appropriate terminology to be used to describe the US-China strategic competition. Earlier scholars tried to describe the US’s China policy by drawing

on the classic distinction between containment and engagement (e.g., Shambaugh 1996). But this clear-cut manner has been out of tune with actual policies for some time. Goldstein has described mixed policies by coining terms such as “congagement” (Goldstein 2005: 12). Along similar lines, Shelley Rigger in Chapter 2 of this book talks about “coopetition” when defining the shifting balance between competition and cooperation between the PRC and the US.

Alan Bloomfield’s study of Australia-China relations (2016), borrowing from political scientist Cheng-Chwee Kuik (2008), also emphasizes an additional middle zone between the competitive “balancing zone” and the cooperative “bandwagoning zone.” The balancing zone, embodying opposition to the PRC’s power and efforts to counter its interests, is on the left; the bandwagoning zone, implying acceptance of Chinese power and bowing to its interest, is on the right, while the “hedging zone” is located in the middle (Bloomfield 2016: 262) (Fig. 4.1).

As explained in Chapter 1 of this volume, Cheng-Chwee Kuik, who analyzed the responses of South East Asian states to the rise of the PRC, drew his definition of “hedging” from the literature on finance. According to him, hedging is a “behaviour in which a country seeks to offset risks by pursuing multiple policy options that are intended to produce mutually counteracting effects, under the situation of high-uncertainties and high-stakes” (Kuik 2008: 168). Seen in this light, countries that opt for a hedging strategy want to maximize their commercial prospects while at the same time protecting against possible threats (Bloomfield 2016: 263). Kuik further splits the hedging zone into five “sub-zones.” The three options located on the right side of hedging zone, close to the bandwagoning zone, are called “Return-Maximising options” (Fig. 4.2)

Given the fact of large-scale global economic integration and multilateral frameworks, in past decades almost all countries have adopted policies

Balancing Zone	Two 'Sub-Zones' in the Hedging Zone or Accommodation Zone		Bandwagoning Zone
	<i>Risk Contingency Options</i>	<i>Return-Maximising Options</i>	
<ul style="list-style-type: none"> - Outright War - Containment - Hard Balancing 			<ul style="list-style-type: none"> - Allied Alignment - Dependence - Capitulation

Fig. 4.1 The balancing-bandwagoning continuum. Adapted from: Alan Bloomfield (2016: 262)

Balancing Zone	Specific categories of Strategic Choices in the Hedging Zone or Accomodation Zone					Bandwagoning Zone
	Risk Contingency Options		Return-Maximising Options			
<ul style="list-style-type: none"> - Outright War - Containment - Hard Balancing 	Soft Balancing	Dominance Denial	Economic Pragmatism	Binding Engagement	Limited Bandwagoning	<ul style="list-style-type: none"> - Allied Alignment - Dependence - Capitulation

Fig. 4.2 The hedging zone continuum. Adapted from: Alan Bloomfield (2016: 264)

that are clearly in the hedging zone, trying to bandwagon on all sides when it comes to maximizing their commercial prospects, but balancing softer or harder in the realm of security against one side. Even the two contending great powers themselves, the US and the PRC, have done so. The conceivability, let alone the actually available policy, of bandwagoning on *all* sides is characteristic of a post-Cold War world that has seen global capitalism make the economic sphere run more disjointedly from the geopolitical and security sphere.

The Swiss China policy of the last twenty years or so is certainly and firmly planted somewhere in the middle of the hedging zone. Most suitable categories applicable to the Swiss situation would be the “economic pragmatism” option, which defines a country that trades with the PRC and is open toward Chinese FDI but abides by strict political and military neutrality, and/or the “binding engagement” option, which stands to indicate the behavior of those states that engage with the PRC and try to encourage it to participate in regional and international institutions therefore “binding it” to commonly accepted international standards (Kuik 2008: 165) (Fig. 4.3).

Clear hedging options may not always be available to countries, particularly when the rivalry of the great powers intensifies, as it has in recent years. Some countries might eventually have to choose sides between the US and the PRC, either pursuing a “balancing strategy” or a “bandwagoning strategy”. Others will try to find a way to combine soft balancing in one area (security, values) with limited bandwagoning in another (economic sphere). While it is easy to understand how the post-Cold War world would have slipped into the hedging option of economic bandwagoning with some balancing in the security realm, the opposite movement is a much tougher proposition. Aligning the economic sphere

Balancing Zone	Specific categories of Strategic Choices in the Hedging Zone or Accommodation Zone				Bandwagoning Zone	
	Risk Contingency Options		Return-Maximising Options			
<ul style="list-style-type: none"> - Outright War - Containment - Hard Balancing 	Soft Balancing	Dominance Denial	Economic Pragmatism	Binding Engagement	Limited Bandwagoning	<ul style="list-style-type: none"> - Allied Alignment - Dependence - Capitulation
	Swiss China policy since early 2000s					
	Trade with PRC and open to Chinese Foreign Direct Investments (FDI) but strict political and military neutrality		Engagement with PRC; trying to push PRC to participate to international institutions, binding it to international standards			

Fig. 4.3 Switzerland’s strategic choices in the hedging (accommodation) zone continuum. Adapted from: Alan Bloomfield (2016: 264)

more strongly with the geopolitical security sphere will be resisted by an entire range of non-state actors for very different reasons and also, in many regards, pose an unattractive option for governments, which rely on economic performance.

SWITZERLAND AS A SMALL STATE: SHELTER THEORY AND RELATIVE STRENGTH

Switzerland is often discussed in the small-states literature. A common feature in most scholarly definitions of smallness hinges on the relative scarcity of capabilities, which unfavorably affects the state’s ability to sway domestic and external results (Thorhallsson et al. 2019: 14). Defining criteria for small states are population size, territorial size, military might, economic capabilities (GDP) (Archer and Nugent 2002), but also diplomatic clout, etc. Some of these characteristics have been treated as more important than others. A huge territory, for instance, does not make a state powerful by itself, if other features such as a large population, appropriate resources and economic wealth are lacking. Moreover, a quick glance at history reveals that some missing characteristics and defining features can be acquired if absent; economic wealth, for instance, can be achieved when favorable conditions take place and the right policies are enacted (Thorhallsson 2018: 18). Clearly, if a state has a small population, certain disadvantages will have to be compensated for. A small state will, for instance, find it hard to establish a powerful military force and its

economy will often be tied to international fluctuations; said nation will be dependent on trade with other states (Katzenstein 1985). Small states might also have smaller bureaucracies, a more limited diplomatic corps and lesser intelligence capabilities.

Overall, most early literature underlines the disadvantages of small states. Keohane (1969) argues that small states are system-ineffectual, meaning that their capacity to impact outcomes in the international sphere is limited at best. For Morgenthau (1972: 129–130), small states are simply states which are not considered as middle or great powers and are likewise not able to act like great powers. Annette Baker Fox (1959) contends that small states are incapable of successfully exerting power on other states as well as of resisting the will of other states.

In the post-Cold War era, small states' scholars have started combining more traditional variables (economy, size of population, military and territory) with “new variables”—such as the projection of a certain image—and have thereby shifted their attention from the power that a state possesses to the power that a state exercises. Multifactorial definitions contemplate both objective as well as subjective measures of size. Thorhallsson (2006), in his conceptual framework, combines elements from small states' literature into an analytical system by listing: fixed size (population and territory); sovereignty size (the degree to which a state is recognized by others and is able to control its own borders); political size (military and administrative capacity, foreign policy consensus); economic size (GDP, market size, economic development); perceptual size (how domestic and external actors perceive a state—the soft power element); and preference size (ambitions and prioritizations of the governing elite and its ideas about the international system).

Mouritzen and Wivel (2005: 4) propose to abandon the quest for a universal definition of small states and choose instead to define small size as “relational.” In other words, a state can be weak and uninfluential in one aspect, but powerful in another. Ingebritsen (2006) claims that small states can become “norm entrepreneurs” and lead by example internationally by utilizing national knowledge and specificities to their own advantage and deriving a positive image from it.

Thorhallsson et al. (2019) propose a new theoretical concept, which they call “Shelter Theory.” Breaking with methodological nationalism, Shelter Theory rather than considering solely small states is also applicable to all small political units (Ibidem: 15). Shelter Theory, for instance, can be useful in analyzing dynamics within states. It can be suited to study the

choices faced by domestic political units and even be helpful in assessing why a political unit should remain part of a bigger state or secede from it or dislocate, according to whether or not it receives sufficient shelter from the bigger unit (Thorhallsson et al. 2019: 17). The precondition should be the presence of the choice to either leave or remain attached to a state (or a bigger unit) that can offer shelter and protection. For these three authors, small states and political units are not motivated simply by security concerns (as the realist argument would have it) seeking to protect their territorial integrity, but rather need social, political, economic and social shelter to “thrive” rather than merely to “survive” (Thorhallsson et al. 2019: 17). In other words, they need protectors, external ones, who can provide them with shelter.

Some states, however, have been successful in the past despite their small size and territory. Switzerland is often presented as an example of politico-economic success. The country has been routinely listed as one of the world’s most successful economies based on criteria such as GDP per capita, economic and political freedom, efficient governance, transparency, high standards of living, quality of infrastructure and facility to do business, due to low bureaucratic hurdles (Guo and Ladner 2016; Guo and Wu 2016). Following the more recent literature, it would seem that Switzerland is a good case for a country that is “small” in some regards, and therefore needing shelter and strongly advocating for multilateralism, and not so small in other regards, particularly when it comes to some economic sectors and some aspects of norm entrepreneurship (Fleury 1988).

SWITZERLAND AS A SMALL NEUTRAL STATE: AN EASY WAY OUT?

Besides being a small (and not-so-small) state, Switzerland is also a neutral state. Indeed, Swiss neutrality is one of the main principles of its foreign policy; put very crudely, it dictates that the country is not to involve itself in the military affairs and conflicts of third parties. This policy is self-imposed, permanent and armed, designed to promote peace and ensure external security. Neutrality is also meant to guarantee independence for Switzerland and ensure credibility for the country, which is host to a myriad of international organizations.

Riklin (2010a, b) distinguishes several key functions that neutrality has played for Switzerland in historical perspective. The developments

from 1945 onward and especially after the end of the Cold War, notably the wave of democratization in Europe and the role of international law and multilateral institutions, have diminished the significance of neutrality (Kley and Portmann 2014: 1101). For instance, Switzerland has taken part in UN economic sanctions even when these sanctions arose out of military conflicts, as in the case of the first Gulf War. Throughout the years, the application of neutrality and the continuation of a neutral position for Switzerland have remained a discretionary duty, largely left to politics, while many actors have come to question the effectiveness of the tool and its use in the post-Cold War world. As put by Laurent Goetschel (2002: 573): “Neutrality is a tool of Swiss foreign policy and not an end in itself. It serves to implement foreign policy interests and goals. At the same time, neutrality belongs without a doubt among the core elements of Switzerland’s political identity.” Nonetheless, neutrality is itself a relational notion. The international customary law status of permanent neutrality depends on the continued recognition by the international community.

Amid increasing US-PRC strategic competition and rivalry, emphasizing neutrality might offer an easy way out for a country like Switzerland. Past experiences are mixed. Switzerland has for a very long time enjoyed high diplomatic clout, e.g., through its “good offices,” serving as intermediary between the United States and Iran for years or staging high-level summit meetings between great powers on Swiss territory. Yet, Switzerland’s position of neutrality had frequently been put under strain, e.g., by the US after the Second World War. Even though not directly participating in the multilateral institutions being set up at the time (NATO, UN, European integration process), or only participating provided that such memberships would not erode the Swiss principle of neutrality (Fischer and Möckli 2016), Switzerland nevertheless gradually became part of the so-called Pax-Americana, when the United States became the dominant economic and military world leader. During this period, Switzerland became integrated into the security system of the West, with a series of diplomatic, economic and technological steps. As amply shown in modern historiography, Switzerland had in the earlier decades of the Cold War in many ways straightforwardly sided with the US (e.g., early on in the Hotz-Linder-Agreement of 1951) despite its commitment to neutrality. Wyss (2012) shows how Swiss armed neutrality meant acquiring adequate weapons, which was one of the causes for its alignment with the Western bloc (mainly the UK, but also the US and

France), and paradoxically brought about a situation in which Switzerland arguably broke international law and discredited its credibility as a neutral state in the eyes of the Soviets as well as the US and their respective allies. A similar picture emerges when looking at arms sales, e.g., in the context of dual-use clock parts or the Pilatus porter airplane (Gaffino 2009). At one point during the Vietnam War, no less than 90% of all Swiss cogs and gears were destined for the US arms industry (Gaffino 2009: 27). In overall economic terms, 95% of Swiss foreign trade between 1946 and 1989 was with countries from the non-Communist West, mostly with countries that were member states of NATO (Schaufelbuehl and König 2009: 9).

The PRC has had a less complicated relationship with Swiss neutrality. Frequently, it has lauded it. Only recently have scholars started to research in depth to what extent the PRC likewise benefited from the early Swiss recognition in January 1950—Switzerland being among the first Western European countries to establish diplomatic relations with the PRC successfully (the UK tried but failed).⁵ Although there was less pressure from the PRC, ongoing research suggests that there was a price to pay that came with being a neutral. All the above makes it clear that neutrality might not be such an easy way out, but a demanding policy that is likely to attract pressure or even coercion by great powers and one that is increasingly difficult to explain to the global civil society. In the terms used above, neutrality would mean to abstain from balancing or bandwagoning in terms of security, but not so economically, where balancing and bandwagoning both seem adequate as long as these are applied equally to all sides. It is an open question (and depends much on the individual perspective) to what extent neutrality has or has not been successful during the Cold War, but today's conditions, with heavy global economic integration and increasing great power rivalry, would not seem to make the task any easier, but rather more difficult.

⁵ Recently, in the context of a SNSF-funded research project, directed by Claude Hauser (University of Fribourg), on “Sino-Swiss relations during the Cold War: an irreparable breakdown? (1953–1989),” important publications, building on extensive archival work on diplomatic documents, have come forth, see e.g., Knüsel (2018, 2019, 2020), Cordoba and Liu (2019), and Cordoba (2020).

DISCUSSION OF KEY RECENT DOCUMENTS

In this section, we discuss several recent key documents released by the Swiss government. These will help us to answer our research question, trying to gauge whether or not the documents support the IR theories regarding the national strategy vis à vis China and the US, as well as those regarding the theories on small states. Our hope is therefore to contribute to the knowledge of IR theories by looking at one specific case, namely that of Switzerland, while also illuminating the specific Swiss constellation amid great power rivalry.

The Swiss Constitution (April 1999)

All of Swiss foreign policy has to conform to the Constitution. Two articles in the Constitution are particularly relevant. Art. 2 describes the aims that the Swiss Confederation sets itself and asserts that it shall “protect the liberty and rights of the people and safeguard the independence and security of the country,” “promote the common welfare” and commit “to a just and peaceful international order.” In short: security, economy and values (justice). The last bit, on “a just and peaceful international order,” had been added in the new 1999 Constitution. During the same full revision of the Swiss Constitution, an entire article explicitly on foreign relations was inserted in the section concerning the powers of the Confederation. Art. 54 defines these relations as the responsibility of the Confederation stipulating:

The Confederation shall ensure that the independence of Switzerland and its welfare is safeguarded; it shall in particular assist in the alleviation of need and poverty in the world and promote respect for human rights and democracy, the peaceful co-existence of peoples as well as the conservation of natural resources.

Art. 57 on the “security of the country and the protection of the population” and Art. 101 on foreign economic policy highlighting “the interests of the Swiss economy abroad” give further texture to the goals of an independent Switzerland and its welfare. Neutrality is not mentioned explicitly in this context (only in Arts. 173 and 185), since it is officially understood

as a means to reach other goals rather than a goal in itself. The Constitution therefore simply assumes neutrality, while its contents are determined elsewhere (Kley and Portmann 2014: 1101).

THE CASCADE OF SWISS FOREIGN POLICY DOCUMENTS

The Vision of “Switzerland in the World 2028” (July 2019)

The current Swiss foreign policy framework draws some of its strategic inspiration from a report that the Foreign Ministry had commissioned to a working group.⁶ The report emphasizes “a more focused, networked, agile Swiss foreign policy.” The network aspect is underlined through the newly coined notion of a “whole-of-Switzerland approach,” that has since found its way into all official strategy documents. It refers to an approach that includes a “national dialogue on foreign policy” and “citizen-centred foreign policy” beyond the Parliament and the cantons, particularly the inclusion of “relevant competencies and networks outside of the Federal Administration” (Switzerland in the World 2028 2019: 22). NGOs, think tanks and scientific institutions are especially mentioned, and contact with them “could be stepped up,” the report says. Finally, the “Swiss business world” and “its competencies, contact networks and local knowledge” are also included. The approach fits the concern to envision a foreign policy that is closely intertwined with domestic policy.

When envisioning the world in 2028, the report depicts a “fragmented world shaped by power politics,” where liberal values are no longer alone associated with prosperity, but “outside the Western world” a “counter-model” of “capitalism without political pluralism” has arisen as a challenger (2019: 3). Interestingly, the report seems to frame “liberal values” along a West/non-West dichotomy. There are only five actors that the report singles out as particularly important major powers: the US, the PRC, Russia, the European Union and “the West,” the latter of which is further described as a “transatlantic community of values” (Switzerland in the World 2028 2019: 4).

⁶ The working group had 9 members, including two state secretaries, the president of the Conference of Cantonal Governments, the directors of a university center and a civil society platform, as well as business leaders from ABB and Swiss Re. It was headed by the General Secretary of the FDFA.

With regard to the US, the report asserts its continued leading global role, but identifies a change of self-perception from “being the keeper of the global order” to the “America first” policy of the Trump administration. This trend, the report says, “is likely to continue after [Trump’s] presidency” (2019: 3). The PRC is said to have “regained the status of a world power,” while its model is described as a “one-party state” with “state capitalism combin[ing] with nationalist rhetoric that is once again increasingly based on Marxist-Leninist principles” (Ibidem 2019: 3). There is a very clear passage on the realization that “China’s long-expected gradual adoption of the western developmental model has not taken place,” as the PRC is credited with being “the only major power with a clearly discernible foreign policy vision,” that is the Belt and Road Initiative (BRI).

There are two sections in this report that directly speak to the Swiss position amid great power rivalry. One is called “An eye on the major powers.” It highlights “good offices” as a “high-potential area” of Swiss foreign policy, the importance of “coherence between departments in their handling of priority countries” and the need for specific “country strategies,” particularly with regard to the US, the PRC and the RF (Switzerland in the World 2028 2019: 18). The report notes the continued US importance for “Switzerland’s prosperity and security” and the “solid historical foundation,” “largely shared values and close cultural and human ties” (Switzerland in the World 2028 2019: 18). It asks to step up “cooperation with influential US think tanks” (2019: 19). But the fact that Switzerland had entertained closer diplomatic exchanges with the PRC than with the US is also mentioned (Ibidem 2019: 18), as is the need to state the Swiss “multilateral interests” to the US (at the time, under the Trump administration) and to cooperate “in areas in which it makes sense to do so” (Ibidem 2019: 19). With regard to the PRC, the report considers the “very close relations” a success and recommends drafting a China strategy that “intelligently combines the opportunities and challenges associated with the cooperation” (Ibidem 2019: 19). In the scenario of an even more politically polarized world, the working group foresee that the relationship with the PRC “could become more complicated” (Ibidem 2019: 19). The report asks for an “effective overall strategy” that can accommodate the “close economic relations and strategic dialogue” in place. Finally, the report calls for a “structured cooperation with like-minded states” in Europe, but also outside of Europe, explicitly, it seems, targeting small advanced economies with

a similar population size, such as Denmark, Finland, Ireland, Israel, New Zealand and Singapore.

The second section directly speaking to the Swiss position amid great power rivalry is entitled “Independence: freedom of action and new opportunities of neutrality.” It notes that in the absence of alliances Switzerland can be pressured more easily given the pertaining “geopolitical competition for power” (Ibidem 2019: 16). Swiss neutrality is declared “a trump card in the country’s independent foreign policy,” which, while “being called into question in the 1990s,” is not “obsolete” (Ibidem 2019: 16). The report highlights the “greater room for manoeuvre,” the credibility that comes with pursuing “no hidden power-politics agenda” and the importance of “the country’s host state policy and good offices” (Ibidem 2019: 16).

Foreign Policy Strategy 2020–2023 (January 2020)

The current key documents of the Swiss foreign policy framework have all been released after the vision of 2019. The government presents them as located at three different levels, two strategic at the level of the Federal Council (the highest executive authority in the country, composed of seven members from across the party spectrum) and one operational at the level of the Foreign Ministry (headed by one of these seven federal councilors). In its most updated form, the framework is spelt out in the recent Americas Strategy (2022: 11). At the top of this cascade sits the “Foreign Policy Strategy (2020–2023)” (FPS), published in January 2020. The FPS identifies globalization as “the most significant international trend of recent decades,” highlighting its winners and losers and confirming that Switzerland has gained from it, currently being one of the 20th largest economies in the world. Analyzing the different drivers of change in today’s world, the FPS distinguishes five different realms: social, political, economic, technological and environmental. Each of these realms is explained in a small paragraph, but no specific countries are mentioned other than in the one concerning the drivers of change in the political realm:

The strategic rivalry between the United States and China, which manifests itself in trade, technology and security issues, also clearly highlights diverging values, with China advocating a state and development model that does not link prosperity to political pluralism. Meanwhile, although

the democratic and market economy model remains successful, it is coming under pressure. In addition, many democracies face a crisis of confidence. (Ibidem 2020: 7)

The strategic rivalry between the US and the PRC is depicted as stretching across all spheres, from trade to security to values; the economic cooperation among the rivals is not mentioned. While China's different political model is highlighted and contrasted with the "democratic and market economy model," the fact that this would put Switzerland and the US in the same camp is not stated, but perhaps assumed.

The FPS discusses thematic focus areas and objectives for implementation in all countries of the world and also in multilateral institutions. Additionally, it discusses a set of "priorities at the geographical level" in two chapters (Ibidem 2020: 21). One chapter is devoted to Europe and the European Union, which it refers to as its "core issue" in foreign policy and the "most important partner" (2020: 21). Outside of the EU, Switzerland has eight priority countries: Brazil, China, India, Japan, Russia, South Africa, Turkey and the United States. With all of these countries, Switzerland has established formal dialogues and pursues individualized country strategies. Each of these countries receives a separate discussion in the strategy. With regard to the PRC, the FPS notes "challenges, particularly in terms of the different political systems, on human rights issues and in the area of security policy" and assumes the "different value systems" to become more "marked" in the future, "particularly at the multilateral level" (2020: 28). All of this requires more "coordination on the Swiss side—both between departments and between the federal government and cantons" (2020: 28). The BRI is said to present opportunities "for Swiss interests and the economy," but points to the importance of "compliance with universal values and rules" (2020: 28). About the US, the FPS does not go much beyond what has been stated by the working group in the report on "Switzerland in the World 2028." Again the US' "key role for European security" is mentioned (and a pipelined agreement on military training cooperation), its economic importance for Switzerland and historical and cultural close ties (2020: 29). What is perhaps more interesting is that the comparative side-remark in the report about Switzerland seeing more interest given to it by the PRC than the US is dropped. Instead, the FPS highlights that the "continuous cultivation and expansion of close and diverse bilateral relations

has proven successful” and “regular talks are held in relation to politics, economic affairs, science and research, education, taxation, finance, customs issues and security, as well as interparliamentary dialogue” (2020: 29). Finally, Switzerland commits itself again to work with the US “to advocate peace and security where it is in both sides’ interest” (2020: 29). The notion of a “whole-of-Switzerland approach” is not referred to throughout the entire FPS, but pops up in the very last sentence of the conclusion (2020: 39).

The FPS is the document with which all further strategies located at the second level of the Swiss foreign policy cascade must be in agreement with. These strategies are divided into geographical and thematic strategies. Among the latter figure documents like the Digital Foreign Policy Strategy (2021–2024), the Strategy for Communication Abroad (2021–2024), the International Cooperation Strategy (2021–2024) and the Arms Control and Disarmament Strategy (2022–2025). There are currently four geographical strategies, one on the MENA region, one on Sub-Saharan Africa, one on the PRC (the only country-specific strategy) and, the latest addition, one on the Americas.

China Strategy 2021–2024 (March 2021)

The Ministry for Foreign Affairs had the lead in coordinating the process of drafting a China Strategy, which then was endorsed and published by the Federal Council. The document signals the heightened socio-political tensions within several echelons of Swiss society and politics, regarding what is perceived as China’s more assertive behavior. It makes prominently clear that Switzerland wishes to pursue an independent policy toward China, as it seeks to “defend its long-term interests and values” (China Strategy 2021–2024 2021: 20). The notion that is used to describe the engagement with the PRC is interesting, as Switzerland is said to seek a “constructively critical dialogue and broadly diversified relations with China” (2021: 5). The strategy presents Switzerland as a “medium-sized power,” which given its size has “a direct interest in a broadly accepted international order and effective multilateral organisations (2021: 5).

There is one section explicitly addressing the global positioning of Switzerland. Registering “the rise of China and shifts in global power

structures,” the Federal Council perceives nonetheless no fundamental challenge to “Switzerland’s foreign policy positioning” (2021: 20). Switzerland, it states, will remain “neutral, does not belong to any bloc, and is committed to dialogue with all states” (2021: 20). “Geopolitical polarization” and “bloc-building around China and the US” are not in the Swiss interests, the strategy states (2021: 20). Switzerland wants to be seen as a “bridge-builder” that offers “its good offices,” particularly with Geneva “as a neutral yet international venue for dialogue” (2021: 20). “In return,” the strategy continues, “Switzerland expects its independence to be respected around the world, and that it will not face either/or ultimatums” (2021: 20). If in doubt, Switzerland “will stand up for freedom” (2020: 20). This indicates an interesting *ultima ratio*, in line with the document’s statement on “Swiss core values” encapsulated by “a liberal economic order bound to the rule of law and the basic rights of the individual and underpinned by democracy” (2021: 20).

Despite all talk of independency, the strategy is clear regarding the fact that Switzerland cannot refrain from all partnerships. “European states and the EU” are mentioned specifically in this context as Switzerland’s “most important partners,” which share similar positions and “values [that] are often fully congruent” (2021: 20). The document underlines the importance of “structured relations with the EU” given “the current geopolitical situation” (2021: 20). There is no explicit mention of the US as a partner, but the strategy vaguely gestures toward “a large number of states outside of Europe that pursue similar interests” (2021: 20). The difficulties of dealing with the PRC are mentioned, as “cooperation with non-democratic states” is said to be “demanding” and dialogue “difficult where there are differences of opinion,” but the Federal Council believes that “turning away from China would not have a positive effect on domestic policy developments there,” while it would “harm Swiss interests and fuel uncertainty about Switzerland’s foreign policy positioning in general” (2021: 20). This last statement appears to present a line of reasoning that is close to a strawman argument, since turning away from China has hardly been an option at the time of these discussions, and linking it to a failure to produce a positive effect in the PRC does by no means imply that current policies do create such an effect.

The China Strategy includes a large number of critical statements about the current state of the Chinese party-state. It calls for better coordination between government departments and thereby hopes to achieve a more coherent foreign policy. The China Strategy takes up the notion

of a “whole-of-Switzerland approach” from the FPS and gives it more prominence, introducing it through graphics and counting it as a separate “operational principle” of its policy on China besides bilateral relations and multilateral cooperation. Overall, it might be fair to say that the clear commitment to values, to European partners and the liberal economic order suggest that when it comes to dealing with a China that would shun international rules and norms, the strategy does seem to suggest the possibility that Switzerland could shift its more “prudent” positioning as an “economic pragmatist” toward the balancing end of the continuum.

Americas Strategy 2022–2025 (February 2022)

As indicated in the title, the Americas Strategy is not exclusively addressing the US, but the text leaves no doubt about the paramount importance of the US for Switzerland. There are some critical comments pertaining to domestic challenges of the US, particularly regarding political polarization and the socio-economic chasm, as well as wide-spread racism and discrimination (Americas Strategy 2022–2025 2022: 6). In global terms, the US is said to continue to be the “economic, military, political and technological dominant power in the international system” (2022: 8). The volume of relations in terms of business (Switzerland being the 6th biggest foreign investor in the US), people (81,000 Swiss live in the US) and cooperation across sectors (most co-authored Swiss research publications are with colleagues in the US) between Switzerland and the US is extraordinarily high, the report states (2022: 9). Chapter 2 of the strategy discusses the geopolitical situation and has a section on the US as a global power. In one passage, the document mentions the PRC as a rival of the US, whose status as a global power is no longer untested (2022: 13). Again, China’s “centralistic-authoritarian system” is depicted as a “counter-model” to the “liberal-democratic West,” while the storm on the Capital of January 6, 2021, is mentioned as an event that has diminished the prestige of “the American model” (2022: 13). Russia and Iran find a mention as geopolitical contenders besides the PRC, but with the new administration under President Biden a new dynamic has come about, as the strategy highlights by pointing to renewed alliances in the transatlantic and Asian-Pacific regions as well as multilateral fora; the document explicitly refers to “the shared values of democracy, rule of law and human rights” (2022: 13). The consequence of this new disposition

toward dialogue is said to be likely more pressure by the US on like-minded and allied nations, “particularly in key dossiers such as China, sanctions or the question of burden sharing” (2022: 13).

In terms of security, the strategy confirms the importance of the US and its support for the European security architecture as relevant to Swiss foreign and security policy, but highlights again the independence of Switzerland as well as fact that “it is not a military ally of the US” (2022: 22). “Good services” are emphasized (2022: 22). In terms of cyber security, Switzerland sides with the US in most regards, but “pursues more pluralistic approaches than the US in its choice of technology suppliers” (2022: 23). The strategy notes a risk of becoming a target of American politics and its interests, where the US enjoys considerable leverage over Switzerland in “the (unilateral) enforcement” of its own interests and legal norms (2022: 23). Particularly in view of China, the document continues, pressure will increase not just in the realm of technological norm setting “to choose ‘the right side’” (2022: 23).

Interestingly, the strategy implements some of the recommendations of the working group on the vision “Switzerland in the world 2028,” e.g., the intensification of partnerships with US think tanks, for which a footnote gives a list of already existing cooperating partners such as the “Wilson Center, Brookings Institution, The Stimson Center, CSIS, Carnegie Endowment for International Peace, The Heritage Foundation, Council on Foreign Relations, CNAS, Atlantic Council, and WOLA.” Given the skepticism that otherwise is prominent with the Swiss positioning vis-à-vis major powers, this long list of cooperation with think tanks is remarkable.

The Operational Level

The third level of the Swiss foreign policy cascade is located at the departmental level and not strategic, but operational. It includes documents labeled as guidelines on issues as diverse as the OSCE, the private sector or human rights. The “Guidelines on Human Rights 2021–2024” are interesting for their lack of mention of state actors. The PRC is mentioned only twice, once in terms of the China Strategy as part of the Swiss foreign policy framework and once in a footnote for the (currently suspended) human rights dialogue that Switzerland entertains since 1991.

CONCLUSIONS

The discussion of key documents in Swiss foreign policy has focused on the Federal Department of Foreign Affairs. To gain a more complete picture and understand interdepartmental points of contestation, the recent “Foreign Economic Policy Strategy” (November 2021) and the annual security reports by the Swiss Federal Intelligence Service (Switzerland Security 2021) might be helpful. The latter report of 2021 states in no uncertain terms the expectation that the US will demand support from its European allies “in curbing China in the economic and technological spheres” (2021: 20). The security report is depicting the PRC’s increasing ambitions, its policy of civil and military fusion, its authoritarian model and its global operations in terms of influence, espionage and intelligence. A bit different in emphasis from the Federal Department of Foreign Affairs (FDFA), the Federal Intelligence Service assumes “the growing competition between the three superpowers USA, China and Russia” (2021: 73). Certainly with the war in Ukraine, this insight from a security point of view has gained new relevance.

The present chapter has shown that Switzerland’s foreign policy strategy and orientation between the US and China seems firmly placed in the hedging zone, especially dwindling back and forth between the “economic pragmatism” and the “binding engagement” sub-zones. This posture is connected to what Switzerland wants to be acknowledged for, namely its capacity as a “bridge builder” between countries; through pragmatism and professionalism Switzerland offers its good services without getting entangled in other countries’ affairs and quarrels. Also, as the hub of many international organizations, Switzerland wants to be perceived as a responsible player that emphasizes the importance of the multilateral, rules-based order, which partly explains Switzerland’s reluctance to so far adopt the European Union’s sanctions against China, for human rights violations in Xinjiang.

Perhaps attaching to a bigger unit would mean a clearer commitment to the European Union (without predicating whether that would mean accession, which is currently not centrally on the table in political domestic discourse, or simply a closer alliance in some selected areas). In this sense, much will depend on what the European Union will do and how it will position itself in the future. If the current trend of showing solidarity with like-minded states and refusing to accept interference in internal affairs continues, then Switzerland is also likely to show

a harder positioning toward the PRC although Switzerland's own Free Trade Agreement with China since 2014, worth much more than any other similar agreement in place with other non-European countries, puts Switzerland at risk for commercial coercion by China, European countries are all in similar positions: they consider the US as their most important non-European ally (hence the continued reliance on the category of "the West") and they depend on its military defense (and shelter!), but they also want to continue to trade with China in the future, fitting the economic pragmatism option. Juggling both interests, without jeopardizing relations with either the PRC nor the US, will constitute a big challenge for the coming years.

One option that is much discussed today is to try diversifying supply chains in order to reduce dependency from China, maintaining an independent foreign policy that prioritizes self-reliance and multilateralism. The Corona pandemic has shown the downside of depending too heavily on one country for the procurement of key items, such as medicines. Switzerland could actively seek a dialogue with the EU and shape a common policy instead of passively waiting what the EU will do. With Switzerland unable to implement a new institutional agreement with the EU (the EU-CH Framework Agreement), relations between the two are currently at a standstill. In the wake of EU sanctions on Russia for its invasion of Ukraine, however, Switzerland seems to have altered its previous stance regarding political neutrality, by following suit. It is difficult to judge whether and how this move might impact the Swiss relationship with both the PRC and the US.

In this chapter, we have studied the perceived strategic environment that Switzerland is facing, when considering the US-China strategic competition. The discussion of key foreign policy documents has indicated how the perception of a strategic competition between the US and China makes it increasingly difficult for Switzerland *not* to take sides and to maintain a position of neutrality. As mentioned, so far, Switzerland has chosen the "economic pragmatism" option, abiding to a strict political and military neutrality, while actively trading with the PRC and pursuing profits in the Chinese market, and at the same time it also pursues the "binding engagement" option by advocating for China to remain part of international organizations and engaging it in fora from the AIIB to the BRI. This illustrates that Switzerland's national posture is firmly placed in

the hedging zone and thus ascribable to the theoretical mode of response “neutrality,” as explained in Chapter 1 of this volume.

The pressure to maintain amicable relationship for business and institutional awareness that China’s more assertive role needs a new coordination and positioning led to decisions that provide contradictory signals about Switzerland’s foreign policy behavior. It is difficult to predict how this mode of conduct will affect Switzerland’s respective security and economic developments in the mid-to-long term but if the current tensions between the PRC and the US continues or increases, it is likely that Switzerland will be put under further and intense pressure by both the US as well as the EU, and called upon to assume a more unequivocal stance regarding its bilateral relations with both Beijing and Washington, in the interest of shared democratic values and protecting the liberal international rules-based order.

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The China Nudge: Naivety, Neutrality, and Non-alignment in Sweden

Johan Lagerkvist

POLITICAL NAIVETY IN SWEDEN

In the spy thriller *Coq Rouge*, published in 1986, there's a scene in a car where an officer of the Swedish Secret Services confronts an Israeli Mossad agent about a sinister assassination plan. Smugly, the officer says: "Now that I have discovered the facts, there can be no "plan Dalet" (1986: 128). The Israeli operative promptly picks up his handgun, points the muzzle toward the shocked officer, and shoots him in the face. That same year, March 28, a woman, stopped by a television crew an hour after the assassination of Prime Minister Olof Palme in a central Stockholm street, exclaimed in shock: "No, not here—not in Sweden!".

The above examples taken from one fictional account and one real-life experience, illustrate the element of shock—and perhaps political naivety of Swedes—when *the international* crashes into the hitherto shielded national and rational lifeworld of Swedish society. These examples also

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indicate the existence of a Swedish “filter bubble,” long before this notion became commonplace with the advent of the internet and its subsequent degeneration into censorship, polarization, and cancel culture. The political naivety of Swedes has been a recurring trope in Swedish political debate since the mid-1970s.¹ It is sometimes used to depict the long and uninterrupted rule by the social democratic party (SAP) between 1932 and 1976, sometimes observers apply the term to the Swedish nation in its entirety. Sometimes the sanctity of the welfare state is the target of those who criticize political correctness in general, and sometimes Sweden’s rose-tinted idea of neutrality and non-alignment is lambasted.

As “naivety has frequently been used in recent Swedish debates on commercial and academic cooperation with the People’s Republic of China, an investigation on how the discourse on political naivety in Sweden connects to issues of neutrality and national security is important, as a cold war atmosphere surrounding the US-China rivalry is currently emerging. In this paper I make a preliminary attempt to understand how *political naivety* has been, and still is, used as a battering ram in Swedish political debate, especially regarding foreign policy and issues of national security and international cooperation. Which actors frame the debate in this way and to what purpose?

Specifically, this chapter sets out to shed light on “Swedish naivety” in relation to China, and the “awakening” to what kind of challenge China under President Xi Jinping presents to Sweden. In the aftermath of the Russian Federation’s invasion of Ukraine on February 24, 2022, and China’s continued verbal support for Russia and condemnation of “western values,” this challenge became more acute. To shed light on Sweden-China relations, I account for some of the most vocal actors and forceful policy entrepreneurs, who have been at the frontlines debating political naivety on neutrality, non-alignment, and China as a rising great power. As other authors in this volume, in this process I employ the analytical model of Alan Bloomfield to explain where Sweden is currently positioned along the balancing-hedging-bandwagoning continuum (2016: 262). Both before and after late leader Deng Xiaoping’s Open Door policy saw the light of day in 1978, neutral Sweden was firmly located in the “hedging zone.” It is only during the

¹ It is beyond the scope of this paper to revisit inter-cultural meetings between Swedes of rural origin and other emigrants to North America in the nineteenth Century, but the trope of Swedish naivety can be found in different literatures and oral histories.

recent decade, under the leadership of the current President Xi Jinping, that Sweden has moved within the subzones of the hedging zone, in the direction of the “balancing zone.”

FROM REALIST TO NAÏVE NEUTRALITY

The idea of political naivety may seem somewhat paradoxical, given the widespread internationalism of Swedish society. From the 1960s solidarity groups formed to support resistance struggles against imperialism, colonialism, and military dictatorships around the world. But this radical idealism and solidarity was constructed from the pinnacle of the modern Swedish welfare state, taking pride in the idea of a very particular Swedish model, “folkhemmet, i.e., “the People’s home,” which is closely entwined with the ideology of the social democratic party (SAP). The perception that outsiders should want to emulate this model, injected confidence in the country. Any outside critique of the model was met with surprise and anger, as the reaction to Susan Sontag’s essay on Sweden (1969). Coupled with the policy of neutrality and non-alignment, the idea of “folkhemmet” created a filter between Swedish people and the miseries of violent conflicts and unstable societies on the outside. The overt idealism and sanctity of the SAP built on what was later termed “credible neutrality”; this, however, is a more recent phenomenon than is often understood. The monarchic neutrality of the eighteenth century that preceded social democratic policy in the twentieth century was more about diplomatic pragmatism than ideology. The official formulation of the policy, coined in 1949, translates as: “non-alignment in peacetime, aiming for neutrality in case of war.”

The Swedish policy of neutrality that kept Sweden outside the two world wars was originally pragmatic and realist in nature, a realist tradition that harks back to its inception, during the reign of king Karl-Johan, in 1814. But the political battle of 1959, in which the conservative leader Jarl Hjalmarsson was accused of being a danger to national security, transformed the hitherto pragmatic doctrine on neutrality into a more rigid policy. Hjalmarsson did not question neutrality but he argued that Sweden shared values with the West and should consider military cooperation with neighboring Norway and Denmark. Hjalmarsson resigned and decades of self-censorship on the neutrality policy followed. Ten

years later, the activist foreign policy and internationalism associated with Prime Minister Olof Palme took shape. His morally charged foreign policy imbued neutrality policy with a sense of moral superiority. These changes finally turned Sweden's former neutrality policy, based on "small-state realism" into "small-state idealism" (Dalsjö 2014: 179). However, in the beginning of the 1990s it was revealed, and officially acknowledged, that during all the decades since Hjalmarsson's denigration, the government had authorized secret cooperation with NATO and Western forces. This secret was, nonetheless, known in the Soviet Union. In public, the Swedish people were taught the merits of "new" small-state idealist neutrality, while the much older principle of small-state realist neutrality was practiced in the dark. Arguably, behind the lies of the social democratic party (SAP) to the people and its rank and file members, was the fear that open debate on the neutrality policy carried more risks for the SAP than to national security. Yet, without the protection of allies, or an alliance with the West, Sweden was vulnerable to blackmail or territorial encroachments by the Soviet Union. Thus, some sort of covert military cooperation and intelligence sharing on regarding the military strategy of the Soviet Union was deemed necessary. These revelations led center-right mass media to talk of a "myth of neutrality" and right-wing political parties to argue for a new realistic security debate, as "Swedes had been politically naïve" for too long. The Moderate party argued: "Sweden had to become part of Europe" and meet reality outside the confined bubble of SAP-constructed myths of the welfare state and naïve neutrality. Yet, the political elites of both the Moderate party and the SAP had never been naïve, it was a policy of keeping ordinary voters disinformed, an open secret that no party across the political spectrum discussed in earnest.

Arguments to update Swedish foreign policy after the end of the cold war in 1989 and the breakup of the Soviet Union in 1991, followed on the heels of the transformation of the EC into the European Union and the higher pace of European integration, which also made the policy of neutrality seem outdated. After the breakup of the Soviet Union and the dissolution of the Warsaw pact, the way forward was centered on "security cooperation" between many countries. As leader of the Moderate party, Carl Bildt, strived hard to offer a new security vision for Sweden, which according to Christine Agius "involved essentially 'abandoning the legacy' of neutrality in favor greater European security cooperation" (2006: 143).

In retrospect, this argument was a bit premature. Carl Bildt may have embarked on the “Europeanization,” and even propelled the SAP government under Ingvar Carlsson to seek membership in the EC in 1991, after which Bildt as the new prime minister between 1991 and 1994 negotiated the terms of Swedish membership. Carlsson regarded membership as something which could be reconciled with the policy of neutrality. It is important to understand that even if the myth of SAP-constructed neutrality was shattered in light of “the great lie” of neutrality during the cold war, non-alignment, and realist neutrality runs much deeper in Swedish tradition and collective memory.

The impetus from debating the hegemonic social democratic position on neutrality originated from Swedish business interests, energized by new ideological tenets of neoliberalism in the 1970s. But it is only with the beginning of the 1980s that naivety starts to connect with a new discourse on Sweden’s long-standing policy of neutrality in international politics. The confederation of Swedish businesses was very keen to see a closer relationship between the countries of the European Community, as were the liberal-conservative Moderate party (Agius 2006). To observers outside Sweden, the policy of neutrality has been viewed as either cynical (thus not naïve, rather being a rational self-serving construct) or delusional and naïve. Inside Sweden, proponents of neutrality in the social democratic camp have argued that Sweden’s neutrality in the postwar era wasn’t isolationist or inward-looking. To the contrary, social democrats would argue that internationalism and solidarity with the decolonized countries of the developing world have been a hallmark of the agenda of Swedish social democracy.

Yet, as became increasingly evident after the fall of the Soviet Union, Sweden was only rhetorically neutral as security and intelligence operations were routinely conducted and shared with the US and its NATO allies. As eloquently explained by peace researcher and historian Wilheml Agrell, the banner of neutrality was regularly waved in front of a Swedish electorate that were not informed about ongoing secret cooperation with NATO. Thus, the population was naïve, due to lack of available information and purposefully being held in the dark by the political elite (from left to right). More importantly, however, Sweden as a whole was not naïve.

THE DEVELOPMENT OF SWEDISH NEUTRALITY AND FILTER BUBBLES

It is reasonable to wonder if an ontological filter exists between the realities of Swedish society and the realities of the outside world. Two hundred years of peace and neutrality, since Sweden lost Finland to tsarist Russia in the war of 1809, more than a hundred years since rural poverty led to mass emigration to North America in the 1880s, being protected from the devastation of two world wars, and thereafter existing on the sidelines of the bipolar cold war era between 1948 and 1989 has imparted Swedish society with a “mental shield.” Nevertheless, Swedish neutrality was never the same as pure isolationism and an inward-looking detachment from the woes of the world. Since the 1950s, a combination of export-oriented industry and solidarity with the decolonized and developing parts of world contributed to an internationalist, albeit yet neutral and non-aligned, position. Having a unique position of economic strength—a robust welfare state, and a consensus around social democratic norms centered on a “Swedish model”—Sweden emerged as a gold standard among progressives in both developing and developed countries. Rationality, scientific evidence, a high-trust society, hard engineering skills, the social engineering of a generous welfare state, are all familiar traits and policies associated with Sweden.

Welfare state policies are securely fastened to Swedish political identity, but because of its long history, political, and military neutrality are perhaps even more deeply integrated with the identity of Swedish people. Teaching the tricks of advanced “social engineering” through an effective, and by the people, highly trusted and non-corrupt civil servant corps to outsiders became a Swedish trade mark, not least through development aid. How to become modern became part and parcel became ingrained norms of the Social Democratic Party (SAP) and political culture at large. It was only with the economic crises of the 1970s and with the challenge of neoliberalism that forced changes to economic policy. Another challenge arrived with the fall of the Soviet Union in 1991 and a process of intensified European integration that followed during the 1990s. The readjustment of neutrality policy through, particularly, the hard work by Moderate Party leader Carl Bildt, enabled Sweden to become a member of the EU in 1994, and open and deeper engagement with NATO through the partnership for peace agreement in 1994. On a regular basis Sweden nowadays participates in joint military exercises with NATO countries.

CHINA AND SWEDISH NAIVETY: FROM ECONOMIC PRAGMATISM TO DOMINANCE DENIAL

An even larger taboo of Swedish security policy than the policy of neutrality, however, concerns non-alignment and military cooperation with other countries or alliances. This taboo concerns seeking out friendly allies to ensure support and protection, if a foreign power would pose a threat to Sweden's national interest. It is in this regard that the significant deterioration of Sino-Swedish relations, along with other factors such as the foreign policy of Russia under Vladimir Putin, heralds a new beginning in Swedish defense policy. In 2021, relations between Sweden and China was at an all-time low. The overarching cause for this state of affairs and the deterioration of Sino-Swedish relations is the abduction of Swedish publisher and bookseller Gui Minhai.² While on vacation in Thailand, Chinese intelligence officers on October 17, 2015, forcibly brought Gui from his holiday apartment to China. Three months later he was paraded on China Central Television making a coerced confession, pleading guilty to responsibility for a traffic accident in the past. He was held in extralegal detention in Ningbo until October 2017, when Chinese authorities suddenly notified Sweden's government that Gui had been released. On January 20, 2018, on a train bound for Beijing, Chinese agents again abducted Gui, this time in front of two Swedish diplomats assigned to bring Gui Minhai to Beijing for a medical examination at the embassy. On February 24, 2020, China's government announced that Gui Minhai, during a secret trial, had been sentenced to a ten-year prison term. Since then he has been held incommunicado and neither his daughter Angela Gui, nor Swedish authorities know anything about his personal and medical situation. When musing on Sino-Swedish relations and the case of Gui Minhai in an interview in February 2020, the former Chinese ambassador to Sweden, Gui Congyu, said "we treat our friends with fine wine, but for our enemies we have shotguns."³ During ambassador Gui's four-year stint in Sweden such quotes of his belligerent rhetoric has taken the political and media elites in Sweden by surprise. His successor has kept a lower profile since his arrival in September 2021.

² The website Free Gui Minhai run by his daughter Angela Gui chronicles the plight of her father, see <https://freeguiminhai.org>.

³ "How Sweden Copes with Chinese Bullying," *The Economist*, 20 February, 2020.

After all, in the decades after Deng Xiaoping's opening up to the world in 1978, Swedish diplomats and prime ministers touring China with business delegations often made the point that Sweden in 1950 acknowledged the new People's Republic of China, one of the first Western liberal-democratic countries to do so (alongside with Switzerland, the subject of Chapter 4 in this volume). This fact was often repeated to Chinese hosts to prove Sweden's status as a long-time friend of China. However, at the beginning of 2020 relations had soured significantly. The cold war rhetoric that the PRC often accuses the US of, has become a staple good, in the communication coming out of the Chinese embassy in Stockholm. The effect on the political spectrum in Sweden is unique. A parliamentary unity stretches from the Left party to the center-right Moderates and far-right populist Sweden democrats. In a powerful op-ed called "The government is naïve on China," published on February 27, 2019, the leader of the opposition and conservative party leader, Ulf Kristersson challenged the social democratic government:

We in Sweden cannot be naïve, not about the economy, security, or regarding humanitarian issues. Ultimately, this concerns the future of the liberal-democratic world order, about European competitiveness and about Sweden's ability to stand up for the rights of Swedish citizens.⁴

In response to questions about Chinese foreign direct investment in critical infrastructure such as wind power in the Arctic part of Sweden, Ibrahim Baylan, the social democratic minister for business, energy, and innovation also argued that "we cannot be naïve." Obviously it is not just in Sweden that discussions on political naivety and blind faith in modernization theory and democratization in China have taken place. James Mann was among the earliest observers to point out how naïve American China policy had become due to intense business lobbying in Washington DC (2007). More recently long-standing skeptical academics such as Aaron Friedberg has argued that the China policy of Western countries has been a big gamble, which has failed. Yet, even more scathing critique comes from the Chinese artist Ai Weiwei who argues that "Under the banner of globalization, China has been able to do everything that the West could not and has been instrumental in helping the democratic states become what they are today. The West's apparent conflict

⁴ <https://www.di.se/debatt/regeringen-ar-naiv-om-kina/>.

with the situation in China is because of its refusal to acknowledge its complicity in creating this monstrous regime....” (Goldstein 2019). Moreover, Ai argues that “The real problem comes from the West where there is a complete lack of vision and responsibility, only an interest in profiting from the status quo.” There is a profound element of truth in Ai’s criticism, especially when the western world “suddenly” wakes up to the reality of China’s domestic political development under President Xi Jinping’s rule, and China’s growing influence on global finance and trade and in multilateral institutions. Arguably, recent acknowledgements of Western naivety seems like a tiny fig leaf. Who’s been naive? Are the western publics, governments, market actors, NGOs, thinktanks, or academics all to blame?

Apart from the Gui Minhai affair, other factors and events, some of which are related to his case, have also impacted on debates and public opinion concerning China in Sweden. Most notable of these are the clandestine meeting, at the Sheraton Hotel in Stockholm in January 2019, between Gui Minhai’s daughter Angela Gui, two famous Swedish sinologists, two Chinese businessmen—and Sweden’s former ambassador to China, Anna Lindstedt. Unknown to her employer—the Swedish foreign ministry—and to the government, Lindstedt arranged the meeting to secure the release of Gui Minhai, through clandestine channels and negotiations. After the meeting, Angela Gui reported about uncomfortable pressure from the Chinese businessmen. As the privateering behavior of ambassador Lindstedt made headlines and became a household story the government’s China strategy was ridiculed and attacked by pundits across the political spectrum. Lindstedt was later put on trial for her secret organizing of a meeting with agents of a foreign power, but was later acquitted in court from the charges.

DOMINANCE DENIAL: SWEDEN’S BAN ON HUAWEI FROM BIDDING ON THE 5G-NETWORKS

In recent years security concerns, often relayed from international and US debates, regarding cyber espionage, acquisitions of cutting-edge start-up companies in the high-tech sector by Chinese companies have required attention from the government. These concerns include the participation of Chinese telecoms Huawei and ZTE in the planned rollout of 5G-networks in Sweden. The Swedish government’s initially cautious and idealistic position of impartial neutrality regarding Chinese high-tech

companies, as illustrated by statements from the Swedish telecommunications minister Anders Ygeman, has since shifted remarkably. Apart from the overall shifts of opinion, and covert US pressure, this shift is probably due to the hard position of the Swedish intelligence chief, Klas Friberg, who in blunt terms targeted Chinese companies as a severe security risk to Sweden:

China is one of the greatest threats to Sweden. The Chinese state carries out cyber espionage in order to promote its own economic development and to develop its military capability. It does so through comprehensive intelligence collection and theft of technology, research and development. This is something we have to take into account, as the 5G network is being built. We cannot make compromises when it comes to Sweden's national security.⁵

On 20 October the Swedish Post and Telecom Authority un-diplomatically cited these security concerns for barring Huawei from bidding on Sweden's 5G-rollout. It specifically referred to consultations with, and advice from, the Swedish Security Service. On the service's website it refers to the legal responsibility of the Telecom Authority, as specified in the Regulation on Electronic Communications, it *must*, consult with the intelligence services and the military.⁶ The information provided by the Security Service indicates that this is a long-standing practice in line with old legislation, when in fact it is a recent amendment to the 2003 law that requires this kind of consultation. The amended law took effect only at the beginning of 2020—after a starkly written statement by Klas Friberg to the government.

However, according to constitutional experts, Friberg's advice to the Post and Telecoms Authority to ban Huawei from Sweden was unconstitutional, as any head of the civil service must relay advice and decisions to

⁵ See: <https://www.sakerhetspolisen.se/en/swedish-security-service/about-us/press-room/current-events/news/2020-10-20-the-importance-of-a-secure-5g-network.html>, accessed 27 November, 2020.

⁶ According to the Regulation on Electronic Communications, the Swedish Post and Telecom Authority, when considering an application for a permit to use a radio transmitter, must consult with the Swedish Security Service and the Swedish Armed Forces in order to determine whether granting such a permit could be potentially harmful to Sweden's national security. <https://sakerhetspolisen.se/ovriga-sidor/nyheter/nyheter/2020-04-17-sakerhetspolisens-arbete-med-samradrorande-5g.html>, accessed 13 October, 2022.

the foreign minister, which Friberg did not. It is a striking how Swedish civil servants recently have become policy entrepreneurs driving policies in solitary. It is certainly a phenomenon that warrants deeper investigation by political scientists. This trend is probably due to government abdication from policy deliberation on acute, and increasingly, key issues of foreign policy, security, and national health. A similar case concerns the powerful appearance of State-epidemiologist Anders Tegnell during the whole COVID-19 pandemic. Once again Swedish exceptionalism, this time evidenced by a “laissez-faire,” anti-lockdown policy, in the face of the novel coronavirus caught worldwide attention. Tegnell has become the symbol and official spokesperson for the Swedish corona strategy and a particular Swedish technocratic way of managing crisis, which differs radically even from its Nordic neighbors. In an interview with Reuters, sounding more like a social democratic politician of yesteryear than a civil servant, Tegnell pronounced to the world: “This is how we do things in Sweden, and there’s huge acceptance for it.”⁷

The bluntness of Sweden’s banning of Huawei, from bidding on 5G-networks in Sweden caught headlines across the world. Much of the reporting quoted the harsh words of Klas Friberg the head of the Security Service. The UK government’s decision, that followed after strong pressure from the US State Secretary Mike Pompeo and Trump administration, was more cushioned and did not refer to China or Huawei by name. It also raised eyebrows among Swedish businesses that could potentially be affected by the Huawei ban. China may be geographically distant from Sweden, but economically it is very close to Swedish business interests, especially the tech-sector. Traditionally export-oriented companies need good relations with China to sustain market access and increasingly partake in technological research and innovation in the PRC. Banning Huawei is therefore a thorny issue for Swedish businesses that are dependent on the China market. They are very sensitive to Chinese government rhetoric on “economic consequences” for Swedish companies due to their government’s behavior. That is the reason why Ericsson’s CEO, Börje Ekholm, in the Chinese tabloid Global Times, argued that it was good that Huawei’s legal complaint regarding disqualification from

⁷ As quoted in: “Second wave, same strategy: Swedish COVID-19 czar defiant despite surge,” <https://www.reuters.com/article/health-coronavirus-sweden-tegnell/second-wave-same-strategy-swedish-covid-19-czar-defiant-despite-surge-idINKBN27U03Y>.

bidding on 5G-networks would be heard in Swedish courts (as quoted in *Financial Times* 2020).

SOFT-BALANCING AGAINST CHINA (AND RUSSIA) NUDGES SWEDEN FURTHER TOWARD NON-ALIGNMENT

Entrenched identity, old habits, and thinking die hard. Swedish foreign policy on European integration may have changed but deep-seated sentiments and identity remain remarkably embedded in Swedish society and its collective memory. Neutrality and a sense of being insulated and outside of the worries of others have, since the 1980s and the end of the cold war between the US and the Soviet Union, only gradually given way to a Sweden becoming part of Europe and the wider world. Given the rapid deterioration of Sino-Swedish relations and China's increasingly assertive behavior in the world and vis-à-vis Sweden, could the fraught relationship with the PRC entail a new push for Sweden in the long move away from neutrality in international society that began with the end of the cold war? Recent surveys by the Pew Research Center and the Swedish Institute of International Affairs (UI) show that Swedes hold the most negative views of China in Europe, internationally on par with Japan. In the Pew survey, 85% of Swedes distrust China (Pew Research Center 2020). The UI survey, published in November, 2020, says 79% have a negative perception of China, and 60% of the respondents say their views have worsened over the past three years (Rüligh et al. 2020). Alongside this change in public opinion, there is also an unprecedented unity in parliament, regarding the need to stand up against China.

It seems that history is repeating itself. Over the course of three decades, since the end of the first cold war, the Swedish Social Democratic Party (SAP) has gone from being a wholly confident to a more insecure political party, propelled across uncharted waters by exogenous forces outside Sweden, as well as center-right thinktanks within Sweden and the center-right government of Carl Bildt that ruled between 1991 and 1994. When the formerly EU-skeptic SAP returned to power in 1994, it felt forced to bring Sweden into the European Union (Agius 2006: 161).

As a result, not only has the ideological foundation of SAP changed from formerly "rigid" welfare state provisions as their opponents would have it, to neoliberal policies—but Swedish identity regarding neutrality shifted as well. What in previous decades took years of preparatory

processes through dedicated committee work by lawyers, academics, and civil servants to shift policy, was now propelled by partisan views and public opinion. In the current period, fueled by political populism and polarization, these tendencies seem only to have become reinforced. In the case of Sino-Swedish relations, the affair surrounding the imprisonment of Swedish citizen Gui Minhai and its repercussions and impact on public and political opinion, are important issues that have driven the SAP government's policy orientation. In fact, from the beginning of the affair, when Gui Minhai was abducted in Thailand by Chinese agents in 2015, Sweden adopted a very cautious position, so-called silent diplomatic approach vis-à-vis China, not wishing to jeopardize relations with the rising juggernaut.

Subsequently, however, a chain of events related to this affair compelled former Prime Minister Stefan Löfvén and his successor Magdalena Andersson to become increasingly steadfast and strongminded on China. After a slow start Sweden, over the last five years, has definitely become one of the EU's most critical voices on China. In fact, Sweden was the only EU country, which voted in favor for sanctions against China at a meeting in Brussels in Spring 2019. This is arguably the effect of pronouncements against Sweden made by officials in Beijing, but the atmosphere has most of all been affected by the belligerent statements by ambassador Gui Congyu. In particular, the Chinese government's threats about what would happen if culture minister Amanda Lind would participate in a ceremony and award Swedish writer Gui Minhai with a prize celebrating freedom of expression, rallied the public, mass media, and political parties in a unified position vis-a-vis China. After the Russian Federation's invasion of Ukraine on February 24, 2022, and subsequent months of reappraisal of European security, this development toward non-alignment, and a tougher stance toward China was further reinforced. Opinion polls as well as pronouncements by Swedish political parties, including the ruling Social democratic government indicated that an application for NATO membership would be submitted during the course of 2022, as in fact happened in May of the same year.

Thus, the previous cautious position of Sweden has been abandoned, partly due to the Chinese state's behavior, partly because of shifting attitudes in the US and EU vis-à-vis China's behaviour toward Taiwan, in the aftermath of the Russian invasion of Ukraine. In a panel conversation at the inauguration of the Swedish National Competence Center for China on April 27, 2022, Kenneth Forslund of the Social Democratic

Party argued that “there can certainly be debate about “the one-China policy’.” Kerstin Lundgren of the Center Party, who had recently visited Taipei, went further in her argument that there was “need for a re-interpretation” of that very policy.⁸ Moreover, in light of Lithuania’s allowing a Taiwanese Representative Office containing the name Taiwan, instead of the usual “Taipei” to be set up in 2021, Lundgren argued that a new “House of Sweden” in Taipei, would likewise need a broader agenda, including political issues, rather than just “promoting business.”⁹ In Bloomfield’s analytical model, Sweden has been firmly positioned in the middle part of the “hedging,” zone, between the “balancing” and “bandwagoning zones, for well over five decades. Due to worsening relations with China in recent years, however, Sweden has moved between the three different subzones within the hedging zone. Thus, Sweden has transitioned from the subzone of “economic pragmatism” which spanned roughly five decades, to the position of “dominance denial,” which lasted between 2015 and 2022. In line with Bloomfield’s model, Sweden has abandoned the “return-maximising-options” of economic pragmatism for the “risk-contingency-options” of “dominance denial” and “soft balancing.” It was after the kidnapping of Swedish publisher Gui Minhai in 2015, Sino-Swedish relations started to significantly deteriorate. This development has, together with other factors in global geopolitics, impacted on Sweden’s long erosion of identity as a neutral country—but also on its *tradition of* and *belief in* non-alignment as a bedrock for security and peace. However, the diplomatic spat with China has not taken place in a vacuum. The Russian Federation’s annexation of Crimea in 2014, and particularly its full-scale invasion of Ukraine on

⁸ As an indication of how fast a moving target the Taiwan issue has become, the finding of a report by the Swedish Defense Agency published after this seminar, was that that Sweden and Germany “..are seeking to deepen their unofficial relations with Taiwan (Englund 2022: 109).” The report also wishes to clarify that Sweden, Germany, Japan, and South Korea “..are highly reluctant to alter the unofficial status of their relationship with Taiwan. The question of potentially deepening ties with Taiwan is rather about using more of the wiggle room that is present within the present boundaries of the “One China” policy. (p. 108)” Yet, apparently parliamentarians in Sweden already do seek to expand those boundaries and even reinterpret that very policy.

⁹ “Russia’s invasion of Ukraine – consequences for Sweden’s relations with Eastern Europe and China” Panel discussion at the Swedish Defense College, 27 April, 2022. These arguments echo opinions among representatives of European thinktanks and senior diplomats, see for example “Revisiting Europe’s one China policy”, <https://europapar.europa.eu>.

February 24, 2022, has pushed Sweden even further toward rethinking its over two-centuries long position of non-alignment. As mentioned, opinion polls as well as pronouncements by Swedish political parties, including the ruling Social democratic government, led to an application for NATO membership being submitted in May 2022 with its approval still pending (Pohjanpalo et al. 2022). Sweden's reappraisal of European security culminated with the government's report *Deterioration of the Security Environment—Implications for Sweden* (Government Offices of Sweden 2022), and a formal application of membership in NATO. The report noted that "The Russian-Chinese relationship is characterized by a community of interests and values" (2022: 11). Furthermore, it is argued that "their common ambition to weaken the position of the US and the rest of the West is a unifying factor" (2022: 11). The combined thrust of rhetoric, behavior, and shared interests of the world's two major authoritarian powers China and Russia, manifested through their declaration of "boundless friendship" on February 4, 2022, pushed Sweden further toward the decision to apply for membership in NATO in 2022. Therefore, in a spate of just a couple of months, the Swedish government made a radical turn and moved rapidly toward the subzone of "soft balancing" (still in the hedging zone) vis-à-vis China, by possibly joining NATO and moving out of the hedging zone into the "balancing zone" vis-à-vis a geographically much closer Russia.

CONCLUDING REMARKS

In just a couple of months in the Spring of 2022, Sweden's long-standing policy on non-alignment underwent significant changes. Undoubtedly, there are several factors driving these transformations. Russia's increasing military activity since the annexation of Ukraine's Crimea peninsula in 2014 is one notable factor, the continued threat of radical Islamic terrorism is another. This paper, however, has attempted to analyze the impact of the diplomacy and behavior of rising China on Sweden's foreign policy in recent years.

In the eyes of the Swedish public, political parties, and among key actors in the civil service, most notably the security service, China has become a highly hostile nation that is increasingly portrayed as a "threat" to national security. In recent years, Chinese diplomacy and the behavior of the Chinese government has had a profound, and quite unprecedented, effect on political debate in Sweden, across the political landscape.

The result is a seldom witnessed unity, stretching from left to right in parliament. In its political conflict with China, Sweden has more than ever before felt compelled to seek support from like-minded countries in the European Union. As I have outlined in this paper, the seeking of allies has been anathema to the principle of Swedish policy of neutrality for well over two hundred years. The government's document "Approach to matters relating to China" that was submitted to parliament on September 26, 2019, gives evidence of this shift; one rubric says "The EU – a cornerstone of Sweden's policy on China." The document also states that "Sweden contributed to the development" of the joint EU strategy that made clear demands on China. It is clearly stated in this document that a principled defense of the EU's interest and values are needed. Moreover, the document mentions the need for unity: "All EU Member States have a responsibility to maintain and contribute to unity." Interestingly, this may not be just a shift in policy, but in Swedish identity too. Swedish people are more open to working with like-minded democratic allies vis-à-vis threatening autocratic countries such as China.

As a direct result of China's foreign policy in Sweden, over just five years Swedes have moved further away from the issue on neutrality than the Bildt government of the beginning of the 1990s could ever dream of. Public opinion and elite views (intellectuals and civil servants) on China have significantly shifted. With this shift of opinions, policies, regulations, and strategies there are indications of a shift also in political identity. Compounded with China's direct and indirect threats to the Swedish government, this prolonged affair, with currently no end in sight, has nudged the Swedish government to strike a stronger pose vis-à-vis China and seek support from liberal-democratic allies in Europe and beyond. Drivers of this remarkably rapid and important sequence of recalibration are: the abduction of publisher Gui Minhai; ensuing diplomatic conflict with China's "wolf-warrior diplomacy; increasing attention from Swedish mass media and a massive change in public opinion toward China; center-right politicians doubling down on both "Swedish naivety" and China's rhetoric; security and defense services' stern warnings. To these factors, a further "China nudge" was added after the Russian invasion of Ukraine on February 24, 2022.

This sequence of events has led to construction of a coalition of consensus on a new China policy in Sweden. It is similar to the creation

of a form of coalition of actors that promoted reversal of Australia's China policy in 2017 (Chubb, 2022). In Australia one of the triggering events, concerned a labor politician who, in exchange for financial campaign support, defended China's position in its territorial dispute with other countries in the South China Sea. Therefore it becomes clear how, in both Sweden as well as in Australia, a triggering event, followed by diplomatic frictions with China and an ensuing media storm and negative public opinion, made a reversal of previous policies, easier. Compared to Sweden, however, civil servants within the Australian intelligence agencies raised the alarm about China's more assertive behavior much earlier. In Sweden, negative public opinion vis-à-vis China was very much China's own doing, fueled by its wolf warrior ambassador Gui Congyu. Thus, authoritarian China, together with its increasingly belligerent partner Russia, is a contributing factor that has nudged "naïve" Sweden further away from neutrality, onto the trajectory of non-alignment and becoming a full member of the North Atlantic Treaty Organization.

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Continuity and Change in Italy-China Relations: From Economic Pragmatism to Selective Followership and Back

Giovanni B. Andornino

INTRODUCTION

Italy is generally not a conspicuous actor in world affairs. In 2019, however, the Italian government chose to sign a Memorandum of Understanding (MoU) for cooperation within the framework of China’s “Belt and Road Initiative” (BRI), thereby stepping right into the middle of what has become a defining feature of the current international system, namely the US-China strategic competition (see the Introduction to this volume; Doshi 2021). The sensitivity of Rome’s decision was made palpable by a striking move by the Trump administration: two weeks before the MoU signing ceremony in Rome, which took place on 23 March 2019 during Chinese President Xi Jinping’s State visit to Italy, the US National Security Council tweeted its objection to Italy “endorsing

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[the] BRI [because this would entail] lending legitimacy to China’s predatory approach to investment and [...] bring no benefits to the Italian people” (Dossi 2020: 1). The fact that the same tweet described Italy as a “great investment destination” was by many observers read as an oblique reference to the high stakes in this very public tug-of-war between supporters of Italy’s traditional position in the US-led liberal international order, and those who cherished her new proximity to the People’s Republic of China (PRC).

Why did the normally risk-averse political establishment in Rome choose to pursue such an unprecedented deepening of its partnership with the PRC at this particular juncture, in the face of increasing turbulence in the relations between Beijing and a number of Western countries (Medcalf 2019), as well as of intensifying autocratisation within the Chinese political system (Miller 2020)? The implications of this question extend beyond the narrow focus of Sino-Italian cooperation: they matter for EU-China relations, for the prospects of the transatlantic alliance, and more generally for the definition of the preferable balance to be struck by governments—especially in democratic countries—between economic and political incentives in an increasingly fragmented, polarised and heterogeneous international system.

THEORISING ITALY’S CHINA POLICY UNDER THE CONTE I GOVERNMENT: A CASE OF SELECTIVE FOLLOWERSHIP

This chapter focuses on Italy’s domestic politics to argue that Rome used the BRI MoU as a tool to strike a tactical entente with the PRC in an attempt to leverage Beijing’s resulting goodwill to extract the economic concessions that had long eluded Italian policy-makers. Between 2018 and 2019 Italy reacted to the budding “neutrality” vs. “taking sides” dilemma in the post-unipolar order (Breslin 2017) by moving across “sub-zones” within a China policy that remained firmly anchored in the “hedging zone” (Bloomfield 2016). In doing so, Rome bucked the trend. While even in the restrained EU parlance China’s recognition was shifting from that of a wholesale strategic partner (Casarini 2013), to the multi-layered identification with “a cooperation partner, an economic competitor and a systemic rival” (EU 2019), the Italian government abandoned an established policy of economic pragmatism in favour of what may be termed as “selective followership”.

In his very articulate theoretical taxonomy, Bloomfield (2016: 264) locates “economic pragmatism” in the “dead-centre of the balancing-bandwagoning continuum, implying enthusiastic trading and relative openness to Chinese FDI, but strict political and military neutrality”. Countries that move further along the continuum towards closer alignment with China, albeit still within the hedging zone, are considered by the author to be pursuing “binding engagement”: such policy implies a greater investment of political capital, in an attempt to “encourage [China] to participate in regional institutions”. The next policy space is that of “limited bandwagoning”, where a State would regularly align with China, across multiple issues, but stop short of playing client to Beijing’s patron (Kuik 2008). Italy’s behaviour under the first populist government led by Giuseppe Conte (“Conte I”) suggests that Bloomfield’s taxonomy would benefit from being integrated with one policy space, that of selective followership, located between binding engagement and limited bandwagoning (Table 6.1). Whereas in the case of binding engagement, as defined by Bloomfield, political agency lies in the hands of foreign (presumably Western) partners, which seek to socialise China to their choice of principles, norms and institutions, the selective followership space is that occupied by countries that lie (favourably) on the receiving end of proactive policy initiatives emanating from China herself. In a gradually developing body of IR literature on the subject, followership is defined as “supporting the goals and positions of another country which were not shared previously and/or as accepting a relative loss of status and power vis-a-vis the emerging power” (Schirm 2009: 200).

Italy’s decision to adhere to the BRI falls in this sub-category of “return-maximizing” options: it reflects deeper engagement than economic pragmatism and binding engagement on account of the powerful symbolic impact of a G7 country lending legitimacy to one of Beijing’s key agendas (Andornino 2022), but it falls short of limited bandwagoning for it does not envisage regular alignment with China on Italy’s part. Political timing, political expediency and political personnel—not any fundamental shift of the country’s strategic posture—are the factors that help explain Italy’s conduct under the first government nominally led by Prime Minister Giuseppe Conte, but effectively run by the leaders of a two-party populist coalition comprising the Five Star Movement (*M5S*) and the League (*Lega*).

Throughout its 14 months in power, between June 2018 and August 2019, this government—unprecedented in Italian political history, which

Table 6.1 Selective followership in a revised version of Bloomfield's hedging zone continuum

<i>Balancing zone</i>	<i>Sub-zones' in the hedging zone</i>	<i>Return-maximising options</i>			<i>Bandwagoning zone</i>
	<i>Risk contingency options</i>				
<ul style="list-style-type: none"> • Outright war • Containment • Hard balancing 	Soft balancing	Dominance denial	Economic Pragmatism	Binding engagement	<ul style="list-style-type: none"> • Allied alignment • Dependence • Capitulation
				Selective followership	Limited bandwagoning

since 1945 had been defined by moderate parties dominating, or at least anchoring, national institutions—chose to proactively invest political capital on a very limited number of high-profile foreign policy issues. Europe and Libya are the most prominent examples, and the easiest to explain. In the first instance, Rome broke with its traditional pro-EU approach to become one of the more critical voices within the Union: a sharp realignment away from the pre-2018 mainstream foreign policy was needed to reflect the political milieu of the two parties now in government, which leaned towards Eurosceptic “domestic sovereignty” (Vittori 2017). In the case of Libya, the deterioration of the situation on the ground in 2018, as well as compelling security and geo-economic interests, induced action, although this was not nearly as decisive as the crisis and its implications would have warranted, or the narrative emanating from the relevant Italian ministries appeared to suggest. There is, however, a third and less obvious case of far-reaching political commitment by this particular Italian government, which falls beyond Rome’s traditional foreign policy priorities, that is to say—in essence—beyond the preservation of Italy’s transatlantic commitment, the advancement of the European project, and pursuit of stability in the wider Mediterranean region. Such case is the accelerated deepening of relations with China (Pugliese 2020).

By signing a Memorandum of Understanding for cooperation in the framework of the Belt and Road Initiative during Chinese President Xi Jinping’s State visit to Italy in March 2019, Prime Minister Conte and his government saw through the most controversial China-related foreign policy move since at least 2005, when Rome joined Paris and Berlin to press for the lifting of the arms embargo imposed on Beijing in the wake of the 1989 Tian’anmen repression, only to back down in the face of intense opposition from the US. Fifteen years later, in 2019, manifest hostility from Washington did not prevent Italy from becoming the first G7 country, EU founding member and NATO ally to formally embrace China’s ambitious vision of Eurasian connectivity. Should this act be seen as the starting point of a strategic drift away from traditional allies on the part of Italy, or at least of a portion of its political system, and as the signal of an impending transition towards the China bandwagoning zone, as per Bloomfield’s taxonomy? There is little evidence to support such a claim. Neither in Parliament, nor in the business community, nor indeed across Italian society at large there appears to be appetite for any scenario involving China that goes beyond the current

tactical entente (Andornino 2015), where Rome hopes to leverage its circumspect political endorsement of Xi Jinping’s signature foreign policy proposition—the Belt and Road Initiative—to earn Beijing’s goodwill in subsequent bilateral negotiations on trade, investment, logistics and tourism.

THE BRI MEMORANDUM: A POLITICAL SHORTCUT TO ENERGISE BILATERAL RELATIONS

Three domestic politics factors help explain the rather extraordinary outcome whereby a government led by a political neophyte without foreign policy expertise and supported by two parties historically at odds with China could overcome repeated warnings by its main ally, and the deep scepticism of its most influential European partners, to sign the BRI memorandum. These are political expediency, political personnel and political timing, which shall be analysed next.

Political Expediency

The general elections held in Italy on 4 March 2018 effectively delivered a mandate for political discontinuity “no matter what”, ushering into office a coalition government supported in Parliament by two parties which had previously campaigned against each other (and did, in fact, resume their antagonism immediately after the Conte I government collapsed in August 2019). Having benefited from their vehement anti-establishment campaigns, both *M5S* and *Lega* faced a similar conundrum: how to preserve their credentials as agents of change while setting up their own power systems and avoiding international isolation. This balancing act, deemed especially important in the run-up to the subsequent European elections of May 2019, was made more complicated by the compromise reached with President of the Republic Sergio Mattarella, who leveraged his constitutional prerogatives to secure two moderate technocrats for the posts of Minister of Foreign Affairs and Minister of the Economy and Finance. Having relied on sharp criticism of the leadership and policies of the European Union (as well as of its main sponsors in France and Germany) as a centrepiece of their electoral message domestically, and with little prospect of traction in Trump’s erratic White House, the stakeholders of the new Italian administration came to see China

as a “new”—that is, relatively non-mainstream—heavyweight international partner which proved as well connected in Rome, as it was eager to discuss potential low-hanging political fruits of closer cooperation. Investing on the other obvious potential contender for closer engagement, Russia, would have met far stronger political headwinds, in light of the entrenched international sanctions regime against Moscow, and of deep-seated bipartisan political aversion in the US Congress.

Similar, if not greater, hostility as the one involving Russia would have become fully manifest in US-China relations shortly thereafter, while in 2018 the high-pressure negotiation tactics employed by the Trump administrations were still geared towards reaching some kind of comprehensive deal with Beijing. For nine months, the China dossier generated unusually little attrition between the two political partners in Rome, while a steady stream of ministerial missions to Beijing was quoted as evidence of the successful “rebooting” of Italy’s foreign policy (Follain and Mathieson 2018). In the words of one of the most senior *M5S* parliamentarians in charge of the foreign policy brief, during an interview with the author on 31 July 2018, China was now presented as “the most important ally of this government: not of the country as such, but of this particular government”. Given the proximity any Italian administration seeks with Washington, and the particular one enjoyed by the Conte I cabinet with regard to Donald Trump’s White House, such kind of statement is to be read as a call for deepening relations with China that stops short of promoting the kind of systematic behaviour that would be characterised as limited bandwagoning with Beijing.

Political Personnel

This statement, widely echoed in the Chamber of Deputies (Italy’s lower chamber of Parliament) and across newly-staffed government departments, should nonetheless appear paradoxical. Traditionally, both the *Lega* and *M5S* had maintained a caustic attitude towards Beijing. Up until 2017, when the *Lega* was still known as the “Northern League” (*Lega Nord*), China’s unfair trade practices and unsafe products were commonly stigmatised as threats to small local manufacturers and artisans struggling to remain competitive in the North of Italy, the core voting bloc of the then staunchly federalist movement also known as the “green shirts”. In the case of the original *M5S*, instead, the cleavage vis-à-vis China was eminently ideological. Gianroberto Casaleggio, co-founder of this upstart

political movement together with comedian Beppe Grillo, conceived a vision of the future in which two blocks would eventually fight for global supremacy: Western open societies where a free internet would nurture direct democracy, versus the “Orwellian dictatorships” of China, Russia and the Middle East (Casaleggio 2008).

The realignment of these two parties’ priorities with China’s desire for a more robust engagement with Italy was facilitated by the metamorphosis that each experienced in the transition from opposition to national power in 2018 (Coticchia 2021) and catalysed by the new political personnel co-opted to ensure that moderate technocrats in government would be balanced out by anti-establishment technocrats. One of the most representative figures in this second grouping was Mr Michele Geraci, formerly a contract professor of economy and finance at various Chinese universities for over a decade, and now appointed Undersecretary of State at the Ministry of Economic Development with responsibility over international trade. Despite his brief tenure, alongside the rest of the Conte I government, his impact was profound as the consequences of the ambitious China policy he helped spearhead are likely to be felt over a significant period of time.

Geraci’s technocratic profile, coupled with his amphibious political physiognomy—a *Lega* appointee with a close working relationship with Luigi Di Maio, the then leader of *M5S* and his immediate boss in government as Minister of Economic Development—ensured traction within an administration populated by a majority of neophytes with no previous experience of elected office or State-level governance. Capitalising on the political weakness of the technocrat Minister of Foreign Affairs, and on the laissez-faire attitude of a Prime Minister troubled by the competing agendas of his coalition on the domestic front, Geraci was instrumental in centralising management of Italy’s China policy within the Ministry of Economic Development, allowing for a fast-paced deepening of Italy’s relations with Beijing. Widely criticised as overly pragmatic, this approach was in fact premised on an audacious reading of the untapped potential of the “strategic partnership” formally entered in by the two countries in 2004 (Andornino 2012). First extolled in a high-profile political setting in 2017, during a meeting of intellectuals convened to help draft the *Lega* electoral manifesto, the strengths of China’s development model and its relevance for the current Italian socio-economic predicament would later be the subject of Geraci’s articulate post published on Beppe Grillo’s blog (Geraci 2018a), at the time the most authoritative signal that a certain

policy proposal enjoyed the blessing of the leadership and membership of *M5S*, soon to be the *Lega*'s coalition partner in government.

On 13 April 2018, having *M5S* won the relative majority of seats in Italy's XVIII Parliament, Geraci had penned another blog post suggesting that one of the *M5S* signature policy proposals—a universal basic “citizenship income”, which would later be instituted in January 2019—would allow Italy to counter China's insurmountable trade competitiveness by delivering its youth from income pressure and re-creating a “Renaissance-style atmosphere”, in which a cultural and artistic boom would benefit the whole of society and Italy's standing internationally (Geraci 2018b). A couple of months later, having been appointed—on the *Lega*'s recommendation—Undersecretary of State with responsibility over international trade and foreign direct investment, Geraci argued on the same platform that China's salience for the self-styled new “Government of change” stretched well beyond trade and investment matters, in that Beijing may be a model—and offer support—in a variety of critical fields such as public debt sustainability, migration, tax reform, public security and the viability of the pensions system. Based on this logic, relations with China should be considered a whole-of-government priority (Geraci 2018c).

Long advocated by the Italian community of China experts, albeit in the expectation that such strategic dossier would be handled directly by the Presidency of the Council (the Prime Minister's office), Geraci's whole-of-government approach was, however, undermined by three factors. Firstly, power fragmentation in the administration: Giovanni Tria, in particular, the moderate Minister of Economics and Finance with his own history of academic exposure to China, kept pursuing a parallel agenda in Beijing, with limited coordination with Geraci's hierarchically junior office. A second limitation was of an organisational nature: Geraci's ground-breaking decision to establish a “China Task Force”—meant to encourage information flows within the Italian community of stakeholders of Sino-Italian relations and to stimulate innovative policies—was not supported by a similarly ambitious bureaucratic infrastructure (staff, procedures, budget), relying instead for the most part on volunteer contributions. Finally, on a political level, the more proactive partner of the coalition government—the *Lega*—would not contemplate a full U-turn away from its traditional anti-China rhetoric, with inevitable repercussions on the coherence of Rome's attitude towards Beijing. The characterisation of China by Matteo Salvini, the *Lega* leader, on his official Facebook and Twitter accounts—reaching some 5 million followers—is a

reminder of why China may yet find the League a less palatable interlocutor in years to come: of the 93 posts mentioning China through to August 2019, 78.5% reflected a negative view of China as either an unfair competitor (34.4%), a source of health hazards (9.7%), or anyway a country with questionable cultural compatibility with Italy (14%). Less immediately visible, but equally as revealing, is the fact that, at the time, virtually the entire parliamentary group of the *Lega* in the Senate of the Republic—the upper chamber of Parliament—and over 1/3 of the Lega members of the Chamber of Deputies publicly championed—through motions, parliamentary questions and tabled legislation—positions that run counter to China’s core interests, supporting in particular Taiwan’s attempts to increase its presence in international organisations (Andornino 2022). Such apparent scepticism vis-à-vis Beijing among Italian MPs, even in the face of an unprecedented China-friendly realignment in the foreign policy priorities of their own government, is one of the most salient factors anchoring Italy to Bloomfield’s “hedging zone” within the China balancing-bandwagoning continuum.

Political Timing

Given such structural limitations, political volatility and the expectations for swift, visible change raised among an impatient electorate during the electoral cycle, speed was an obvious prerequisite for any policy agenda to have traction within the Conte I government. In the case of the new China policy, a key exogenous impetus was provided by President Xi Jinping’s impending State visit to Italy. The Italian Head of State, President Sergio Mattarella, had visited China in 2017 and his counterpart had been expected to reciprocate for some time: Italy was the only European G7 country not to have hosted Xi during his first term in office as president (2013–2018). The sequence of ministerial missions that set the stage for Xi’s March 2019 State visit—especially the two by Minister of Economic Development Di Maio to China in September and November 2018—illustrate the extent to which the unquestionably political nature of this upcoming visit was primarily interpreted by the Italian government as an opportunity to secure an immediate media boost for the narrative of the “Government of change”, while setting the stage for future deals in the economic realm. In the absence of sufficient time and political

capacity to reach deals that could effectively contribute to closing Italy's gap with her main European peers—such as France or the UK—in terms of trade and investment dynamics with China, the new administration in Rome entered a tactical entente with Beijing in the hope to leverage the expected ensuing Chinese goodwill to reap the desired rewards in subsequent negotiations.

Domestic and exogenous pressures combined to generate a political timing that produced a visibly asymmetrical effect: by signing the Belt and Road Initiative MoU in March 2019, albeit in a form carefully redacted to reflect the EU vision of Eurasian connectivity and Italy's other political concerns, the Italian government effectively bargained an *immediate*, salient tribute of political deference to China's international status as an agenda-setter and norm-maker with an expectation for greater agency in *future* discussion tackling a range of grievances that have long frustrated Italian policy-makers and officials, especially in the trade realm. Such behaviour epitomises the return-maximising nature of selective follow-ership: in this transactional approach, Italy tried to make its adherence to China's core foreign policy initiative contingent upon the encapsulation of Italy's interests in other, often unrelated, policy decisions on Beijing's part. When Prime Minister Conte took to the floor in the parliamentary debate preceding the signing of the BRI MoU on 19 March 2019 to reassure members of Parliament and the wider public about the eminently economic logic underpinning the agreement, his words captured the dynamic at play well. However, while the motivating factor for the Italian side might have been economic, the political relevance of Rome's conduct emerges as the focus shifts on the reasons why China sought to reach this outcome. The first, impromptu words pronounced by Xi Jinping as part of his remarks during the State luncheon following the MoU signature clarify the political target that was being proactively pursued by the Chinese leadership: "I came to Italy to strengthen *political* relations between our two countries; I have succeeded".¹

¹ Working notes of the author, present at the State luncheon as a signatory to one of the institutional agreements exchanged during the Chinese president's State visit; italics added.

AN AFFORDABLE PARTNER WITH UNTAPPED POTENTIAL: ITALY IN THE EYES OF BEIJING

Both domestic and international precedents corroborate the Italian government's logic whereby Xi's visit—and the contextual signing of the BRI MoU—could be leveraged as a political shortcut to energise bilateral relations. In 1991, in the aftermath of the Tian'anmen repression, then President of the Council Giulio Andreotti was among the first Western leaders to dismantle the *cordon sanitaire* isolating China, in the name of realpolitik and economic interests (Fardella 2017). Though in that case the American ally quietly supported the move, the political gesture resonated powerfully with the Chinese leadership for years, and its business implication would have been significant, had the entire Italian political system not been engulfed by the 1992 corruption scandals which led to the demise of the so-called First Republic (1948–1992).

Internationally, and more recently, another vivid example of a transactional foreign policy choice premised on China's quest for legitimacy is represented by UK Chancellor George Osborne's visit to Xinjiang in September 2015, a first for a senior British minister in a province under scrutiny even then for suspected human rights violations. A month later, a new “golden era” in Sino-British relations was hailed during Xi Jinping's visit to London (Brown 2019). The UK had also been the first major European power to join the Asian Infrastructure Investment Bank (AIIB) in March 2015, in open defiance of US pressure. The City's stakes in China's financial outreach led London to support the most ambitious instance of institutional entrepreneurship by Beijing to date: while the AIIB leadership has since denied playing a direct role in the promotion of the Belt and Road Initiative, its very founding is a clear case of parallel order-building on China's part, shifting the landscape of global finance for development as it was conceived in Bretton Woods in 1944 (Chen 2016).

Italy's move to sign the BRI Memorandum in March 2019, therefore, ought to be assessed within the domestic and international context as it was being read by the new anti-establishment political forces in power in Rome. The far-reaching inter-governmental involution experienced by the European Union since the mid-2000s has fundamentally increased the salience of Member States' national foreign policy calculus, a condition generally appreciated within the wider Italian foreign policy community (Aresu and Gori 2018), and all the more fitting for the political mindset

of populist parties. The austerity policies which had inspired the European Commission since 2009, the dramatic showdown during the Greek crisis starting in 2010, the French-led intervention in Libya in 2011 (perceived to damage Italian interests), the Nord Stream *querelle* with Germany, and the aforementioned British moves in China were seen as suggestive of a severe deterioration of solidarity within the Union, motivated by the prioritisation of either national interests or domestic party politics, generally to the disadvantage of Rome's priorities.

This helps explain why the two parties supporting the Conte I government would consider it entirely legitimate to act unilaterally in defining Italy's relations with the world's second-largest economy. Economic data and the domestic political background contributed to the ultimate decision to finalise the BRI MoU. Despite having an export-oriented economy, Italy lags well behind its European peers in terms of exposure to China: according to UN Comtrade data the share of its exports heading for China has more than trebled in the 2000–2020 period (from 0.85% to just short of 3%), but it remains far from Germany's 8%, Britain's 4.7% or France's 4%. It is also insufficient to prevent an enduring, large trade deficit with China (some 21 billion USD in 2019, the most recent data point before the COVID-19 pandemic). The reasons for this lacklustre performance are not strictly political for the most part, and essentially depend on long-standing structural constraints of the Italian economy: among others, the small-medium size of its companies, their sectorial specialisation often overlapping with that of Chinese manufacturers, a cultural bias that does not facilitate internationalisation to China. There are, however, obstacles of an administrative nature that further complicate trade relations to the disadvantage of Italian players. It is on this latter cluster of factors that the signing of the BRI MoU was supposed to have an impact. In other words, hard pressed by the domestic political cycle and by the high expectations generated by their own aggressive political campaigns, the two parties supporting the Conte I government went for the low-hanging fruit that could bring the greatest impression of "change", albeit through results deferred in time, rather than choosing to tackle long-term structural problems (which, moreover, had been a stated priority of their much-criticised predecessors in government).

The benefits to be gained by supporting the Belt and Road Initiative, especially with its corollary of investment in infrastructure, had not escaped the two previous Italian administrations led by Prime Ministers Matteo Renzi (2014–2016) and Paolo Gentiloni (2016–2018). Not only

had Italy already joined the AIIB and Gentiloni taken part in the 2017 Belt and Road Forum for International Cooperation before Conte came to power: under the watch of centre-left leaders, China had also significantly enhanced its investment footprint in Italian equity. In 2014, as Italy struggled to emerge from the consequences of the 2007 global financial crisis, a sudden acquisition of stakes of just over 2% in a number of strategic Italian companies effectively amounted to a powerful public endorsement of the perceived resilience of the Italian economy on part of China. In Italy, 2% is the statutory threshold activating a public notice of equity shareholding: Beijing had meant its vote of confidence to be seen.

Even though most key investments were pursued by the Chinese State directly or through State-Owned Enterprises, in some instances these centre-left Italian governments were open to surrendering minority ownership of state-controlled Italian assets of strategic nature too, such as in the case of CDP Reti, a company controlling Italy's energy grids (Otero-Iglesias and Weissenegger 2020). These moves, arguably far more consequential than the signature of the legally non-binding BRI Memorandum of Understanding, elicited little criticism by the press and in Parliament during the XVII legislature (2013–2018). In this sense, the Conte government later proceeded far more in continuity with the previous administrations than is generally acknowledged. While Minister of Foreign Affairs Enzo Moavero Milanesi himself kept the lowest possible profile on the issue, Italy's diplomatic machinery—well aware of the fact that the increasing tendency towards the bilateralisation of foreign policy in Europe entails inevitable risks and therefore requires capitalising on opportunities—moved to reduce the level of political toxicity of the text of the 2019 BRI MoU. The re-drafting process, which modified the original Chinese blueprint, was meant to ensure that Rome's signature—while indicating a shift away from the established policy of economic pragmatism—would not lead to an expectation that this one-off fulfilment of Beijing's quest for status would imply Italy's regular alignment with China in the political realm. It is in this sense that the Conte government's conduct can be seen as eschewing limited bandwagoning in favour of what may be more aptly termed as selective followership.

The Belt and Road Initiative is one of Xi Jinping's core contributions to China's foreign policy (Leverett and Wu 2017). Its breadth, ambition and vast temporal horizon are well symbolised by its insertion into the statute of the Chinese Communist Party (CCP) at its 19th national congress in 2017. Coupled with Xi's own centrality in China's

political and institutional system—unprecedented since the end of Mao Zedong’s reign—and especially following the constitutional amendment of March 2018 that removed the term limit for the President of the People’s Republic of China (no formal limits exist for Xi’s other two more consequential posts as General Secretary of the CCP and head of the Party-State’s armed forces), the elevated stature of the BRI suggests that foreign powers endorsing this vision invest on a long-term proposition by China (Liu et al. 2018).

Conversely, Italy’s decision to sign the MoU was a political coup on many levels for Chinese diplomats: it meant ensuring that a G7 country, NATO member and the third-largest economy in a post-Brexit EU lends its legitimacy to a project that Xi himself was just about to acknowledge needing some recalibration after widespread international criticism. His speech at the second Belt and Road Summit in April 2019 made it clear that the leadership in Beijing is acutely aware of the risks of push-back, especially in the context of a rapidly deteriorating relationship with the US (Xi 2019). In drafting the non-binding MoU, Italian diplomats qualified Rome’s endorsement of the BRI: the text recalls the expected synergies with the EU-China Connectivity Platform, the importance of open, transparent and non-discriminatory procurement procedures, the necessary respect of domestic regulations (which in Italy’s case include the whole *acquis communautaire*) and international obligations, the prospect of cooperation with the multilateral Asian Infrastructure Investment Bank (AIIB) to promote connectivity, and the choice to opt for amicable settlement of BRI-related controversies, with no mention of the newly-established China International Commercial Courts.

Though Italy was not the first European, Western European, or Mediterranean country to sign a BRI MoU—these were, respectively, Hungary (2015), Portugal (2018) and Greece (2018)—and even though the professed ambition of becoming China’s “main economic and political partner in Europe” falls in the realm of official rhetoric, it is true that the MoU version signed in Rome could function as a blueprint for other Western European countries. Switzerland signed its own BRI MoU one month later, in April 2019, mentioning many of the same principles contained in the one negotiated by Italy, which also includes the involvement of private capital, emphasis on the social, environmental and economic viability of BRI projects, transparency and coherence with UN Sustainable Development Goals.

As much as the Italian government defended the political soundness of their decision, the evaluation of this particular policy choice cannot be accurate unless the dimensions of trade, investment and logistical cooperation are factored in. Rome did not commit to the MoU as a strategic move: it sent China a coveted symbolic signal in exchange for the future unlocking of economic potential. A host of agreements sealed on 23 March 2019, immediately after the signing of the MoU, were estimated to be worth EUR 2.5 billion (ANSA 2019). This amount is not fully verifiable and would anyway be insufficient in and of itself to justify the political cost produced by the backlash coming from Washington and European partners. Italian officials involved in the negotiation argued that this signature will maximise opportunities in the medium term. In other words, far from being a symptom of geopolitical realignment, the Conte government's course of action amounted to a tactical gamble: with a narrow window of opportunity to hand China a non-binding political win before other European partners might do so, and lacking the time to negotiate a sizeable economic deal as an immediate return—such as the oft-touted sale of the struggling national air carrier Alitalia—Rome pinned all hopes on an enduring goodwill generated across the Chinese government and bureaucracy by its top leader's political satisfaction with Italy's endorsement of his own foreign policy vision.

From the trade perspective, the expectation was that a number of dossiers regarding Made in Italy products, including their sale on digital platforms, would be tackled to reduce the attrition of Chinese non-tariff barriers on Italian exports. Italy's main business association calculates that only 10% of the Italian companies operating in foreign markets have direct exposure to China (Confindustria 2019), an insufficient share if Italy is to fully benefit from the growth of the Chinese middle class. In terms of investments, Bank of Italy estimates cited in a report by the Parliamentary Committee for the Security of the Republic put the total value of Chinese FDI inflow into Italy at EUR 4.9 billion in 2018, up from EUR 573 million in 2015, with some 400 PRC companies operating in Italy and 760 Italian enterprises invested by corporate entities from China, including Hong Kong (COPASIR 2020). The government hoped the MoU would stimulate an inflow of greenfield, non-predatory" investments, though such dynamic seems to have materialised only partially in the telecom field through players such as Huawei and ZTE, themselves under scrutiny internationally on security grounds. Other than these instances, most Chinese investments have so far been of M&A nature,

and appear to be inspired by the Made in China 2025 strategy, which aims to make Chinese firms competitive in high value-added industries.

Coupled with a commitment by China to buy Italian bonds even in a situation of turbulence in international markets, enhanced trade opportunities, greenfield investments in the stagnating Italian economy, joint infrastructure projects and an increase in tourism form the core of the economic potential to be unlocked following the signing of the BRI MoU. China has good reasons to be open for negotiations: Beijing continues to see Italy as an interesting partner that is relatively predictable, politically more relevant in a post-Brexit Europe, comparatively porous to its influence (Codarin et al. 2021), endowed with strategic assets that are worth investing in, and geopolitically salient in the critical West Asia—Northern Africa quadrant. Besides, it is home to the largest community of PRC passport holders in the European space, a community of over 3,00,000 individuals (Italian Ministry of Labour 2021).

For Italy, however, any outcomes flowing from the BRI MoU will need to be extracted over time applying steady pressure on a vast plethora of bureaucratic and corporate interlocutors in China, a task that is in itself herculean for the numerically limited Italian diplomatic and corporate presence in China. Unless political efforts are made, and accompanied by sustained follow-up among Italian companies, the politically non-binding—but costly—gesture of the Conte I government will remain symbolic. While symbolism was precisely what Beijing sought and obtained, Rome remains in need to instigate consequential actions on China’s part to justify the far-sightedness of its move. With the collapse of the League-M5S government mere months after the MoU signature, and the subsequent sealing off of China on account of the COVID-19 pandemic, it is unsure whether the tactical entente built up in 2019 will in fact deliver.

The second Conte government (“Conte II”), supported by *M5S* and the centre-left Democratic Party (*PD*) between September 2019 and February 2021, showed markedly less enthusiasm for the MoU, let alone for any further deepening of ties with China. Influential ministers went on the record faulting their predecessors over the signing of the 2019 agreement and critical voices gaining traction in public discourse (Soldi 2020), especially in the aftermath of the assimilationist policies pursued by China’s central government in Hong Kong, which eviscerated the “One Country Two System” framework set out in the 1984 Sino-British Joint Declaration, as explained in Chapter 8 of this volume. As for many other

likeminded countries analysed in this volume, the Russian invasion of Ukraine in February 2022, and Beijing's benevolent neutrality vis-à-vis Moscow's flagrant violation of basic international legality, led to an escalation in the realignment of Italy's foreign policy posture, widening the distance from China while reinvigorating the transatlantic alliance.

However, it would be wrong to overlook the fact that Chinese authorities did offer their Italian counterparts some particularly timely support in the early weeks of the COVID-19 pandemic in Italy. In this particular instance, officials and analysts from both sides maintain that the special partnership ushered in by the signing of the BRI MoU delivered results that made a fundamental difference for countless people's lives.² The same observers, however, concede that few critical dossiers have advanced, and certainly not enough to justify, *ex post*, the political investment made by the Conte I government. Precisely this may be the most enduring legacy of the ambitious China policy pursued by the *M5S-Lega* coalition: a sense of unmet expectations, or even broken promises, which may in the medium term come to burden Sino-Italian relations, paradoxically leaving them in a more problematic position than prior to 2019. The China policy pursued by the Draghi government since 2021 is likely to make such a scenario even more probable, as are the mentioned geopolitical shifts generated by Russia's war against Ukraine and the ensuing changes to the security architecture of the European continent.

CONCLUDING REMARKS: THE VOLATILE FOUNDATIONS OF ITALY-CHINA RELATIONS

At the time of writing, the XVIII Italian Parliament has been dissolved, half-way into the last year of its 5-year term. A third coalition government, led by the former President of the European Central Bank—technocrat Mario Draghi—had been voted in office in February 2021. From the onset of his premiership, the new Prime Minister signalled a markedly firmer attitude towards China. While Giuseppe Conte had envisaged for Italy the role of a “bridge” between the US and other “core global actors” (Conte 2021), Draghi mentioned China in his maiden speech in Parliament only to express “concern for the growing tensions in Asia

² Interviews with the author carried out in Rome (in person) and Beijing (online) between November 2019 and December 2021, involving a total of 23 senior Italian diplomats and policy-makers and 12 Chinese diplomats and analysts.

around China” (Draghi 2021). Shortly thereafter, during the June 2021 G7 meeting in Cornwall, the Prime Minister engaged with the issue of the 2019 MoU indicating his intention to “carefully review” the agreement, in the light of China being “an autocracy that does not adhere to multilateral rules and does not share the same world view as democracies” (Adnkronos 2021). Decisive actions followed, with the government vetoing multiple corporate takeovers by Chinese enterprises in Italy (Fonte and Cao 2021) and preventing other commercial deals on national security grounds.

The steady decline in the commitment to deeper relations with China across the three governments since the 2019 signing of the BRI MoU is mirrored by a shift in sentiment in the XVIII Italian Parliament. This is natural, as in a parliamentary democracy (such as Italy) Parliament attitudes do constrain the government’s policy space, despite the considerable leeway afforded to the Executive in the realm of foreign policy (Coticchia and Davidson 2019).

In particular, a diachronic examination of the sentiment of the five main Italian parties, as manifested by their China-related stances in salient non-legislative acts of parliamentary policy-setting and oversight, suggests a steady deterioration in the perception of China as a viable partner by Italian MPs (Andornino 2022). After an initial phase of more positive attitudes during the Conte I government, a sharp reduction in positive stances can be noticed during the Conte II government, and none at all features since the beginning of the Draghi government through to the Spring of 2022. Especially, right-wing and right-of-centre parties consistently show a strongly negative sentiment, a trait exacerbated by the need on the part of the *Lega*’s leadership to rectify its briefly-held pro-BRI position during the Conte I government.

Four issues appear to have determined the shift in sentiment across parties in the Italian Parliament between late 2019 and 2022: the situation in Hong Kong after Beijing’s decision to impose draconian new national security legislation in the Special Administrative Region; China’s responsibilities vis-a-vis the COVID-19 pandemic; the repression of the Uighur minority in Xinjiang; and the China’s reluctance to condemn Russia’s invasion of a sovereign state, Ukraine. Each of the four issues relates to basic standards of appropriateness universally upheld by the West. The 2020 Hong Kong crisis, quite apart from the political demands voiced by part of the local citizenry, entails China’s breaching of an international treaty: the 1984 Sino-British Joint Declaration, which stipulated

that the economic, social, governing and legal systems of the would-be Hong Kong Special Administrative Region (under PRC sovereignty since 1997) should remain basically unchanged at least until 2047. The COVID-19 emergency calls into question basic principles of transparency on China's part in the face of extraordinary risks for global health. The situation in Xinjiang has been seen spiralling into the realm of crimes against humanity as US Secretary of State Pompeo declared the PRC to be responsible for "ongoing genocide" (Pompeo 2021), followed by a damning assessment of human rights concerns in the Xinjiang Uyghur Autonomous Region by the UN Human Rights Office (2022). The consequences of the fourth issue, that is Russia's war in Ukraine and Beijing's straddling policy of supporting Russia's "legitimate security concerns" (Ministry of Foreign Affairs, the People's Republic of China 2022) without providing material support to bypass Western sanctions, have yet to play out in full. The dynamics of China's current domestic political cycle, culminating in the pivotal 20th national congress of the Chinese Communist Party scheduled to begin on 16 October 2022, make it difficult to predict what China's stance in future will be, although it seems likely that Beijing will continue with its balancing act, especially in the likely event of Xi Jinping's permanence in power as General Secretary of the CCP for an unprecedented third term. China's conduct in these four cases has evidently been perceived by Italian MPs as crossing critical normative thresholds.

The attitude of elected officials appears to align with the consistently negative view of China held by a significant portion of the Italian public. A number of polls conducted over the last decade—including but not limited to the Global Attitudes Project run by the Pew Research Center—show that the Italian public has traditionally had one of the most unfavourable perceptions of China among all major European countries. Looking specifically at data from the Pew Research Center, it is remarkable that, since polling began, the percentage of Italian respondents saying they hold a negative view of China has never fallen below the 50% threshold (Silver et al. 2020). By contrast, even though the level of trust in the US President collapsed under Trump, more than half of polled Italians have been consistently reporting a favourable view of the US. Cosmopolitan and China-savvy younger generations are not immune from this general attitude: a 2017 survey conducted among high school students learning Chinese (an estimated 17,500 individuals) shows that while 70% of respondents predict that China's influence over

Italy will grow in the future, 57% perceive China as an increasingly close society (Fondazione Intercultura 2017). Heavy restrictions imposed by Beijing on international students mobility to and from China following the COVID-19 pandemic, currently with no end in sight, are bound to exacerbate this perception.

This persistent fragility of the societal foundations underpinning Sino-Italian relations, now reflected in the attitude of the main political parties, is likely to come more sharply into focus as the right-wing coalition that emerged victorious from the September 2022 general election forms a new administration in Rome and begins to shape Italy's international posture for the years to come. With two junior parties in the coalition traditionally close to Russia, and the dominating Fratelli d'Italia party linked to Trumpian Republicans, China policy may well be the realm where there is less attrition among the unanimously China-sceptic stakeholders in the new government, and thus where it can most closely align itself with key preferences of President Biden's White House. Nor does this positioning appear susceptible to reversals anytime soon: after the short-lived experience of selective followership under the Conte I government, parties from across the constitutional spectrum have been intent on burnishing their Atlanticist credentials in their approach towards China. So far Rome has veered back to a policy defined by very low-key economic pragmatism. Beijing's conduct after the 20th national congress of the CCP, the US posture following the 2022 mid-term elections and the evolution of the war in Ukraine and of China's position in this regard, will determine whether Italy might in fact swing even further under its new government, heading for Bloomfield's "Risk Contingency Options" quadrant.

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China and Germany After the 2021 Election: Between Continuity and Increasing Confrontation

Jens Damm

INTRODUCTION

This chapter presents and analyses various current official statements, 2021 election programmes and party manifestos, media reports—especially from public and state broadcasters such as Deutsche Welle and Deutschlandfunk, academic discussions in the newly founded German-language magazine *China.Table*,¹ publications from the field of policy advice of the DGAP (German Council on Foreign Relations), of MERICS

¹ *China.Table* describes itself as “the new Professional Briefing from Beijing, Brussels and Berlin”. *China.Table* also sees itself as a place for discussion about German and European-China strategies. The editorial team combines the journalistic approach of leading media with comprehensive China expertise. The *China.Table* team is considered the largest independent German-language China editorial team”. <https://table.media/china/ueber-uns/>.

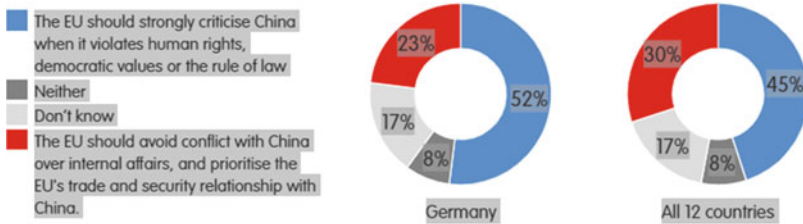
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as well as public hearings with regard to the fast changing view of China, in the German public discourse.

The public broadcaster Deutsche Welle (DW) very much highlights the opportunities offered by the Chinese market, which is still considered a growth market: “In the next ten years, the country is estimated to account for 30% of global economic growth” (DW 2021b). In a first phone call with President Xi Jinping, Scholz stressed that he wants to “deepen” economic ties with China and the readouts of the phone call show that human rights were never mentioned (DW 2021f; von der Burchard 2022). Thus, it is obvious that Olaf Scholz is very much in line with his two predecessors, Angela Merkel, and Gerhard Schröder, who both emphasized economic pragmatism in dealing with a rising China. Xi Jinping also called Merkel an “old friend” (*lao pengyou*), an honorary title also given to Nixon and Merkel’s predecessor Schröder, previously reserved for socialist politicians such as Fidel Castro, Hugo Chávez, and Robert Mugabe (Wurzel 2021). However, after the Ukraine war started, Scholz is said to have clearly stated in a virtual summit with Xi Jinping that Germany expects China to condemn the invasion of Ukraine and not to undermine economic sanctions against Russia (Reuters 2022).

According to the data compiled by the European Council on Foreign Relations’ *Re:shape Global Europe Initiative* earlier in 2021, 47% of Germans see China as a rival or even an adversary in conflict with Europe (Oertel 2021). This is consistent with public perceptions in other EU member states: Across the Union, Europeans who see China as a true partner that shares common interests and values with Europe are becoming a minority. Those who see a partnership with China as necessary in certain areas are still in the majority in many member states, but no longer so in Germany (and France) (Oertel 2021). While German policy towards China is often alleged to be more focused on economic relations, German voters are quite principled about the type of approach Europe should take. Fifty-two percent of Germans believe that the European Union should strongly criticize China’s violations of human rights, democratic values, or the rule of law; this percentage is above the EU average on this issue (Oertel 2021; see also Rühlig 2020) (Graph 1).

Germans are more principled on the EU's policy towards China than the continent's average. In per cent.



Question read: "Thinking about relations between the EU and China, which of the following statements do you agree with more?". Survey conducted in April 2021.

Source: Datapraxis and YouGov (DE, FR), Dynata (DK, ES, HU, PL, PT, SE, IT, AT), Analiqqs (NL), and Alpha (BG) 2021 © All rights reserved

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Graph 7.1 Germans are more principled on the EU's policy towards China than the continent's average (Source Kirchner and Wurzel 2021)

INTERMINGLING OF INTERESTS BETWEEN CHINA AND GERMANY

To get a better understanding of the role of the German Chancellor and the foreign minister with regard to German's foreign policy, two principles are of importance: the *Richtlinienkompetenz* (guideline competence) and the *Ressortprinzip* (departmental principle) (Die Bundesregierung 2022). The government policy towards China is formally determined by Chancellor Olaf Scholz, who, on 8 December 2021, officially took over the post from Angela Merkel. In addition, other ministries are directly involved: the foreign minister (the current one is Annalena Baerbock of the Greens, who took over the post from Heiko Maas—SPD); the minister for economic affairs and climate protection, Robert Habeck (Greens), previously Peter Altmaier (CDU); and the minister for economic cooperation and development, now Svenja Schulze (SPD), previously Gerhard Müller (CSU). According to Article 65 of the Basic Law, the chancellor determines the guidelines for all government policy and bears total responsibility. This *guideline competence* covers the specification of a framework for various government actions. The individual

ministries then have to fill it with a specific content, including of course the two ministries involved in foreign policy as previously mentioned. Paradoxically, however, within these guidelines set by the chancellor, each minister runs his or her ministry independently (*departmental principle*). Whether Germany's former Finance Minister and Vice Chancellor Olaf Scholz will be as directly involved in international relations as his predecessors is yet to be seen. During the election campaign, he presented himself as Merkel's heir apparent, as someone suited to maintain the stability with which Merkel had governed quite successfully (Barkin 2021; Falk 2021).² However, the new foreign minister Annalena Baerbock has already signalled a new tone in foreign relations.

The history of Germany's relationship with China is one of balancing values against other interests. Economic and military cooperation between China and Germany can be traced back to the nineteenth century, when the Qing Dynasty (1644–1911) ruled over the Chinese empire and reached a peak in the 1930s. However, due to Japan's invasion of China and Hitler's pro-Japanese orientation (visible for example, in the diplomatic recognition of the Japanese puppet regime of Manchukuo in February 1938; in the withdrawal of German military advisers from China in June 1938, etc.), a shadow fell over bilateral cooperation and relations between the two sides. In 1949, the division of Germany was sealed with the founding of the Federal Republic of Germany and then the German Democratic Republic (GDR), and this also shaped relations with China. Because of the international situation during the Cold War, the West German government pursued a policy of not recognizing either the government of the Republic of China in Taipei or the People's Republic in Beijing, so as not to be drawn into the sovereignty dispute over the Taiwan Strait and not to jeopardize its own interests. On the other hand, the GDR fully recognized the government in Beijing starting in 1949. The Federal Republic of Germany and the People's Republic of China established diplomatic relations in 1972, in line with most Western countries.

² The article also mentions the extent to which the chancellor principle shapes everyday foreign policy, however, it is dependent on numerous factors, including the personality of the respective chancellor. For example, Konrad Adenauer, Willy Brandt, Helmut Schmidt, Helmut Kohl and, above all, Angela Merkel set strong accents in German foreign policy, while Chancellors Ludwig Erhard and Kurt Georg Kiesinger played virtually no role.

Germany does not feel militarily threatened by China and even in the case of Huawei, Germany's IT Security Law 2.0 approved in April 2021 by the German Bundestag, it seeks to balance the push to ban certain 5G providers from many of its Western allies with the advantages of keeping its options open (DW 2021e; O'Mahony 2021). After seven years of negotiations, the EU signed the Comprehensive Agreement on Investment (CAI) with China in December 2020 under Germany's EU Council Presidency (European Commission 2021; Lau 2021). However, as of March 2021, the European Parliament opposed ratification of the agreement due to China's "unacceptable" behaviour towards members of Parliament, the European Council's Political and Security Committee, and European think tanks (Emmett 2021) and as of December 2022, the deal has yet to be signed. In 2020 China was Germany's most important trading partner for goods, with a trade volume of almost 212 billion euros (Statistisches Bundesamt [Destatis] 2021). The COVID-19 pandemic has further boosted trade between the two countries. German mechanical engineers, automotive groups, and chemical companies, among others, have initially benefited from the situation. Conversely, Chinese electronics and technology companies have benefited from the enormous demand from Germany, in the first year of the pandemic. According to preliminary figures, goods worth around ninety-six billion euros were exported from Germany to China in 2020 (Statistisches Bundesamt [Destatis] 2021). For years, the Asia-Pacific Committee of German Business (APA) very successfully lobbied the German government for a China policy that paved the way for China to become Germany's largest trading partner (Kirchner and Wurzel 2021; von Hein 2021). Siemens and Volkswagen, in particular, have been heavily involved in China. The increasing international confrontation between China and the West, as well as China's internal shift towards greater decoupling—at least in parts of its industry—and China's ambition to become a global leader in many areas, such as its goal to be the world leader in technology by the People's Republic of China's 100th anniversary in 2049, has prompted some German business leaders to rethink their position. Following Bloomfield's theoretical mode (2016: 264), Germany thus stayed in the "economic pragmatism" subzone while at times moving towards "binding engagement" with China, e.g. the "German-Sino Rule of Law Dialogue" (Deutsch-Chinesischer Rechtsstaatsdialog), which goes back to a proposal made by the Federal Government in 1999. It is based on the "Agreement on Exchange and Cooperation in the Field of Law",

which was signed by both governments on 30 June 2000 (Justice), 2021). The Chinese leadership has defined its own decoupling and autonomy agenda, embodied in President Xi Jinping's speeches and the party's recent five-year plan. China is focused on improving its own technological and productive capabilities and strengthening its global market dominance in key sectors (Oertel 2021). The United States view on Germany's China policy is summarized in a lengthy Politico article: "It is beginning to dawn on many German industrialists that China, which has relied on their technical acumen to modernize its economy, may no longer need them. Over time, China has become quite good at designing and building specialized machinery, tools, and other equipment that it used to need Germany for" (Kartnitschnig and Gehrke 2021). The article further quotes a Siemens spokesman saying that the company "categorically rejects any form of repression and involvement in human rights abuses", adding that it "places trust in the U.S., China and Europe to find political solutions based on... reliable and transparent rules of cooperation and open dialog" (Kartnitschnig and Gehrke 2021). Volkswagen, the world's largest automaker, however, has set up factories in Xinjiang and Herbert Diess, VW's CEO, defended his company's involvement in the region, arguing that it upholds its "values in Xinjiang, including employee's representation, respect for minorities and social and labour standards" (Kartnitschnig and Gehrke 2021). Volkswagen and other large German companies are now torn between expectations of China, the German business community and an increasing pressure put on them by NGOs, and by various actors from the different political spectrums (Thoma-Schade 2021; Xu et al. 2020). That the new German government is formed by three coalition partners, who all wish to strengthen their own profile, in view of future elections, does not help to achieve a more subtle diplomacy.

In addition to some key data on diplomatic relations between the PRC and the Federal Republic of Germany, the Foreign Office, on its website, mentions economic relations, but also the SARS-CoV-2 pandemic and climate change. With a trade volume of 245 billion euros, China was once again Germany's largest goods trading partner in 2021; "In view of international crises and growing global challenges (including climate change, Covid-19), German-Chinese cooperation and coordination are of great importance. China sees Germany as a key partner in Europe, not only economically but also politically. Regular high-level political coordination in a variety of dialogue mechanisms as well as trade relations,

investment, environmental cooperation, cultural and science policy cooperation characterise the relationship. Since the outbreak of the Covid 19 pandemic, German-Chinese exchange has been severely impaired in almost all areas due to restrictive Chinese entry regulations. Germany advocates for substantial and reciprocal relations between the EU and China and for strengthening EU unity vis-à-vis China” (see Auswärtiges Amt 2022a). Later, more contentious issues are mentioned. A focus is laid on human rights, individual liberties, and a different understanding of the rule of law: “...there are fundamental differences of opinion. This applies in particular to human rights, especially personal freedom rights and questions of the validity of international law, the international order, and the interpretation of multilateralism. It remains an important interest of Germany that China increases the openness of its markets for European companies and their products, develops rules-based-law structures and social systems, allows more political and economic participation, resolves minority issues peacefully and with respect for human rights, and also shapes its engagement in international institutions and for a rules-based international order in this sense” (Auswärtiges Amt 2022a).

During her 16 years as German chancellor, Angela Merkel emphasized the importance of a multipolar world. While her policies have come under increasing criticism from some sectors of German politics, especially during the election campaign, others describe her policies more positively: perhaps one of her main strengths has been that she has managed to remain faithful to Germany’s alliance partner, the United States, while keeping precarious relations with Russia reasonably intact, and even building a substantial partnership with China while engaging it in global and regional responsibilities (Falk 2021). Merkel viewed China as an economic partner rather than a political adversary, and thought of the Chinese industry and of the Chinese market as indispensable to the prosperity of Germany and Europe. Thus, Germany stayed within the economic pragmatism zone even though the famous slogan “change through trade” (Wandel durch Handel) showed that Merkel as well her predecessor Schröder believed in a more binding engagement, in the hope that through tighter economic ties with the West, China would ultimately follow other former authoritarian states, such as South Korea and Taiwan, in a transition towards democracy and closer to Western values.

Merkel’s approach was much embedded in the German tradition of Realpolitik—with a tradition from Helmut Kohl through Gerhard Schröder, i.e. pragmatic rather than ideological (Bundesministerium für

Wirtschaft und Klimaschutz 2022). Thus, “economic pragmatism” within the hedging zone prevailed. Of course, this was much easier for Germany as, unlike Japan and Southeast Asian states, it has no border conflicts with China, and in contrast to Russia, China also does not present a direct threat to any other NATO members.

The responsibility for foreign trade promotion lies with the Ministry of Economy and Climate Protection. Unlike the new foreign minister, Annalena Baerbock, the new minister for Economy and energy, Robert Habeck (also of the Green Party), has not attracted attention with extremely China-critical statements, and it is to be expected that he will initially continue the policy of his predecessor, Peter Altmaier (CDU). The ministry’s policy on China was officially presented in June 2021 (Federal Ministry for Economic Cooperation and Development 2021). The opening statements reads: “The importance of the People’s Republic of China as a global political actor has increased sharply in recent years. Whatever challenges of global significance there may be, whether environmental and climate protection, the stability of the international economic and financial system, or the future development of countries in Africa—none of them can be met today without China’s involvement” (Federal Ministry for Economic Cooperation and Development 2021). It was first emphasized that German-Chinese economic relations continue to develop positively despite the recent moderate growth of the Chinese economy and increasingly difficult framework conditions, and that China was Germany’s largest trading partner in 2020 for the fifth-time in a row. The bilateral trade volume in 2020 amounted to 212.1 billion euros (2019: 205.6 billion euros). This means that Germany accounts for more than one-third of the EU’s total trade volume with China (around 586 billion euros). Critically, the official position also mentions that China would benefit from open markets in the EU and Germany. Therefore, the ministry has demanded that, “It is important that China now follows on its recent announcements with regards to market opening with concrete actions. Measures are needed to open markets and create stable, reliable framework conditions, leading to equal treatment of foreign companies with domestic companies in China. The aforementioned investment agreement between the EU and China is a first step in this direction. It will be important that this is complemented by further appropriate EU external economic policy measures to achieve the goal of a level playing field in relations with China” (Federal Ministry for Economic Cooperation and Development 2021). Another point mentioned by the EU is the

area of digitization/automation (Arcesati 2020; Committee on Foreign Affairs and Vautmans 2021; Ghiretti 2021). The main issue here is to ensure data protection, data security and the protection of intellectual property. At the same time, this requires free access to a fast Internet, while also ensuring the protection of trade secrets and the protection of intellectual property. For many German companies, the compulsion to transfer technology involuntarily is mentioned as a central problem. Legal regulations and special practices that require technologies to be disclosed or passed on to Chinese economic actors free of charge, for example, as part of certification processes, meet with particular criticism (Ghiretti 2021).

ELECTIONS AND ELECTION PROGRAMMES

Ahead of the 2021 federal elections, several media outlets discussed the political platforms of the major parties, which for the first-time focused on China at great length. The China-critical research institute MERICS summarized that “almost all parties take a critical view of China, with issues such as geostrategic challenges, market access conditions and the human rights situation in the foreground” (Reimers 2021). The CDU/CSU, while emphasizing the foreign and security challenges China poses, continued to call for economic cooperation. The Greens focused on the human rights situation and the need for a dialogue on climate issues, while the FDP was most critical of China, with particular emphasis on human rights abuses, legal security, and the development of relations with Taiwan.³ The Left—briefly also considered as a potential coalition partner—held back on its criticism of China and sought an equidistant position between China and the United States, both regarded as imperialist powers. The AfD’s programme was the most contradictory: it supported Germany’s participation in the Belt and Road Initiative (BRI), but strictly criticized China’s alleged interference abroad via Confucius Institutes (Damm 2020). The new tendency observed is that China is no longer perceived “only” as an economic competitor or partner, but the four centrist parties (CDU/CSU, SPD, FDP, Alliance 90/The Greens) all refer directly or indirectly to the EU’s 2019 formulation that China

³ The party manifestos for the 2021 Bundestag election: (AfD 2021; Bündnis90/Die Grünen [The Greens] 2021; CDU 2021; Die Linke [The Left] 2021; FDP 2021; SPD 2021).

is simultaneously “partner, competitor and rival”; “For the EU, China is simultaneously—in various policy areas—a cooperation partner, a negotiating partner, an economic competitor and a systemic rival” (Parliament 2020) (Table 7.1).

To summarize, all parties in some way hold a critical view of China, but with a very different focus, i.e. either on geostrategic challenges or the problem of market access conditions and human rights issues. Primarily the SPD emphasizes more strongly its willingness to engage in dialogue despite raising fears of Hong Kong’s loss of autonomy and the situation in Xinjiang. The FDP in its programme condemned strongly human rights violations, legal security and even called for an expansion of relations with Taiwan. With the exception of the Left, China’s growing global influence and more belligerent and illiberal posture at home and abroad, is considered as a threat, to the Western liberal order. All parties—with the exception of the AfD—also point to the need of European, transatlantic/transnational cooperation when dealing with China. The Greens, once critical of NATO and US hegemony, are positive about the Biden administration’s proposals to confront China together with other democracies worldwide. The CDU/CSU and FDP are quite close to the Greens in their reflections of global systemic conflicts while the SPD attempts to balance moral and realpolitik considerationse.

TRADE AND ECONOMIC CONSIDERATIONS IN POLITICAL PARTIES’ ORIENTATION

Another crucial factor, especially since China is one of Germany’s most important trading partners, and the German industry is strongly intertwined with China’s, is trade policy and development of the economy. The business magazine *Produktion* specifically asked the representatives of the parties represented in the Bundestag: “What are your goals in trade policy towards China after the new election?” (Ringel 2021). Andreas Lämmel, deputy economic and energy policy spokesperson for the CDU/CSU parliamentary group in the Bundestag, kept his position strictly close to the EU, explaining: “We want to meet China at eye level. China is a cooperation partner and competitor, but also a system competitor”. Furthermore, he called for unity with the “transatlantic partners and other like-minded democracies. This applies in particular to the protection of intellectual property, our advanced technology, and our data, so that we do not fall into dangerous dependencies...On the other hand,

Table 7.1 MERICS' summary regarding the positions of the different parties

	CDU/CSU	SPD	Green	FDP	Left	AFD
Further development of the EU- China strategy	✓	✓	✓	✓		
Making Europe more competitive, especially in the areas of digitization and technology	✓	✓	✓	✓		
Faire conomic relations	✓	✓	✓	✓		
Protect networks, data, and high technology from China*.	✓	✓	✓	✓		
Ratify CAI			X***	✓**		
Creating European alternatives to the BRI	✓		✓	✓		X
Deepening transatlantic understanding (a), explicit vis-à-vis China (b).	✓ ✓	✓	✓ ✓	✓	X	
Climate cooperation with China		✓	✓			
Involving China in disarmament		✓	✓	✓	✓	
Expansion of relations in the Indo - Pacific region	✓		✓	✓		
Condemnation of human rights violations		✓	✓	✓		
Preservation of Hong Kong autonomy		✓	✓	✓		
Support for Taiwan			✓	✓		
Making Confucius Institutes independent				✓		✓

Source Reimers (2021)

we want to deepen cooperation with China wherever possible. A true partnership is only possible within the framework of fair competition on an equal footing and in compliance with the principle of reciprocity” (Ibid.). Bernd Westphal, economic and energy policy spokesperson for the SPD parliamentary group, commented on China with friendlier tones and emphasized the importance of maintaining trade and cooperation: “We see China as an important trading partner. In this context, the rules of fairness and positive reciprocity play an especially significant role for us Social Democrats. ... Chinese companies—like European ones—should be obliged to comply with internationally agreed labour, social and environmental standards in their transnational value chains. A future European supply chain law must—like the German pioneer law—also be enforced at international level and include Chinese companies” (Ibid.). Tino Chrupalla, Chairman of the right-wing populist AfD commented: “China’s growing influence in the world is a challenge. Cooperation with China must only take place under conditions of equality and fairness. ... A further sell-out of German or European technology must be prevented. If these conditions are guaranteed, the People’s Republic of China will become even more important for Germany, especially as a trading partner. With the ‘New Silk Road’ project, China has launched the project of the century. ... The Chinese Silk Road strategy from East to West should be complemented by Germany with an initiative from West to East” (Ibid.). Michael Theurer, member of the Federal Executive Committee and deputy chair of the FDP parliamentary group, commented more on human rights and on civil society relations. Jörg Schindler, Federal Executive Director of the Left Party focused mainly on the necessity for environmental, economic, and social cooperation, as well as crisis prevention.” Finally, Dieter Janecek, spokesperson for industrial policy and the digital economy for the Greens parliamentary group, said, “China’s promise to simplify market access for foreign investment has not been kept. The hurdles for the EU-China investment agreement could not be higher: lack of rule of law, forced technology transfer as well as joint venture coercion. Instead of unfair competition, reciprocity must be the central principle of mutual economic relations in future. Fundamentally, we must pay more attention to differentiating sales markets—and in particular strengthen relations with other Asian trading partners”. All parties potentially involved in the future federal government, CDU/CSU, SPD, Greens, and FDP, agreed that China policy must be a European common policy. In particular, the CDU/CSU and

the Greens both used the EU-coined term “competitor, partner, system rival”, and both explicitly talked about using transatlantic cooperation to counter China. With regard to choosing between the United States or China, it is of great interest that the CDU and the Greens position are very close, both emphasizing the necessity of a transatlantic cooperation in dealing with China, thus approaching a “dominance denial” position (Bloomfield 2016: 264) position, while the Left and the AfD both emphasize a neutrality of Germany within the power struggle of China and the United States.

GERMAN POLITICAL PARTIES’ VIEWS ON THE TAIWAN ISSUES

Even more interesting is the view of the Taiwan issue in the party platforms. Unlike the United States and even Japan, the status of cross-strait relations does not directly involve Germany. Germany has no military interest. One main problem for Germany is the fact that the European Union is rather divided—ranging from Lithuania and its decision to allow Taipei to formally open a representative office in Lithuania using the name of ‘Taiwan’ rather than the usual ‘Taipei’, which resulted in huge criticism from China and a de facto trade embargo on Lithuania, to Hungary—once known for closing the Central European University supported by George Soros—now preparing to set a campus of the Fudan University in Budapest (DW 2021c). The larger players, France and Germany both try to reduce tensions and while never questioning the one China principle, they also warn against any military threat towards Taiwan (Auswärtiges Amt 2021; Narang 2021). In addition, the European parliament, including its members from the Greens and the FDP, sent a delegation to Taiwan and ignored China’s strong criticism (DW 2021a).⁴

Both the AfD and the Left as well as the CDU do not explicitly mention Taiwan in their party manifesto. The SPD, on the other hand,

⁴ A recent EU Parliament report, adopted in April 2022, was notable for its direct approach in both identifying the challenges that China poses to the international security order, as well as offering clear statements of support for closer collaboration with Taiwan. In the context of broader trends in EU-China relations, the report stands to indicate a shift in messaging, that brings the EU closer to Taiwan and further from China (Reid 2022).

mentions Taiwan once: “For Hong Kong, the internationally vested principle of ‘one country, two systems’ must be upheld. We view the growing pressure on Taiwan with great concern”. The Greens mention Taiwan five times, including Taiwan’s role in the WHO, the need for increased exchanges with Taiwan, the warning against a military solution against the will of the Taiwanese people. The FDP mentions Taiwan eight times and explicitly states: “We Free Democrats support the development of democracy and the rule of law in Taiwan as a successful alternative to the authoritarian system of rule in the People’s Republic of China. We support Taiwan’s efforts to integrate into international organizations—as far as this can be done below the threshold of state recognition. [...] A unification of China and Taiwan can only take place by peaceful consensus. We strongly condemn military threatening gestures of the People’s Republic of China against Taiwan. Together with our European partners and other democracies, first and foremost Australia, Japan, India, and the United States, we want to develop a strategy to dissuade China from threatening to take Taiwan by force and to urge China to stay on the path of diplomacy. Our long-term goal is for the People’s Republic of China and Taiwan to agree through peaceful dialogue to allow Taiwan’s citizens to freely decide their political future” (Asienpolitik 2021; Deutsch-Taiwanische Gesellschaft e.V. 2021).

FEDERAL PARLIAMENTARY HEARINGS AND SPILL OVER INTO ACADEMIC DISCUSSIONS

The questions of how Germany shall deal with China in future; how to interpret the developments in Xinjiang; how to react to China’s increasing belligerent posture on the world stage were also among the topics of various hearings held in the German Bundestag and led to spirited discussions within academic circles, especially in the realm of policy advice. This clearly demonstrates that Germans political parties, academics, and civil society are very much involved in the question how Germany shall position itself in the strategic competition between the United States and China. Thus, between 2020 and 2021, the German Bundestag held several expert hearings that also highlighted the political and academic divide on how to deal with China in future. In a June 2020 hearing on COVID-19 and economic relations (Deutscher Bundestag 2020), Mikko Huotari, then director of the Mercator Institute

on China Studies (MERICS)—which is said to be very critical of the CCP and in general proposes much stricter measures to reduce Chinese influence on German economy, politics, and education system—said China’s leadership was concerned with “narrative dominance” in dealing with the Corona crisis. In the Communist Party’s self-representation, the country had responded successfully and efficiently to the pandemic, demonstrating its superiority in systems competition with the Western model. Mechthild Leutner, emeritus sinologist at Freie Universität Berlin, emphasized that the management of the COVID-19 crisis in China had been perceived as a confirmation of the superiority of the Chinese system and boosted self-confidence. She also pointed to the main threat posed by the US (Trump administration) narrative of an “America First”, which emphasizes decoupling and a reversal of globalization. Thus, she proposed the continuation of multilateralism and the idea of a multipolar world and stated that China had, meanwhile, become a promoter of the “Western concept of globalization” and continues to focus on multilateral solutions including a binding engagement with various international players. Bastian Giegerich (International Institute for Strategic Studies) was critical of China, pointing at the country’s enormous industrial, security, and military ambitions. He claimed that China wants to play a leading role in areas such as robotics, aerospace, cyber and information technology, and artificial intelligence. For him, countries like Germany are considered by the Chinese as a “source of technology”, and he thus sees no advantages in the cooperation. For him, even the economic relations should critically be revised. Stefan Mair of the Federation of German Industries, on the other hand, called for a balance in relations with China both as a system competitor and as an economic cooperation partner. He called for more European unity, more investment in its own competitiveness to protect the EU market from distortions.

On the Chinese side, Shiwei Shi (University of International Business and Economics, Beijing), spoke out strongly against economic decoupling from China: “No country will benefit”. He said that the ever-closer cooperation and division of tasks in the course of globalization has led to an enormous increase in efficiency in the world economy and, for example, has also lowered prices for buyers of computers and smartphones in this country. It is clear that international leading experts are divided on such issue.

Mikko Huotari’s prediction that the pandemic had also led to a crisis of legitimacy in China appears correct if applied to the Western world

and wrong, if applied to the domestic audience in China. In Chinese social media, the deteriorating health situation in Western countries was perceived as an expression of the failure of these countries to cope with the pandemic.⁵ After an initial period of social media criticism of the handling of the pandemic in Wuhan, the initial successful response to the COVID-19 pandemic strengthened the legitimacy of the CCP. The more recent draconian lockdowns and measures tied to the Zero-Tolerance policy of the CPP however, are creating a lot of discontent among the Chinese populations, which is difficult to assess fully, at the time of writing (October 2022) as the lockdowns is still ongoing and will last for sure until at least after the Party Congress in the fall.

A report from 2020, on “Covid-19 and European-China Relations” claimed that German media in general were rather good in distinguishing between the different roles China played during the pandemic, ranging from a source of the problem to a sources of crisis response as well as a partner for developing joint-resolutions (see also [ETNC] 2020: 27; Pongratz 2020). It remains thus unclear to what degree COVID-19 pandemic has impacted German-Chinese relations.

In November 2020, a hearing dealing with human rights issues in China (Bundestag 2020) showed a more critical attitude towards the CCP, already in its incipit with summary stating: “The experts are genuinely concerned about the human rights situation in China. The majority of the experts accused the Chinese government of disregarding and violating basic human rights. The German government must also take more decisive countermeasures here”. Wenzel Michalski (Human Rights Watch Germany) is quoted as saying, “Arbitrary mass arrests, torture and mistreatment of members of the Uyghur minority in the Xinjiang region are ‘the order of the day’”. Representatives of various NGOs were even more critical: Kai Müller (International Campaign for Tibet Association) talked of: “Active assimilation, indoctrination and control policy” and “Sinicization policy”. Lea Zhou (freelance journalist) mentioned: “Extrajudicial brainwashing institutions”, while Sayragul Sauytbay (whistle-blower) talked of: “Genocide, torture, brainwashing, slave labour and killings”. Finally, Adrian Zenz (European School of Culture and Theology), the German anthropologist known

⁵ It has to be noted however, that online media in China are heavily monitored and filtered and critical discussions and posts, especially if dealing with controversial issues such as the CCP’s handling of pandemic, are immediately removed.

for his studies of the Xinjiang internment camps and Uyghur genocide, spoke of an “increasingly totalitarian” China. In this very same report, Mechthild Leutner, on the other hand, described the widespread criticism of human rights violations in China as “mainly motivated by foreign policy” and referred to the security and terrorism problems in Xinjiang. It thus becomes clear how the German China debate has become very much polarized and crystallized around pro-China or anti-China groups. While reports by the Chinese government and by Chinese academics are often quickly labelled as propaganda, voices critical of the CCP are immediately labelled as part of a “New Cold War” anti-China grouping. International media outlets paint a predominantly negative picture of China, while reports by NGOs and whistle-blowers are often mistaken as objective reports. There also seems to be a lack of critical evaluation (or lack of knowledge) of CCP opponents and critical outlets, such as the Falungong magazine Epoch Time, and the increasing influence of US-led evangelical groups in the anti-China camp.

A similar polarization of “pro” or “against” can likewise be found in the field of social sciences research on China, which was reflected in the German press and various social media, and took the form of various disagreements and back and forth between Eberhard Sandschneider and Andreas Fulda and later on, between the latter (and a few more colleagues) on one side and Björn Alpermann and Gunter Schubert on the other; the latter arguing against a moral crusade and an increasingly polarized German China debate.⁶ The first widely recited article “China bashing is booming” in July 2021 was written by Eberhard Sandschneider, who held a professorship in Chinese politics and international relations at Freie Universität Berlin from 1998 to 2020 (Sandschneider 2021). From 2003 to 2016, he was also Otto Wolff Director of the Research Institute of the German Council on Foreign Relations (DGAP). Sandschneider complains of a double standard in dealing with China: “The U.S. talks about values, but they mean geopolitical influence. The Europeans also talk about values, but they mean economic interests”. He strictly rejects sanctions: “Sanctions don’t help anyone, certainly not the people in Xinjiang and Hong Kong. Instead of verbal armament and the military show of force of times past, the West should seek dialogue with Beijing. After all, everyone knows that the world’s problems can only

⁶ For a detailed discussion of the arguments brought forth on both sides in English see: Media Studies Asia 2022.

be solved with China and not against it". Sandschneider, in an answer to some of the questions in this volume, also makes clear: "First, we should not indulge in delusions of grandeur that we can 'manage' China's rise. China cannot be managed from the outside, just as it cannot be contained, for that matter". In particular, he criticizes US administrations, both Trump and Biden, for still believing they can stop China's rise instead of facing the reality that China's rise is unstoppable. He is sharply critical of the willingness to use ever harsher language on China policy, which can be found nowadays in almost all political parties' platforms. He also warns against focusing on the usual irritant issues: Criticism of China's policies in Tibet, Xinjiang, Hong Kong, and the Indo-Pacific region, which he describes as the standard repertoire of moralizing foreign policy with a clear reference to values but otherwise quiet little factual competence. Finally, he concludes: What might a less moralizing China policy look like? Ideally, it should consist of at least three steps.

- (1) Military restraint; Europe is not a Pacific power and would be well advised to urge both the United States and China to reduce the potential for military conflict. Here, he specifically mentions the Taiwan Strait and the Indo-Pacific.
- (2) Sanctions prevent dialogue: In the art of diplomacy, it is important to leave things unsaid, especially when they are obvious. With regard to Xinjiang, using events in Xinjiang as a reason for sanctions, as the European Union has just done, ensures domestic political approval and media applause, but does not help the people in the affected regions. Instead, it only tempts China into acts of defiance and ensures that even the last channel of dialogue is blocked.
- (3) Talking to China: The tone makes the music: Instead of relying on aggressive accusations and military threatening gestures, a less popular strategy seems to have the potential to be the silver bullet in the long run after all: namely, dialogue with China on Hong Kong, Xinjiang, and Tibet?

His conclusion is that the rise of China does not mean the demise of the West, but it does indicate the necessity to abandon the fatal "either-or" binary understandings of the China-West relationship.

A similar argumentation can be found in Berthold Kuhn's article in the same journal, namely *China.Table* (Kuhn 2021). He criticizes EU policy towards China in general: "Basically, the question arises as to the sense and effect of politically motivated sanctions, such as those imposed on China. ... And with regard to China, it is not to be expected that the sanctions will trigger a process that will improve Europe's relations with China and thus open up opportunities for influence." Kuhn specifically mentions the EU's 22 March 2021, sanctions against Chinese officials and institutions in Xinjiang. China has responded to the sanctions imposed by the EU. For example, in addition to some politicians, academic institutions in Europe are also affected, including the Mercator Institute for China Studies (MERICS). The sanctions have hit many young scholars hard, those who joined MERICS after successfully graduating, often producing high-quality analysis, and have been subjected to the sanctions, due to the institute's China stance.

On the other side of the spectrum, Andreas Fulda, represents a critical voice in regards to the CCP and firmly believes that German policy towards China, since Schröder's chancellorship, has been largely determined by the commercial interests of the German private sector (Fulda 2020). While such a corporatist approach has ensured huge commercial gains for the country, it is problematic when business lobbyists dictate the parameters of Germany's China policy. He recommends that, "A new German China policy must critically address the systemic totalitarian tendencies of the Xi regime. To this end, the German government should establish an interdepartmental staff unit for dealing with authoritarian states, which would make recommendations for action to both" (Fulda 2020). Thus, Sandschneider and Kuhn very much propose to maintain a dialogue, which we can fit into the above mentioned "hedging" subzone of "binding engagement" with China, positioning the EU and Germany firmly in the middle between the United States and China, while Fulda supports a "soft balancing" position with the aim to form an alliance between Europe, the United States, and other states such as Australia and Southeast Asian nations to join forces to rein in China's expansionistic mire. In this same context, Chinese FDIs in Europe and in Germany are seen as one of the biggest threat (see also Bloomfield 2016: 264).

A further point of discussion worth noting in the German panorama is a study published by the Rosa Luxemburg Foundation at the end of 2021 entitled "China Reporting in German Media in the Context of

the Corona Crisis” (Jia et al. 2021). The study attests to the dissemination of colonial stereotypes and the creation of the image of an enemy in the China reporting of the German leading media and thus goes beyond Sandschneider’s criticism of moralizing foreign policy and reporting stagnation. The Rosa Luxemburg Foundation states: “Negatively connoted statements ... can be found on almost all topics, but especially on the characterization of Chinese domestic and foreign policy”. At the same time, “the historical and current complexity of the conflicts” that preoccupy Chinese politics is hardly addressed. The study underscores the one-sidedness of the coverage by pointing out that 88% of all posts on Chinese domestic politics are rated “critical” or “very critical”; the “neutral posts” only 9.4%—referred “predominantly to concrete events,” such as the postponement of the National People’s Congress, while there were only four contributions “in which the common practice of ‘measuring’ China’s political and social system against the West is not adhered to”, but in which the country “is accorded an intrinsic value, taking into account its cultural background and social reality” Above all, “the influence of the newly fomented thesis ...” in the United States that China is a threat “not only to the U.S. claim to leadership, but to the entire world” is evident. This clearly “revives threat scenarios that originated in colonial and anti-communist contexts”.

Andreas Fulda responded to this study, stating that the study on China reporting misses the political reality (Fulda 2020). Overall, he accused the study of being “distant from practice and uncritical of rule”. His first accusation is that the study pretends that there has been no practical engagement of the West with China in the last forty years. In doing so, the study creates the impression, Fulda says, that the media are exclusively responsible for creation of a negative image of China in Germany. Fulda also mentions that the description of Xi Jinping makes clear how uncritically the three authors of the report analyse China. In the study, they speak of a “narrative of the communist dictator”. To this Fulda retorts that the political reality is that Xi has created a personality cult, ended collective leadership in the Politburo Standing Committee, and clearly rejected liberalization and democratization of the country.

Andreas Fulda, also published a longer article “The Chinese Communist Party’s Hybrid Interference and Germany’s Increasingly Contentious China Debate (2018–21)” (Fulda 2022). This article basically consists of two parts, the first part describing what he calls the “United Front Strategy of China, and the second part titled “Germany’s increasingly

contentious China debate (2018–21)” in which he further calls for a more confrontational stance. In his report, Fulda mainly criticizes German sinologists and their “cultural relativism” what he terms as six discourses. In brief these are: (1) Playing down valid empirical evidence of victimization/oppression in order to appease Chinese authorities. (2) Trivializing the significance of anti-democratic CCP edicts and/or antiliberal CCP policies. (3) Recommending “silent diplomacy” while keeping tight-lipped about obstacles to dialogue. (4) Prescribing academic cooperation with China without addressing the issue of access. (5) Extolling the virtues of neutrality in Asian Studies and discouraging positionality. (6) Acknowledging political censorship without offering practical and applicable solutions.

The varied and deeply polarized along “ideological” fault lines discussions among Germany’s sinologists and policy analysts are having a deep influence on the new China policy of the German government under Chancellor Scholz and Foreign Minister Annalena Baerbock.

THE NEW FOREIGN MINISTER ANNALENA BAERBOCK

The change from Heiko Maas (SPD) to Annalena Baerbock (The Greens) as foreign minister of Germany will likely change the previous German attitude towards China more radically. With the exception of Kiesinger, most German chancellors were actively involved in setting the parameters for German foreign policy after World War II. With respect to China (as well as Russia), Olaf Scholz seems to be more in line with the previous chancellor, Angela Merkel (von Hein 2021). This underscores Germany’s special role between the United States and China/Russia, both in terms of policy and economic relations. Annalena Baerbock, however, as well as the third coalition partner, the FDP, have expressed significantly more reservations about China, and while the Greens once advocated strict pacifism and the dissolution of NATO, they now emphasize the West’s shared values and openly promote a common strategy against what they perceive as China’s human rights abuses.⁷ Annalena Baerbock’s decision to replace

⁷ One of the most ardent proponents of a “new China policy” and influence on Annalena Baerbock’s China policy is the parliamentarian Reinhard Bütikofer. Formerly a prominent member of the German-Chinese Friendship Association, he severely criticized Merkel’s policy: “She has recently distinguished herself in particular as a reliable partner of Xi Jinping, as a politician who is willing not only to de-emphasize human

Miguel Berger, a “senior official in the Foreign Office”, with Andreas Michaelis could also be a sign of a new perspective on German foreign policy—one should keep in mind that Michaelis is a member of the Green Party, but not necessarily a proponent of the concept of a “values-based foreign policy (Spiegel 2021)”. An article in the *Diplomat* described Baerbock’s policy and her commitment to a “values-based foreign policy” as a “paradigm shift” (Falk 2021). Baerbock herself had given an interview to the left-green *Tageszeitung* on December 1 in which she explained her vision (taz 2021). “Eloquent silence is not diplomacy in the long run, even if some have seen it that way in recent years”, and further “A values-based foreign policy must always be an interplay of dialogue and consistency”, Baerbock stressed. Moreover, she also proposed an import ban on products from Xinjiang. Nevertheless, Baerbock merely summarized the coalition agreement, in which China’s internal affairs will play a greater role for the new government in the future. The coalition agreement echoes the EU’s slogan that policy towards China should be shaped “in partnership, in competition and in systemic rivalry”. It can be concluded that the agreement also commits to the elaboration of a “comprehensive China strategy” as part of the common EU-China policy, although this will not be easy to achieve; in fact, countries such as Hungary, Lithuania and Czechia have very different ideas about how to deal with China (and relations between the two sides of the Strait).

The question remains, if the EU will be able to establish a common China policy. Recently, It was proposed that Brussels would impose collective sanctions if an EU country were punished from outside (von Marschall 2022), an action Merkel would have strictly opposed. Acting this way, the EU is edging further towards the “dominance denial” subzone (Bloomfield 2016: 264), which in turn could provoke further economic woes with China, in the near future.

In addition, Annalena Baerbock emphasized the importance of transatlantic relations during her inaugural visit to Washington as Foreign Minister, stating that “as Europeans, we have no stronger partner than the USA” (Leithäuser 2022). Also the official website of the foreign ministry was updated and mentioned that Baerbock is also counting on good transatlantic coordination in China policy (Auswärtiges Amt 2022b). The

rights concerns again in favour of intensive cooperation with the Xi regime, but also to go it alone with Germany, which can only weaken Europe’s positions vis-à-vis China” (Lee 2022).

foreign policy expert Omid Nouripour, who is running for the Green Party presidency, told the newspapers of the Funke Mediengruppe before Baerbock's visit to the United States: "The Europeans must strive for their own sovereignty". He said there were voices in the United States calling for a complete decoupling from China. "That is neither desirable nor realistic". European interests are not congruent with American ones, he said. "Nevertheless, it is of great importance to cultivate and deepen a partnership based on common values—regardless of who is sitting in the Oval Office and the Chancellor's Office at the moment" (Auswärtiges Amt 2022b). Germany, not being located close to China and having no border conflicts, remained, under the Merkel's administration, firmly within the boundaries of the "economic pragmatism" subzone, implying enthusiastic trading and relative openness to Chinese FDI (Bloomfield 2016). The "binding engagement" subzone meant engaging China and encouraging it to participate in regional institutions. This posture is also partly observable in Germany as the role of a multilateral engagement was and is often stressed as of crucial importance.

The new government, on the other hand, emphasizes both the need for a transatlantic partnership between Europe and the United States, when dealing with China as well as its opposition to a stronger decoupling. The latter solution has followers and supporters in the United States and is also favoured in some academic circles in China, where the official policy emphasizes Chinese economic independence, but no total decoupling. Since after Annalena Baerbock has assumed the post of Foreign Minister, the big incognita remains how pragmatic Baerbock and Scholz will be towards China, especially after the war in the Ukraine. The new German government, and especially the two smaller coalition partners, the Greens, and the FDP, have clearly shifted from "economic pragmatism" towards "dominated denial", closer to the balancing zone but it remains to be seen how this will play out especially after the COVID-19 pandemic. To this extent, increasingly more media articles report that the German industrial sector is trying to divert its investments to other parts of East and South-east Asia (Zapf 2022). Baerbock also sharply criticized Chinese Foreign Minister Wang Yi, who at the Munich Security Conference spoke out in favour of some kind of neutral status for Ukraine. "Ukraine should be a bridge connecting West and East, not a front line" she said. And Baerbock was quoted as calling the unity between Moscow and Beijing as "Dangerous" (Zapf 2022).

Furthermore, Germany is officially going through the so-called *Zeitwende*, a term which was coined with regard to the Russian invasion of Ukraine after Chancellor Scholz himself called the invasion a “*Zeitwende*” in the history of the European continent. The government’s official translation for that term is “watershed”, but, as with many German compound nouns, the original has a richer meaning: it is the change of an era. What Scholz announced constitutes a dramatic shift in defence posture and spending. And this has a dramatic impact also on China as the idea of “change through trade” is dead (Tausendfreund 2022). Baerbock Commenting on economic relations Baerbock recently stated: “one-sided economic alignments in fact make us vulnerable. Not just with regard to Russia”. And the German Chamber of Commerce in China conducted a flash survey in which almost half (46%) of the respondents believed that China’s attractiveness had decreased, due to the war in Ukraine. Nevertheless, this will not immediately remove economic interdependence with China built over decades. That there is a tendency, however, to decouple economically and to distance oneself politically, as shown in the introductory chapter to present volume, is also visible in politicians’ speeches and official acts. For example, in his first visit in an official capacity to Asia, Olaf Scholz went to Japan, unlike his two predecessor Merkel and Schröder, who went to China.

CONCLUSIONS

In its March 2019 Strategic Outlook, the European Commission describes China as a systemic competitor, but also as a crucial global player and leading technological power. For a long time, in the West, the predominant assumption was that only democracies and market economies can create prosperity for their populations. China disproves the argument that only with a democratic system, can a country attain a certain level of wealth, as hundreds of millions of people have risen from absolute poverty to the middle class.⁸

As shown in the chapter, Europe’s broader response to China’s rise and the cooperation with partners across the Atlantic or in the Indo-Pacific

⁸ This, however, is also a direct result of Deng Xiaoping’s modernization policies and the adoption of market reforms, starting from the end of the 70s. Under Xi Jinping we now observe a reversal of many of these trends and a turn to the left in the economic realm, with more state intervention in many industrial and financial sectors.

region has also become the focus of political discourse in Berlin. During the election campaign, it was addressed in particular by the Greens' candidate for chancellor, Annalena Baerbock, but it is also attracting increasing attention in conservative and social democratic circles in Germany. It is early to tell, however, whether Germany will follow the United States and Australia, both of which emphasize the West's systemic conflict with China, or whether it will carve out a niche for itself and maintain a more autonomous posture. In fact, While Annalena Baerbock seems to have placed her focus on transatlantic relations and willingness to side with the United States, it is still very unclear *how* and to *what extent* a values-based foreign policy will be pursued in future. The pressure from German businesses on the new government is likely to increase, especially since Chancellor Scholz himself is known for his pro-business position and the SPD itself is far less critical of China, than its coalition partners. That Olaf Scholz would therefore engage in a direct confrontation with China blindly following the Green Party's vision, seems rather implausible at the time of writing in November 2022. Scholz will likely continue to emphasize the need for a "strategic autonomy" posture on part of the EU; "limited bandwagoning" remains more desirable for the new government than "hard-soft balancing". Moreover, it seems unlikely that Scholz will discontinue the tradition of previous chancellors being heavily involved in foreign policy decisions and generally "setting the course". Baerbock will thus have to try and reconcile the demands of her party's values-based foreign policy, demanding a tougher line on China on human rights issues, with a more pragmatic course set by "Realpolitiker" Scholz. Despite the goals of the coalition agreement, the lofty idea of a values-based foreign policy in post-Merkel Germany could be hollowed out before it even begins. At the time of the Merkel Era, the imperative of focusing on expanding and deepening trade relations with China while hoping that the country would slowly integrate into the rules-based international order made sense. In fact, significant opportunities for Europeans, and especially German, companies were available through the Chinese market; especially among Chinese business elites, there was a palpable willingness to reform; and the time was ripe for building closer ties.

Presently, due to the high volatility of the geopolitical environment in both Europe and Asia, where market concerns have given way to security concerns, policy adjustments will be necessary; not only to achieve key economic policy goals for improving business opportunities for the

German industrial sector, but also for maintaining the country's innovative edge and creating jobs at home and abroad. Germany, like many other countries in Europe and Asia, is now confronted by a much more polarized political and academic debate regarding China and engagement versus decoupling. There is, however, no question that Germany's China policy will encounter new challenges especially after the Ukraine war. The policy "Change through trade" seems to have vanished into oblivion and it is likely that China will be regarded more as a "systemic rival" in the future; this will further impact economic relations between Germany and China. Germany will likely attempt to maintain good economic relations with China, while at the same time investments will be diversified and politically a stronger alliance with Western nations will be strived for. Thus, Germany will continue to move further towards the "balancing zone", shifting at times between "economic pragmatism" "dominance denial" and "soft balancing" according to the issue at stake, but remaining within the hedging zone. Specific developments will directly depend on the evolution of the United States domestic and international political situation and of course on developments in China. As discussed, the Chinese government is still committed to a multipolar world order and hopes for an increasing role of the EU as a stronger geopolitical actor. The term "Systemic Rivalry", however—an integral part of the EU's official vocabulary when referring to China since March 2019—seems to have become a defining prism for the relationship, with both Germany as well as France eager to promote a common EU policy towards China (Parello-Plesner and China 2022). It is thus likely that we shall continue to see the upholding of this newfound unity in the European and Transatlantic position against China, which has been further reinforced by the Russian invasion of Ukraine and common concerns against autocracies.

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The UK's Response to the Challenge of Managing Its Relationships with China and the US

Roderic F. Wye

As a medium-sized power, but one with particular global responsibilities and ambitions deriving from its position on the UN Security Council, the UK finds itself in a special situation in terms of a balancing to band-wagoning continuum¹—in its response to China—in the light of the intense strategic competition between China and the US that has been emerging. The UK has until recently operated, as Australia, largely within the central hedging zone, seeking its own relationship with China, but remaining fundamentally committed to the alliance with the US. But that positioning underestimates the profound shifts that have taken place in Britain's overall view and relationship with China. Less than a decade ago the UK was rejoicing in the so-called golden era of its bond with China, a description that seemed to be aligning the UK in some respects

¹ The concept is taken from Alan Bloomfield (2016).

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more closely with Chinese objectives (and certainly using Chinese-style language to describe the connection). The country is now considerably more China-sceptical.

This transition was initially gradual and marked by uncomfortable policy lurches, which appeared to derive from a lack of a clear and consistent strategic appreciation of the China challenge, and suggested a degree of incoherence in policymaking. Britain had been gradually becoming more vocal in its criticism of China and had been prepared to make political security gestures that were well understood to be irritating to China. But it remained keen to preserve and develop its economic relationship with China, though even that was increasingly a matter of contention at the political level. At the same time, the UK never wavered in taking the relationship with the US as the most fundamental and consistent element in its foreign and security policy. This did not mean blindly following every twist and turn of US policy towards China. The UK showed no interest in the confrontational trade policies introduced by President Trump and followed by his successor. Its view of the security challenge from China was of a somewhat different order from that of the US—goings on East Asia remained comparatively remote for the UK and other European governments.

OVERALL VIEW OF CHINA

All of this has changed in the last couple of years. Firstly, the shock of COVID-19 and of China's reaction to it has borne a significant impact on the global economy, trade and supply chains, which has reduced China's attraction as a trading partner. Secondly, the Chinese crackdown in Hong Kong and Xinjiang led to a more critical view of China in most of the UK establishment. Even more fundamentally, the Russian invasion of Ukraine and ensuing reactions to it by the US, the EU and NATO (and of course the highly equivocal position taken by China) has tilted the UK decisively towards the "hard balancing" sector of the "Balancing Zone" (see Fig. 1.1 in Chapter 1 of this volume). This process has already been set in motion before the invasion—certainly in areas of technological and military security policy but less clearly in others. The announcement of the AUKUS partnership likewise represents a significant indication that the UK is moving in the direction of presenting a challenge to China's increasing threat to East Asian security. It is worth noting that China was not directly named in the announcement of the

new partnership, which was described as meant to protect the people and support a peaceful and rule-based international order, while bolstering the commitment to strengthen alliances with like-minded allies and deepen ties in the Indo-Pacific.² The message, however, was very clear.

For many years, the UK had operated quite comfortably within the “soft balancing” subzone. “This geo-political change – the rise of China, the most important geo-political change in my children’s lifetime. It is the most important geo-political change in the 21st Century” (BBC Radio 4 2020). This thought, expressed here by the former UK Prime Minister Tony Blair, was commonplace in discussion of relations with China and underlined the on-going importance of properly and effectively managing relationships with China. The UK’s dealings with China are not simple nor straightforward. It is far more than a simple question of balancing the competing drives of commercial engagement while speaking up on human rights, as the relationship was frequently boiled down to, in public discourse. It is a wide-ranging relationship, covering many areas of activity. This obviously encompasses politics and economics, but also includes education, science and technology, culture and so on. Until recently, China did not figure high on the UK’s list of priorities, nor was the bilateral relationship between China and the UK given much academic or think tank consideration. This changed in recent years and there has been a string of well thought and persuasively argued considerations regarding the nature of the relationship and where it might be headed (Parton 2020a; Gaston and Mitter 2020; Kerry Brown 2019; Policy Exchange 2020). There are also a number of publications taking a closer look at the more interventionist policies pursued by the Chinese government and how these are beginning to impact on parts of UK society (Parton 2019; Hamilton and Ohlberg 2020; Henderson 2021).

As a case in point, the debate and public hesitancy over the decision as whether to allow Huawei to provide significant amounts of the future 5G network in the UK, followed by a similarly confused trail of decision-making, leading to the exclusion of Chinese firms from the project to build a nuclear reactor at Sizewell B, have served to underline the complexity and challenges of the relationship with China. The revelations of the establishment of a vast network of camps to control and subdue the Uighur population of Xinjiang, and the ruthless way in which

² UK Government Announcement: <https://www.gov.uk/government/news/uk-us-and-australia-launch-new-security-partnership>.

China has imposed its will on Hong Kong, have highlighted the authoritarian nature of the Chinese government. The behaviour of the Chinese government and its role in the outbreak of and response to the COVID-19 pandemic has likewise deeply influenced public and official views of China and of how the UK should relate to it, prompting a profound re-evaluation, even before the decisive shift in UK policy, which seemed to follow Russia's invasion of Ukraine.

The necessity for a re-evaluation—or reset in the words of Mitter and Gaston (2020)—of the relationship has come at a time of profound and rapid changes in the international and geo-political situation. A crucial structural factor arises out of the marked shift in comparative power between Britain and China, since China was able to overtake the UK in economic size almost 20 years ago; this, in turn, led to a situation which makes it easier for China to take the lead and the initiative in many areas (Summers 2015). The immediate effect of the invasion of Ukraine has been to shift UK policy decisively, at least in the security sphere, towards the “hard balancing” subzone, set in the “balancing zone” rather than in the “hedging zone”. How long this effect will continue and how much it will influence other aspects of the relationship is as yet unclear, but it is certain that a milestone has been passed.

KEY HISTORICAL FEATURES OF THE UK-CHINA AND UK-US RELATIONSHIP

Among the middle-sized powers, the UK has a number of particular features which complicate the management of its relationships with both China and the US. These include: its historical bond with the US (the so-called special relationship); Britain's decision to leave the European Union (Brexit); Britain's own position as a middle power deriving from its historic legacy; and Britain's historical relationship with China.

Britain has regularly played up its special relationship with the US—deriving ultimately from the Second World War and visions of the UK's role, which are still deeply embedded in the UK's political consciousness. But the relationship has historically tended to mean more to the UK than to the US, which sees the value and indeed the “distinctiveness” as much more limited. There have been periods when the UK liked to imagine itself as some sort of “bridge” both in the transatlantic relationship (particularly with the European Union), and sometimes in the relationship with China. In the latter case, UK policymakers have at

times believed that they could nudge the US in a more sensible direction whenever the US seemed to have slipped off course. Brexit, however, has greatly reduced the UK's foreign policy influence within Europe and the opportunities for the country to act as some form of transatlantic bridge.

The UK, however, has been very much ahead of other European countries in its provision of rhetorical and actual support to Ukraine since the invasion, perhaps reverting to its more traditional position as a faithful supporter of the US standpoint. How much this may influence the EU in its actions and posture towards the UK is still unclear but what is clear, is that the Ukraine crisis has caused a fundamental rethinking of Europe's security architecture, which has a profound impact also on the UK-EU relationship.

Britain's decision to leave the European Union will have long-term consequences for the conduct of its international relations as well as for its commercial trading relations. In the context of its interactions with both China and the US, it has left the UK more exposed and deprived it of whatever leverage it had had, from being at the heart of the counsels of the European Union. In trading terms, it put the UK firmly in the position of a "demandeur" with both China and the US in that it will be seeking new (and more favourable) trading arrangements with both of them. Given the transactional tendencies of both China and the US in this area, it is likely that significant prices will be demanded by both for any new arrangement, which the UK, without the backing of the EU, will find harder to resist.

Britain occupies a particular position as a middle-sized power. It is more involved than most of its peers in international governance structures. In particular, it is one of the Five Permanent Members of the UN Security Council. This gives the UK a wider direct interest in international affairs and governance. Britain has tended to place much emphasis on the rules-based international order and to have been an eager participant in multilateral organisations. This is of course a position not that different from many other middle ranking powers, and until recently was one shared partly by China, which saw the multilateral system as a potential constraint on the US exercising unfettered influence in the world. China has stepped up its own involvement in the UN and other global governance systems, and suspicions of Chinese motivations (especially their desire to fundamentally reform the global governance system into a more China friendly model) have arisen. This more outward-looking posture on the part of China emerged at a time when, under President Trump,

the US was withdrawing from significant parts of the system, viewing the whole with suspicion. This process has partially been reversed by President Biden, but in terms of international governance Britain is positioned in a potentially more confrontational situation vis a vis China and its ambitions for the future international system than many medium powers. Suspicion of the impact and even more of the intentions of China with regard to the rules-based international system, is growing in the UK. This was the subject of a major investigation by the Foreign Affairs Committee of the House of Commons, which was highly critical of China's activities and the ineffectiveness of the UK reaction to them (HC 2019).

The historical relationship between Britain and China remains a strong influence on the future development of the relationship and has had a more profound impact on Chinese views of and policy towards the UK, than vice versa. UK politicians have by and large been either unaware of or dismissive of history, while historical interpretations of the last 150 years have been fundamental in constructing the PRC narrative of its own foundation. As a former imperialist power, Britain has impinged on many of what are now called China's core interests in more direct ways than most other middle powers. In recent years, with the exception of Tibet, the position of the UK government on these issues has become generally tougher, primarily in reaction to perceptions of actions by the Chinese government, which substantially altered the status quo on the ground in many cases.

Regarding Taiwan, Britain, alone among countries that formally recognised the PRC, for a long time maintained a formal presence in Taiwan in the form of a Consulate accredited to the provincial government. This remained open until the exchange of Ambassadors with the PRC in 1972 (Britain thus pulled off a sort of two China policy with a Charge D'Affaires Office as its diplomatic mission in China and the Consulate in Taiwan). It may all seem a long time ago but remains an example of UK double standards from a Chinese perspective. Britain was still comparatively cautious in developing its formal relations with Taiwan and in the degree of support it gives Taiwan's aspirations for a greater presence in international fora. But post-Ukraine, this position changed significantly, in particular the UK has been prepared to acknowledge publicly security discussions with the US on Taiwan (Sevastopolou and Hille 2022), which was immediately denounced by China as an attempt to internationalise the "Taiwan issue". The Foreign Secretary in more than one occasion has explicitly referred to Taiwan being a security concern for the UK.

“We need to pre-empt threats in the Indo-Pacific, working with allies like Japan and Australia to ensure that the Pacific is protected. And we must ensure that democracies like Taiwan are able to defend themselves” (Truss 2022).

The historical relationship between the UK and Tibet can similarly impinge on dealings with China. Under Tony Blair, the UK government attempted to remove the irritant of Britain’s rather odd (and historically based) formal position on the status of Tibet, which was based on the unusual concept of suzerainty, deriving from the relationship between the Qing (Manchu) Empire and Tibet. Britain made a unilateral and formal statement in October 2008, consistent with that of other Western countries, that Tibet was a part of China. The hope was that this statement would enable Britain to continue to make its views known on the situation in Tibet, but without the sting that it somehow gave political cover to Tibetan political aspirations.³ As is often the case with unilateral concessions to China, said statement won no favours and was probably a factor in the strength of the Chinese reaction to the decision of Conservative Prime Minister to meet the Dalai Lama (albeit in a religious capacity) in 2014. Currently, there are very few reactions from the British government about Chinese actions in Tibet.

For a long time, Britain did not harbour any direct interest in the South China Seas; indirectly, though, Britain’s historic position as a major trading power and upholder of the freedom of navigation clashed against Chinese claims and aspirations in the region and the UK, like the US, has conducted Freedom of Navigation Operations in the Indo-Pacific. In September 2020, the US Ambassador to Britain tweeted with regard to the proposed deployment of the UK carrier group: “We welcome the UK joining us and other allies in calling out China’s unlawful maritime claims

³ In a written Ministerial statement, the Foreign Secretary David Miliband said: our ability to get our points across has sometimes been clouded by the position the UK took at the start of the twentieth century on the status of Tibet, a position based on the geo-politics of the time. Our recognition of China’s “special position” in Tibet developed from the outdated concept of suzerainty. Some have used this to cast doubt on the aims we are pursuing and to claim that we are denying Chinese sovereignty over a large part of its own territory. We have made clear to the Chinese Government, and publicly, that we do not support Tibetan independence. Like every other EU member state and the US, we regard Tibet as part of the People’s Republic of China. Our interest is in long-term stability, which can only be achieved through respect for human rights and greater autonomy for the Tibetans. The text is reproduced by Free Tibet: <https://www.freetibet.org/news-media/pr/britain-rewrites-history-recognising-tibet-part-china-first-time>.

in the South China Sea” (as quoted in McGleenon 2020). Naturally, the Chinese interpreted this as evidence of the UK ganging up on China. A Foreign Office Minister told Parliament in September 2020 that the UK has, as a matter of principle, sent Royal Navy ships to transit the region on 5 occasions since April 2018. These were intended to exercise freedom of navigation rights as well as to further defence engagement with regional partners. The message was meant to convey the idea of the UK being prepared to engage more directly in regional defence mechanisms, with allies and partners (in particular with the US) (UK Parliament 2020). In an unusual joint action with Germany and France, the UK has twice, in 2019 and 2020, made representations on the South China Sea. In August 2019, they issued a joint statement outlining their concerns about the situation in the South China Sea (Foreign and Commonwealth Office 2019). On 16 September 2020, the three countries submitted a joint Note Verbale to the United Nations questioning China’s historic claims in the region (Chaudhury 2020).

Last of the major historical issues and the most obvious is Hong Kong. The recovery of sovereignty over Hong Kong had been a historic mission of the Chinese Communist Party, for a long time. Negotiations over the future of the city, which began in 1982 and led to the signature of the Joint Declaration (the framework, mandating that the system in Hong Kong would remain unchanged for 50 years after the handover in 1997), dominated Britain’s relations with China at least until 1997. Since China has increasingly tightened its control over Hong Kong through the passing of the National Security Law in 2020 and the subsequent removal of pro-democracy legislators, Britain has taken a more vocal stance and indeed taken actions such as the enabling of British Nationals Overseas (a special form of British Nationality accorded to pre-handover residents of Hong Kong) to have a route to full British citizenship. China now claims that the UK has no legitimate standing to speak on Hong Kong issues, and that the UK’s obligations and rights under the Joint Declaration ceased on 1 July 1997. The UK, on the other hand, believes that it has both the right and obligation to see that China lives up to the commitments, as stated in said document. Hong Kong related issues have flared up regularly since 1997, mainly centring on the pace of political reform in Hong Kong, and will continue to do so as China seeks to extinguish any form of opposition or dissent from its rule in Hong Kong. Britain has moved from a position of considering that the “One Country, Two Systems” arrangements were continuing to work satisfactorily in general,

to one where clear breaches of the Joint Declaration are regularly called out. The UK Government's Six-Monthly Report to Parliament on Hong Kong now states unequivocally: "this period has been defined by a pattern of behaviour by Beijing intended to crush dissent and suppress the expression of alternative political views in Hong Kong. China has violated its legal obligations by undermining Hong Kong's high degree of autonomy, rights and freedoms, which are guaranteed under the Joint Declaration" (Six-Monthly Report 2021).

RELATIONSHIP WITH CHINA

Against this historical background, the UK generally sought to maximise the commercial benefits of its relationship with China and tried to compartmentalise the commercial relationship from the political one so that difficult and sensitive political issues did not, as far as was possible, damage the commercial relationship. This did not mean that political issues were neglected and indeed there were occasions in which, perceived transgressions by the UK in the areas designated as core interests by China, did impact the relationship. The most serious in recent years was the freezing of contacts following Prime Minister Cameron's meeting with the Dalai Lama in 2013; there were other regular incidents over the years, when the UK infringed on China's definition of what was permissible.⁴ The freeze on David Cameron was only relaxed after the UK publicly declared that such high-level meetings would not happen again (Watt 2013). While such meetings did not, indeed, happen again Britain has become markedly less concerned about insulating political and security matters. In the context of post-Ukraine sanctions on Russia, the Foreign Secretary has explicitly warned that "countries must play by the rules. And that includes China" (Truss 2022).

Britain's approach to China has remained relatively consistent and predictable over a long period, at least since the raising of relations to ambassadorial level in 1972. Until a few years ago, China was not perceived as a serious domestic political issue in the UK. Even during the lengthy period of negotiations over the handover of Hong Kong, there was general cross-party agreement both on the overall negotiating

⁴ The visit of the former Taiwanese President to the UK, Lee Teng-hui, in 2000 provoked strong Chinese protests. See: <https://www.youtube.com/watch?v=DtAlI0XuIvU>.

approach and on the need to continue dialoguing with China. Recently, the UK bought into the general consensus that the most effective way to manage the relationship with China was through engagement and by bringing China into the global rules-based system. In fact, the country's rapid economic development was considered less as a challenge and more as an opportunity for the British business sector seeking a market to sell its products and as a source of needed investment.

However, the share of British investment in China was considerably greater than the share of Chinese investment in the UK, so that the balance of trade was substantially in China's favour. Moreover, Chinese investment in the UK has generally not been credited with creating significant numbers of new jobs and overall to be distant from the initial official description. Furthermore, Chinese investment in areas of critical national infrastructures has become a matter of direct political and security concerns. This was noted in the Integrated Review, and the government's reaction to growing concerns included the introduction of a National Security and Investment Act to allow the government greater powers to scrutinise foreign investments in sensitive area. In the case of China, the course of the debate over Huawei's involvement in the telecommunications infrastructure and the Chinese investment in Hinkley Point C nuclear reactor followed a similar course, moving from rather complacent acceptance of the investment as crucial to the development of the project, through growing scepticism and reassessment, to eventual seeking ways to remove the Chinese party from the projects. Despite this growing concern over the risks of Chinese investment Prime Minister Boris Johnson declared in October 2021 that Britain would not "pitchfork away" from Chinese investment, and that China would continue to play a "gigantic part" in UK economic life for years to come (Cordon and Gibson 2021).

The view from the top, engagingly presented by Nick Robinson in his radio programme *Living with the Dragon* (BBC Radio 4 2020), is that for the last twenty years or so there was really no alternative for the UK but to engage fully with China. China was seen as "one of two indispensable powers, if you want to get something done, you need China as part of the equation" in the words of David Miliband, former UK Foreign Secretary. This was very much the thinking behind the only public strategy on China that the UK has had (*The UK and China: A Framework for Engagement* 2009). In this document, published in 2009, the UK set out its policy towards China in some detail—but the clue is in

the title (engagement). The UK had bought fully in to the prevailing consensus that the way to deal with and manage China's rise was to engage with it. The predominant view across the Atlantic was that engagement was "influencing China's evolving domestic polices, helping China manage the risks of its rapid development, and over time, narrowing differences between China and the West. Greater respect for human rights is crucial to this". It is clear from this that the narrowing of the differences was conceived as China becoming more like us than vice versa. David Miliband was bit more nuanced and less ambitious when quoted in *Living with the Dragon*: "There was a view that by embracing China in the global economic system the notion of a rules-based order would grow. I don't think we should ever confuse that with a belief that somehow democracy was going to sprout in China. There is a very big difference between accountability of government and following the rules and democratic government" (BBC Radio 4 2020). But part of the aims of the engagement policy was, even though not explicitly stated, to facilitate the process of converting China into a more "democratic" and rules-based country.

The engagement process culminated in the "Golden Era"—widely seen as the total predominance of commercial interests over other more sensitive political aspects of the relationship. But there was a wider vision than simple commercial benefit, on the UK side. This concentrated mainly on the need to engage China in the major global issues of the moment. George Osborne claimed that the real meaning of the Golden Era was that they were: "upgrading our relationship with one of the world's emerging superpowers from being a strictly commercial one and rather transactional to a much deeper relationship where we tackled the big issues facing the world together; like the global economy, climate change...we would not always see eye to eye with the Chinese but we would at least be engaging with real players in the world" (BBC Radio 4 2020). It would appear that aspirations for changing China for the better had by then largely fallen off the agenda. It was after all post-financial meltdown, and the appetite for changing China—especially when based on some implicit assumption purporting the superiority of the Western model—had rather lost momentum. China was in no mood to be lectured any longer by Western countries. But there was no holding back on engagement: "the more we extend the hand of friendship to China, the

more we are able to increase our influence in the world and the more we are able to have the kind of candid conversations about the kind of things we don't want them doing" (BBC Radio 4 2020). Britain sought explicitly to be China's best friend in the West (Phillips 2015). President Xi Jinping, about to set off on a State visit to the UK, praised the UK's "visionary and strategic choice" in declaring that it intended to become the Western country that was most open to China. Today, it is hard to believe that such a statement was made by the UK government. A study by the European Think Tank *Network on China* published in 2020 on the EU's relations with China found that: "...every European country claims to be China's 'best friend', or 'best partner', or at least its 'entry door' in Europe. Hence, it seems that China has managed to create '28 different gateways to the EU'" (Huotari et al. 2015).

The Cameron/Osborne government aspired to make China Britain's second-largest trading partner within ten years. Such aspirations, however unrealistic, continue to be partially entertained. One of the post-Brexit targets of the UK government will undoubtedly be to agree to new forms of trading arrangements with China. However, a recent study suggested that political constraints imposed on the UK by its existing partners, the US and the EU, would seriously limit the room for manoeuvre that the UK might have in negotiating a future economic partnership with China (Crookes and Farnell 2019). The Chinese will be pressing hard for concessions from the UK that are likely to help them in their future negotiations with the EU, whose own negotiations with China over a Comprehensive Partnership Agreement and an Investment Treaty (CAI) were proceeding with customary glacial slowness, only to be stymied in the European Parliament and effectively shelved for the time being. Britain might have hoped, for example, that an undertaking to accord Market Economy Status (MES) to China (something the EU has long, and for good reason, refused to do) would ease the way to some useful concessions on matters of interest to the UK (for example in financial services). But the reality is that the Chinese would likely see such a move for the empty gesture it would be. They would pocket the concession (and hope to use it to put pressure on the EU) but this would have little value to them. The Chinese have themselves called time on their attempt to secure MES through the WTO.

RELATIONSHIP WITH THE US

Under the Trump Administration—and the manifest lack of substantial reform in China—an isolationist turn took place in the US, which manifested into an inward-looking series of policies, distancing from engagement and increasing vocal rhetoric of China as a competitor. The US State Department, in a conscious echo of the Kennan telegram, which outlined US policy for the Cold War, published a lengthy assessment of China and the challenge it poses, which sums up the then thinking of the US Administration, in November 2020. It is an unremittingly sceptical if not hostile assessment: “The CCP aims not merely at pre-eminence within the established world order — an order that is grounded in free and sovereign nation-states, flows from the universal principles on which America was founded, and advances U.S. national interests — but to fundamentally revise world order, placing the People’s Republic of China (PRC) at the center and serving Beijing’s authoritarian goals and hegemonic ambitions” (The Elements of the China Challenge 2020). To the UK, however, the concept of competitor (in a political rather than a free market commercial sense) was until recently pretty alien and the UK seemed to be moving further towards the US perspective on China. The US, even under the Obama Administration, was very uneasy about the UK decision to be amongst the early participants in the Asian Infrastructure Investment Bank (AIIB). In the words of one US official quoted in the Financial Times: “We are wary about a trend toward constant accommodation of China, which is not the best way to engage a rising power” (Watt et al. 2015). Interestingly enough, Ambassador Liu Xiaoming was later to single the AIIB decision out as one of two instances when the UK got relations with China spectacularly right (the other was recognition of the PRC in 1950, again an instance where the UK departed significantly from the US position) (Chinese Embassy Press Release 2020). He also made it clear, though not explicitly, that in both those decisions the UK had defied pressure from the US to side with China—a path he urged upon the UK: “I often say ‘Great Britain’ cannot be ‘Great’ without independent foreign policies. The UK has withstood the pressure from others and made the right strategic choices at many critical historical junctures” (Ibidem).

While the UK has generally been in tune with the US over its approach to China, it has sought to manage that relationship separately from its relationship with the US. In the context of a general consensus on the

overall approach to China, the UK has not shied away from taking actions that the US did not agree with: one could start way back in the 1970s with the raising of Ambassadorial relations (all this before the famous Nixon visit that precipitated more positive relations between China and the US). Later on it sold advanced military equipment or sought to—for example, the consideration given to selling the Harrier Jump Jet—to China (Bhardwaj 2016). UK sourced jet engines played a significant part in the past in upgrading China's military air force capability. None of these actions was well received by the US. Equally, there have been times when US pressure prevented the UK from taking actions it might otherwise have taken: the most recent example is perhaps the UK's decision, after much toing and froing, to remove Huawei equipment from its future 5G network. The long debate within the European Union about lifting the 1989 EU Arms Embargo, an idea of which Britain was in favour, was eventually shelved because of US objections (Congressional Research Service 2006). Certain Chinese sources were still complaining about this, and urging the lifting of the embargo, many years later (Global Times 2017). Notably, the UK recently (July 2020) extended the Embargo to Hong Kong (which had previously deliberately been exempted) as part of its response to the introduction of the National Security Law (Foreign and Commonwealth Office 2020a).

Overall, the UK assessment of the security threat or challenge coming from China has been for the most part much closer to the European perception than to that of the US. It is only quite recently that the UK has begun to take the security threat from China seriously, especially in regards to cyber and other forms of interference in the UK system. Until recently, China was not perceived as posing an actual security threat to Europe. For Europeans, the principal threat is still Russia and Europeans (and of course the British) have been more willing to accommodate Chinese military ambitions than the US. They have been slower to acknowledge the overall challenge that China is posing to the established international order. This, however, has started to change a few years back. In 2019, for the first time, an EU paper on the relationship with China described the PRC as a systemic rival (European Council on Foreign Relations 2020). The UK is moving towards a more confrontational posture, with regard to China on security issues—as embodied by the AUKUS agreement, and the despatch of a naval task force to East Asia—and more recently through the Foreign Secretary's statements

on Taiwan. As noted above, this process has been hugely accelerated, following the Ukraine crisis.

The US' perspective regarding the security threat posed by China has always been different. The UK shares some important positions of principle—for example, over the Freedom of Navigation (FON) where UK (and French) vessels have taken part in FON exercises in the South China Sea. In this case, US and UK interpretations of the access allowed to military vessels on the high seas are one and the same, and in conflict to what China sees as its rights in the South China Sea. To this regard, the UK deployed its new carrier task force in the Asia Pacific more as a political than a military gesture. The actual UK's capability for playing any significant role in a potential conflict in the Indo-Pacific region is limited at best. Nor is the balance of power in the Asia Pacific anything in which the Europeans or the British now feel they have any real leverage on (though both the British and the French have colonial legacies in the region). The UK still has a global reach and has been prepared to join US-led initiatives in the Middle East and elsewhere but not in East Asia. In the past, the UK conspicuously kept away from direct involvement in Vietnam. There is no equivalent to NATO involving the UK directly in the defence and security arrangements of the region. There is the Five Power Defence Arrangement (The Diplomat 2019), which provides a semi-formal UK commitment to defence in the region. This has been primarily focussed on Singapore and Malaysia and was initially not established with China in mind. But it is a potential vehicle for greater UK involvement at the political and military level in the region, which China increasingly sees as its backyard. With the UK fixated on its relationship with Europe and the trade and commercial relationship with the US, there was not much room for imaginative thinking on Asia and Asian security. The Free and Open Indo-Pacific,⁵ a concept introduced by the US Administration in 2017, has not, so far, gained much traction in the UK. A recent think tank report suggested that this could change (Wintour 2020) and that the UK should play a more active role in the region; financial, conceptual and political constraints remain. The authors imagined role for the UK as a country, committed to challenging China's authoritarian model, is perhaps too radical for any UK government in the near future (Policy Exchange 2020) but the UK perhaps underestimates its normative power

⁵ Free and Open Indo-Pacific is an umbrella term that encompasses Indo-Pacific-specific strategies of countries with similar interests in the region.

and the wish of countries in the region to see the UK playing a greater role than it is currently doing. Any such action would likely receive pushback from China. Nonetheless, the UK became a dialogue partner of ASEAN in August 2021, another clear gesture of deepening UK political involvement in the region (British Embassy Manila 2021).

Until recently the so-called five eyes intelligence and security relationship was not seen as having any particular impact on the conduct of international affairs. It arose from the close UK/US intelligence relationship in the Second World War, and was later expanded to close English-speaking allies, but it was very much a relationship, based on intelligence-sharing. There was never a sense of it being a formal treaty alliance. It gained more currency recently in the discussions of reactions to Huawei. The 5 Eyes partners have seldom if ever acted explicitly in concert on the international stage. This is now beginning to change, especially in the context of managing relations with China. The five governments have, on a couple of occasions, jointly issued statements of condemnation of Chinese behaviour over Hong Kong (Foreign and Commonwealth Office 2020b). This provoked a strong attack from the Chinese side on the grouping for daring to act in concert and daring to be critical of a Chinese internal matter (BBC News 2020). So far, there has been only weak pushback from New Zealand to the blast from China and a studied silence from the other partners. It is noticeable that the issuance of the statement was not done in coordination with the EU, although the EU did issue separate statements of its own. From a UK perspective, it perhaps does offer an established channel for bringing allied pressure on China. Ideas vented from Japan to expand the grouping into something more formal, with the inclusion of Japan into the relationship, have met no response (Panda 2020). There is no formal organisation for the 5 Eyes, no secretariat, and it is likely to remain simply an ad hoc, informal, channel for occasionally reinforcing and strengthening areas of pushback against the Chinese state.

FINDING THE BALANCE: ALLIES

Managing relationships with China and with the US are key foreign policy challenges for most middle-level powers. It is no longer possible to deal with these two powers via separate bilateral relationships; both the US—and now China—understand third countries' bilateral relationships through the lens of their own mutual relationship. In a world of

increasing complexity and globalisation, middle powers have a real broad interest in managing an effective relationship with both China and the US, in such a way that does not entangle them into the bilateral disputes or forces them to take sides. The new Biden Administration in the US sought to alleviate fears that third countries might find themselves in a position of standing either with the US or with China. Even though Biden has been considerably less isolationist than Trump, there remains a concern that he will try to coalesce sceptical international partners into a new competition with China (Jakes et al. 2020). That being said, there is a recognition from the US side that a new transatlantic approach to China would be of benefit to both Europe and the US. In managing relations with China many European small and middle powers are likely to seek US backing often and share many of the US concerns with regards to Chinese commercial and political behaviour (Smith et al. 2020). Again, the Russian invasion of Ukraine has changed perceptions markedly. The British Foreign Secretary now speaks of deepening a Network of Liberty, declaring that there is “huge strength in collective action. And let me be clear, this also applies to alliances that the UK is not part of. We support the Indo Pacific Quad” (Truss 2022). This kind of discussion is of course anathema to China, and Foreign Minister denounced “strengthening the Five Eyes...peddling the Quad...piecing together AUKUS..” as a “sinister move to disrupt regional peace and security” (Wang Yi 2022).

NAVIGATING A COURSE BETWEEN CHINA AND THE US

Another notable factor is the increasing polarisation of domestic politics in both the UK and the US, which has a direct effect on how foreign policy decisions are seen (and indeed made), including those regarding China. China is not such a crucial political factor in the UK as it is in the US, but while there was once a broad UK consensus on its China policy, that is no longer the case. While the current US Administration may talk in a grandiose fashion of seeking to rebuild alliances, the US still tends to act unilaterally and to expect allies to follow suit and in particular to follow more its China-sceptic policies. Where domestic politics are highly adversarial there is at least a possibility that foreign policy choices will come to be seen through a similar lens. It is unlikely, for example, that the US will in any way ease up on its pressure over Huawei and on those European countries that have not taken the decision to exclude it from their 5G networks. Similarly in the UK, while China may not

be high on the everyday agenda of politics, the discourse is undoubtedly becoming more politicised, especially as very real concerns about the extent of Chinese influence on UK's politics, begin to be exposed (Parton 2019). It is no accident that the new conservative group, which is much more China sceptic than any previous parliamentary body, calls itself the China Research Group, a deliberately provocative echo of the title of the European Research Group which was one of the driving forces behind Brexit. The group states that its purpose is to expand debate and fresh thinking about China and that it is not an anti-China organisation.⁶ That did not save it from being on the list of UK entities and organisations sanctioned by the Chinese in response to the UK sanctions imposed over Xinjiang.⁷ In the wider context of a growing scepticism of the efficacy of previous engagement policies in the UK and elsewhere, the point of the Group is that a radically new approach to China is needed. Those arguing most strongly for continuation of the engagement policy often put the choices in the starkest of terms. George Osborne explained the rationale behind the Golden Era policies: “we can either co-opt China into an international order that we largely created and try and make them partners in peace and stability...or we can try and contain China, launch ourselves into a second Cold War with all the risks of ultimate destruction that that brings. I still ask the question: if you don't want to engage with China, if you don't want to make China a partner for peace and security in the future – what is your alternative plan?” (BBC Radio 4 2020). The choice is not necessarily that stark, and there should be an alternative to unquestioning engagement largely on China's terms. China's uncompromising behaviour in areas such as Hong Kong and Xinjiang has hardened the public view of China. The fact that there was virtually no adverse reaction to the decision to allow Hong Kong BN(O) passport holders a fast track to British citizenship (given the overall sensitivity of immigration in UK politics) is a clear indication public opinion is becoming far more tolerant of a tougher line on China.

Navigating a course between the demands of China and of the US is not simple or necessarily straightforward. On most major issues, the UK is likely to remain aligned with the US, rather than with China. But that

⁶ See the introduction to the Group on its website: <https://chinaresearchgroup.substack.com/about>.

⁷ Spokesperson of the Chinese Foreign Ministry, 26 March 2021. https://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2535_665405/t1864366.shtml.

has not always been the case, and certainly during the Trump Administration the UK has leaned more towards China than the US on certain issues—the issue of climate change, being the most obvious and important example. Like other European countries, the UK has preferred to stand aside from the trade wars and other areas of confrontation between China and the US, though it shares many of the US' concerns such as violations of intellectual property, the refusal of China to allow a level playing field for many forms of commercial activity in the Chinese market, unfair subsidies of State Owned Enterprises and so on. Chinese threats against the UK have grown and are increasingly being framed in terms of “choosing one side over the other”. The Chinese Ambassador Liu Xiaoming denounced the UK's plans to deploy its new carrier group in the Far East as a “very dangerous move” signalling aggression towards China and evidence of the UK ganging up against China (Philp 2020). But such language is no longer confined to security issues. Speaking on the Huawei question on 20 July 2020, Ambassador Liu Xiaoming said: “We want to be your friend. We want to be your partner. But if you want to make China a hostile country, you will have to bear the consequences” (Financial Times 2020). He added: “The issue of Huawei is not about how the UK sees and deals with a Chinese company. It is about how the UK sees and deals with China. Does it see China as an opportunity and a partner, or a threat and a rival? Does it see China as a friendly country, or a “hostile” or “potentially hostile” state?” (Chinese Embassy Press Release 2020). The problem for countries like the UK is that it is often difficult to tell in advance what actions might be viewed as hostile by China, as the definition of what such hostility consists of rests almost entirely with the Chinese government.

There is much more robustness to China's recent rhetoric. In the growing row between China and Australia, a Chinese official recently said “If you make China the enemy, China will be the enemy” (Kearsley et al. 2020). This was in the context of 14 complaints the Chinese government has levelled against Australia (*Ibidem*). None of the actions for which China complained appeared to the Australians as deliberately intending to “make” China into an “enemy” and yet the Chinese side has construed them as such. Australia seems to have become a test case, to find out how much pressure an individual country can bear. The Conservative chairman of the UK Parliament's Foreign Affairs Committee called for the UK government to show solidarity with Australia in resisting pressure, adding that: “We see ourselves frankly as in very much the same boat as

Australia” (Kearsley and Bagshaw 2020). His analysis was not that far off the mark: many of the complaints against Australia can find echoes in the complaints levelled against Britain in Ambassador Liu Xiaoming’s Press Conference which have been quoted extensively in this paper (Chinese Embassy Press Release 2020).

SOME CHALLENGES FOR FUTURE POLICY

It is becoming a commonplace in discussions of UK policy on China, that the UK desperately needs a new and clear strategy regarding its relationship with the PRC. There has been no formal strategy (at least no formal publicly available one) since the one by the Labour government in 2008. Such a strategy has been proposed in many of the recent think tank pieces on China and in parliamentary reports (The Security and Defence Committee of the House of Lords 2021). So far, however, there has been no public governmental response to these calls. The Report of the Foreign Affairs Committee on China and the International Rule of Law in 2019 contained detailed recommendations for the development of a strategy towards China. The government response, published in June 2019, did not address these concerns directly (Foreign Affairs Committee 2019). It concentrated on the mechanisms which already existed for directing the strategy towards China: “the overall strategic approach towards China is agreed by the National Security Council (NSC). The NSC coordinates across government and is central to ensuring an effective and strategic policy, which promotes UK values and interests”. It went on to describe frequent meetings of the China National Strategy Implementation Group led by the Deputy National Security Adviser in his capacity as Senior Responsible Officer for China. It said that National Security Strategies were not published, but gave some broad headings on which the NSC focussed in regard to China. But these gave no clear steer on the strategic perspective through which the government viewed China. Some elucidation of the merging government view was given in the Integrated Review of Security, Defence, Development and Foreign Policy published in March 2021 (Cabinet Office Policy Paper 2021). This moved the UK view of China much further towards the “balancing end” of the spectrum of responses. For the first time, China was described as a “systemic competitor”, which presented the greatest state-based threat to the UK’s economic security.

What is missing is not so much a strategy, but rather a strategic and clear-eyed assessment of China's aims and behaviours and of Britain's interests when dealing with China. This is a complicated matter that will need to consider carefully the changes that have taken place in Chinese foreign and domestic policy in recent years.

A new question, that has risen comparatively recently, is how to respond to the new authoritarian behaviour of the Chinese government both at home and abroad. This demands a response in the area of values. One of the prime critiques of the engagement policy is that there has been a problematic under-estimation of the extent to which China has been willing to interfere and undermine democratic values in Western countries. China is using new tools and systems at its disposal more aggressively. It increasingly sees itself both in competition with Western values, and in the business of defending itself against them.⁸ Foreign policy based on values has had a troubled history in the UK. The attempts by the Labour Government, which came to power in 1997, to establish an "ethical dimension" to foreign policy quickly foundered. An effective way of handling the tensions between speaking out on human rights abuses and seeking commercial benefits in China is part of this, but the time may have come for values to be incorporated more seriously into UK policy as a response to the growing tendency of the Chinese state to seek to impose its view of the world on the international community. The UK, like many others, has struggled to find a way to effectively promote its values with regard to China while maintaining profitable economic ties. More often than not these two have been seen as mutually incompatible goals, and the consequence has been that the UK's position on issues such as human rights has been comparatively muted. This is beginning to change. For the first time, the UK introduced sanctions against individuals and organisations deemed to have been involved in systematic violations in Xinjiang. This action was taken in concert with the US, Canada and the EU, but it was the first time that the UK has used such instruments in its dealings with China (Foreign, Commonwealth and Development Office 2021). In a similar vein, the Integrated Review stated that the UK would: "not hesitate to stand up for our values and our interests where they are threatened, or when China acts in breach of existing agreements" (Cabinet Office Policy Paper 2021).

⁸ This approach is discussed in a recent paper by Charles Parton (2020b).

Britain has a major stake in maintaining the rules-based international order. China is increasingly seen as a disruptive element. The UK Parliament's Foreign Affairs Committee conducted a major enquiry into China and the rules-based order in 2019. It concluded that: the current framework of UK policy towards China reflects an unwillingness to face the reality of China's strategic direction. In some fundamental areas of UK national interest, China is either an ambivalent partner or an active challenger. This does not mean that the government should seek a confrontational or competitive relationship with China, or that it should abandon cooperation. But we must recognise that there are hard limits to what cooperation can achieve; that the values and interests of the Chinese Communist Party, and therefore the Chinese state, are often very different from those of the United Kingdom; and that the divergence of values and interests fundamentally shapes China's worldview (Foreign Affairs Committee 2019).

The UK will wish to retain its close alliance with the US. Its position as a permanent member of the United Nations Security Council (also known as P5), and its historical inclination, lead in this direction. It will be more reluctant than the EU to depart markedly from the US view of China. This puts it, by default, on the harder end on the hedging zone, edging—at times—towards a more explicit hard balancing (especially in the security sphere). But there has been a wariness about being drawn completely into the US's policy orbit. The UK has been slow to develop a more active form of pushback in relation to China. Policymakers remain perhaps over concerned at the effects of Chinese retaliation. A report for the Council on Geostrategy by Charles Parton suggests that the Chinese bark is often more serious than its bite, and that it is still possible to take stands of principle (or self-interest) without suffering long-term adverse consequences (Parton 2021). The extremes of uncritical engagement complete acquiescence in China's agenda (often seen as a symptom of uncritical engagement anyway) and treating China as an enemy are equally unattractive. Britain will be looking for a middle way in dealing with China and the US, summed up in the Policy Exchange paper: "Finally, in upholding its values, Britain recognizes the increasing strategic competition between two competing visions of regional order, offered by China and the US. The UK does not seek any new cold wars, but it will defend its interests at home and abroad. At the same time, the UK government cannot take a value-neutral position between Beijing and

Washington, nor should it see itself as leading a new ‘non-aligned’ movement of smaller states in opposition to the two great powers of the region. Britain should defend global cooperation, openness, respect for law, and adherence to accepted norms of behaviour in concert with the US and like-minded nations in the Indo-Pacific and beyond” (Policy Exchange 2020).

CONCLUSIONS

British policy towards the management of its relationship with China is evolving and changing at a dramatic pace. While there is increasing evidence that the UK government has a somewhat clearer view of its overall strategy, there has been no public announcement of any such strategy. Strategy documents can become rapidly dated but a clear statement concerning: the UK’s interests with regard to China; how those interests should be pursued; and, how the UK views the direction of Chinese policy, would allow for a more steady direction of policy, which in the last few years has been lurching unsteadily towards a more confrontational approach to China. Partly this has been caused by the mutated stance of the US towards China. While the UK has not slavishly followed US policy, the changed US view of China, and its assessment of the efficacy of the previous policies which emphasised engagement, has directly impacted the debate in the UK. China’s growth is increasingly viewed as a challenge rather than an opportunity. The actions of the Chinese government in recent years and its increasingly assertive foreign policy have forced a rethink of the relationship. British policy has moved away from one where economic considerations prevailed, to one in which the UK government has begun to push back against Chinese actions in a number of areas, and has even begun to seek ways in which it can pursue greater involvement (especially in Asia and the Pacific). The UK has been prepared to take actions (over Hong Kong, for example, and the first-ever application of sanctions in respect to Xinjiang), which ignited China’s wrath.

However, the UK remains unwilling to follow the US blindly and remains committed to developing its own relationship with China. To this avail, it increasingly looks to work with other partners, and “like minded” allies in finding common approaches to the challenges China poses to the rules-based international system. Economic factors remain

hugely important but no longer in an uncritical way. In terms of the “balancing to bandwagoning” continuum, the UK appears, perhaps more by accident than conscious decision, to have moved within the hedging zone from “limited bandwagoning” towards “soft balancing”, at least in security terms. This shift has been accelerated by the rapid changes in the global environment recently, most notably the effects of the pandemic, and now the responses to the Ukraine crisis. Both these effects are still being worked through and it is too early to judge their long-term effect on the relationship.

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PART III

Asian Countries' Response to the US-China
Strategic Competition



Navigating and Riding the Double Bind of Economic and Political Hedging: Japan and the US-China Strategic Competition

David Chiavacci

INTRODUCTION

Japan finds itself in a double bind. On the one hand, the United States (US) has been a committed military ally, guaranteeing the national security of Japan since 1952. Any discussion of abandonment by the US sends shockwaves throughout the conservative security establishment of Japan. On the other hand, the rise of the People's Republic of China (PRC) has transformed it into the most important trade partner of Japan, by far. Japan is interested in a continued expansion of the PRC economy. Its markets are crucial for Japanese industries and promise future profits, whereas the declining population in Japan will hardly generate any future economic growth. The heated strategic competition between the US and the PRC has tightened the double bind. It is difficult to imagine how Japan could confront this inherent dilemma and resolve the situation.

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One might have hoped that the sandwich position that Japan finds itself in between the US hegemon and Chinese contender would allow it to play a mediating role. Given the escalating strategic rivalry between the US and PRC, some might even assign blame to Japan for completely failing in this aspect.

Aside from the question of whether Japan would ever have been accepted by the PRC as an intermediary because of their bilateral historical issues and its security alliance with the US, it must be stressed that Japan was not just a passive “victim” of rising US-Chinese rivalry. On the contrary, it played an active role that welcomed an increasingly assertive position of the US vis-à-vis the PRC, especially during the government of Shinzō Abe (2012–2020). In fact, the conservative security establishment of Japan has good reasons to welcome the new US approach to Beijing, given the increasingly assertive stance of the PRC in East and Southeast Asia as well as its territorial conflicts with other countries in the region, including Japan. However, the conservative security establishment does not represent the whole conservative establishment in Japan, and its business community has much to lose from disintegrating economic relations with the PRC.

The picture becomes even more complicated when looking beyond the conservative elites themselves. Shared growth was established as the new social contract in Japan between the conservative establishment and the population after the crushing defeat in the reckless expansion wars up to 1945. This social contract guaranteed the delivery of the fruits of economic expansion and hard work to the general population in the form of prosperity and increasing purchasing power combined with a very defensive and limited security policy that leaned on US support. The successful realization of the promises of the social contract regarding general well-being was the foundation of the continuing dominance of elections and politics by the conservative establishment and its Liberal Democratic Party (LDP). In recent years, power has become concentrated and consolidated in the hands of the prime minister and his entourage, which never occurred in modern times. In Japan, this is called the *kanteishugi* (literally the Residence-ism of the Prime Minister). Still, Japan’s executive remains bound by democratic constraints. The conservative establishment and the LDP cannot ignore the economic priorities and wishes of the voters if they want to remain in power in the Japanese democracy. This is primarily due the increasingly low growth and stand-still in social upgrading in recent decades, which have led to narratives

of “lost decades” and perception of Japan as a “gap society” marked by social differences and increasing social exclusion (Chiavacci 2021, 2022).

This paper analyzes the foreign economic policy of Japan and the security policy of the conservative, LDP-led governments under the leadership of Prime Minister Shinzō Abe (2012–2020) and his successors in this complex interplay of international relations and national politics. The theoretical framework of this analysis uses the concepts of the balancing-hedging-bandwagoning continuum (see Fig. 9.1), which has been proposed by Bloomfield (2016) and others.

During the decade of conservative governance, the Japanese security policy included a strategy in the balancing zone between hard balancing and containment toward the PRC and a strategy in the bandwagoning zone between allied alignment and dependence toward the US. However, Japan followed both the PRC and US strategy in the hedging zone between dominance denial and economic pragmatism in its foreign

Balancing Zone	Outright War
	Containment
	Hard Balancing
Hedging Zone	Soft Balancing
	Dominance Denial
	Economic Pragmatism
	Binding Engagement
	Limited Bandwagoning
Bandwagoning Zone	Allied Alignment
	Dependence
	Capitulation

Fig. 9.1 Balancing-hedging-bandwagoning continuum (*Source* Adapted from Bloomfield [2016: 262–265; see also Koga 2018, 2020; Kuik 2008])

economic policy. Furthermore, Japanese foreign policy was not just reactive during this decade, as famously postulated by Calder (1988), but very proactive. Japan was not just carefully navigating its double bind but actively riding it. Under Abe, it played an increasingly influential role in international trade and security policy (e.g., Funabashi and Ikenberry 2020). It remains to be seen if this proactive foreign policy will continue after Abe. One precondition for such an assertive foreign policy, which cannot be taken as a certainty, is that longer terms of office for the Japanese Prime Minister become the rule, as was the case with Abe.

PATH-DEPENDENCY AND SHIFTS IN THE IDEATIONAL MAP OF THE JAPANESE FOREIGN POLICY

In order to understand the new directions in Japanese foreign policy in the last decade, a quick assessment of the redefinition of Japan after its expansion wars defeat, following the 1945 detonation of the two atomic bombs (Chiavacci 2007), is required. Due to the complete failure of the previous strategy of gaining a dominant position in East Asia, a leading role in the world system as a military superpower was no longer sustainable. During the US-led allied occupation, the reform policies unleashed the left-wing that gratefully accepted the new constitution and its article 9 written by the US that envisaged a demilitarized and peaceful Japan. The progressive left embarked on transforming Japan into a neutral country pertaining neither to the capitalist nor the communist bloc during the Cold War (Stockwin 1962). However, the conservative establishment did not want to know anything about this idea and was finally able to establish the Yoshida doctrine as a new blueprint for the future of Japan. This doctrine, named after the influential Prime Minister Shigeru Yoshida (1946–1947 and 1948–1954), focused on the economic rebuilding of Japan (Pyle 1992). The doctrine also accepted the submission of Japan under US leadership in foreign and security policy regarding allied alignment and even dependence in the bandwagoning zone.

Still, this prioritization of economic growth and acceptance of dependence on US protection as well as a semi-sovereignty with respect to the stationing of US troops in Japan, even after the end of the occupation period in 1952, was not popular in the whole conservative establishment. For instance, Prime Minister Nobusuke Kishi (1957–1960), a member of the war elite, tried to re-establish Japan as a partner on more equal footing to the US through limited bandwagoning when renewing the

bilateral security treaty in 1960. This led to a huge national protest movement that shook the foundations of the democratic institutions in Japan (Kapur 2018; Saruya 2021). Kishi finally pushed through the renewal but had to resign as prime minister and renounce his plan for a “normal” Japan with a strong military and autonomous security policy. His successor, Hayato Ikeda (1960–1964), not only refocused on the Yoshida doctrine but socially embedded this doctrine by making the conservative establishment and its LDP into the guarantor and champion of shared growth (Chiavacci 2007; Pyle 1992). Rebuilding national greatness and prestige through the economic development of Japan was no longer the goal with Ikeda. Focusing all available resources on economic growth of Japan became now a strategy for general well-being and a good life. Ikeda pulled together the compromise, which became the social contract of the following decades. It allowed Japan to overcome the fierce struggles between conservative employers and left-wing labor unions and to rise from the ashes of war and destruction to become an economic and technological superpower.

In the years leading up to the 1990s, the main disparity in the foreign and security policies remained between the pacifists (Socialist Party Japan and Communist Party Japan) and middle-power internationalists (LDP and Yoshida doctrine). Still, both sides agreed on prioritizing economic development over remilitarization. However, new discourses on the future foreign and security policies of Japan arose in the conservative establishment following the Cold War (Samuels 2007). As Japan’s role in the Gulf War (1990–1991) was regarded by many in the conservative establishment as a fiasco and humiliation, they started to push for fundamental reforms in the security policy of Japan. The first group of leading conservative politicians, such as Shinzō Abe, Junichirō Koizumi and Ichirō Ozawa, wanted to transform Japan into a normal state, basically picking up the Kishi vision for a remilitarized Japan as more of an equal partner to the US. The second group of far-right politicians, most prominently Shintarō Ishihara, Governor of Tokyo (1999–2012), wanted to go even further and re-establish Japan as a fully sovereign and autonomous nation by repealing the security treaty with the US and sending the US troops home. The goal of this group was no longer an allied alignment with the US but outright dominance denial (Fig. 9.1).

Normal nationalism then began dominating Japanese foreign and security policy. In a kind of salami tactic, they began cutting off more and

more slices of the Yoshida doctrine, such as sending Japanese troops overseas or establishing a new Ministry of Defense. However, the international environment and national development changed in a short time, which redrew the map of foreign and security policy discourses in Japan. The economic and political rise of the PRC and Japan's economic stagnation fundamentally changed the game board on which Japan was playing. The Gross Domestic Product (GDP) in Japan stagnated since the mid-1990s, the PRC began its ascendance and overtook Japan in 2009 (Urata 2020: 149). In parallel, the military expenditures of the PRC began exceeding the spending of Japan many times over.

However, the rise of the PRC was not just a bad story for Japan. Bilateral trade multiplied, and many Japanese companies profited from the new business opportunities in the PRC. According to the GDP in US\$, as an indicator, the Japanese economy was stagnating, but Japanese investments and business activities abroad and especially in the PRC increased. Therefore, lost decades for Japanese business interests can hardly be discussed if foreign activities are taken into consideration. The rise of the PRC was, in other words, a huge opportunity for the Japanese economy. This led to a double bind for Japan and the question involving how Japan should position itself and hedge, given the risks and opportunities arising from the rise of the PRC and continuing importance of the bilateral relationship with the US (Michishita and Samuels 2012).

The main strategic question involved the priorities chosen in this dual hedge of further economic integration with the PRC and maintaining strong security relations with the US. Initially, the priority was set by the conservative establishment on security. For example, due to the more assertive foreign and maritime policy of the PRC, Japan began developing a more security-oriented and active administration of its extended maritime zones in the mid-2000s (Manicom 2010). However, the late 2000s marked a political earthquake in Japan. The progressive Democratic Party Japan (DPJ) defeated the conservative establishment in the lower house election in a landslide victory (Chiavacci 2010; Shiratori 2010). This proved that the LDP was not invincible, even though it had been nearly uninterrupted in power for over 50 years since its founding in 1955. Its neoliberal reform policies, introduced from the late 1990s onward and further strengthened under Koizumi in the early 2000s, came increasingly under criticism for producing a "gap society" (*kakusa shakai*) in the mid-2000s marked by increasing social inequality and polarization and for leaving rural areas to decay. The LDP no longer seemed

to be a guarantor of shared growth. The DPJ, under the strategic leadership of Ozawa, mainly used the feeling of decoupling from national growth in the countryside to inflict crushing defeats on the LDP in the 2007 upper house and 2009 lower house elections. The new Prime Minister of the DPJ, Yukio Hatoyama, focused his foreign policy on economics by favoring economic development and prioritizing stronger links to Asia and the rising PRC over the declining US (Liff 2019). His “friendship diplomacy” (*yuaï gaikō*) tried to achieve in his own words “coexistence and co-prosperity with countries that have different values from Japan while recognizing each other’s position” (quoted after Tsai 2012: 262). This attempt to move Japan toward limited bandwagoning with the US and economic pragmatism with the PRC not only caused adverse reactions from Washington but also did not find strong resonance with Beijing. On the contrary, the relations between Japan and the PRC strongly deteriorated from 2010 onward. After a collision between a Chinese trawler and Japanese Coast Guard patrol boats near the Senkaku Islands, the territorial conflict regarding these islands, which are under Japanese control but also claimed by the PRC and Taiwan, heated up and reached a whole new level. When the Japanese government purchased the Senkaku Islands from its private owner in 2012, the number of Chinese vessels and airplanes entering the territorial waters and airspace near the island significantly increased, which led to the risk of escalation and war engagement with Japanese units. The conservatives in the Japanese security establishment saw their position fully confirmed. The US was needed more than ever as a strong partner to Japan, and the PRC was a threat to national security and could not be trusted. Right-wing politicians, such as Shintarō Ishihara (2013) ridiculed the “naïve” DPJ approach toward Beijing.

In 2012, when Abe was re-elected as LDP President and led the LDP to a victorious election campaign, many pundits were seriously nervous because of his rise to power. In his election campaign, Abe had promised to “take Japan back” to the good old times. Given the conflicts over the Senkaku Islands with the PRC that had escalated during the DPJ government, Abe seemed to be an international risk factor to peace in East Asia. He was known for his revisionist ideas about the wartime history of Japan, for his nationalist position on the right of the LDP, and for his hawkish wish to re-establish Japan as a normal military power, ready to use force to achieve foreign policy goals. These seemed to be bad ingredients in light of the unstable situation with the PRC in September 2012.

The Economist (2012) was not the only commentator that was alarmed: “Could China and Japan really go to war over these [Senkaku Islands]? Sadly yes.” Some observers even compared the situation in East Asia with the situation in Europe leading to the First World War in 1914. Fortunately, both sides kept their composure, and war never materialized. Still, the Abe administration refocused their attention on security issues over economic considerations preferring a military hedge by maintaining the security treaty with the US and keeping distance from the PRC. It reformulated the double hedge of Japan by making it a full partner with the US and starting an active containment policy vis-à-vis the PRC. Japan, under Abe, was even able to recruit the US as a partner for a PRC containment policy. The institutional changes in the national polity of Japan that handed Shinzō Abe the institutional requirements for reformulating Japanese security and foreign policy were vital for this turn toward an active security policy in Japan.

THE RISE OF A CORE EXECUTIVE

In his classical analysis of Japan, as a reactive state that is not formulating a strategic, proactive foreign policy but primarily reacting to foreign pressure, Calder (1988: 528) identified the fragmented character of state authority as “perhaps [the] most important” factor. In comparison with the US President that has all the capabilities of being a strong chief executive and of setting strategic goals in foreign policy, the Japanese Prime Minister and his Cabinet lack power and are confronted with a fragmented bureaucracy in which ministries are neither cooperating nor coordinating. Instead, they often undermine the competencies of each other and engage in open conflicts when invading policy fields. Illustrative in this context is the joke by an Australian minister in an official speech in 1992, in which he pointed out that the Asia–Pacific Economic Cooperation (APEC) had not only a three-China problem (PRC, Hongkong and Taiwan) but also a two-Japan problem (Krauss 2003: 327). At the time, Japan always sent two delegations to the APEC meetings that did not coordinate and often made contradictory proposals. These two “independent” delegations came from the Ministry of Foreign Affairs and the Ministry of International Trade and Industry.

Many Japanese commentators and politicians had similar perspectives like Calder (1988). Even members of the conservative elite identified a

basic deficit in the Japanese political system dominated by sectorial interests, which led to an inability to formulate a long-term strategic economic policy and proactive foreign policy. They demanded institutional reforms in the polity of Japan, which should strengthen the core executive (Ozawa 1993; Sakakibara 2008). Accordingly, Japanese politics in the 1990s were characterized by institutional reforms. The main thrust of these reforms was to strengthen the prime minister and his cabinet as the executive. This centralization of political decision-making was regarded as important to overcome the influence of interest groups and accompanying clientelism for making the path free for structural economic reforms and to develop a more strategic and active foreign policy. The central goal was to move policymaking away from the established insider circles of LDP lobby politicians—organized in tribes, bureaucrats and organized interest groups—toward a dominant cabinet with control over the LDP rank politicians and the bureaucracy (Tanaka 2019). A new political center should develop an overarching national policy agenda and overcome particularistic interests and fragmentation, which have marked Japanese politics since the 1970s. The comprehensive administrative reform of 1997, which was fully implemented in the four years leading up to 2001, reshuffled ministries and concentrated more resources in the hand of the prime minister and the cabinet. The legislative initiatives of the prime minister were legally enshrined and support for developing a political agenda expanded significantly by increasing the administrative staff (Shinoda 2005, 2013).

During his years as Prime Minister, Junichirō Koizumi (2001–2006) showed that the institutional change allowed the prime minister to have a much bigger say in policy and decision-making with his far-reaching economic reform agenda and active foreign policy. However, his six successors—three LDP and three DPJ Prime Ministers—up to 2012, including Abe during his first time as prime minister (2006–2007), remained approximately one short year in office and could hardly leave behind a lasting influence on Japanese politics. The reforms had given the prime minister and his executive core team much more power. However, to put these new capabilities into practice, the stability and continuity of a prime minister were needed. With the position of prime minister again a revolving door after Koizumi, Japan seemed to fall back into unstable governments and decentralized decision-making. The prime minister and cabinet became a plaything of interest groups and internal party disputes, unable to impose or even develop a comprehensive strategy.

However, the second tenure of Shinzō Abe lasted eight years until September 2020. This made him not only the longest-serving prime minister of Japan, but he was able to concentrate power in the core executive like no other Japanese leader after 1945. During his second time as prime minister, he established a strong grip on the ministerial bureaucracy, the LDP and interest groups. The concentration of decision-making power in the core executive was even significantly stronger than in the years of the Koizumi administration in the early 2000s. Japan now had a full-fledged core executive that dominated economic and foreign policy (George Mulgan 2018; Iio 2019; Takenaka 2019). Due to several political scandals, commentators increasingly questioned whether the power concentration in the hand of the prime minister and the core executive under Abe had gone too far. National administration seemed to increasingly function in a system of “anticipatory obedience” (*sontaku*) toward Abe and his entourage, even if this meant that the bureaucrats were no longer fully following legal provisions and procedures (Carlson 2020; Iio 2019). Some commentators even regarded Abe and his government as a risk for Japanese democracy (Banno and Yamaguchi 2014; Kolmaš 2018). They emphasized his personal, revisionist convictions that downplayed Japanese historical errors and acts of violence during its expansion wars. He and his cabinet were very close to right-wing ideas like those of Nippon Kaigi (Japan Conference), an ultra-conservative and nationalist organization in which many leading members of the conservative establishment, including Abe, are affiliated. Critics of Abe also pointed to his fierce attacks on progressive mass media, whose reporting was not to his liking or sympathetic toward his policies, as an undermining of a free press system (Kingston 2017).

However, Abe’s original agenda collided with the will of the people and the checks and balances involved in Japanese democratic institutions. He and his core executive have, without a doubt, left their mark on Japanese foreign policy regarding security questions and economic questions. Still, despite his long tenure and the unprecedented power concentration in his hands, Abe was also forced to redraft some policy goals. Additionally, he could not fully realize all his central policy goals. Let us first examine the security policy under the Abe administrations.

INTRODUCING THE ABE DOCTRINE

During his first term as prime minister in 2006–2007, Abe introduced one major reform in security policy. He upgraded the Defense Department—a subdivision of the Cabinet Office without a seat in the cabinet—into the Ministry of Defense with a defense minister as part of the core executive. In this short year, he also introduced the idea of a value-based foreign policy in the Indo-Pacific, which is regarded as the origin of the Free and Open Indo-Pacific (FOIP) strategy today. Still, despite the high expectations of Abe at his inauguration, his first term as prime minister can hardly be described as successful. Due to falling support, poor elections results and health issues, he was forced to step down after 12 short months in September 2007 to make way for a new LDP Prime Minister.

Given this record, he was not unanimously elected as party president and leading candidate by the LDP, then in opposition, for the upcoming lower house elections in 2012. Not everyone in the LDP was convinced that Abe was the right candidate to bring the party back into power. In fact, in the first round, he only obtained 29% of the party member votes, far behind the 55% of the leading candidate (Endo et al. 2013: 54). Still, Abe finally won, thanks to the support of LDP Diet members. He then led the LDP to an election victory and back into government (for details of the 2012 election, see Pekkanen et al. 2013). The US government generally welcomed the return of the LDP to power as the party that stands for a stable security partnership between Japan and the US. However, as discussed above, there was some nervousness about Abe, concerning his nationalistic agenda and hawkish approach to foreign policy, especially in view of the heated and virulent conflict around the Senkaku Islands. Abe was perceived as a risk factor that had to be tamed. When he visited the Yasukuni Shrine in late December 2013, this led (as expected) to fierce criticism by the PRC and South Korea. However, for his shrine visit Abe was also subjected to a public rebuke by the US. The Yasukuni Shrine celebrates those who have fallen during war conflicts on the Japanese side. However, it also represents a revisionist historical perspective because the war criminals sentenced to death at the Tokyo War Crimes Tribunal (1946–1948) were also included in the shrine in the 1970s. Through this action, war criminals were de facto transformed into soldiers that have honorably fallen for Japan, an action which has infuriated countries such as China and South Korea, both victims of Japanese expansionism and imperialism. Although conservative Japanese Prime Ministers and

Ministers had been visiting the shrine since the mid-1970s, public criticism from Washington came for the first time after such a visit in 2013, expressing “disappointment” over the behavior of Abe (Smith 2015: 58). Conspicuously, Abe never visited the shrine again, during the rest of his tenure as prime minister.

Still, the reforms and fundamental reorientation of the security policy of Japan in the eight years under Abe were most welcomed by the US government. The two main reforms in the field of security policy by the Abe government were the introduction of the State Secrecy Law (Act on the Protection of Specially Designated Secrets, Tokutei Himitsu no Hōgo ni kan suru Hōritsu) of 2013 and the new Japanese military legislation (Legislation for Peace and Security, Heiwa Anzen Hōsei) of 2015. The latter reinterpreted Article 9 and allowed the Japanese Self-Defense Forces to operate overseas and engage in collective self-defense with allies. The US embraced both reforms as fundamental improvements for the security collaboration between the US and Japan. In fact, the US government had pressured Japan to control classified information more tightly, similar to what was done with the State Secrecy Law as a prerequisite for more information sharing and cooperation between the two partners (Williams 2013). The new military legislation and reinterpretation of the constitution allowed Japan to send its army and navy to support the US in the case of an attack on US troops, for example, in the Taiwan Strait. It marked a fundamental switch in the security relationship. The US nuclear shield and the US troops stationed in Japan led, in the postwar era on the one hand, to a dependence of Japan on the US for its security. On the other hand, Japan tried to keep some distance from the US to avoid being drawn into its military conflicts. In the balancing-hedging-bandwagoning continuum (see Fig. 9.1), Japan was in a state of dependence on its US partner regarding its national security. However, at the same time, it restricted its external security support from the US by invoking Article 9 to limit bandwagoning and, if possible, even only binding engagement. The new defense posture of collective self-defense changed its position regarding the external security support of its US partner into an allied alignment in the zone of bandwagoning. These reforms under Abe marked a turn toward a proactive security policy and were so far-reaching that some authors argue that Japan had now overthrown the Yoshida doctrine and switched to a new Abe doctrine (Akimoto 2018; Hughes 2015).

However, both legislations led to a public backlash and the rise of oppositional social movements not seen in decades in the field of security policy. According to representative national opinion polls by Japanese newspapers, a clear majority of the Japanese population opposed the State Secrecy Law, and support rates could not even garner 30% (*Nihon Keizai Shinbun* 2013; Suzuki 2013). Critics regarded the law as a turn toward state authoritarianism and militarism similar to the period up to 1945 and feared a gradual undermining of the democratic checks and balances as well as public information disclosure. In 2015, approximately two-thirds of the population rejected the new Legislation for Peace and Security (Soble 2015). The Abe government pushed the legislation through the parliaments, but a population majority and the overwhelming majority of constitutional scholars rejected the new bill as a distorted interpretation of Article 9 and outright anti-constitutional (Kokubu 2015). A public protest movement against the Abe policies gained increasing momentum and staged demonstrations that resembled the peak of public protest during the renewal of the security treaty under Kishi in the late 1950s (Chiavacci and Grano 2020; Chiavacci and Obinger 2018).

In this context, even business interests, usually an unshakeable ally and long-time supporter of the LPD, were rather reluctant to endorse the new security agenda of Abe fully. The Abe administration lifted the ban on arms exports in 2014. It tried to promote more weapon exports by Japanese producers to potential allies in East and South-East Asia to restrain the rise of the PRC and increase influence in the region. However, Japanese weapon producers like Mitsubishi Heavy Industry or Kawasaki Heavy Industry were not fully supportive of this new export strategy. As defense-related sales were less than 10 percent of their total revenues, they were afraid that massive weapon exports might lead to a more negative public image and hurt their business interests in civilian sales (Sakaki and Maslow 2021).

Constitutional reform, the main goal of Abe, became a central political issue. After the Legislation for Peace and Security was passed, surveys consistently show that public opinion in reaction to the security policy reforms became more opposed to constitutional reform and reformulating or complementing Article 9 (Suzuki and Wallace 2018: 730). Only eight days before the 2017 lower house election was called, a new center-left party was founded as part of a major reorganization of the opposition parties, which called itself the Constitutional Democratic Party of Japan (CDP). This name was a clear reference to the new party position of

defending the Japanese constitution, including Article 9 and its democratic institutions. Surprisingly, despite its organizational weakness and poorly conceived election agenda due to its short-term establishment, the CDP had notable electoral success and became the second largest party in the new lower house (Pekkanen and Reed 2018). Given the public opinion and these developments, even voices inside the conservative LDP establishment called for a postponement regarding any amendment or reformulation of Article 9 of the Japanese constitution (Ishiba 2017). It became clear that constitutional reform, which requires not only a two-thirds majority in both chambers of the parliament but also a majority in a national referendum, was hardly realizable and would be a huge political risk for the LDP. Abe successfully pushed through an Abe doctrine and strengthened the US-Japanese security alliance. However, his action led to popular pushback that impeded any possibility of constitutional reform, and especially of amending or reformulating Article 9. As was the case with his grandfather Kishi, the ultimate goal of Abe was to “normalize” Japan and its security policy and build a new foundation for the alliance with the US, especially given the rising PRC. However, it remained an unrealizable dream.

Although the domestic road for normalization became closed, the election of Donald Trump as US President opened a new opportunity in the international arena. Prior to the inauguration of Trump in January 2017, Abe met with him in November 2016 to initiate a good relationship. Abe personally invested significant time and resources into the relationship with Trump. Obviously, Abe saw in Trump a US President that took a much more aggressive stance toward the PRC. His goal was not only to develop and maintain a good personal relation with Trump and strengthen the Japan-US security relationship but also to pull the US, under Trump, toward a more active containment policy of the PRC, consistent with his view of a rising China as a security risk. The proactive security policy of Abe proved to be quite successful. Japan was able to skillfully navigate the space between US hegemony and Chinese contenders and even shape the US-Chinese rivalry by riding it. Under Abe, Japan could mold the US security policy and its rivalry with the PRC, to some extent, by adding new strategies and revitalizing partnerships.

The main success stories of the initiatives by Abe in this context were the FOIP strategy as well as the Quadrilateral Security Dialogue (QUAD) between Australia, India, Japan and the US. The strategy and dialogue

originated during the first tenure of Abe as Prime Minister in 2006–2007. The FOIP had its origin in the “Arc of Freedom and Prosperity,” which was declared as a new departure to Japanese foreign policy in November 2006, by Foreign Minister Tarō Asō (2006):

[W]e are aiming to add a new pillar upon which our policy will revolve. First of all, there is ‘value-oriented diplomacy,’ which involves placing emphasis on the ‘universal values’ such as democracy, freedom, human rights, the rule of law, and the market economy as we advance our diplomatic endeavors. And second, there are the successfully budding democracies that line the outer rim of the Eurasian continent, forming an arc. Here Japan wants to design an ‘arc of freedom and prosperity.’ Indeed, I believe that we must create just such an arc.

This envisaged arc from Japan over Southeast Asia and India to Europe excluded the PRC and was openly a policy to encircle it (Hosoya 2011). The FOIP was introduced by Abe in August 2016 and had many continuities with its predecessor by trying to establish a rule-based order against increasing Chinese interference and territorial claims in the important sea-lanes for Japan in the Pacific and Indian Oceans (Abe 2016):

What will give stability and prosperity to the world is none other than the enormous liveliness brought forth through the union of two free and open oceans and two continents. Japan bears the responsibility of fostering the confluence of the Pacific and Indian Oceans and of Asia and Africa into a place that values freedom, the rule of law, and the market economy, free from force or coercion, and making it prosperous.

Abe successfully promoted this concept to Trump. In fact, it made its way into the December 2017 US National Security Strategy and was adopted by the US under Trump as part of a PRC containment policy.

Abe had also initiated the QUAD in 2007. It was regarded as a response to increased Chinese economic and military power. In fact, after its announcement in 2007, the PRC even issued formal diplomatic protest to QUAD members. After the first round of dialogue and military exercise, the forum of the QUAD ceased due to the withdrawal of Australia. However, cooperation, including military exercise, continued between the three remaining partners. From 2013 onward, Abe began his efforts

to re-establish the QUAD. Finally, in November 2017, the QUAD was restarted concurrently with the establishment of the FOIP.

Overall, Abe has achieved many of his goals in national security policy and played an important, sometimes even pivotal role on the international level. Under him, Japanese foreign policy was everything other than reactive. However, he could not realize his primary goal of a revised constitution as a new foundation for Japan as a normal state. Furthermore, he also had to devote much energy and time to economic policy and, as one outcome of this, had to adapt his China policy.

ABENOMICS FOR WINNING ELECTIONS

The long tenure of Abe as Prime Minister and President of the LDP was due to his ability to deliver victories for the conservative establishment. In contrast to the crushing defeat of the LDP under him in 2007, he led the LDP successfully in no less than six national elections for the lower and upper house of the parliament in 2012, 2013, 2014, 2016, 2017 and 2019 during his second term as prime minister. However, the LDP successes in the elections under his leadership were not due to his security agenda. As a result of the aforementioned negative public perception, one can even say that the election victories were despite the reforms in security policy. What made the LDP and Abe primarily attractive for voters was his economic policy called Abenomics, with its three arrows that promised to bring Japan back on a path of sustained and shared growth without many painful structural reforms (Chiavacci 2021, 2022; Shibata 2017). In short, Abe imagined his tenure to accomplish the normalization of Japan as envisioned by his grandfather Kishi but ended up following the steps of Ikeda by focusing and stressing on economic policies. He even formulated innovative ideas for enhancing social policy despite his very conservative social and political value preferences, such as womenomics for promoting labor market participation and career opportunities for women (Takeda 2018).

This “social turn” (Katada and Cheung 2018) was not a complete contradiction to his security agenda. Given the decreasing Japanese population and demographic projections of a population implosion in the coming decades (Funabashi 2018), it became imperative for Japanese security policy to secure the population size and economic foundation. The Abenomics 2.0, presented as an updated version of Abenomics in September 2015, introduced more support for young families, to raise

the fertility rate and to prevent the population from falling below a level of 100 million. It appeared on paper as an attempt to move the Japanese welfare state toward a social-democratic welfare regime but was never really followed up by substantial reforms and resources.

Although the election of Trump in 2016 was a window of opportunity in security policy for Abe, Trump, as President, was a double shock for the Abe government and Japan in the field of economics and trade policy. Similar to the Western partners of the US, it was a shock because Trump transformed the US foreign policy fundamentally. Under him, the US turned from a hegemon guaranteeing international institutions and the world trade order into a power that openly disregarded many international rules and tried to use its power, especially in trade, to impose its interest on others. The Trump slogan “America First” meant a strong focus on the red numbers of the US in bilateral trade with the PRC, and also that the US-trade deficit with Japan would receive strong attention and come under increasing pressure. Specifically, it was also a shock for the Japanese conservative establishment because it broke the basic rule that a Republican President was better for Japanese-American relations. After all, he would focus more on the bilateral security agenda and less on bilateral trade issues that had become very contentious since the 1980s (Chiavacci 2018; Urata 2020). However, Republican President Trump made the US trade deficits an issue of the highest importance in his political agenda. Despite the charm offensive of Abe on Trump, Japan could not completely escape this US pressure and was forced to sign a bilateral trade agreement with the US in 2019. Still, through his intensive diplomacy, Abe and Japan were able to sidestep the most incisive demands from the US side.

Moreover, Trump withdrew the US from the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which had been highly controversial in Japan (Solís and Urata 2018; Tashiro 2013). Agricultural interests, a main support group of the LDP, opposed this agreement and regarded it as another nail in the coffin of Japanese agriculture. Despite angering his rural clientele, Abe had pushed very hard for Japan to join the CPTPP due to trade policy considerations. His government hoped that the CPTPP would form an economic bloc led by the US that could contain Chinese (future) influence on international standards in trade and investment. As a result of the US turning away from a free trade policy, Japan became an unexpected champion of open trade

under Abe (Solís 2020). Not only did Japan play a pivotal role in realizing the CPTPP after the US withdrawal, but it also signed a Japan-EU Economic Partnership Agreement in 2018, which had been regarded as very complicated before. Because of the US absence, Japan changed in trade policy from a rather reactive side-actor to a proactive and important player in world trade politics.

Economic considerations also led to a re-rapprochement between Japan and the PRC. From an icy and even hostile relationship in the early years of the Abe government, a working relationship was established. Given the increasingly aggressive hostility from the US, the PRC started to change its attitude toward Japan. For Japan and Abe, the Chinese market was too important to be ignored, considering the significance of generating a favorable economic development for winning elections. In 2007, the PRC had overtaken the US as the most important trade partner of Japan. According to Japanese trade statistics, Japanese trade with the PRC is approximately 60% larger than its trade with the US in recent years. The growth of the PRC has been a huge opportunity for many Japanese companies and was in recent years one of the most important drives for Japanese economic growth. Without COVID-19 and the new Hong Kong national security law, the working relationship with Beijing would have even culminated in an official state visit of the Chinese President Xi Jinping in Japan. Something that seemed hardly possible to consider at the beginning of the Abe years, when his meetings with Xi were showcases of mutual dislike. In accordance with the re-rapprochement to the PRC, the Japanese FOIP vision has evolved in the late years of the time in power of Abe. The FOIP changed into a concept seeking to maintain an open and inclusive regional order that incorporates all regional powers, including the PRC (Hosoya 2019; Satake and Sahashi 2021). The recent signing of the Regional Comprehensive Economic Partnership in November 2020, which includes the PRC and Australia but not the US, is another constituent step in the Japanese efforts to incorporate the PRC into a regional order. In contrast, Japanese security relations with the PRC remained tense. They moved from an open containment position to a hard balancing position inside the balancing zone in the later years of the Abe administration. However, economic relations with Beijing were again increasingly marked by economic pragmatism deeply settled in the hedging zone.

CONCLUSION: JAPAN BEYOND ABE

In a nutshell, Japanese foreign policy has moved from economic preferences and trying to find a binding engagement in economic relations with the PRC in the early years of the DPJ rule to a prioritizing of security issues by fully developing an allied alignment to the US, not only in Japanese national defense, but also in the Japan-US security cooperation beyond the borders of Japan. As a result of the Senkaku Island conflict under Abe, at first, the risk of an escalation and open military conflict was not excluded by many pundits and analysts. However, throughout the years in government, the foreign policy of the Abe administration edged toward an economic pragmatism toward Beijing while continuing allied alignment in security questions toward the US.

A proactive foreign policy marked the long period of the Abe government. In the field of security and trade, Japan has been very active. It has not only navigated the double bind of political and economic hedging under the intensifying rivalry between the PRC and the US, but it has also actively ridden the rivalry, trying (with some success) to influence it. However, even Shinzō Abe, with a concentration of power in his hands like no other prime minister before him, still had to act under democratic constraints. The electorate was not fully supportive of his new security policy. To win elections, he had to pay attention to economic issues, which also resulted in a re-rapprochement to the PRC.

One big question remains: how will Japanese security and foreign policy evolve under his successors? The short stay in power of his immediate successor Yoshihide Suga (2020–2021) as Prime Minister indicates that longer terms in office at the head of the Japanese government might not become the norm, which would also diminish the influence of prime ministers in foreign and security policy. The current Prime Minister, Fumio Kishida (since October 2021), has only been in power for one year. Some pundits expected that he might try to improve relationships with the PRC due to economic considerations. However, he is looking into a new security architecture. The new security agreement between Australia, the UK and the US (AUKUS), as well as the continuity of FOIP and QUAD under the current US President Joe Biden (since January 2021), suggests that the room for maneuvering might shrink for Kishida, even if he could remain in office for a long period. Moreover, the Russian invasion in Ukraine has changed the security perceptions in East Asia. Decision-makers and public opinions are taking the risks of a

new war in the region through a Chinese attack on Taiwan much more seriously. This became visible during the Tokyo Quad Summit of May 2022, when the US and its allies, Japan Australia, enlisted India in the grand plan to contain China (Moriyasu 2022). In Japan, especially former Prime Minister Abe has been very active in March and April 2022 in the heated public and political discussions on security policy in response to the Russo-Ukrainian War. He proposed that Japan should consider hosting US nuclear weapons on its territory, which would be a breach of Japan's three non-nuclear principles of not possessing, not producing and not permitting the introduction of nuclear weapons, which had been introduced back in 1971. This proposal will hardly be realized under the current Prime Minister Kishida who rejected it immediately (*Nikkei Asia* 2022). However, calls from Abe and others that Japan should substantially increase its defense budget to 2% of its GDP have much bigger chances of being realized. Such an expansion of defense spending would mean breaking a taboo in security policy by going far beyond the 1% of GDP limit for the defense budget, which has been implicit rule for decades in Japan to honor Article 9. Still, this far-reaching proposal finds in view of the war in Ukraine the support of Japan's population. In a poll in April 2022, 55% of the respondents welcomed such an increase in defense spending and only 33% opposed it (Okuyama 2022). The Chinese non-condemnation of the Russian invasion in Ukraine has reinforced the perception of the PRC as a security threat for Japan and East Asia among Japan's conservative establishment and its population. Kishida is surely less hawkish than Abe regarding security policy, but for the time being, even after Abe's assassination in early July 2022, he has limited possibilities for fundamentally deviating from the Abe doctrine, which means maintaining a comprehensive security policy and active support of Taiwan by Japan alongside the US.

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Explaining Korea's Positioning in the US–China Strategic Competition

Linda Maduz

INTRODUCTION

South Korea (formally the Republic of Korea) is a focal point in the US–China rivalry. The country, which historically perceives itself as a victim of foreign powers (Kang 2010; Kondoch 2010), today is more and more being squeezed in the great-power conflict, involving its main security partner, the US, and its main economic partner, China. The US increasingly sees its bilateral alliances in Asia, including the one with South Korea, as instruments to manage the China challenge (see Ford and Goldgeier 2021; Overhaus and Sakaki 2021). Washington wants Seoul to join new security cooperation formats that it promotes with allies and partners in the region, such as the Quadrilateral Security Dialogue (Quad) or the US-led Free and Open Indo-Pacific Strategy (FOIP) (Pacheco Pardo 2021; Li 2021). It is continuously increasing the pressure on Seoul to align its security and foreign policies in the region with its own.

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China warns South Korea against such closer, expanded security cooperation with the US and US allies (see, for example, Park 2021; Mai 2021; Zhang and Mai 2021). As the world's second-largest economy since 2010 and South Korea's most important trading partner since 2004, Beijing has shown itself to be both capable of and willing to use its growing economic clout over Seoul to coerce it to change its behavior in Beijing's interest. To oppose the installation of a US anti-missile system on South Korean territory,¹ China in 2016 launched a massive, year-long economic boycott campaign. The dispute ended with South Korea under President Moon Jae-in (2017–2022) agreeing to commit to military constraints to end China's unofficial sanctions against important segments of its economy (Lee 2017).² China is closely watching South Korea after its 2022 presidential election. The Beijing-Seoul relationship might turn more confrontational under the new, "pro-US" president Yoon Suk-yeol, whose key electoral promises included another purchase of the US anti-missile system and steps toward Quad membership.

Given South Korea's pivotal role in the security order of Northeast Asia, the US and China are expected to keep raising pressure on South Korea to distinctively position itself in their rivalry. This chapter examines factors at three levels of analysis to understand the country's positioning: (1) the international political context, which defines the country's broad strategic options, (2) national political leadership and changes therein, which exert important influence when international conditions permit, and (3) public opinion, which has had a growing impact on South Korea's foreign policymaking ever since the country democratized in the late 1980s. An understanding of these factors and levels allows us in a further step to analyze South Korea's past and present strategic positioning between the US and China.

As the rivalry intensified over the past years, South Korea's strategy has been to accommodate both great powers and to avoid taking sides. The analysis of this chapter shows that this is consistent with the country's positioning since the end of the Cold War. While the strategy of accommodation and "dual hedging" has been successful in the past, it is likely to

¹ The Terminal High Altitude Area Defense anti-missile system (THAAD) is designed to protect against security threats from the North, but China argued that its powerful radar could be used to spy on mainland China.

² Chinese sanctions targeted the entertainment, tourism, car, and cosmetics industries.

come under pressure in future. Policymakers in South Korea face an international environment that increasingly constrains their strategic options. At the same time, they are confronted with shifts in domestic perceptions, turning increasingly critical of China. Combined, these factors suggest that South Korea is likely to adopt more critical positions toward China in future. The 2022 election of a new South Korean president, who had distinguished himself with anti-Chinese rhetoric, might be an early indication of this. However, chances remain low that the country will abandon its current hedging strategy and join the US in actively balancing against China.

South Korea's Strategic Choices: Perspectives in the Literature

The Role of the International Context: The Dominant View in Literature

Explanations focusing on large geostrategic forces dominate the literature on South Korea's strategic positioning. The country's strategic options were in a historical perspective very limited and by large defined by the international political context. Of particular relevance in this regard was the country's immediate geopolitical environment. Its "geographic location at the vortex of great-power rivalry in Northeast Asia" made the country "a victim of the tragedy of great-power politics" (Snyder 2018: 1). Surrounded by much more powerful neighbors, Korean rulers, in the past, had few means to influence their strategic environment. Illustrations of this are abundant. They include the Sino-Japanese War of 1894–1895, the Russo-Japanese War of 1904–1905, and the resulting imposition of Japanese colonial rule on the Korean Peninsula (1910–1945)—as well as the liberation of the Peninsula at the end of World War II (WWII), its division, and the Korean War (1950–1953). In the latter case, the US and the Soviet Union, along with China, confronted each other.

With US engagement in Northeast Asia at the end of WWII and during the Cold War, new strategic options opened up for South Korea (Snyder 2018). As an external actor to the region, the US not only guaranteed South Korea's military security, and thereby its existence in a hostile regional environment, but also helped the poor country develop economically through investments and access to the US market. South Korea has not only benefitted from its direct bilateral ties with the US, but more generally from its integration into what is commonly referred to as the rules-based, liberal international order that emerged after WWII under

US leadership. While military and economic dependence on the US was strong in this initial period, this changed in the following decades with the country's growing military and economic capabilities. In the late 1980s, South Korea also made its political transition to a democracy (Kim 2000).

With the end of the Cold War and China's economic rise, strategic options for South Korea and other small and middle powers in the region expanded further. Most of the 1990s and 2000s marked an era of strategic equilibrium in East Asia, with a stable US–China relationship at its core (Liow 2020: 217). The countries in the region benefited from the co-presence of the two great powers, allowing their economies to prosper. As the dominant military power, the US has continued to provide peace and stability to the region and, therefore, relied on its bilateral alliance system, put in place in the early 1950s. The US–South Korean mutual defense treaty, for example, has been effective since 1954. At the same time, China's spectacular economic growth and its fast-developing market have offered new opportunities to neighboring economies. China has become the growth engine of the region and increasingly the center of trade and investment flows. Over the last two decades, China overtook the US to become the main trading partner of South Korea, Japan, and most Southeast Asian countries.

Starting in the 2010s, US–China relations in East Asia have become more strained, political, and confrontational, once again narrowing strategic options for countries in the region. China's growing economic power and its rising political and military ambitions, particularly manifest under Xi Jinping's political leadership since 2012, constitute a direct challenge to the US-led post-WWII order in East Asia (Maduz 2021). Beijing has managed to establish China-centered infrastructures and hierarchies in East Asia, including formats, such as the Belt and Road Initiative (2013) or the Asian Infrastructure Investment Bank (2015). Washington actively pushes to strengthen security ties with allies and partners in the region and seeks support for its regional and global initiatives aimed at managing China's rise, also affecting trade and technology policy. An example is the US 5G Clean Network initiative under US President Donald Trump (2017–2021) that sought to ban Huawei equipment from countries' telecommunications networks.

As the US and China openly compete for leadership and influence in the region today, countries in East Asia face new trade-offs. The confrontational regional environment makes it difficult for countries like South Korea to pursue good relations with both great powers as they

successfully did in the past. For South Korea, however, relations with both great powers are vital. For the past 70 years, South Korea's security ties with the US have guaranteed its existence and survival against the military threat, including the nuclear threat, from the North. Today still, 28,500 US troops are stationed in South Korea, constituting the third-largest military presence outside the US (Shin and Lee 2021). Furthermore, the US remains a key partner of South Korea in economic and international affairs. At the same time, China has become an indispensable economic and strategic partner, too. Over the past 30 years, Seoul has significantly deepened its economic ties with Beijing with a quarter of its exports going to China today (Lee 2020a; Kim 2016: 710–712).

South Korea is not the only East Asian state being caught between the two great powers, but it faces an additional dilemma, namely the North Korea dilemma (Kim and Cha 2016; Cha 2019). South Korea needs good relations with China as it seeks to eventually reunite with North Korea—a constitutional goal that it cannot achieve without China's support. This further complicates relations. South Korea-China relations are already complex and challenging due to China's sheer size, its fast-growing economic and military power, its geographical proximity, and the two countries' close historical ties, with South Korea having been part of a China-centered regional order for centuries (Kondoch 2010; Kang 2010). Despite the doubts raised by the new president Yoon as to China's ability to restrain North Korea's missile and nuclear programs, Beijing remains a central actor in the Korean conflict and its resolution.³ Few doubts exist that the US–China competition will further aggravate South Korea's strategic dilemmas, including worsening prospects for a peaceful solution of the Korean conflict.

The Role of Political Leadership Changes: A Competing View

Another important strand in the literature emphasizes the relevance of domestic political drivers of South Korea's foreign policymaking and more specifically the ideological competition between political parties and the role of individual political leaders. Parties and leaders from the two large political camps promote foreign policies that are quite distinctive from each other (Kim 2021: 8–11 or Lee 2020b: 88–90). This seems in their interest since governments in South Korea are elected

³ China has substantial interests in Korean Peninsula security and arguably has the most leverage on the North Korean regime (Albert 2019).

only for a single, five-year term. Conservatives are the political heirs of the authoritarian, anti-Communist Park Chung-hee dictatorship (1963–1978). Representing elite interests, they have dominated South Korean politics and military affairs for decades. Traditionally, they promote a strong alliance with the US, favor a hardline policy toward North Korea, and use Japan as a reference state.⁴ By contrast, key progressive leaders were part of the democratization movement, of which left-leaning students formed an important part.

Progressives are typically more favorably disposed to a conciliatory approach toward the North and comprehensive cooperation with China, and at the same time more critical of South Korea's alliance with the US as well as of the former colonial power Japan. At the turn of the twentieth century, the first progressive presidents, Kim Dae-jung and his successor Roh Moo-hyun, launched new foreign policy strategies, such as reconciliation with North Korea (the “Sunshine policy”; see, for example, Paik 2002) and more autonomy within and from the US alliance. Structuralists (such as Snyder 2018) would argue that the international context during this period was particularly conducive to such endeavors.

Recent efforts by South Korea to position itself vis-à-vis China and the US can roughly be divided into three phases—with the fourth phase about to start with the 2022 election of President Yoon Suk-yeol. A first substantive debate on South Korea's strategic choice between the US and China was triggered when progressive President Roh Moo-hyun (2003–2008) proposed the “balancer” concept in 2005 (Snyder 2018: 217–244). His idea was that South Korea could serve as a balancer in Northeast Asia—against the backdrop of rising tensions between China and Japan. When introduced, the South Korean public thought the concept aimed “to express an independent voice and to act on it” (35%), “to keep at bay the supremacy of China and Japan” (32%), and “to collaborate better with China by breaking away from the intensifying Washington-Tokyo influence” (26%) (*The Korea Herald* 2010). The “balancer” concept sought a more autonomous role for South Korea, but also an active and constructive role in Sino-Japanese, and beyond that in US–China relations.

The Roh Moo-hyun presidency brought South Korea strengthened ties with China, but tense relations with the US, with some analysts even

⁴ Such a “reference role” is related to Japan's rapid, successful and, by Asian standards, early modernization and industrialization.

predicting the end of the security alliance—a result of strongly diverging security threat assessments (see, for example, Hwang 2005; Kang 2007). Under Roh, South Korea was generally skeptical of the US forces' presence and engagement in South Korea and Northeast Asia more broadly and opposed a hardline policy against North Korea. Anti-Americanism flourished at the time when Roh was elected and during his first years in the presidency (Kim 2010). South Korea's strive for autonomy from and within its alliance with the US peaked under his administration. Strengthening ties with China was part of the strategy. At the same time, the growing economic dependence on China was a concern. The negotiation of a bilateral free trade agreement with the US was also an attempt to counterbalance a loss of autonomy in relations with China.

A second phase encompasses the subsequent conservative governments, which continued the balancing and counterbalancing efforts in relations with China and the US, respectively, but clearly set different priorities. Lee Myung-bak (2008–2013) reprioritized the US-South Korea alliance, also in an effort to hedge against China's growing dominance in the regional order. He earned a reputation as “America's free trade champion” (Snyder 2011), pushing for the ratification of the bilateral FTA. Under Lee, South Korea temporarily improved its relations with Japan and boosted a trilateral cooperation format also including China. The latter engagement was driven by economic interests and the motivation to find joint responses to the global financial crisis 2008–2009 (Sakaki and Wacker 2017).

As a representative from the conservative camp, Park Geun-hye (2013–2017) remained committed to a strong alliance with the US and a hardline policy against North Korea, which seemed important against the backdrop of North Korea's ever growing nuclear and missile capabilities. At the same time, she set herself apart with individual initiatives, not strictly following the traditional party line. She boosted relations with China, which had stagnated under her predecessor, and met Chinese President Xi Jinping on multiple occasions. She became known as the president who explicitly pointed to and sought political solutions to two related policy problems: South Korea's increasingly difficult position in the US–China rivalry and “Asia's Paradox” (Pollack 2016). The latter refers to the phenomenon that economic cooperation in Northeast Asia had been thriving for decades, while political and security cooperation remained minimal. Under Park, South Korea launched the Northeast Asian Peace and Cooperation Initiative aimed at promoting cooperation

within Northeast Asia— and improving cooperation between China and the US (Snyder 2018: 178–180).

A third phase started with the coming into power of progressive President Moon Jae-in (2017–2022) in May 2017. He took up office in turbulent times. His predecessor had been impeached after a political scandal, and relations with neighboring countries were tense. China had launched its economic coercion campaign in reaction to the decision to deploy the US Terminal High Altitude Area Defense anti-missile system on South Korean territory (the THAAD dispute). Furthermore, the conflict between North Korea, which had continuously pushed its nuclear and missile testing, and the US administration under Trump, escalated rapidly. Lastly, problems existed in South Korea’s relations with Japan. At the end of the Lee Myung-bak presidency, the “ice age” (2012–2015) between the two countries had begun, during which no high-level meetings were taking place (Sakaki and Wacker 2017: 13).

Like his progressive predecessors, Moon invested his political capital in improved relations with North Korea. He made the goal of establishing a lasting peace regime on the Korean Peninsula his top foreign policy priority. At the same time, and based on previous experience, the Moon administration recognized the importance of continuously investing in South Korea’s military alliance with the US, defense cooperation with regional partners, its own military capabilities, as well as trying to adopt a more principled approach toward the North (Frank 2017; Harold et al. 2019; Minegishi 2021). At least in an early phase, the strategy was successful. The efforts of the Moon administration made crucial contributions to the de-escalation of the North Korea-US conflict and helped reach a *détente* in South Korea-China relations toward the end of 2017.

However, critics—among them his successor Yoon Suk-yeol—would argue that former president Moon prioritized inter-Korean relations to the detriment of relations with all other countries (see, for example, Green 2020), not keeping pace with the fast-changing geopolitical environment. Substantial questions regarding the alliance with the US remained unresolved under Moon, including the issues of defense cost-sharing and the transfer of wartime operational control authority to South Korea. While relations with China improved again, relations with Japan hit a new low, hindering a closer trilateral security and defense policy cooperation between the US, Japan, and South Korea (Overhaus and Sakaki 2021). In the 2022 presidential election campaign, Yoon’s conservative camp promoted foreign policy views that were diametrically opposed to the

ones held by Moon's progressive camp, whereas their political programs regarding critical *domestic* issues looked much more similar.⁵ Yoon criticized Moon for what he saw as a shrinking role of South Korea in regional and international politics due to its narrow foreign policy focus on North Korea (Yoon 2022). In office since May 2022, President Yoon Suk-yeol wants now to strengthen South Korea's global role (as a "global pivotal state"), deepen its alliance with the US, normalize its ties with Japan, and take a more critical stance on China and North Korea. Keeping with the tradition of conservatives, Yoon's foreign policy initiatives will be firmly centered around South Korea's institutional cooperation with the US, including a more passive, deterrence-based posture toward North Korea. Especially with regard to North Korea, continuity is expected from the era of the conservative Lee Myung-bak presidency (2008–2013), also due to some continuity in terms of personnel. According to the conservative rationale, closer alignment and cooperation with the US and its alliance partners, including with Japan and with the Quad group, will strengthen South Korea's position and increase its (otherwise shrinking) room for maneuver (see, Ballbach 2022; Ernst et al. 2022; Terry and Orta 2022).

Influence of Public Opinion: An Increasingly Relevant View

Also relevant in the study of South Korea's strategic positioning are public opinion and perceptions (Chung 2001). This level of analysis generally remains under-researched and is often lumped together with the previous levels of analysis. Attitudes in society matter, however, as they feed into people's electoral choices. Additionally, they influence policy-making through public opinion polls. A handful of companies conduct daily opinion polls in South Korea and publish them twice a week. The level of political competition in South Korea is high. For example, half of the members of parliament change after elections that are held every four years. Policymakers are, therefore, very sensitive to changes in public opinion which are known to occur quickly in South Korea; weekly changes of 5–6 percentage points are not unusual. Daily opinion polls have, thus, become important tools of government-citizens interaction.⁶

⁵ Domestic issues, such as exploding housing prices, youth unemployment, and increasing socioeconomic inequality, dominated the political debate in the run-up to the 2022 presidential election (Sang-Hun 2022).

⁶ Source: Interviews conducted with South Korean public opinion polling experts in 2020.

The impact of public opinion on South Korea's foreign policymaking has been growing with the democratization of the country. South Korea held its first democratic elections in 1987 and underwent further democratic reforms in the subsequent decade. When the first progressive president came into power in 1998, this "coincided with the empowerment of public opinion in South Korean politics" (Chung 2012a, b: 9). During this period, people started to change their view of China, which became much more favorable, while at the same time views of the US turned more negative. In the early 2000s, anti-American sentiment peaked with hundreds of thousands of people participating in anti-US protests (Kim 2010).⁷ This significantly contributed to the election of the next progressive president, Roh Moo-hyun, who took office in 2003. In 2008, Roh was succeeded by Lee Myung-bak, a conservative president who promised a turn away from his predecessor's policies, including his foreign policies. At least in part, this was reflective of people's desire for a more effective handling of North Korea, nuclear-armed since 2006, as well as for a re-strengthening of the weakened ties with the US.

South Korean perceptions of the country's foreign relations constitute an important part in general population and elite surveys. Questions concern, for example, how favorably people think about South Korea's relations with the US, China, Japan, and North Korea. In the early 2000s, a new zero-sum thinking among South Korean elites started to emerge with regard to their country's relations with China and the US; such a thinking in trade-offs did previously not exist and is believed to be, at least in part, a side effect of the growing role of such public opinion polls (see Chung 2012a, b: 10). Under progressive President Roh Moo-hyun in 2004, favorability rates for China and the US were at similar levels (close to 60 points out of a possible 100 points) while rates for Japan and North Korea were clearly lower (at around 45) (East Asia Institute 2004, as cited in SisaIN 2021).

When the conservative President Lee Myung-bak came into office in 2008, favorability rates for the US were still at around 60 while rates for China had plummeted and were at the same level as rates for Japan and North Korea (namely at around 50). During Lee's term, the clearest shifts occurred in people's feelings regarding Japan and North Korea, with

⁷ Tens and hundreds of thousands of people participated in candlelight rallies to protest the US military presence. They had been triggered by an accident in 2002, in which a US army vehicle killed two schoolgirls.

favorability rates for both countries dropping to 30 in 2012. Under the next conservative president, Park Geun-hye, relations with the US, China, and Japan generally improved, reaching in 2016 favorability rates among the public of 73, 60, and 43, respectively. Rates for North Korea remained low, though (28) (East Asia Institute 2016, as cited in SisaIN 2021).

Under the progressive President Moon Jae-in (2017–2022), things started to look quite differently again from 2018 onwards—2017 having been an eventful year. Favorability rates for the US were lower (at around 55 in 2018) than before and declining during the Trump presidency, but still clearly the highest among the four countries. After Joe Biden became US president in early 2021, South Korean favorability rates for the US went up again to 57. North Korea was the second-most favorably rated country during this period. Favorability rates were as high as 49 in late 2018, which was during inter-Korean rapprochement, and strongly declining afterward when relations became strained once again (29 in 2021). Favorability rates for Japan were the lowest—compared to the other countries as well as to previous periods—hitting a low in the second half of 2019 when anti-Japanese sentiment was peaking (21) (SisaIN 2021).⁸

When explicitly asked about the US–China competition and its impact on South Korea’s interests, a third of South Koreans believed in 2020 that the US–China competition constituted a “threat to South Korea’s national interest” and a majority expected it to get worse (Kim and Lee 2020). A large majority of the public thinks that “the balance of power is tilted in favor of the U.S. ... but they also acknowledge that this may change in the future” (Kim and Kang 2020: 1). When presented with a binary choice, 7 out of 10 people chose the US over China. This preference has been established in several studies. A recent study also suggests, though, that a majority of the South Korean public would prefer a more “balanced approach” (Kim and Lee 2020).

A recent phenomenon in South Korean public opinion is the open anti-China sentiment (Chan and Choi 2021; Shin 2021). In early 2021, China was the least favorably rated among the four countries (at only 26). Recent surveys reveal the strong impact that individual events can have on people’s perceptions of other countries. The South Korean

⁸ Like his progressive and conservative predecessors before him, Moon turned to anti-Japanese sentiment when facing declining approval ratings. Source: Shin (2019).

public considers China's actions in the THAAD dispute in 2016–2017 as “infringements on South Korean sovereignty and national security” (Kim and Kang 2017). In the aftermath, China ranked even behind North Korea (SisaIN 2021). Other such critical events include China's crushing of the pro-democracy movement in Hong Kong in 2019, Beijing's handling of the COVID-19 pandemic and attempts at “cultural imperialism” in 2020. The latter included Chinese claiming Korean traditional clothing, food, and writers to be originally “Chinese” (Chan and Choi 2021),⁹ resuscitated by the Beijing 2022 Winter Olympics opening show where a performer appeared in a traditional Korean dress.

Attitudes toward the US, China, and North Korea have been found to differ according to age groups. Within the respective age group, attitudes show high consistency over time. Recent findings show that people in their 20s and 30s are the most critical of China. Having grown up in a democratic system, they are particularly skeptical of China's repressive behavior in Hong Kong, Xinjiang, and Tibet, as well as its threats against Taiwan (Shin 2021). Previously, separately conducted surveys have established that young South Koreans form a group of newly emerging security conservatives (Kim et al. 2018; Lee et al. 2021): They share similar threat perceptions with traditional security conservatives meaning the majority of people in their 60s and over, fearing, for example, that a war between the two Koreas could break out. In contrast to the latter, many of the young South Koreans see North Korea as an “enemy” or a “stranger” and are indifferent to unification, seeing its benefit in lowering the risk of a war on the Korean Peninsula (not in restoring national identity and unity).

The new president Yoon Suk-yeol from the People Power Party successfully capitalized on the anti-Chinese sentiment of younger generations: His support from young men in their 20s and 30s was a key factor in tipping the 2022 presidential election in his favor (Terry and Orta 2022). How the anti-Chinese sentiment observable among the younger South Korean public will affect South Korean strategic positioning in

⁹ Previous events that negatively affected South Koreans' perceptions of China include two armed provocations conducted by North Korea in 2010 and Beijing's (lack of) reaction to them, namely the sinking of a South Korean warship, the Cheonan, and the artillery shelling of Yeonpyeong island. In the latter case, Beijing even blocked international efforts to censure North Korea. Sources: Chung (2012a, b), Snyder and Byun (2011).

the long run and how sustainable it will be remains to be seen (for an early discussion, see, for example, Shin 2021). Yoon's election victory is also a reflection of the progressive camp's failure to successfully mobilize their main voter base, i.e., people in their 30s, 40s, and 50s—the most populous and progressively thinking age groups.¹⁰ This strong political force had been supportive of former president Moon's (2017–2022) foreign policy, including South Korea's positioning regarding China. From today's perspective, it looks like the new (security) conservatism of the younger generations benefits the conservative camp and its president.

South Korea's Past and Present Strategies in the US–China Rivalry

Analysts describe South Korea's position in the US–China competition under President Moon (2017–2022) as “choice avoidance,” “equivocation,” “strategic nondecision” (Lee 2020b) or “strategic ambiguity” (Nilsson-Wright and Jie 2021). Moon's presidency was generally seen as a period during which South Korea prioritized its economic interests over longer-term strategic interests—and thereby relations with China over its relations with the US. South Korea withstood urgent US calls to join their 5G Clean Network initiative and to ban Huawei equipment from its telecommunications networks. Furthermore, the Moon administration did not give official support to the 2017-US FOIP Strategy and resisted joining the Quad (see Kim 2021). During the same period, South Korea showed continued interest in and support for China-led economic governance structures: it indicated its openness to join the Belt and Road Initiative, and it joined the recent regional free trade agreement (Regional Comprehensive Economic Partnership 2020) (Petri and Plummer 2020).

Reflective of the changed geopolitical situation, the new Yoon government will give new and heightened priority to South Korea's positioning in the US–China strategic competition. He wants to reorient the country's foreign policy and make the deeper alliance with the US its central axis (Yoon 2022). Some of this appears new and sharply departing from the approach under former president Moon, which had been criticized as hesitant, passive, and China-leaning. However, many analysts consider it unlikely that Yoon will deviate from the previous pattern, since “an

¹⁰ Source: Interviews conducted with South Korean public opinion polling experts in 2020. On the impact of the US-China competition on South Korea's presidential election campaign, see, for example, Shin and Smith (2021).

overtly adversarial posture” against China and North Korea, for example, would “simply not [be] in the cards” (Park 2022). The toning down of Yoon’s sharp anti-Chinese campaign rhetoric right after his election may be indicative of this (Nam 2022). A historical analysis shows that the position pursued under his predecessor, much criticized by him, has very much been consistent with South Korea’s approach toward China since the end of the Cold War.

South Korea’s Strategic Positioning Toward China in a Historical Perspective

The end of the Cold War marked a turning point in South Korea’s foreign policy orientation toward China and the US (see Kang 2010). In its relations with China, South Korea adopted henceforth strategies that can be defined as hedging or accommodating behavior (see Fig. 10.1). From a theoretical viewpoint, these are “middle strategies” that countries can choose when facing stronger powers. “Middle strategies” are situated in a middle area and need less substantial commitment than strategies at the ends of the strategic spectrum, meaning bandwagoning or balancing (Kang 2009; Goh 2006). Bandwagoning refers to strategies of aligning with the adversary power, including “allied alignment”, “dependence”, or even “capitulation” (Bloomfield 2015); the aim here being to neutralize the threat or attempting to benefit from the situation. By contrast, (military) balancing against an adversary comprises strategies such as “hard balancing,” “containment,” and even “outright war” (Bloomfield 2015). During the Korean War and large parts of the Cold War, South Korea fully aligned with the US and engaged in balancing toward the adversary, Communist China.

Starting with the normalization of diplomatic ties in 1992, South Korea has adopted an accommodating approach toward China. It invested in good economic relations and refrained from criticizing China when it started a more assertive foreign policy in the 2010s, creating tensions in the neighborhood. This includes China’s strides in the East and South China seas, the unilateral announcement of an Air Defense Identification Zone in the East China Sea, as well as illegal fishing activities in foreign territorial waters (Maduz 2021). In the THAAD dispute with China, South Korea accommodated its economic partner by committing to “three nos”—“no additional deployment of THAAD batteries, no South Korean integration into a U.S. led regional missile defense system, and no trilateral alliance with the United States and Japan” (Stangarone

	Roh MH govt (2003-2008)	Kim DJ govt (1998-2003)	Roh TW & Kim YS govts (1988-1998)	Korean War/ most of Cold War
Bandwagoning	Accommodating Hedging			Balancing
Capitulation, Dependence, Allied Alignment				Hard balancing, Containment, War
	Moon govt (2017-2022)	Lee & Park govts (2008-2017)		
			Yoon govt (2022-) → ?	

Fig. 10.1 South Korea’s strategic positioning toward China in a historical perspective (*Source* Figure adapted from “South Korea’s Strategic Behavior toward China since 1992” [p. 717] by Kim [2016] and “The balancing-bandwagoning continuum [overview]” [p. 262] by Bloomfield [2015])

2019). In a recent development, the new conservative Yoon government backed down from some of its election pledges that risked straining ties with China (Nam 2022). This is what the recently issued list of policy tasks, that new presidents of South Korea typically present at the outset of their term, suggests. For example, it did not include the deployment of additional US missile systems in South Korea.

At the same time, South Korea has also consistently tried to accommodate the US, which is why analysts describe South Korea’s approach as “dual hedging” or “choice avoidance” (see Snyder 2018: 220–222). South Korea has continuously invested in its security alliance with the US. It was Roh Moo-hyun’s progressive government that decided in 2004, during a period of tense bilateral ties, to accommodate the US and participate, as the third-largest contributor, to the war in Iraq (Len 2004). The government considered the benefits of a strong alliance to outweigh the costs and risks of the troop deployment. Under the progressive Moon Jae-in government (2017–2022), generally considered rather “pro-China,” South Korea expanded its military, showed continued commitment to the US alliance, and joined, for example, NATO’s cyber defense unit (see, Park 2022). By accommodating both great powers, South Korea has, so far, managed to avoid taking sides and making clear choices.

*Explaining South Korea's Strategic Choices: Relevant Factors
and Perspectives*

How well do the various perspectives in the literature explain South Korea's strategic positioning between China and the US? The literature focusing on the international political context (for example, Snyder 2018; Kim and Cha 2016) rightly highlights the persistent geostrategic constraints that South Korea faces in its immediate neighborhood, being surrounded by militarily and economically more powerful countries (except for North Korea). It is also powerful in explaining the widening of South Korea's strategic space in the post-WWII era and its recent re-narrowing. From the 1990s onwards, when global governance was strong and US leadership well-established, South Korea reached unprecedented economic strength and successfully positioned itself internationally. However, new strategic constraints are emerging today with US leadership weakening (or at least being inconsistent in the recent past) and struggling to keep up with China's growth and ambitions in the region. East Asian states become more and more caught up in the zero-sum game created by the US–China competition.

While structuralist approaches accurately capture South Korea's old and new strategic dilemmas, they clearly fall short of explaining the extent to which South Korea has engaged with China over the past 30 years. The country's relations with China are close and have until recently been improving "on almost all fronts" (Kang 2009). In a strict structural reading, South Korea should have every interest to focus on its vital relations with the US, align its security and foreign policies with US policies, and strengthen cooperation with the US and other US allies in the region, such as Japan, with which it shares a similar economic and political system.

Instead, South Korea has continued a dual strategy, deepening its ties not only with the US, but also with China. Under the Moon presidency (2017–2022), South Korea took several notable steps in this direction by announcing that it would not participate in the US missile defense system in Northeast Asia, promoting the transition of military operational control as a national sovereignty issue (like Moon's progressive predecessor) (ISDP, Institute for Security and Development Policy 2021), threatening to withdraw unilaterally from an intelligence-sharing pact with Japan (GSOMIA), refraining from joining US-led initiatives targeted at China's rise, and occasionally supporting North Korean demands in

US-North Korean negotiations (Kim 2021: 2). Per se, the election of the new president Yoon, who has promoted a more critical stance on China, does not question or undermine the strategic importance that Seoul accords to its cooperation with Beijing—as acknowledged by himself (see, Yoon 2022).

The country's engagement with China goes far beyond accommodating the rising great power out of fear, as structuralist accounts may suggest. When South Korea started to strengthen its ties with China, it was not from a position of weakness, but a position of newly gained strength. South Korea is today the world's tenth-largest economy and fifth-largest exporter (International Monetary Fund 2021). Over the decades, it has also changed the conventional military balance with North Korea in its favor. In the 1990s, its successful economic, military, and political modernization became evident and gave its leaders a new sense of agency and room for maneuver in their strategic interactions with other states (Snyder 2018: 7–14); during this period, the country became more internationalist and outward-looking. It joined international organizations, such as the UN (1991), the WTO (1995), and the OECD (1996), and undertook efforts to improve relations with its immediate neighbors, including China and the Soviet Union/Russia. Its growing economic and international standing has made Seoul an attractive partner to Beijing.

To explain the observed, distinct shifts in South Korea's behavior toward China since 1992, the literature on leadership changes offers valuable insights (see, for example, Chung 2012a, b; Kim 2016). It highlights the role of ideology in party competition and political leaders' thoughts (Kim 2021). Early democratic governments, which were from the conservative camp (Roh Tae-woo, 1988–1993, and Kim Young-sam, 1993–1998), were still cautious in their engagement with China and had a desire to contain it (see Fig. 10.1). Subsequent, progressive governments were generally more pro-China and more inclined to tilt toward Beijing than their conservative predecessors (Kim Dae-jung, 1998–2003, and particularly Roh Moo-hyun, 2003–2008).

With the return to power of conservative governments (Lee Myung-bak, 2008–2013, and Park Geun-hye, 2013–2017), South Korea once again engaged in strengthened hedging against China (Han 2008). Under President Moon (2017–2022), from the progressive political camp, South Korea once again had a leader with ideological, pro-Chinese convictions,

promoting strong South Korea-China ties (Kim 2021). The new conservative Yoon government can be expected to move again toward strengthened hedging against China, in line with its conservative predecessors. Promoting a foreign policy that places alignment with Washington at the center of Seoul's priorities, as suggested by the new president, should imply a clearer pro-US positioning of South Korea within the US-China strategic competition. How far South Korea can and will go with this will depend on developments at the international, as well as at the domestic level (Ernst et al. 2022).

However, the ideological competition between different South Korean governments makes it at times difficult to see the highly robust political consensus that exists in the country regarding its overall strategic priorities. The key priorities are security (which means survival) and economic prosperity. Unification with the North is a third priority in South Korean foreign policymaking (Kang 2010; Sheen 2009; Snyder 2018: 5). While differences in views between parties exist as to how close South Korea's alliance should be with the US and what the most effective policy is, in dealing with the North Korean threat, the varying governments have generally been consistent in making their strategic choices with regard to China and the US, respectively. They have shared the vision that strengthening ties with China and reducing dependence on the US (even if to varying degrees) is in the country's interest as it allows it to maximize its strategic options (Goh 2006; Chung 2007). The proactive engagement with China has, thus, followed this larger strategic rationale in addition to an economic rationale. This strategic positioning started under Roh Tae-woo whose administration normalized relations with Beijing in 1992 and who was explicit about this (see Chung 2012a, b).

This political consensus and the related consistency with which various governments engaged with China, constantly expanding and improving ties since 1992, reflect shared perceptions in South Korean society. In the 1990s, a change in Seoul's perception of Beijing made a shift toward a more proactive engagement with the latter possible. China was no longer seen as a revisionist, but a status-quo power (Cha 1999). Elite views were still dominant then. With democratization progressing, the opinion of the broader public became more influential starting at the turn of the century (see Chung 2001, 2012a, b). People who are now in their 40s and 50s became an important political voice (see Lee 2020b: 88–90). They hold political views that are different from the more conservative views of

the older generation. They grew up with anti-American sentiments and sympathized with China and Maoist ideology (Shin 2021). The promotion of strong South Korea-China ties, thus, reflects the political view of these populous, progressive age groups.

However, continuing generational and societal changes may lead to further shifts in South Korea's foreign policy, potentially giving rise to a more conservative, less China-leaning positioning. First, people in their 20s and 30s hold increasingly critical views of China. This may narrow the discrepancy in China-related threat perceptions between South Korea and the US. Perceptions have differed with regard to the centrality and priority of the security threat emanating from China, with South Korea seeing North Korea-related threats as more important and imminent security threats (Overhaus and Sakaki 2021). Second, the generations of South Koreans who have a personal memory of a unified Korea and strongly favor reunification over other forms of solutions to the Korean conflict are fading away (Kim et al. 2018). Both developments have the potential to decisively affect South Korea's long-term strategic goals and its overall foreign policy orientation toward China. Reunification as a main South Korean strategic priority could become less and less urgent and important, also lessening the importance of China's cooperation in this.

International relations theorists, adhering to the influential balance-of-power tradition, predicted that a rising China would trigger fear among East Asian states and lead the latter to balance against it.¹¹ South Korea's strategy toward China clearly falls short of a balancing strategy and has, since the 1990s, remained within the hedging/accommodation zone. Perceptions are again an important factor here. Differently from Japan, for example, the country has not seen China as a major security threat in the past. Its focus has been on North Korea with its armed force structure remaining focused on the North Korean threat (Kang 2009). For a long time, South Korea did not perceive China as an economic competitor either. It even shared some threat perceptions with China, such as regarding an unstable North Korea or a regionally overly ambitious Japan. Over the past few years, the South Korean public has come to see China much more critically. Still, while a shift from "light hedging" against China to balancing is a theoretical option, it is not very likely at

¹¹ For a discussion, see, for example Ross (2006).

this stage. It would constitute a big step and a departure from the policy line followed in the past decades.

Conclusion: Shrinking Strategic Options and Changing Perceptions

Over the past three decades, South Korea has sought to build and maintain favorable relations with both great powers, the US and China. For its security and economic prosperity, the US has been an indispensable partner. South Korea's economic strength and international standing are founded on its close relations with the US. With regard to economic prosperity, China is today an equally important partner for South Korea. The significance that South Korea attributes to its relations with China is also related to the North Korean issue. Any durable solution in inter-Korean relations will require China's approval and support. Thus, relations with both great powers serve South Korea's vital interests. As a consequence, the country is not likely to swiftly take sides and fully align with one of them—at the expense of the other—in the near future.

Recent international developments, including the weakening of the international order, uncertainties in the US-South Korea alliance, and China's new power and ambitions in East Asia, negatively affect South Korea's strategic space that it has gradually gained with US engagement in the region in the post-WWII era. Today, international relations in East Asia are increasingly dominated by the deepening US-China rivalry. South Korea, as well as many Southeast Asian countries, generally see the shift from a focus on region-wide economic cooperation and interdependence to more politicized, securitized relations in more exclusive, minilateral cooperation formats as going against their interests. The current situation reveals South Korea's vulnerable position in a regional context marked by high geopolitical competition. Competing views exist as to how Seoul should try to keep some strategic space, i.e., through a clearer alignment with the US, as suggested by the new South Korean president, or a balanced approach toward both great powers, as pursued by the previous president.

In addition to facing new structural constraints, policymakers in South Korea also have to respond to changing domestic perceptions and related political pressure regarding the country's positioning in the US-China competition. The 2022 presidential election campaign illustrates the intensification of political debates over South Korea's future strategic options. Recent surveys show that the South Korean public tends to hold

an increasingly less favorable view of both great powers but would side with the US over China if forced to choose. However, even the conservatives, who are staunch supporters of a strong alliance with the US, fear the negative effects of a full alignment with the US—against China. They include negative effects on the economy as well as on unification prospects. Progressives have traditionally promoted more independence from the US and good relations with China, but their view of China is also changing. A new trend, especially among young South Koreans, is the adoption of anti-China sentiments. This trend, presently accentuated by the election of a new, rather China-critical South Korean president, is expected to affect the country's positioning toward China going forward.

The pressure to take sides will rise as the rivalry between the US and China grows. Both great powers have considerable influence over South Korea, which is why it is trying to accommodate both and engage in a “dual hedging” approach. Since the end of the Cold War, South Korea has worked hard on maintaining favorable relations with both great powers and having the “choice of not making choices” (Chung 2007). It has tried to position itself as a “middle power” and “bridge-builder” (Cha 2019). If a military confrontation were to become more likely in future, South Korea might even start considering alternative strategic options that have remained unsuccessful or merely theoretical in the past, such as strengthened regional security cooperation or even neutrality.

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Taking Sides with the US Against China?—An Analysis of the Taiwanese Choice

David Wei Feng Huang and Wen-Chin Wu

INTRODUCTION

With the publication of the US National Security Strategy (NSS) at the end of 2017, the Trump administration defined China as a “strategic competitor” (Whitehouse 2017). Then, toward the end of 2020, top administration officials, including Secretary of State Mike

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Pompeo (Santora 2020), Secretary of Defense, Mark Esper (Department of Defense 2020), and National Security Advisor Robert C. O'Brien (2020), all identified China as the main threat to the US. The trade war between the US and China, which began in March 2018, has morphed into confrontations over technology, finance, currency, cyber risks, diplomacy, and ideology. Military buildup and tensions in the Indo-Pacific region have also increased since 2018, as can be seen from the various military exercises and aggressive patrols by the US and China in the East and South China Seas (Wang 2021a, b; Zheng 2021; Zhou 2021). A skirmish along the disputed border between China and India broke out in 2020 (Biswas 2020) and was followed by military buildups on both sides. If the trend toward strategic rivalry between the US and China becomes entrenched or expands, it seems likely that an accidental conflict between these two giants could occur in any flashpoint in the Indo-Pacific region.

Taiwan, situated at the midpoint of the first island chain, has become one of the most commonly identified flashpoints for a potential conflict between the superpowers (Buckley and Myers 2021). On the one hand, the People's Republic of China (PRC or China) claims that Taiwan is an inalienable part of its territory and is prepared to use force to take it back if necessary (MOFA, PRC 2021). On the other hand, the US commitment to maintain the status quo across the Taiwan Strait (as the US defines it) is also essential to Washington's hegemonic status and alliance network in Asia, in addition to its defense interest in Taiwan's geostrategic importance (France 24 2021). Since 1979, the US has maintained a "One China" policy in which it "acknowledges" rather than "recognizes" the PRC's sovereign claim over Taiwan (although not openly challenging the PRC's position), while insisting that disputes between China and Taiwan must be resolved peacefully and opposing any unilateral change in the status quo by either side of the Taiwan Strait (Hou and Yeh 2021). According to the Taiwan Relations Act (TRA), the US administration is obliged to help Taiwan maintain sufficient defense capability to counter China's military threats and coercion. From the perspective of the Republic of China (ROC or Taiwan), the PRC has not ruled Taiwan for a single day since its establishment in 1949, nor has it effectively exercised any control over Taiwan's territory and people. Therefore, the PRC's claim to sovereignty over Taiwan has no legal or political basis. Moreover, since 1996, Taiwan has become a fully fledged democracy, with a

popularly elected president and legislature. Only the Taiwanese people have sovereignty over Taiwan.

Unfortunately, the political reality of international relations prevents such a claim to popular sovereignty being realized with regard to Taiwan. Taiwan can neither declare independence nor can it participate in the United Nations and its affiliated organizations. Although the international community refers to Taiwan as simply “Taiwan”, its own government and people cannot use that name in the international arena. Even though fellow democracies in North America, Europe, and elsewhere may sympathize and support Taiwan’s “meaningful participation” in various international organizations (European Parliament 2021), such as the World Health Organization (WHO), the International Civil Aviation Organization (ICAO), and the International Criminal Police Organization (INTERPOL), membership for Taiwan under that name is ruled out for fear of offending China. “Not offending China” is an easy choice for allies of the US and Taiwan’s fellow democracies; the US itself employs the concept of “strategic ambiguity” in its “One China” policy and has adopted a policy of “engagement” with China. After all, if the US does not publicly challenge China’s claim to sovereignty over Taiwan, why should other democracies in Europe and elsewhere challenge China on the Taiwan issue? However, with the US-China confrontation intensifying and expanding, there seems to be no easy way out of this impasse. European countries, especially members of the EU, may still want to maintain their strategic autonomy and cling to the “Sinatra doctrine” (i.e., doing it “my way”), and hence they try to avoid taking sides between the US and China (EEAS 2019). However, new strategic imperatives may compel small-to-medium powers elsewhere to reconsider their existing policies.

For Taiwan, given that the US-China geostrategic confrontation has intensified and China’s military threat to Taiwan has become more apparent, it may appear that the choice is quite simple, namely, an alliance with the US against China. However, in this chapter, we argue that the apparent choice for Taiwan turns out to be a difficult one, for the Taiwanese people. Using the most recent survey data collected by Duke University in 2020, we examine the extent to which Taiwanese people support the option of an “alliance with the US against China,” and the reasons for that support. We find that support for such an alliance has less to do with people’s long-term aspirations, such as party identification and preference for unification or independence. Rather, it depends more on circumstantial factors, such whether they distrust or wish to

appease China. Those who believe that appeasing China would prevent war in the Taiwan Strait are less likely to support an alliance with the US, whereas those who believe that China cannot be trusted to honor its peace commitment to Taiwan (or Hong Kong) are more likely to support such an alliance against China. The effect of the above two types of attitude is statistically significant even after checking for respondents' assessment, regarding the likelihood of US intervention in the case of a military conflict in the Taiwan Strait and their perception of a cross-Strait peace/conflict environment. One policy implication of our findings is that if China wants to disrupt a US-Taiwan (informal) alliance, it should make efforts to inspire trust in its peace commitment to Taiwan among the Taiwanese people. For example, China must honor its commitment to "one country, two systems" in Hong Kong, because success or failure of the system, will have a palpable effect on Taiwan. Stepping up military threats against Taiwan is also counterproductive, as such behavior will increase Taiwanese people's support for an alliance with the US against China. The PRC's policy of isolating the incumbent Democratic Progressive Party (DPP) is irrelevant, because party identification is a statistically insignificant factor in Taiwanese people's support for an anti-Chinese alliance with the US.

THE IMPACT ON TAIWAN OF US-CHINA STRATEGIC COMPETITION

US-China strategic competition did not begin, nor has it ended, with the Trump administration. As soon as George W. Bush assumed the US presidency in 2001, his administration began to evaluate the challenges posed by China's rise (Department of Defense 2001). Had it not been for the September 11 terrorist attacks, which redirected US attention and resources to its war on terror, the Bush administration might have taken steps to limit China's military expansion in Asia. Similarly, China's assertiveness did not begin when Xi Jinping became president in 2013, but rather began with the second term of Xi's predecessor, Hu Jintao, in 2007. After the 2008 Beijing Olympics and the 2007–2008 subprime mortgage crisis in the US, the Chinese leadership believed that US decline was inevitable and the power gap between the US and China would narrow rapidly. In 2010, China had already surpassed Japan to become the world's second-largest economy (BBC 2011). But what makes China

a great power to be feared is its rapid military expansion, with a double-digit increase in its defense budget each year since 2000 (Bitzinger 2015). While the Chinese government has repeatedly insisted that it does not intend to seek hegemony, nor will it compete with the US for global leadership, the sheer size of its army and economy and its aggressive approach in the East and South China Seas make it a potential threat to the US and its allies and friends in the Asia–Pacific region.

Xi’s aspirations for China’s “rejuvenation” and realization of the “Chinese dream,” aimed at restoring China to its rightful place as the “middle kingdom” (Ma et al. 2021), as well as his suggestion that “the Pacific is broad enough to accommodate both China and the US” (Whitehouse 2014), did nothing to alleviate the suspicions of the US and its allies that China’s rise might not be entirely peaceful. Rather, Xi’s rhetoric and his subsequent move to abolish the term limits on the PRC presidency, his further suppression of political dissent, tightening of controls on civil society, brutal purge of rival factions, and abuse of human rights in Xinjiang and Tibet, as well as the rise of “wolf warrior”-style diplomacy designed to intimidate foreign countries that refuse to accommodate the PRC’s interests all helped to alert the world that a Pax Sinica could mean the end of the democracy, freedom, and human rights that are fundamental to Western civilization. However, this change in perception was not followed by any swift action against China.

The Obama administration’s strategy of rebalancing or pivoting toward Asia was part of this change in perception (Clinton 2011), but little action was taken to constrain China’s expansion. Despite issues of mistreatment by the host during Obama’s state visit to China (Wan 2016), the Obama administration remained committed to strategic and economic dialog with China which yielded only limited results. Limited market access, intellectual property rights violations, forced transfers of technology, state subsidies, and “unfair” trade practices continued to be problems, and China simply ignored its promise not to militarize the islands and rocks in the South China Sea. Guided by the “engagement school” of thought, the Obama administration refrained from using hard power to push back against China’s expansion in the South China Sea. For the entire eight years of Obama’s tenure, the US Navy only conducted so-called freedom of navigation exercises twice. The sense of the US being in decline and unwilling to confront China, made most countries in the Asia–Pacific, which trade increasingly more with China than with the US, feel that they should not affront Beijing, even if they were subject to China’s

coercion. If the trend toward Chinese assertiveness and US weakness had continued, it would have been only a matter of time, before Asian countries had started to bandwagon with China.

For China, time (but not power) is the most important factor in its national ascendance. As long as China has time to move along its own planned trajectory, it will eventually accumulate sufficient power to surpass the US. As a case in point, the “Made in China 2025” plan is aimed at developing China into a technological superpower in a generation (Guancha 2015). Whether this plan can actually be achieved by 2025 is questionable, but there is little doubt that it will be achieved eventually. So the major flaw in the thinking of the engagement school is not that engagement has failed to transform China into a democracy that follows the international rules or norms set by the US and its European allies, but that engagement takes time to be effective, and hence it gives China time to expand and change international rules and norms according to its illiberal authoritarian model. So it is hardly surprising that China often invites its rivals and opponents to engage and resolve their differences through “dialog traps” (Collins and Erickson 2021).

In other words, the strategic engagement practiced by various US administrations since the normalization of US-China relations in 1979 is in China’s best interests. And the best counter strategy for China is to follow Deng Xiaoping’s motto, namely, “hide your strength, and bide your time.” Deng’s strategy was to make China appear less aggressive as a way of buying time to focus on economic development and the accumulation of national power. Under Deng Xiaoping, China pretended to follow international rules, when they served China’s interests. For several decades, the US and its European allies that invested in and traded with China confronted a barrage of market access restrictions imposed by the Chinese authorities (Rogin 2010). But these countries were willing to give China time to change, because they hoped that doing so, engagement would work eventually and “transform” China.

However, the hopes of the engagement school seem to have been dashed, as under Xi’s leadership, China has become more repressive internally and aggressive externally. Deng’s motto has been abandoned and instead, China is asserting itself and demanding that its dignity be respected (Heydarian 2014). While China is sometimes prepared to compromise where its interests are concerned, China’s dignity is non-negotiable and must not be violated. The problem with “dignity” is that it

is a psychological state, a moving target for China's opponents. As China becomes more powerful, it becomes more difficult for other countries to avoid violating its dignity, and as a result, the scope of self-censorship where criticism of China is concerned has expanded substantially (Nossel 2021). In order to avoid offending China, most European countries will only criticize its human rights violations in private, hoping that this kind of low-profile approach will persuade the Chinese authorities to change their ways.

For China, there is no cost involved in such non-transparent human rights dialogs, because they do no harm to China's image. Furthermore, this kind of dialog enables European governments to demonstrate to their own populations, that they are actively condemning China's human rights violations. Once this ritualized human rights dialog has been completed, the two sides can continue to do business as usual. From a Chinese perspective, as long as foreigners are able to make a profit in the Chinese market, they should keep their mouths shut. If anyone dares to criticize China publicly, they will be harshly rebuked and warned to mind their own business. And persistent China-bashing may lead to economic sanctions, as was the case of the 200% anti-dumping duty imposed on Australian wine (Tan and Wang 2021).

However, the fact that engagement has failed to induce China to change its behavior does not bother the US or European establishments. Were it not for China's hegemonic posture and the way that its socio-economic influence is penetrating into other countries, these governments would probably stay silent and continue to engage in their lucrative business with China. The Trump administration was probably the first to lose patience with China's "dialog trap," but it did conduct an economic and strategic dialogue with China in June 2017, albeit on a smaller scale than that of the Obama administration. But Trump quickly found this to be useless, given that China did not deliver what it promised. So in 2018, the US-China dialog was suspended indefinitely, and Washington launched a trade war with China. In its public response, China promised tit-for-tat tariffs on US goods, but in practice, China was prepared to agree to a trade deal with the US so that the trade war could be brought to a swift conclusion. Whatever the deficiencies of the phase-one trade deal between the US and China, it showed that the PRC would respect a show of power, and only hard power would persuade it to listen and react. While Trump may have used the wrong measures to redress the US-China trade deficit, the trade war did signal that the Trump administration would not

give China any more time to transform itself as the engagement school had suggested. It was checkmate for China, and it would no longer have time to play out its own game of *Go* against the US (Sun 2012).

The problem with the US-China strategic competition for small-and-medium powers like Taiwan is not whether they should maintain neutrality or take sides. Rather, it is to understand the real nature of the competition. China is putting pressure on weaker allies and friends of the US, so as to avoid a major assault from Washington. As a result, small-to-medium powers like Taiwan face the choice of bandwagoning with China or balancing against it by allying with other major powers—the US in particular. Although such a strategic choice is usually made by political elites, ordinary citizens' preferences also matter because in democratic systems, elites' policies have to be evaluated and approved by citizens through elections. This is why in this chapter, we investigate what ordinary citizens in Taiwan think about the option of an “alliance with the US against China.”

The rest of this chapter is organized as follows. In the next section, we discuss how the two major political parties in Taiwan frame Taiwan's strategic choice between the US and China. In the subsequent section, we discuss our research design and the findings of our empirical analysis. Finally, we conclude by discussing some policy implications of these findings.

TAIWAN'S STRATEGIC CHOICES AS FRAMED BY THE TWO MAJOR POLITICAL PARTIES

In 2008, the incumbent administration under President Ma Ying-jeou of the Kuomintang (KMT) framed its foreign policy as being “viable diplomacy,” the essence of which was to resume dialog and negotiations with China on the basis of the 1992 Consensus and rebuild trust between the two sides. The KMT's goal was, and remains, to reach a diplomatic truce, under which China and Taiwan would stop attempting to lure away each other's diplomatic allies and China would give tacit advance approval of Taiwan's participation in some international organizations. The KMT also adopted a “zero surprise principle,” assuring Washington that Taiwan would not attempt to unilaterally change the status quo between the two sides of the Taiwan Strait. At the same time, the KMT reassured Washington that any improvement in cross-Strait relations would not undermine Taiwan's security cooperation with the US. Taiwan would

continue to purchase defensive weapons from the US and seek to negotiate a free trade agreement with it. The Ma administration also sought to establish friendly relations with Japan while insisting on a rational and peaceful resolution of the Diaoyu (or Senkaku) Island dispute. In short, the KMT's foreign policy under Ma can be described as one of closer ties with the US, making peace with China, and befriending Japan. It appears to have embodied a hedging strategy involving a combination of closer security ties with the US and economic dependence on China. In reality, the Ma administration did not get along well with Japan, given that Japan's de facto ambassador in Taipei, Masaki Saito, refused to confirm whether or not Japan renounced Taiwan's sovereignty to the Republic of China (ROC) in the 1950s (Hsu 2009). In addition, Ma sent a Taiwan coastguard vessel to patrol waters around Diaoyu Island, something which very much upset Tokyo. While Taiwan's security ties with the US were consistently strong and solid, the Ma administration did drop a plan to purchase diesel-powered submarines from the US, a sale that had been approved by the George W. Bush administration (Cole 2011). The scrapping of the weapons purchase plan did little harm to US-Taiwan relations, given that the Obama administration remained committed to engagement with China. Nevertheless, it did send the wrong signals to the US defense establishment as to whether Taiwan under the KMT was willing to defend itself against a Chinese attack. In addition, Ma's reluctance to accept US assistance in the wake of the devastation caused by Typhoon Morakot also sent a chilly message to Washington (Wu 2009). Although Ma's policy of maintaining close ties with the US and befriending Japan may not have been executed in line with his original public announcement, his policy toward China could be deemed to have been a success.

Not only did cross-Strait exchanges increase significantly under Ma, but China and Taiwan signed 23 agreements in such areas as the economy, transportation, postal service cooperation, customs facilitation, judicial assistance, and food safety (Matsuda 2015). High-ranking officials from China, including the deputy director of Beijing's Taiwan Affairs Office (TAO), party secretaries of important provinces, and the city mayor of Shanghai, were able to visit Taiwan frequently and freely without any supervision. In turn, the Chinese authorities also hosted several cross-Strait forums on how to promote unification to which they invited prominent Taiwanese, such as retired generals, local government officials, and students and scholars, as well as representatives of farmers' and fishermen's associations, temples and religious establishments, and indigenous

peoples. It appeared that China's influence had penetrated extensively into Taiwan's civil society during Ma's tenure (Mainland Affairs Council 2019). In addition, as a result of Ma's diplomatic truce policy, Taiwan did not lose any of its diplomatic allies between 2008 and 2016. Moreover, from 2013 to 2016, with Beijing's tacit approval, Taiwan was invited by the secretary-general of the WHO to participate in the World Health Assembly as an observer (Wees 2016). Taiwan was also able to participate in the ICAO Assembly as a "special invited guest" of its secretary-general in 2013. While cross-Strait relations improved substantially under Ma, his hedging strategy was seen by the Taiwanese public as lacking balance, steering Taiwan closer to China's orbit. In particular, Ma's Cross-Strait Service Trade Agreement (CSSTA) of 2013, aimed at liberalizing the trade in services between Taiwan and China, provoked the Sunflower Student Movement. When hundreds of thousands of people turned out to protest, Taiwan's legislature suspended its review of the CSSTA and the agreement was never ratified. That said, Ma demonstrated his commitment to his approach of appeasing China by meeting Xi Jinping in Singapore in 2015, a few months before he stepped down as president.

With the Singapore summit, Ma was aiming to preserve his personal legacy, while Xi wanted to make sure that the trend toward unification that had started under Ma would be locked into the program of the next administration. Both Ma and Xi found common ground in the 1992 Consensus, seeing it as the political basis for cross-Strait relations, although each side interpreted it differently. For China, the consensus meant that both sides of the Taiwan Strait accepted that there is only one China, period. In contrast, Ma and the KMT saw "China" as having different interpretations on either side of the Strait, with Ma's interpretation being the Republic of China and Xi's the People's Republic. Even though China consistently rejected the KMT's "different interpretations" idea, with its derived consequence that the two sides could each be represented in international organizations, China was willing to trust Ma and allow his administration to promote the KMT's version of the consensus within Taiwan.

This trust between the KMT and the Chinese Communist Party (CCP) has never been replicated in relation to the incumbent DPP and Taiwan's current president, Tsai Ing-wen. Indeed, when after assuming office in 2016, President Tsai refused to follow the course set up at the Ma-Xi summit and rejected China's preconditions as prescribed by the terms of the 1992 consensus, China suspended all communication with Tsai's

government and once again attempted to isolate Taiwan in the international arena. And since 2016, Beijing has persuaded seven of Taiwan's diplomatic allies to transfer recognition, thus ending the diplomatic truce set up by Ma (Aljazeera 2021). Taiwan's participation in international organizations like the WHO and ICAO was also blocked by Beijing. In January 2019, in the CCP's fortieth annual "Letters to Taiwanese Compatriots," Xi Jinping redefined the terms of the 1992 Consensus as promoting the unification of China based on the "One China principle" and "one country, two systems" (Taiwan Affairs Office 2019; Grano and Wu 2021). Xi's statement alerted Taiwan's ruling elite to Xi's readiness to push for unification on a unilateral basis. Tsai was quick to respond to Xi's words, insisting that China must recognize the existence of the ROC, must not deny the Taiwanese people the right to choose freedom and democracy, and must resolve cross-Strait disputes peacefully. She said that her government was willing to engage in peaceful dialog and orderly exchanges with China under no preconditions. At the same time, Taiwan would work toward "democratic consolidation" and the "enhancement of national security" (Office of the President 2019).

Although Tsai's olive branch met with a harsh response from China, her policy toward the US thus far seems to have been very successful. Tsai's US policy is based on mutual trust and "no surprises." She signaled to the US that she would maintain the status quo between the two sides of the Taiwan Strait and would not rock the boat by undertaking ill-conceived initiatives that would provoke China. At the same time, Tsai's government would enhance Taiwan's self-defense capability and strengthen national security, while resisting China's coercion and preserving peace in the Indo-Pacific region. Tsai's reassurance was much appreciated by the Trump administration, especially as the US was at that time engaged in a fierce strategic competition with China. When US-China relations deteriorated with the onset of the trade war in March 2018 (Mullen 2021), the Trump administration tried to strengthen its ties with Taiwan by sending high-ranking officials (including Secretary of Health and Human Services Alex Azar, Under Secretary of State Keith Krach, and Assistant US Trade Representative Terrence J. McCartin) to the island, authorizing a multi-billion-dollar sale of advanced weapons to Taiwan, resuming negotiations on TIFA (US-Taiwan Trade and Investment Framework Agreement), including Taiwan in Washington's Economic Prosperity Partnership Dialogue (EPPD), and inviting Taiwan to attend a ministerial conference on advancing freedom of religion and

belief (DeAeth 2018; State Department 2019). Moreover, the US used its diplomatic resources to dissuade Taiwan's diplomatic allies in Central America from switching recognition to China, while offering more vocal and clear support for Taiwan's participation in various international organizations (Yeh 2021).

The increased US support for Taiwan was more than just a reward for the Tsai government's exercise of responsible statecraft; it was also connected with China's intensified military maneuvers in the Taiwan Strait. Beijing signaled its displeasure of closer ties between the US and Taiwan by sending its war planes into Taiwan's air defense identification zone (ADIZ) and crossing the median line of the Taiwan Strait. Indeed, a clear pattern emerged: whenever the US sent high-ranking officials to Taiwan or offered concrete support for Taiwan in the international arena, China would send its fighter jets into Taiwan's ADIZ or conduct military exercises near Taiwan's territorial waters or airspace. China also "routinized" its military maneuvers, both as a political statement and as a way of testing Taiwan's defense capabilities and wearing out Taiwan's defensive resources. It is estimated that the number of aircraft of the People's Liberation Army Air Force entering Taiwan's ADIZ increased from 10 in 2019 to 380 in 2020 (Shih et al. 2021). Such frequent encroachments alarmed the US military establishment, which interpreted them as a prelude to an invasion of Taiwan (Hille and Sevastopulo 2021). To deter China's military ventures and reassure Taiwan, Washington not only offered to sell more defensive weapons to Taiwan and train its army and marines, it also started frequent patrols by warplanes and warships in the Taiwan Strait and South China Sea (Department of Defense 2020). Bipartisan support for Taiwan was so apparent in the US Congress and the House of Representatives that more than 14 bills relevant to Taiwan were passed in 2018–2020, including the Taipei Act, Taiwan Travel Act, and the Taiwan Security Enhancement Act (Legislative Search Results 2022).

All-round high-profile US support for Taiwan and the impasse in the island's relations with China did indeed make it look as though the Tsai government was taking sides with the US against China. Yet, the Tsai administration had no way of influencing how much assistance the US government would offer Taiwan. Nevertheless, by acting as a responsible stakeholder determined to maintain the peaceful status quo between the two sides of the Taiwan Strait, the Tsai government was able to enjoy the trust and support of the US in such a way as to counter China's threats and coercion. The question is whether the Taiwanese

people support Tsai's strategic choice for Taiwan or whether they prefer Ma's hedging strategy. To answer this question, we analyze data from the Taiwan National Security Surveys (TNSS). Since 2002, the Program in Asian Security Studies at Duke University has commissioned the Election Study Center at National Chengchi University, Taiwan, to conduct the TNSS via telephone interviews (Niou 2004). The TNSS focuses on Taiwanese citizens' attitudes toward key political issues and national security. It has accumulated 13 waves of data. The latest survey was carried out on 27–31 October 2020, and recorded 1110 successful interviews. The data were released on 12 November 2020. As Sino-US relations and cross-Strait relations experienced significant changes at the end of the Trump administration amid the COVID-19 pandemic in 2020, the 2020 TNSS data provide a timely opportunity to investigate how Taiwanese citizens evaluated developing issues regarding national security.

WHY WOULD TAIWANESE SIDE WITH THE US AGAINST CHINA?

For the technical specifications of our statistical models, as well as explanations of the variables selected, please refer to Tables 11.1 and 11.2 in the appendix. In this section, we present the findings derived from our analyses of the TNSS data. While foreign policy may not be the most important determinant of election results in most Western democracies, previous studies show that in a Taiwan context, especially in presidential elections, attitudes toward China have an important impact on vote choices (Sheng 2002; Wu and Liao 2015). Therefore, political parties and presidential candidates have to accommodate voters' preferences by carefully positioning themselves along the dimension of pro- or anti-China on various policies. In this chapter, we argue that the most important policy choice related to Taiwan's security is whether to ally with the US against China or to hedge against China to avoid war. The two main parties in Taiwan have clearly positioned themselves on this question, with the DPP preferring to ally with the US against China, and the KMT preferring a hedging strategy. From 2020 TNSS data, as shown in Fig. 11.1, we find that 54.24% of Taiwanese respondents "agree" or "strongly agree" that

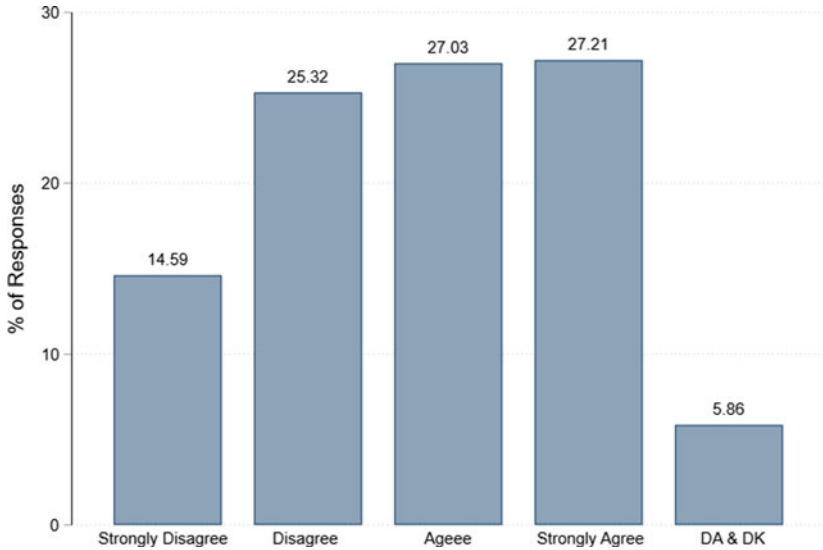


Fig. 11.1 Support for Allying with the US and Japan against China among Taiwanese (*Source* The 2020 Taiwan National Security Survey [$N = 1110$])

Taiwan should ally with the US and Japan against China.¹ The question is, why do they make such a choice?

In addition to the respondents' demographic characteristics, we believe there are structural and circumstantial factors that would affect people's decisions concerning an alliance with the US against China. Structural factors include party identification and long-term attitude toward independence for Taiwan or the unification of China, while circumstantial factors include pre-existing preferences regarding policies for dealing with China, whether one believes Taiwan's military power to be strong enough

¹ The 2020 TNSS asks respondents the following question: "Some people argue, 'Taiwan should strengthen ties with the United States and Japan to counter mainland China'. Do you support this statement?" Although the original question asks about allying with both the US and Japan, it is in fact focused more on allying with the US because Japan's national security is also heavily reliant on the Treaty of Mutual Cooperation and Security between the United States and Japan. It would also be unreasonable to expect a Taiwanese respondent to support a Taiwan-Japan alliance but oppose a Taiwan-US alliance. In other words, responses to this question can be regarded as support for (or opposition to) an alliance between Taiwan and the US against China.

to ward off a Chinese attack, evaluation of the level of peace between the two sides of the Taiwan Strait, and expectations concerning the likelihood of the US coming to Taiwan's aid in the event of a Chinese attack. There is one intervening variable that could affect a respondent's opinion concerning an alliance with the US against China, namely, whether they consider China to be trustworthy. The 2020 TNSS does not include questions measuring levels of trust, so we have used two surrogates that seem to tap the degree of distrust of China among Taiwanese. One is the question whether deepening economic ties with China would lead to economic coercion by Beijing, and the other is whether China's recent heavy-handed approach to Hong Kong would incline respondents to support Taiwan independence. On economic coercion, China has repeatedly demonstrated its displeasure at political developments in Taiwan by imposing sanctions on imports of Taiwanese fruit and agricultural products (McDonald 2021). It has also punished Taiwanese companies that operate in China and have donated to "pro-independence" political parties in Taiwan (Wu 2021). On Hong Kong, China promised that its "one country, two systems" approach would last for 50 years, but the damage done to Hong Kong residents' freedoms by the recent enactment of the National Security Law may have heightened distrust of China among Taiwanese, which would encourage them to side with the US against China.

Concerning demographic and structural variables, our initial model shows that respondents are more likely to support allying with the US against China if they are male, non-KMT supporters, or if they prefer maintenance of the status quo or independence over unification (see Table 11.2 in the appendix). But after controlling for other variables, the effect of party identification disappears. In our models, we find that preexisting policy preferences for dealing with China have some impact. Respondents are less likely to support allying with the US against China if they think that the Taiwanese government should increase economic ties with China or adopt moderate policies toward China to ease cross-Strait tension. However, respondents who are concerned about China's potential economic coercion against Taiwan, or about the negative effect of the National Security Law in Hong Kong, are more likely to support allying with the US against China than those who are not concerned about these issues. In other words, distrust of China plays an important role in determining whether a respondent favors allying with the US.

Concerning circumstantial factors, we would expect respondents' support for allying with the US against China to be determined by their evaluation of the level of peace in the Taiwan Strait and the likelihood of the US coming to Taiwan's aid in the event of a Chinese attack. Specifically, we would expect respondents who perceive that relations with China are peaceful to be less likely to support allying with the US against China, and those who perceive a low level of peace would also be against such an alliance as it could further escalate tension with China or provoke military conflict. Thus, we expect the relationship between perception of cross-Strait peace and support for allying with the US against China to take the form of an inverted U. Across the five statistical models in this chapter that are reported in Table 11.2 in the appendix, we consistently find this inverted U-shaped relationship to be statistically significant, no matter which variables we control for. In addition, after controlling for all other variables, we still find that respondents are more likely to support allying with the US against China if they expect that the US will come to Taiwan's aid in defending against a Chinese attack (see Model 5 in Table 11.2).

To sum up, we find that Taiwanese people's support for allying with the US against China depends more on circumstantial factors than structural factors. In particular, when people perceive that cross-Strait relations are either extremely peaceful or extremely tense, they are less likely to support such an alliance. In other words, only perception of a moderate degree of tension across the Taiwan Strait results in support for an anti-China alliance with the US. Moreover, only when people expect the US to help defend Taiwan against a Chinese attack are they likely to support an alliance with the US against China. In addition, we find that preexisting policy preferences toward China and distrust of China play important roles in respondents' opinions concerning allying with the US against China. Those who believe that Taiwan should increase economic ties with China or that Taiwan should adopt a moderate policy toward China to deescalate cross-Strait tension are less likely to support allying with the US against China. However, feelings of distrust could have a counter-balancing effect in relation to people's preexisting China policy preferences. For example, we find that respondents who believe that increased economic ties with China would lead to economic coercion and those who think Hong Kong's "one country, two systems" was undermined by the National Security Law are more likely to support allying with the US against China.

On the other hand, we find that structural factors, like party identification and expectations concerning unification or independence, play an insignificant role in respondents' opinions on an alliance with the US against China. While such an alliance is part of DPP policy, DPP supporters do not necessarily support it, so it is obvious that DPP-bashing by Beijing will not lead Taiwanese people to reject an alliance. It is true that in our models we find that people favoring the status quo or Taiwanese independence are more likely to support allying with the US against China than pro-unification respondents. But expectations concerning the future development of the cross-Strait relationship (e.g., unification or independence) have no impact at all. In other words, Taiwanese support for an alliance with the US against China is not structurally determined. Rather, it hinges on various circumstantial factors, notably, "distrusting China" and preference for "engaging with China," as well as evaluations concerning the level of peace in cross-Strait relations and expectations of US assistance in the event of a Chinese attack. The above findings have profound implications for policymakers in the US, China, and Taiwan. These will be discussed in the conclusive section.

CONCLUSION

As US-China strategic competition becomes more intense, the likelihood of a conflict in the Taiwan Strait increases. Competition between the US and China has extended beyond the realms of trade, finance, currency, technology, the internet, space, diplomacy, and the military to values and ideology. No other place in the world is experiencing such a severe impact from the multidimensional and interconnected competition between the US and China than Taiwan. From a geopolitical standpoint, Taiwan is essential to both the US and China. For the US, Taiwan is located in the midpoint of the first island chain, which acts as a line of defense for the US and its allies. Taiwan is also a vibrant democracy that the US, through the Taiwan Relations Act, is committed to providing with sufficient self-defense capability to withstand coercion, threats, and ultimately a military attack by China. At stake are the credibility of the US commitment and Washington's security interests which depend on maintaining the peaceful status quo in the Taiwan Strait. China, for its part, regards

Taiwan as part of its sovereign territory and refuses to allow any foreign power or pro-independence forces in Taiwan to challenge its One China principle. The very stability of the CCP regime is tied to the unification of China, hopefully by peaceful means but by military force if necessary. Lying behind China's aspiration for unification is its long-term strategic goal of becoming a global power via an advance into blue waters such as the Pacific Ocean. For China, unification is linked to regime survival, and it is a precondition for becoming a preeminent international power. Xi's personal ambition to rule China indefinitely is yet another variable that makes the situation between the two sides of the Taiwan Strait unpredictable. Therefore, neither China nor the US has room to turn its back on Taiwan, and yet they may be reluctant to go to war with each other over the island.

For an indication of rising tension in the Taiwan Strait, we should look no further than the increasing military buildup in the area. The PLA has substantially increased the number of its near-shore exercises over the past four years, and whenever high-level US officials visit Taiwan, the PLA announces or holds a military exercise in the East China Sea. And as we discussed above, the number of PLA Air Force encroachments into Taiwan's ADIZ increased substantially between 2019 and 2020, and in the period January-November 2021, more than 930 such sorties took place. While China has been using military exercises to threaten and coerce Taiwan, the US has offered support by announcing more arms sales and sending its warships through the Taiwan Strait. The US air force has engaged in routine patrols near Taiwan's ADIZ and in the South China Sea. The Pentagon also revised its defense strategy to include multiple launching bases for anti-ship missiles to deter China and respond to any contingencies around Taiwan. In addition to sending more high-level envoys to the island, the US Congress also passed several bills in support of Taiwan. It is up for debate whether it is the overt support offered by the US, the threat emanating from China, or a combination of the two that has prompted so many Taiwanese people to favor allying with the US against China.

The mounting military threat to Taiwan from China not only fosters antipathy toward China among the Taiwanese people, but is also discrediting Beijing's solemn commitment to pursue the unification of China

peacefully. While Xi's 2019 statement about "robustly preparing the 'one country, two systems' option for Taiwan" (Taiwan Affairs Office 2019) might signal that Xi wants to complete unification during his tenure, it was the subsequent crackdown on pro-democracy protests in Hong Kong and the tightening of control over Hong Kong society represented by the National Security Law that completely destroyed confidence among Taiwanese that China genuinely intended to implement the "one country, two systems" formula in Taiwan. Despite rhetoric concerning the provision of economic incentives for Taiwanese companies to invest in mainland China, the overall business environment there has continued to deteriorate due to soaring labor costs and unpredictable political interference in the market by the CCP regime. That Taiwanese businesses were subject to arbitrary harassment and prosecution was not new, but what made China's potential to coerce Taiwan into a perceived reality was Xi's interference in China's own private corporations and the purges of business people who supported his political rivals. Does the perception of China's economic coercion of Taiwan contribute to Taiwanese favoring an alliance with the US against China? Does distrust of China's commitment to "one country, two systems" make Taiwanese prefer a balancing strategy against China? Why was the initial hedging option framed by the KMT abandoned by the DPP in favor of a balancing strategy against China? Our empirical analysis of the 2020 TNSS data may provide some preliminary answers to these questions.

In our empirical analysis of the survey data, we find that respondents who are male and have received a college education are likely to support allying with the US against China. Neither party identification nor people's expectations concerning the future development of the cross-strait relationship (unification or independence) has any impact on views on allying with the US against China. It is circumstantial factors that have a significant impact. People who perceive either an extremely high or an extremely low level of peace between the two sides of the Taiwan Strait are less likely to support allying with the US against China, whereas those who believe that the US would be willing to come to Taiwan's aid in the event of a Chinese attack are more likely to support such an alliance. Preexisting preferences for closer economic ties with China or for a more moderate policy toward China also influence people's choices

on this issue, as respondents with those policy preferences are less likely to show support for allying with the US against China. Finally, we find that trust/distrust of China's commitments has a significant effect on people's choices concerning allying with the US against China. Those who believe that China's pledges are not trustworthy, especially in light of recent developments in Hong Kong and China's potential for economic coercion, are more likely to support allying with the US against China.

What, then, are the policy implications of the above findings? While we do not deny that some long-term attitudes have an impact on Taiwanese people's preference for allying with the US against China, we should highlight the importance of circumstantial factors. If they are to succeed in winning over the Taiwanese people, Chinese policymakers must endeavor to inspire trust in their commitments. It is no good offering Taiwan the "one country, two systems" formula while at the same time hollowing out that very same formula in Hong Kong. China cannot offer economic incentives to Taiwanese businesses operating in China while at the same time imposing economic sanctions on Taiwanese agricultural imports. These contradictory actions only increase distrust of China among the Taiwanese, making them more likely to favor an alliance with the US against China. Neither DPP-bashing nor the demonizing of supporters of Taiwan independence has an impact on this, since party identification is not a statistically significant factor in our empirical analysis, and a preference for independence, as a long-term inclination, cannot be changed overnight. Increasing military pressure on Taiwan would also be counter-productive, as that would invite a stronger US military presence in the Taiwan Strait. As US military activities in the Taiwan Strait become more frequent, Taiwanese become more convinced that the US would defend the island in the event of a Chinese attack, and this, according to our statistical model, increases Taiwanese people's support for an alliance with the US against China. Moreover, according to our empirical analysis, as the perception of a threat in the Taiwan Strait increases, so does support for allying with the US against China. Unless China's military pressure is increased to such a level that Taiwanese people believe any resistance to be futile, the strategic choice of allying with the US against China is a straightforward one for the Taiwanese people. Given that a high level of threat would invite US intervention, the only alternative for China is to

ease military tension between the two sides of the Taiwan Strait, because in those circumstances, Taiwanese people would be less likely to favor allying with the US against China.

For policymakers in the US, it is important to demonstrate their country's commitment to defending Taiwan, should China attack. As our findings show, those who believe that the US would come to Taiwan's aid in those circumstances are more likely to favor an anti-China alliance with the US. While the US does not want a military conflict with China, its commitment to Taiwan's self-defense is cautiously watched not only by the Taiwanese people but also by its regional allies. The best way for the US to prevent a war with China is to make sure that its commitment to Taiwan's self-defense is widely trusted by its allies. And Taiwanese people's support for allying with the US against China based on their expectations of this US commitment has become a litmus test for the US-led alliance system in the Indo-Pacific region.

Although the policy of strategic ambiguity has served US interests for more than 50 years and has deterred China and Taiwan from going to war with each other, it has an inherent weakness in that it does not provide any credible reassurance that the US will come to Taiwan's aid in the event of a Chinese attack. The 2020 TNSS data reveal that there are still many Taiwanese people who do not believe that the US would come to their aid in those circumstances, although those who do believe that the US would help Taiwan are more likely to favor an alliance with the US against China. In the context of the strategic competition between Washington and Beijing, the US should send frequent signals of reassurance to Taiwan if it wants to have the Taiwanese people's support, instead of clinging to its strategic ambiguity policy. Recent announcements concerning arms sales to Taiwan, the more frequent presence of US warships in the Taiwan Strait, clear declarations by President Biden regarding coming to Taiwan's defence, and more visits to Taiwan by high-level US officials, such as Nancy Pelosi's visit in August 2022, provide more reassurance. In their turn, the Taiwanese people respond to those signals of reassurance by favoring an alliance with the US against China.

For policymakers in Taiwan, whether to ally with the US against China is a critical decision affecting national security. It appears to be an easy choice, given that China has consistently threatened to take the

island by force should Taiwan put off accepting Beijing's "one country, two systems" and "peaceful unification" proposals indefinitely. Moreover, China's recent imposition of the National Security Law in Hong Kong has effectively undermined its commitment to "one country, two systems," thus deepening Taiwanese people's distrust. So taking sides with the US against China has become the only viable option for Taiwanese policy-makers. Our findings show that the Taiwanese people are not predisposed to favor a balancing strategy against China. Neither can the incumbent DPP rely on its supporters' inclination to ally with the US, as party identification has no impact on such a choice. What the DPP can do is adopt a "moderate" stance and maintain the status quo, neither provoking a Chinese attack nor accommodating China's political demands. Such a policy position would also be in the best interests of the US, because when Taiwanese people perceive only a moderate level of tension in the Taiwan Strait, they are likely to support allying with the US against China. In turn, when the US consistently sends signals of reassurance to Taiwan, it will reinforce Taiwanese people's preference for allying with the US against China. But this preference should not be taken for granted, as our findings show that it hinges more on circumstantial factors than on structural ones. Of these circumstantial factors, we find that expectation of US help, distrust of China's commitments, and an evaluation of the level of peace in cross-Strait relations are the most relevant factors that policymakers in the US, China, and Taiwan should take into account when making their individual strategic choices.

APPENDIX

See Tables [11.1](#) and [11.2](#).

Table 11.1 Operationalization of variables

<i>Variables</i>	<i>Coding</i>
Support for Allying with Japan and the US (DV)	“Taiwan should strengthen ties with the United States and Japan to counter mainland China” 0: Strongly disagree or disagree; 1: Agree or strongly agree
Age	Age in years
Male	1: male, 0: female
College	1: With college degree and 0 otherwise
Partisanship	Partisanship: KMT, DPP, non-partisan, and other parties
Tondu	Position on the unification-independence (<i>Ton-du</i>) issue: Unification, status quo, and independence
Peace	Mainland-Taiwan relationship. 0: Very antagonistic, 10: Very peaceful
Future Development	Taiwan and the Mainland’s future developments 1: Unification more likely; 2: Hard to say, no opinion, or don’t know; 3: Independence more likely
Capacity to Defend	“If Mainland China attacks Taiwan, do you think our military is powerful enough to defend Taiwan?” 1: No, 2: Hard to say, no opinion, or don’t know; 3: Yes
Economic Engagement	Taiwan’s economic and trade relations with China 1: Should weaken; 2: Hard to say, no opinion, or don’t know; 3: Should strengthen
Moderate Policy	“Do you think that Taiwan should increase its military capabilities or pursue more moderate policies to de-escalate cross-strait tensions?” 1: Increase military capabilities; 2: Do both, do neither, difficult to say, no opinion, don’t know, or decline to answer, 3: Pursue more moderate policies

(continued)

Table 11.1 (continued)

<i>Variables</i>	<i>Coding</i>
1992 Consensus	<p>“Taiwan and China should live under a policy of ‘one China with different interpretations’ with ongoing exchanges”</p> <p>– 2: Strongly disagree; –1: Disagree; 0: Hard to say, no opinion, or don’t know; 1: Agree; 2: Strongly agree</p>
Two Systems	<p>Support the policy of “one country, two political systems”</p> <p>– 2: Strongly disagree; –1: Disagree, 0: Hard to say, no opinion, or don’t know; 1: Agree; 2: Strongly agree</p>
Economic Coercion	<p>“If Taiwan’s economy relies too heavily on Mainland China, then the Mainland will use the economy to coerce Taiwan into making political concessions in the future”</p> <p>– 2: Strongly disagree; –1: Disagree, 0: Hard to say, no opinion, or don’t know; 1: Agree; 2: Strongly agree</p>
Hong Kong	<p>With the ongoing development (i.e., the passage of the national security law) in Hong Kong, does this development make you more inclined to support Taiwanese independence?</p> <p>– 2: Strong disagree; –1: Disagree, 0: Depends on conditions, no opinion, or don’t know; 1: Agree; 2: Strongly agree</p>
US Defense	<p>“If Taiwan maintains the status quo (does not declare independence) and Mainland China attacks, do you think the United States will deploy troops to help Taiwan?”</p> <p>– 2: Definitely will not; –1: Will not, 0: Hard to say, no opinion, or don’t know; 1: Will; 2: Definitely will</p>
China’s Attack	<p>“If Taiwan declares independence no matter the circumstance, do you think that Mainland China will attack Taiwan?”</p> <p>– 2: Definitely will not; –1: Will not, 0: Hard to say, no opinion, or don’t know; 1: Will; 2: Definitely will</p>

Table 11.2 Determinants of support for allying with the US and Japan against China

	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>	<i>Model 4</i>	<i>Model 5</i>
<i>Age</i>	0.014+ [0.007]	0.014+ [0.008]	0.008 [0.008]	0.008 [0.008]	0.005 [0.008]
<i>Male</i>	0.530** [0.185]	0.430* [0.193]	0.543** [0.193]	0.458* [0.202]	0.428* [0.205]
<i>College</i>	0.316 [0.218]	0.385+ [0.225]	0.310 [0.227]	0.386+ [0.231]	0.413+ [0.249]
<i>Partisanship (Baseline: KMT)</i>					
DPP	1.520*** [0.283]	0.940** [0.317]	0.772* [0.324]	0.554 [0.350]	0.466 [0.353]
Non-Partisan	0.293 [0.226]	0.065 [0.252]	-0.086 [0.254]	-0.171 [0.273]	-0.095 [0.278]
Other Parties	0.767* [0.323]	0.593+ [0.349]	0.412 [0.372]	0.396 [0.388]	0.444 [0.413]
<i>Ton-tan (Baseline: Unification)</i>					
Status Quo	0.886** [0.303]	0.567+ [0.316]	0.716* [0.344]	0.501 [0.339]	0.594+ [0.357]
Independence	1.632*** [0.354]	1.163** [0.380]	1.030* [0.405]	0.779+ [0.411]	0.886* [0.424]
<i>Peace</i>	0.360*** [0.106]	0.402*** [0.108]	0.280* [0.121]	0.324** [0.125]	0.310* [0.133]
<i>Peace</i> ²	-0.044*** [0.013]	-0.044*** [0.013]	-0.036** [0.014]	-0.038** [0.014]	-0.036* [0.016]
<i>Future Development</i>	0.387*** [0.116]	0.127 [0.128]	0.174 [0.132]	0.042 [0.140]	0.038 [0.144]

(continued)

Table 11.2 (continued)

	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>	<i>Model 4</i>	<i>Model 5</i>
<i>Capacity to Defend</i>	0.318** [0.116]	0.119 [0.124]	0.233+ [0.127]	0.108 [0.132]	0.087 [0.137]
<i>Economic Engagement</i>		-0.506*** [0.123]		-0.252+ [0.137]	-0.196 [0.140]
<i>Moderate Policy</i>		-0.348** [0.115]		-0.286* [0.122]	-0.278* [0.130]
<i>1992 Consensus</i>		-0.054 [0.083]		-0.037 [0.089]	0.007 [0.091]
<i>Two Systems</i>		-0.139+ [0.081]		-0.067 [0.088]	-0.064 [0.089]
<i>Economic Coercion</i>			0.419*** [0.072]	0.353*** [0.076]	0.320*** [0.079]
<i>Hong Kong</i>			0.479*** [0.082]	0.430*** [0.083]	0.411*** [0.087]
<i>US Defense</i>					0.348*** [0.083]
<i>China's Attack</i>					0.090 [0.088]
<i>Constant</i>	-4.385*** [0.550]	-1.197 [0.755]	-2.887*** [0.659]	-1.007 [0.853]	-1.356 [0.913]
Log pseudolikelihood Observations	-487 943	-451 924	-427 931	-411 915	-397 907

Note: The dependent variable is support for allying with the US and Japan against China. Robust standard errors are reported in brackets + $p < 0.1$, * $p < 0.05$, ** $p < 0.05$, *** $p < 0.001$

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Other Countries Are Small Countries, and That's Just a Fact: Singapore's Efforts to Navigate US–China Strategic Rivalry

Ja Ian Chong

Then-Chinese Foreign Minister, Yang Jiechi, emphatically reminded members of the Association of Southeast Asian Nations (ASEAN) at the 2010 ASEAN Regional Forum meeting in Hanoi, “China is a big country and other countries are small countries, and that’s just a fact” (Landler et al. 2010). Of these countries, Singapore is perhaps one of the smallest, with a population just shy of 6 million and a land area slightly more than 700 square kilometers (Central Intelligence Agency 2021a, b). It also happens to be one of the richest, with a *per capita* GDP higher than that of the United States (Central Intelligence Agency 2021a, b). Singapore’s success relates as much to its strategic location at the southern entrance of the Strait of Malacca, between the Pacific and Indian Oceans, attempts to avoid involvement in major international disputes, and efforts to work with various major powers. Such fortuitous circumstances, however, are

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variables rather than constants and may now be undergoing a period of stress and change that Singapore must face.

Singapore's approach to US-China competition so far is to continue claiming that it "does not wish to choose sides" between Washington and Beijing (Chan 2021; Heijmans 2021). This position—in place since the end of the Cold War—depends on two key conditions: that Singapore does not have intractable and indivisible differences with both major powers and that a significant overlap in interests exists between the United States and China. So long as such conditions hold, Singapore has significant flexibility and room for maneuver to maximize opportunities for cooperation with both major powers—that is, Singapore can have its cake and eat it too. Participation in the Association for Southeast Asian Nations (ASEAN), the Five Power Defence Arrangement (FPDA), and various trade agreements appear supplementary to Singapore's efforts at developing special relations with Washington and Beijing. Singapore's longstanding approach to managing relations with the United States and China may become more risky and costly as the US-China rivalry intensifies, but whether its leadership can find an adequate and timely alternative remains in question.

If hedging is an effort to adopt countervailing strategies to mitigate risk by enabling the leverage of one set of relations to overcome problems in another, then Singapore's behavior can be construed as "hedging." That said, the wide array of activities that now falls under the rubric of "hedging" may erode the analytical utility of the concept (Haacke 2019). Given Singapore's efforts at performing even-handedness in interactions with the two major powers, some observers also characterize its foreign policy as leaning toward "neutrality" (Guo and Wu 2016; Panda 2020). Nonetheless, Singapore seems to be trying to deepen relations with both the PRC and United States with a view that this can best safeguard its long-term interests. Whether Singapore can extract itself from trouble and shift emphasis from one set of ties to the other, should intractable difficulties arise or find itself entrapped in the web of interlocking interests linked to the United States and PRC, remains unknown.

This chapter provides an overview of Singapore's approach to managing relations with the United States and China, including increasingly apparent limits and possible options. I begin with a conceptualization of how Singapore historically managed relations with and competition among major powers in its neighborhood. Next, I provide a perspective on Singapore's attempts at positioning itself among the

United States, China, and its Southeast Asian neighbors, as well as their effects on Singapore's economic and strategic fortunes during the later twentieth and early twenty-first centuries. A next section examines how shifts in first Beijing's foreign policy outlook and then Washington's position given the growing rivalry between the two major global powers affects Singapore's foreign policy. Subsequently, I explore the options available to Singapore in a more contested global context and their associated risks, where US-China collaboration can no longer be taken for granted. The conclusion seeks to weigh Singapore's prospects navigating a world where the US-China relationship is more contentious.

BETWEEN GIANTS

Trying to make the best of any situation is an underlying consideration for a small actor like Singapore, since its small size and capabilities prevent it from affecting the international system in any deeply meaningful way. Singapore's "not choosing sides" approach to managing relations simultaneously with the United States and China seeks to do exactly that: find opportunities to maximize the gains from cooperation while avoiding confrontation (Chan 2021). Singapore is, in many ways, well placed to exploit such a role. It poses no ideological or strategic threat to either major power, unlike say a Cuba, North Korea, or Taiwan. Working with Singapore can benefit both Beijing and Washington given its fortuitous location and role as an established commercial and financial hub serving Southeast Asia as well as the world. Singapore simply needs to avoid offending either power.

So long as Washington and Beijing have significant shared interests and an aversion to tension, therefore, Singapore can enjoy substantive freedom of action and flexibility as seen from the diagram below. A large policy space created from overlapping US and Chinese interests' means that Singapore can adopt a large variety of positions on a wide range of topics without issue from either major power. Decreasing convergence between the United States and China obviously shrinks this space and limits the range of options available to Singapore. Actions have a greater potential to upset one or both of major powers since this may more easily reduce a major power's advantages *vis-à-vis* the other, given that greater contestation likely heightens sensitivities toward relative gain. Given Singapore's size, especially next to the major powers, pressure and retaliation can be relatively easy for Washington and Beijing (Fig. 12.1).

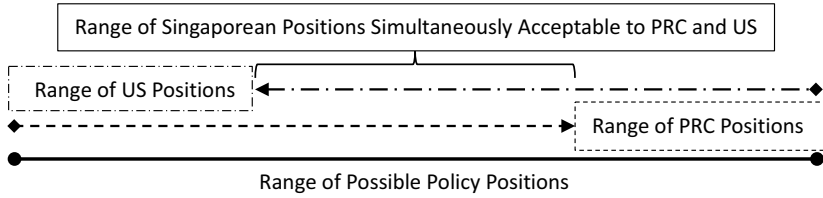


Fig. 12.1 Singapore’s room for maneuver between the PRC and United States

Certainly, Singapore is not the only party, trying to manipulate its position in the policy space between Washington and Beijing. Other actors can face similar circumstances and choices. How each chooses a position relative to the United States and China depends on their own interests, perception, domestic politics, and appetite for risk. This perhaps explains why various Southeast Asian actors adopt differing positions despite all claiming to be seeking “not to choose sides” between the United States and China. Indonesia’s efforts to find a mediating role between Washington and Beijing differs from Cambodia’s China-friendly position and Vietnam’s acceptance of some friction with Beijing, for instance (Caroline 2021; Ciociari 2021; Emmers and Le Thu 2021).

For much of the second half of the twentieth century and first decade of the twenty-first, Singapore and others stood to gain from the United States and China’s desire for cooperation. China’s rising prominence, albeit at a slowing rate, and the United States’ rising dissatisfaction with these trends and own relative—not absolute—decline means that this freedom of action and flexibility for smaller actors like Singapore has been diminishing over the past decade. Such trends look set to continue. With fewer easy options, Singapore faces greater risk and higher stakes in its dealings with the two major powers whose relationship will shape Asia and the world in the coming century. How Singapore’s current political leadership envisions a way ahead in this new environment remains unclear. The following sections will contrast the opportunities in the Sino-US relationship available to Singapore up until the first decade of the twentieth century with the greater tumult and more limited returns from trying to find a middle path between Beijing and Washington.

COOPERATION AND PROSPERITY

Having gained independence during the height of the Cold War, Singapore's foreign policy traditionally sought to maintain amiable relations with all major powers even as it cultivated close ties with the United States. Singapore's much lauded public housing program drew partial inspiration from the Soviet Union as it sought to develop from the model inherited from British colonial rule (Pugh 1987). Despite occasionally bristling in public about what its leadership saw as undue US influence, Singapore's long-ruling People's Action Party (PAP) generally sought closer economic and security ties with Washington (Singapore Ministry of Home Affairs 2021a, b). The PAP even made Singapore available to vacationing US troops on leave from the Vietnam War despite popular opposition and protest stemming from anti-war and anti-colonial sentiments (Ang 2009). Singapore even increasingly acquired US military equipment and training as it attempted to build up its armed forces (Chua 2014).

Singapore's relationship with the United States was amicable on a variety of fronts throughout the Cold War and beyond. On defense ties, Singapore began hosting a US Navy logistics command and regular stopovers by US military ships and aircraft in 1992—following the closure of US military bases in the Philippines—even as its procurement of US military equipment increased (Huxley 2000: 412–419). This was followed by a series of strategic partnership arrangements that saw the rotational deployment of US Navy ships to Singapore and the island state's access to advanced arms sales and military technology usually available only to allies (Huxley 2000: 412–419). The Singapore Armed Forces also increased training in the United States. From the 1980s, Singapore's political, bureaucratic, and military elites increasingly sought higher education and training in the United States, realigning from a previous reliance on the United Kingdom for such expertise and experience (Huxley 2000: 412–419).

Affinity for the United States in Singapore owed much to the fact that it provided a convenient and profitable partner. The liberal post-World War II international order provided the trade- and foreign investment-reliant Singapore economy with significant opportunities for growth, something Singapore took full advantage of (Lee 2019). The liberal international order's focus on institutional restraint and rule of law afforded Singapore with a degree of assurance and formal equality with other,

much larger actors as it sought to participate in various international fora. Singapore's high-quality English language education also meant that its elites had an advantage in the Anglophone-dominant setting of the US-led order. Working with the United States was also less sensitive for Singapore as it fit with the conservative, anti-communist inclinations of its neighbors during the Cold War and enabled Singapore to avoid being perceived as a PRC front, given its demographics (Ang 2009).

The Chinese Communist Party (CCP)-ruled People's Republic of China (PRC) presented a special challenge to Singapore. Singapore's ethnic Chinese majority population has strong traditional family, social, cultural, and economic ties with the Fujian, Guangdong, and Hainan areas, and has traditionally been targeted for support, recruitment, and mobilization by political actors in China (Soon et al. 2018: 9–103). The PAP's turn toward an anti-communist position in the early 1960s as it first sought integration into Malaysia and then independence made it especially wary of communist influences coming from the PRC, a sentiment that heightened as the CCP sought to “export revolution” in the mid-1960s (Hong et al. 2013). Relations only improved in the late 1970s as the CCP shed the Cultural Revolution and embarked on its Opening and Reform course, under Deng Xiaoping (Zheng and Lye 2016). Singapore, ASEAN, the PRC, and the United States even found common ground in opposing the Soviet-supported Vietnamese Communist government's invasion and occupation of Cambodia from 1979 to 1989 (Ang 2013).

Complicating matters for Singapore-China ties is the Singapore state's relationship with its Mandarin-educated ethnic Chinese population. Singapore's British colonial government, the Malaysian state, and the Anglophone elite dominated PAP administration all viewed the Mandarin-educated segment of Singapore's ethnic Chinese population with some suspicion, particularly for being pro-PRC communists or communist sympathizers (Wong 2000, 2003). Part of the reason was the left-leaning, anti-colonial proclivities of this group of people, who were active in labor and student movements from the 1950s through the 1970s—including some who were originally part of the PAP but later purged (Thum 2017). Consequently, successive regimes in Singapore targeted key leaders among them for detention without trial, banishment to China, or the stripping of citizenship while also absorbing their associations and schools under state control (Hong et al. 2013). Even though such efforts were successful in

crippling autonomous political organization among Mandarin-educated ethnic Chinese in Singapore, it created a group of people who have an attachment to the PRC as being representative of “orthodox” Chinese culture.

Singapore also had concerns about the PRC that went beyond communism, involving instead worries about ethnic sensitivities in its own region. Politics in neighboring Indonesia and Malaysia took on anti-Chinese ethnic and anti-PRC dimensions in the 1950s and particularly the 1960s, with the resulting civic unrest spreading into Singapore in some instances (Kathiravelu 2016). The coup that deposed Indonesia’s leader Sukarno in 1965—the year of Singapore’s independence—led to anti-Chinese violence (Cribb and Coppel 2009). Such conditions made Singapore leaders nervous about seeming too closely associated with the PRC and risk being portrayed as a Chinese fifth column in Southeast Asia, thus inviting hostility from its neighbors. As a result, Singapore only established official relations with the PRC in 1990, after Jakarta resumed regular diplomatic ties with Beijing that had been broken after the 1965 coup (Lye 2018).

With the calming of regional politics following the end of the Cold War, Singapore began once again to accept migration from China, both temporary and permanent. On one hand, Singapore welcomed professionals and high net worth individuals and their families to settle down, bringing with them skilled labor and investments (Bork-Hüffer 2017; Lee 2014). These immigrants also helped Singapore maintain its ethnic ratio—something successive PAP administrations consider important—given low birth rates among ethnic Chinese (Frost 2021). On the other, low- and unskilled transient workers from China helped provide a low-cost labor pool for Singapore’s industries (Dutta and Kaur-Gill 2018). However, with a general uneasiness toward immigration, Singaporeans complain that these newer immigrants from the PRC contribute to overcrowding and rising cost of living while being unwilling to integrate more fully into local society (Lee 2021a).

Nevertheless, one of the most evident effects of Singapore’s maneuvering between Beijing and Washington—from independence through the first decade of the twenty-first century—was rapid economic growth. Singapore was able to build on growing US-China economic cooperation beginning in the late 1970s and accelerating in the early 2000s to enhance the role as a commercial and financial hub it first developed under British colonial rule. China has become Singapore’s largest bilateral

trading partner in goods—as it has with most of the world’s countries—while Singapore is the largest foreign investor in the PRC (Department of Statistics Singapore 2021c). Behind these developments lies US investment into Singapore, which makes the United States Singapore’s largest foreign direct investor in terms of both inflows and stock (Department of Statistics Singapore 2021a). These conditions place Singapore at the nexus of global value chains and production networks, fueling its economic growth and making it into one of the richest countries in the world on a *per capita* basis, even if inequality remains a serious and growing challenge (Ng et al. 2021). Such behavior is perhaps what gives the impression that Singapore’s management of US and PRC ties actively involves hedging.

Europe is Singapore’s largest trading partner in services, a sector which accounts for over 70.2% of GDP in 2020 compared to 21.5% accounted for by manufacturing (Department of Statistics Singapore 2021b). Correspondingly, services consistently account for over 70% of employment in Singapore between 2011 and 2020, growing from 70.6 to 75.6%, while manufacturing declined from 16.3 to 12.5%. Even if the PRC is important to Singapore’s economy, especially in terms of trade in goods and as a destination for outbound investment, the United States is no less important. The United States remains a key partner in the trade in goods for Singapore, the largest source of inbound FDI, and the second largest trade partner in services. That Singapore’s other key economic partners such as Europe, Japan, the United Kingdom, and Australia have close ties with Washington, further increases American economic heft and political clout in Singapore (Figs. 12.2–12.9).

NOT CHOOSING SIDES MAY NOT BE GOOD ENOUGH ANYMORE

Despite the increasingly fraught US-PRC relationship, Singapore’s official response has remained mild, even passive. On one hand, current Prime Minister Lee Hsien Loong repeatedly called on leaders in Washington and Beijing to restore cooperative ties (Lee 2021b). On the other, senior officials from the Prime Minister down continue to insist that Singapore does not wish to “choose sides” while emphasizing “ASEAN centrality” (Balakrishnan 2021b). Even though both Beijing and Washington publicly stated respect for Singapore’s position, their behavior unsurprisingly appears unaltered. More recent official statements from Singapore

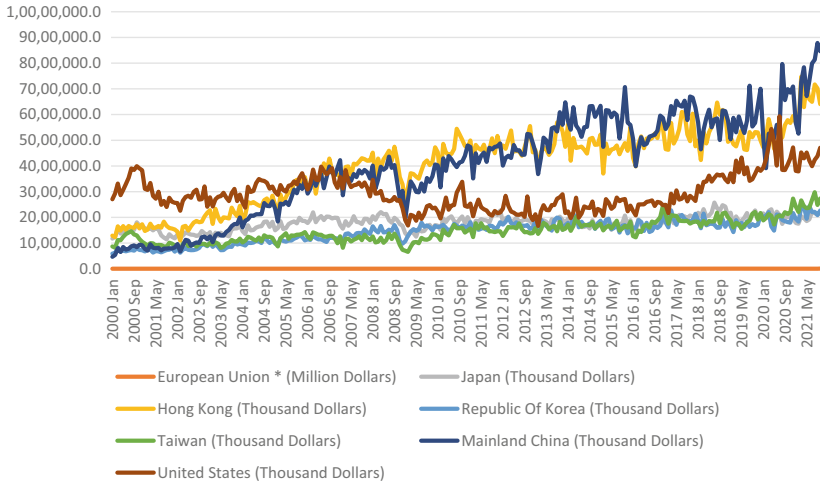


Fig. 12.2 Singapore top merchandise export destinations, 2000–2021 (Source SingStat)

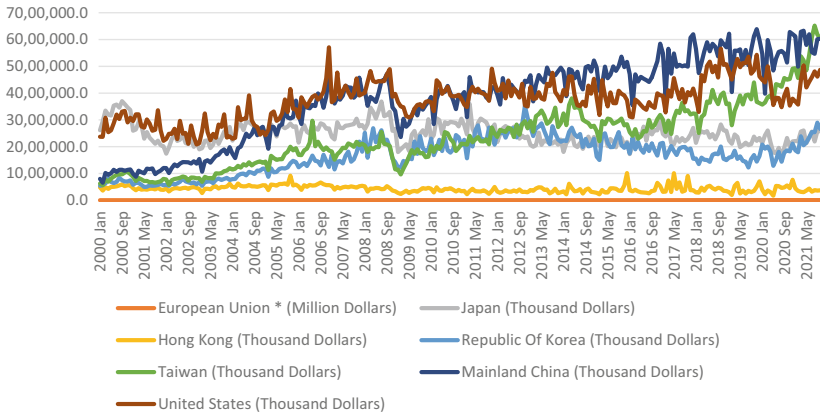


Fig. 12.3 Singapore top merchandise imports sources, 2000–2021 (Source SingStat)

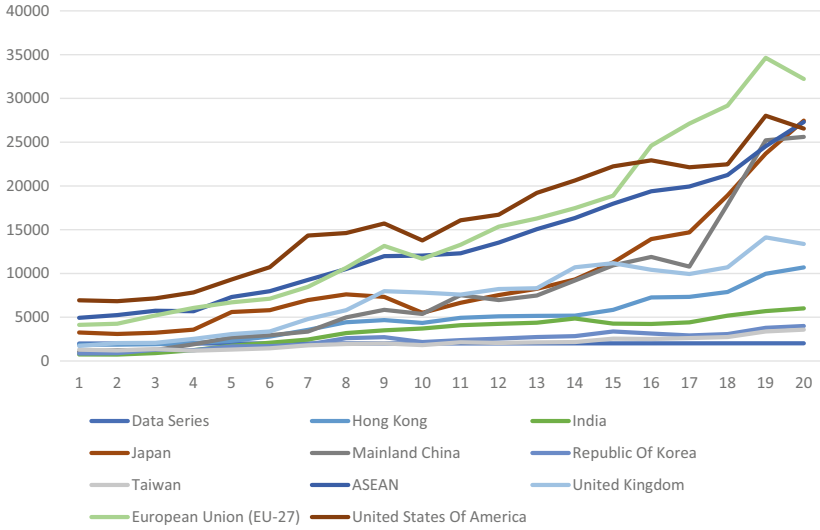


Fig. 12.4 Singapore top service export destinations, 2000–2019 (*Source Sing-Stat*)

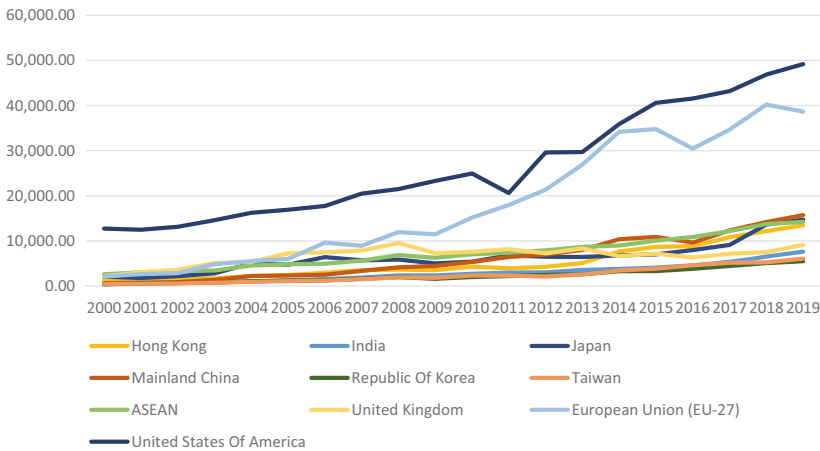


Fig. 12.5 Singapore top service import sources, 2000–2019 (*Source SingStat*)

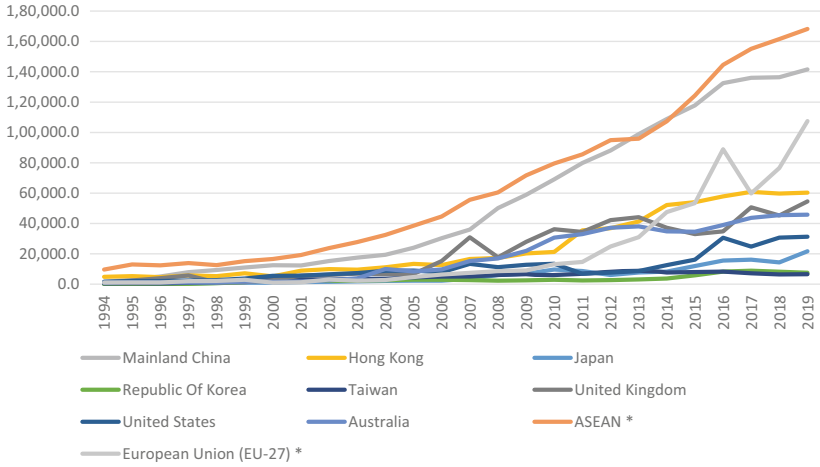


Fig. 12.6 Singapore top destinations for outbound FDI, 1994–2019 (*Source SingStat*)

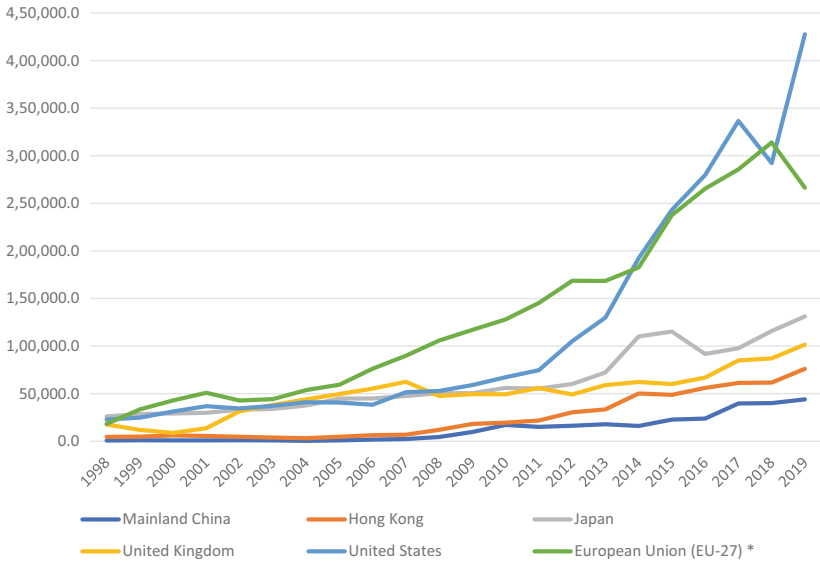


Fig. 12.7 Singapore top sources of inbound FDI, 1998–2019 (*Source SingStat*)

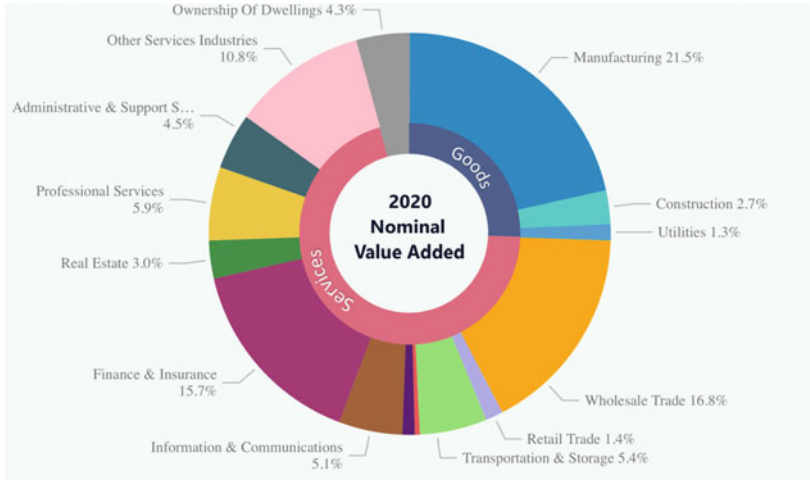


Fig. 12.8 Singapore nominal GDP contribution by sector, 2020 (Source Sing-Stat)

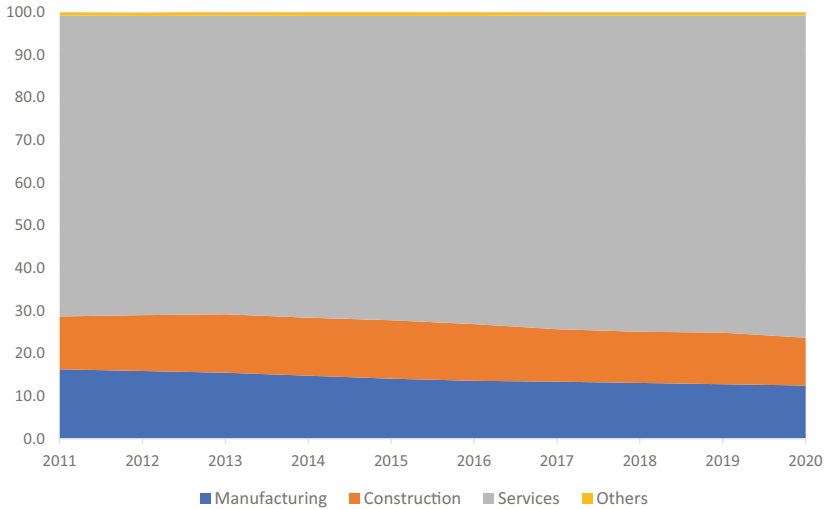


Fig. 12.9 Singapore employment percentage by sector, 2011–2019 (Source Singapore Ministry of Manpower, 2021)

acknowledge the persistence and pervasiveness of robust competition and contestation between the two major powers, as well as Singapore's need to chart a way forward in this world (Balakrishnan 2021a). However, these proclamations have yet to offer much in the way of any clear, concrete policy direction.

Perhaps emblematic of this “in-between” situation in which Singapore finds itself with respect to the United States and the PRC is public opinion in Singapore. Successive Pew polls of public opinion find Singaporean respondents to be more favorably disposed toward the PRC than the United States (Silver et al. 2021). However, surveys of elites conducted by the Yusof Ishak Institute-ISEAS in its annual *State of Southeast Asia* survey find that elite opinion across different sectors is generally more wary of the PRC and its intentions than those of the United States (Seah et al. 2021; Tang et al. 2020). These results indicate that the Singaporean population is just as divided over relations with Beijing and Washington as the state's position between the two major powers. If such public positions inform Singapore's policymaking with respect to the United States and PRC, then it suggests difficulty in making decisions that could undermine ties with one major power or the other.

A result is a wait-and-see attitude among Singapore's leaders that translates broadly into its current “not choosing sides” approach to Beijing and Washington; a position it has been trying to adopt since the 1990s. Sometimes described as “hedging”, Singapore's policy is not so much maintaining equidistance between the two major powers in some sort of neutrality; instead, Singapore seeks to partner and side with both Beijing and Washington on different issues, depending on its interests and considerations regarding the matter at hand, trying to maintain cordial ties with both (Lee 2021b). Such a starting point is what supposedly enables Singapore to have a strategic partnership with the United States that allows training as well as sensitive arms and technology transfers while providing the US military access to ports and airbases (Singapore Ministry of Defence 2019; US Department of State 2005). Concurrently, Singapore invests in municipal-scale infrastructure and commercial projects in the PRC while providing regional headquarters for sensitive PRC technology firms (Singapore Ministry of Foreign Affairs 2015).

Gains from this “not choosing sides” approach rests on Washington and Beijing having significant overlaps in interest. Singapore can work with one major power on some set of topics and with the other on different issues without upsetting either, affording significant freedom of

action. As differences between the United States and PRC grow, Beijing and Washington may grow less tolerant of such “policy-promiscuity” and become more wary of such apparent lack of conviction despite the benefits they believe Singapore is deriving from their largesse (傅瑩、吳士存。2016). The possibility of becoming suspect in one or both major power capitals as US-PRC competition intensifies and the room for maneuver decreases could spell fewer opportunities that easily avoid major power ire and greater risk of punishment. This leaves Singapore with less scope for autonomy and having to either abandon its “not choosing side” position or accept diminishing returns to its policy.

With growing US-China differences, Singapore’s ability to enjoy the benefits of concurrent engagement with both Washington and Beijing may be diminishing and what were previous advantages may easily become liabilities or obstacles Singapore must learn to dodge. US-China unrest already emerged with Beijing’s wariness toward the George W. Bush administration’s efforts to move forward on the high-quality regional economic agreement that later became the Trans-Pacific Partnership (TPP) (宋國友 2016). Differences intensified as Beijing started to contest its claims in the East and South China Seas more forcefully, using maritime militia, military overflights, paramilitary patrols, as well as the reclamation and arming of maritime features (Chubb 2020/21; Liu 2020). Despite beginning his presidency by trying to find accommodation, Barack Obama’s administration witnessed further frictions with Beijing as it sought to oppose expansive PRC maritime claims and extend support to US allies and partners with its “rebalance” to Asia (Clinton 2011). US-PRC ties saw further strain under the Donald Trump administration’s trade war and desire for “decoupling” with the PRC and the Xi Jinping leadership’s robust response, a trend which appears to continue into the Joe Biden administration (Trump 2019; 王子暉。2019).

Among the more pressing issues that Singapore faces amid growing US-PRC divergence is its economic role leveraging and brokering opportunities on both sides of the Pacific. Singapore has long made its fortunes on being a conduit among capital, production, and markets, as well as between various economic centers around the world, a situation that Singapore deftly exploited via the globalization process that followed the end of the Cold War. US-PRC economic tensions resulting from Beijing’s efforts to push for a dual circulation economy and concurrent US attempts at decoupling mean that Singapore may find the lucrative role of facilitating economic exchange and deals diminishing (Heng

2021). There may be less PRC demand for intermediate goods from Singapore for assembly into final products going to the US market, even as the US firms bring some manufacturing back to automated factories in the United States. With the partial exception of wealth management, this could also result into less investment into and demand for services from Singapore given that Singapore does not have the infrastructure demands to tap fully into Beijing's Belt and Road Initiative.

Singapore may initially have hoped for more integration with the United States to mitigate its exposure to the PRC through investment and trade in goods. This was manifested in the Lee Hsien Loong government's push for the conclusion of a TPP that included the United States, which would allow Singapore more access to US capital, funds, and technology (Lee 2015). The Lee administration was sorely disappointed in the inability of the Obama administration to have US Senate ratify the TPP and the subsequent US pullout under the Trump administration—not to mention allegations that Singapore was a currency manipulator (Lee 2017). The resulting Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) without the United States is a dilution of the original. Despite Beijing's application for membership to the CPTPP, PRC accession is unlikely given Beijing's longstanding resistance to independent labor and environmental monitoring as well as opposition by existing members (Freeman 2021). Joining the Regional Comprehensive Economic Partnership (RCEP) that includes the PRC adds to existing free trade arrangements Singapore enjoys but does not provide the more transformative ambitions the original TPP promised (Ranald 2020).

Experiences with apparent US capriciousness reinforce concerns in Singapore about Washington's consistency and commitment to Southeast Asia. Successive Singapore governments have articulated a preference for a strong US presence in the region given that Washington is not party to any territorial disputes and is unlikely to get involved in inter-ethnic sensitivities in the region, unlike the PRC (Cooper and Chase 2020). Singapore has prospered from the stability and economic opportunities offered by the United States and the order it established in the region, with the costs of this presence borne by other Southeast Asian states. However, Singapore faces fluctuations in US' commitment following the Cold War, with questions about engagement arising in the 1990s and early in the Trump administration interspersed with singular focus on terrorism or competition with the PRC (Cooper and Chase 2020: 9–22). These moments of US uncertainty and partial withdrawal

punctuate broader commitment demonstrated during the second term of the George W. Bush administration and the Obama administration's "rebalancing" to Asia between 2010 and 2016.

Complicating matters for Singapore further are what appear to be the development of differing US and PRC technological standards that may have limited mutual compatibility. This great technological divergence is evident in the global struggle over 5G cellular telecommunications, where PRC firms had been seeking commercial dominance, but the US threatened to limit crucial cooperation over security concerns (Lee 2020). These developments could likely spill over into the next generations of telecommunication standards. Singapore elected to partner with Finnish and Swedish providers for its 5G infrastructure after evaluating and experimenting with PRC technologies, even though this move could limit future opportunities in the PRC market (Alley 2020). Such contestation is present in other key emerging technologies such as artificial intelligence and facial recognition, and Singapore could again find itself stuck between Washington and Beijing (Shanmugam 2018).

Another area where Singapore found itself in a corner was over international legal standards. Being a smaller actor, Singapore naturally supports international laws and regulations that restrain more powerful actors and provide some level of juridical equality to states like itself with fewer capabilities (Lee 2021b). It just so happens that prevalent international laws and regulations that undergird global order—and from which Singapore historically benefits—were established by the United States and are supportive of US interests. This attitude informs Singapore's approach toward the United Nations Convention on the Law of the Sea (UNCLOS) and its associated provisions, leading it to support the process surrounding the arbitration the Philippines initiated in response to PRC claims (Singapore Ministry of Foreign Affairs 2016). Such a position earned the ire of Beijing, which in addition to trying to pressure businesses to lobby the Singapore government, seized Singaporean armored vehicles transiting Hong Kong following an exercise in Taiwan (Ng 2017).

Given a continuing desire to work closely with both Washington and Beijing, Singapore has found itself under some pressure from influence operations. These include PRC attempts to shape decisions using elites, business associations, and cultural associations with ties to China as well as efforts to shape perceptions through media, entertainment, and social media (*The Economist* 2021). Such work appears to range from creating

sympathy for Beijing's position on the South China Sea to encouraging suspicion of "the West" represented by the United States as well as promoting doubt over the origins of COVID-19 and "Western" vaccines (Zaini and Hoang 2021). Cultivating and playing up an exclusive sense of ethnic and cultural pride among ethnic Chinese communities in Singapore that dovetail with PRC nationalism could also prove divisive in Singapore's multiethnic society (Qin 2018). Influence operations could be used to sow confusion during a military crisis involving the United States, to slow or derail decision-making relating to the transit of US military assets under Singapore's strategic partnership with Washington. Such a development could potentially damage the US-Singapore relationship.

Playing on the affinities and loyalties of ethnic Chinese Singaporeans marks a partial reversion to Cold War methods of competition for the PRC. Beijing formally ended *ius sanguinis* dual citizenship for ethnic Chinese in the 1950s and stopped tugging at the loyalties of ethnic Chinese communities overseas with the conclusion of the Cultural Revolution in the 1970s (Suryadinata 1997). Respecting the jurisdiction of various states over their ethnic Chinese populations marked an end to Beijing's efforts at intervention, paving the way for a normalization of relations with non-communist Southeast Asia states including Singapore (Chew 2015). Such cross-border mobilization could result in the exacerbation of existing communal tensions. PRC revival of diaspora nationalist mobilization to further its interests during a moment of heightened contestation with the United States hold the potential for similarly destabilizing consequences in multiethnic societies such as Singapore's (Suryadinata 2017).

The fact that US-PRC tensions are pulling ASEAN in different directions likewise presents difficulties for Singapore. ASEAN members states have divergent views on key issues including their relationship with Washington and Beijing, a shared vocabulary about not wanting to "choose sides" notwithstanding (Stromseth 2019). Such crosscutting dynamics erode ASEAN cohesiveness, making the consensus necessary for decisions either challenging to achieve or so watered-down as to become nearly meaningless (Amador 2021; Muhibat 2021). These conditions translate into either stasis—leading to inability to find a common position from which to move forward—to bargaining collectively with the major powers, as seen in the management of disputes in the South China Sea (Hoang 2021). Singapore benefits from a more active, coherent, and robust ASEAN that can provide a platform that amplifies its voice and

visibility, so a grouping rendered less effective by simultaneous US and PRC pressure limits Singapore internationally.

Despite the pressures Singapore faces from intensifying US-China competition, responding directly can prove tricky. Singaporean leaders are cognizant of the punishment of American, Australian, Japanese, Korean, Norwegian, and Taiwanese businesses following spats over everything from history to nationalist affronts and territorial claims (Anderson 2020). Then there are the detentions of Australian, Canadian, and American citizens for diplomatic rows their governments had with Beijing (Martina 2021; McCuaig-Johnson and Garrick 2021). Singapore also remembers the seizure of its armored vehicles in Hong Kong likely due to differences over support for the arbitral tribunal process relating to the South China Sea that Beijing opposed (Chan 2016). Consequently, the Singapore government appears wary of aggravating Beijing even if serious concerns arise from hacking to influence operations and espionage, where Singapore has sought to avoid publicly attributing any responsibility to Beijing (Singapore Ministry of Communications and Information 2019: 212; Singapore Ministry of Home Affairs 2017, 2020, 2021a, b). Statements of difference are usually mild, seen in occasional reminders that Singapore has its own “one China policy” guiding ties with Beijing and Taipei, which differs from Beijing’s “one China principle” that insists that Taiwan is part of the PRC (Balakrishnan 2017).

Singaporean leaders are far more ready to criticize the United States, which bolster impressions of a recalcitrant US working against Singapore public interest. Recent statements to this effect are repeated use of examples alleging US efforts to support individuals implicated in an alleged Marxist conspiracy that resulted in the expulsion of a US diplomat during efforts to pass legislation on foreign interference (Shanmugam 2019). Some of the motivation for such statements appear to be an effort to mask criticism of states that are more sensitive to negativity, based on an assumption that Washington is more tolerant of rebuke and criticism, fair or otherwise. The PRC is possibly among the real targets for such critique and legislation, given unofficial allegations and suspicions of its global engagement in disinformation and political interference (Jaipragas 2021). That said, repeated casting of the United States as an actor undermining Singapore interests can create lasting impressions of wariness and suspicion toward Washington in the public mind, which can sow distrust and complicate cooperation.

A NEED FOR OPTIONS

Taking a bet on either Beijing or Washington at present can seem perilous to a risk-averse Singaporean leadership given what appear to be high degrees of uncertainty surrounding the outcome of US-PRC competition. Based on this reasoning, holding onto ties with Washington and potentially provoking Beijing's ire could mean punishment as well as siding with an actor in at least relative decline even if it spells the continuation of current benefits from strong Singapore-US collaboration. Siding with Beijing at the expense of extensive economic and security relations with Washington can result in a decline or loss in cooperation with the United States even if it provides some voice opportunities in and early adopted gains from a Beijing-centric order. Of course, there is also no guarantee that the PRC will be a successful challenger to the United States given the former's demographic, environmental, and internal economic pressures, and the United States may reinvent and reinvigorate itself as it had done in the past (Erickson 2021).

Given the above considerations, a Singapore that seeks freedom of action alongside stability and prosperity should be looking at the creation of options that can help safeguard these positions even when US-PRC competition becomes more intense. Behind such an orientation should be an effort to enhance flexibility while buffering some of the shocks and friction that result as Washington and Beijing contest various issues. Several non-mutually exclusive possibilities exist to achieve such outcomes. They include trying to update ASEAN with existing members, working with a subset of more likeminded Southeast Asia states, and developing key partnerships with a collection of other actors with a stake in Southeast Asia. Finding a critical mass of partners may be key as this may provide Singapore with some basis for channeling away major power pressure or even open avenues for collective bargaining, compensating for some of the limitations a smaller actor faces.

Building on ASEAN's past success to refresh the grouping is attractive in being a seemingly modest option that appeals to ASEAN's cautious nature, perhaps even bordering on being conservative. One approach could be to enhance ASEAN's existing capabilities for coordination and administration without changing its mandate or constitution and simply investing more in personnel and resources at Secretariat and developing support personnel (Chong 2018). Such a move could reduce the transaction costs of working through ASEAN and smooth over intra-ASEAN

differences to reduce the propensity for deadlock and encourage greater appetite for more ambitious collective ambitious. Better coordination can also reduce the likelihood of the grouping being split over issues, as seen in discussions over the South China Sea over the 2010s. A refreshed ASEAN may be able to recreate its some of capacity to bargain collectively when working diplomatically and politically with Beijing and Washington in the 1980s in face of the Vietnamese invasion and occupation of Cambodia (Thun 2021).

Revitalizing ASEAN through reforms may nonetheless prove challenging. Being able to provide material and diplomatic support against the Hanoi-installed regime rested on a commonality that now eludes ASEAN. It was then a quintet of conservative, anti-communist, authoritarian, and developmentalist member states whose shared perspectives on politics and the world reduced collective action and coordination problems. Following expansion in the 1990s and several rounds of democratization, ASEAN members now possess a wider variety of income levels, regime types, and clearer mainland-maritime distinctions—not to mention a Myanmar teetering on failed state status. Even without expanding the group's mandate, efforts to enhance ASEAN effectiveness today is likely to run into strong opposition among members—including Singapore—keen to preserve autonomy and avoid external oversight in domestic matters. In fact, the grouping's limited progress in addressing the aftermath of the coup in Myanmar as well as the spiraling violence and humanitarian crisis there does not augur well for ASEAN and its future (Strangio 2022).

Another option is for Singapore to invest more on a subset of like-minded ASEAN member states, which can take a variety of configurations. One grouping is the six pre-expansion ASEAN members, which allows for a degree of familiarity from decades of cooperation as well as reduced less divergence on income and regime type. This can provide stronger grounds for cooperation. A second is to focus on states with greater capacity for action, including Brunei, Indonesia, Malaysia, Thailand, and Vietnam. Third is just to focus on Singapore's closest neighbors, Brunei, Indonesia, and Malaysia, with whom the city-state has close, collaborative commercial and security relations anyway. Whichever mix Singapore opts for under this scenario, it must recognize that these states are in the middle of their own leadership and regime transitions—much like Singapore—which may translate into a degree of policy instability that may limit policy consistency. Privileging some ASEAN members over others could

also further erode confidence in ASEAN and result in even greater ineffectiveness that could harm the organization's role in amplifying Singapore's broader interests and concerns.

Singapore could as well look toward developing and enhancing ties with actors with a stake in Southeast Asia that share outlooks with Singapore. These could be larger entities states with whom Singapore have a history of cooperation and are seeking a stable partner to help secure their commercial and strategic interests in Southeast Asia. Possibilities include some combination of Australia, India, Japan, South Korea, and the European Union. An advantage is that these actors have some commitment to more open commercial exchange, international rule of law that imposes some constraint on powerful actors, unhindered access to Southeast Asia, and value a degree of autonomy. Downsides are the fact that these actors have some strategic arrangement with the United States that could spark PRC displeasure, while an impression that such ties come at the expense of ASEAN could further undermine confidence in the organization.

Of course, Singapore could decide to bandwagon with one major power and balance against the other. Siding with the United States draws on Singapore's experience working within the rules-based liberal international order that Washington established after World War II, which proved immensely profitable for Singapore through the Cold War and its aftermath (Balakrishnan 2018). A question would be whether a United States in relative decline is able and willing to maintain or even increase its commitment to engagement in Southeast Asia and around the world, an issue that has gained greater currency since the Trump presidency and later on, since the Russian Invasion of Ukraine. Aligning with the PRC promises access to its vast market and possibly its capital, as well as the enticing prospect of having a voice in shaping the order that Beijing promises to build. Apart from doubts over Beijing's success given the structural pressures it faces, however, is the matter of whether the PRC will abide by its commitments given its reinterpretation of Hong Kong's Basic Law and the Sino-British Joint Declaration.

Some combination of the above pathways is possible but risks sending signals that may not be fully consistent with Singapore's interests, given that there is no clear-cut, optimal choice. Any decision that casts doubt on Singapore's commitment to the ASEAN project and indeed ASEAN's viability may end up corroding a key pillar of Singapore's existing foreign policy before a replacement or alternative is ready. This could diminish

Singapore's international voice and visibility, which are especially important for a small state trying to maintain sufficient prominence as to give existing and potential partners a stake in its success. Steps that can be read as siding with one major power over the other, even if that is not the intent, could invite pressure and retaliation that Singapore would much rather avoid. Yet, keeping to "not choosing sides" even as the strategic environment changes with greater US-PRC competition may prove increasingly costly, perhaps even risky, for Singapore.

Singapore may itself be hard-pressed to reach a conclusion on how to navigate a world with more pervasive and extensive contestation between Washington and Beijing. In an ideal world, it can lean on a grouping of like-minded entities that enables collective bargaining where necessary, while removing the immediacy of rivalry in Singapore's environs and over issues it cares about. Such a grouping should also support a rules-based international order that can restrain major power accesses, the economic openness that historically allowed Singapore to thrive, and a platform to amplify the concerns of a smaller actor. However, no such option is readily available, and all potential partners come with their own baggage in terms of relations with Washington and Beijing. These conditions point to a need take a calculated bet on an uncertain future, something that Singapore's leaders generally shy away from, but are especially uncomfortable with as they grapple with their own leadership transition difficulties. Nonetheless, using its small size and nimbleness to take the initiative to develop options and alternatives may serve Singapore better than simply waiting around as the world changes.

CONCLUSION

Singapore enjoyed relative ease in its handling of relations with the United States and PRC since independence. Much of this had to do with largely undisputed American pre-eminence in maritime Southeast Asia during the Cold War and immediate post-Cold War years, coupled with significant overlaps in US-PRC interests. Singapore could enjoy a wide berth from both Washington and Beijing, not having to worry about aligning more with one side or the other. The luxury of existing in this position is diminishing as Sino-American rivalry builds. That PRC and US interests are diverging translates into decreasing toleration of deviation from Beijing and Washington's preferred positions by the two major powers, meaning

to say ambiguity and difference acceptable before may be less palatable today.

Efforts to engage both the United States and PRC substantively over a range of issues make Singapore's approach to major power relations seem very much like it is hedging. Thinking behind this longstanding policy seems to be to provide Washington and Beijing with significant stakes in cooperation and stability in Southeast Asia, while expanding the value of a successful and autonomous Singapore to leaders in both major power capitals. That the ability to adjust and reorganize relations within one of the two major powers in response to major downturns in ties with the other seems absent suggests that Singapore's position perhaps demonstrates more enmeshment than hedging traditionally understood (Goh 2007; Terhalle and Depledge 2013). Singapore may stand to gain from interactions with the PRC and United States as a result, which indeed it has since the end of the Cold War. However, this approach may prove riskier for Singapore should US and Chinese interests diverge and even conflict, as it places greater strain on the ability to manage and profit from concurrent positive ties with both major powers.

Coming up with an appropriate response to the new reality of heightened US-PRC tensions is therefore going to be a major challenge facing Singapore's foreign policy. So far, efforts have focused on trying to find some new sweet spot between Beijing and Washington. However, not only are the availability of such Goldilocks positions decreasing, but they are also constantly shifting with the changing dynamics and contours of US-PRC competition. This puts pressure on Singapore's policy of trying to play to both sides in the ongoing major power contest, which could make it appear duplicitous in one or both major power capitals. Attempting to simultaneously work with Washington while enjoying the benefits of cooperation with Beijing is not only more difficult, but it also diminishes Singapore's advantages of agility in foreign policy.

If Singapore does not wish to make an overt alignment or believes in a need to hold out on such a decision for as long as possible, it should be trying to develop options for itself that do diversify from the United States and the PRC. Limiting and managing dependence on either major power could in principle provide Singapore with more strategic space. However, Singapore's traditional ASEAN partners are increasingly finding their own directions in relations with the two major powers and other issues, prompting a misalignment in interests within the grouping and

a fraying of the organization's common positions. Other potential partners for the development of closer relations tend to be either directly or indirectly tied to one major power or another. Opportunities for a risk- or cost-free choice are becoming scarcer for Singapore, especially given that Singapore society and their leaders have put off a more serious conversation about the recalibration of strategy over the past decade.

Accepting some sort of new trade-off among autonomy, security, and prosperity may be something Singapore must consider for its future. Having its cake and eating it may become more difficult for Singapore. However, making bold moves may be something with which Singapore's current technocratic leaders are unfamiliar and uncomfortable, especially when compared to seeking incremental change. Complicating matters are the uncertainties of the protracted leadership transition within Singapore's long-dominant People's Action Party. This reduces the propensity for Singapore's leaders to take the initiative when trying to find their way in this brave new world of more turbulent US-PRC relations, with the high likelihood of spillover effects into a range of issues and domains in Southeast Asia and beyond.

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